

**Sent:** 29 AUG 2003 18:27:36  
**From:** Taylor A. Hughes ( CN=Taylor A. Hughes/OU=WHO/O=EOP@Exchange [ WHO ] )  
**To:** Joshua B. Bolten ( CN=Joshua B. Bolten/OU=OMB/O=EOP@Exchange [ OMB ] ), Israel Hernandez ( CN=Israel Hernandez/OU=WHO/O=EOP@Exchange [ WHO ] ), Ziad Ojakli ( CN=Ziad Ojakli/OU=WHO/O=EOP@Exchange [ UNKNOWN ] ), Brett M. Kavanaugh ( CN=Brett M. Kavanaugh/OU=WHO/O=EOP@Exchange [ WHO ] ), Jim Towey ( CN=Jim Towey/OU=WHO/O=EOP@Exchange [ WHO ] ), Eric C. Pelletier ( CN=Eric C. Pelletier/OU=WHO/O=EOP@Exchange [ WHO ] ), Michael H. Miller ( CN=Michael H. Miller/OU=WHO/O=EOP@Exchange [ WHO ] ), Gregory J. Jenkins ( CN=Gregory J. Jenkins/OU=WHO/O=EOP@Exchange [ WHO ] ), John Gordon ( CN=John Gordon/OU=WHO/O=EOP@Exchange [ WHO ] ), John P. Walters ( CN=John P. Walters/OU=ONDCP/O=EOP@Exchange [ ONDCP ] ), John H. Marburger ( CN=John H. Marburger/OU=OSTP/O=EOP@EOP [ OSTP ] ), Stephen J. Hadley ( CN=Stephen J. Hadley/OU=NSC/O=EOP@EOP [ NSC ] ), James Connaughton ( CN=James Connaughton/OU=CEQ/O=EOP@EOP [ CEQ ] ), Jay P. Lefkowitz ( CN=Jay P. Lefkowitz/OU=OPD/O=EOP@Exchange [ OPD ] ), Ruben S. Barrales ( CN=Ruben S. Barrales/OU=WHO/O=EOP@Exchange [ WHO ] ), John M. Bridgeland ( CN=John M. Bridgeland/OU=OPD/O=EOP@Exchange [ OPD ] ), Lewis Libby ( CN=Lewis Libby/OU=OVP/O=EOP@Exchange [ OVP ] ), Bradley A. Blakeman ( CN=Bradley A. Blakeman/OU=WHO/O=EOP@Exchange [ WHO ] ), Lezlee J. Westine ( CN=Lezlee J. Westine/OU=WHO/O=EOP@Exchange [ WHO ] ), David G. Leitch ( CN=David G. Leitch/OU=WHO/O=EOP@Exchange [ WHO ] ), Scott McClellan ( CN=Scott McClellan/OU=WHO/O=EOP@Exchange [ WHO ] ), Michael J. Gerson ( CN=Michael J. Gerson/OU=WHO/O=EOP@Exchange [ WHO ] ), Daniel J. Bartlett ( CN=Daniel J. Bartlett/OU=WHO/O=EOP@Exchange [ WHO ] ), Harriet Miers ( CN=Harriet Miers/OU=WHO/O=EOP@Exchange [ WHO ] ), Condoleezza Rice ( CN=Condoleezza Rice/OU=NSC/O=EOP@EOP [ NSC ] ), Andrew H. Card ( CN=Andrew H. Card/OU=WHO/O=EOP@Exchange [ WHO ] ), Joseph W Hagin ( CN=Joseph W Hagin/OU=WHO/O=EOP@Exchange [ UNKNOWN ] ), Peter H. Wehner ( CN=Peter H. Wehner/OU=WHO/O=EOP@Exchange [ WHO ] ), Anna M. Perez ( CN=Anna M. Perez/OU=NSC/O=EOP@EOP [ NSC ] ), Brian D. Montgomery ( CN=Brian D. Montgomery/OU=WHO/O=EOP@Exchange [ WHO ] ), John P. McConnell ( CN=John P. McConnell/OU=WHO/O=EOP@Exchange [ WHO ] ), Keith Hennessey ( CN=Keith Hennessey/OU=OPD/O=EOP@Exchange [ OPD ] ), Gary R. Edson ( CN=Gary R. Edson/OU=NSC/O=EOP@EOP [ NSC ] ), Robert Zoellick ( CN=Robert Zoellick/O=EOPEXCH@Exchange [ UNKNOWN ] ), Karl C. Rove ( CN=Karl C. Rove/OU=WHO/O=EOP@Exchange [ WHO ] ), Linda M. Gambatesa ( CN=Linda M. Gambatesa/OU=WHO/O=EOP@Exchange [ WHO ] ), Clay Johnson III ( CN=Clay Johnson III/OU=OMB/O=EOP@Exchange [ OMB ] ), Barry S. Jackson ( CN=Barry S. Jackson/OU=WHO/O=EOP@Exchange [ WHO ] ), Stephen Friedman ( CN=Stephen Friedman/OU=OPD/O=EOP@Exchange [ OPD ] ), Margaret M. Spellings ( CN=Margaret M. Spellings/OU=OPD/O=EOP@Exchange [ OPD ] ), Andrea G. Ball ( CN=Andrea G. Ball/OU=WHO/O=EOP@Exchange [ WHO ] ), Dina Powell ( CN=Dina Powell/OU=WHO/O=EOP@Exchange [ WHO ] ), David W. Hobbs ( CN=David W. Hobbs/OU=WHO/O=EOP@Exchange [ WHO ] ), Alberto R. Gonzales ( CN=Alberto R. Gonzales/OU=WHO/O=EOP@Exchange [ WHO ] ), Tucker A. Eskew ( CN=Tucker A. Eskew/OU=WHO/O=EOP@Exchange [ WHO ] ), Suzy DeFrancis ( CN=Suzy DeFrancis/OU=WHO/O=EOP@Exchange [ WHO ] )  
**Subject:** : Cabinet Report for the Week of September 1, 2003  
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CREATION DATE/TIME: 29-AUG-2003 18:27:36.00

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# **Cabinet Report**

**For the Week of September 1, 2003**

**Office of Cabinet Affairs**

**August 29, 2003**

**456-2572 (EEOB)**

**456-0165 (WW)**

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**TOP ITEMS  
FOR THE WEEK OF SEPTEMBER 1, 2003**

- ***Asian Economic Growth Trip.***  
Secretary John Snow is traveling to three Asian nations this week where he will encourage strong measures to increase global economic growth. Secretary Snow will visit Tokyo, Japan on September 1 to 2; Beijing, China on September 2 to 3; and then Phuket, Thailand on September 4 to 5 for meetings with finance ministers of the Asia-Pacific Economic Cooperation (APEC) forum.
- ***Department of Education Partners with ABC Radio Networks.***  
On August 26, Secretary Paige announced a new partnership with ABC Radio Networks to help inform the African American community about the historic *No Child Left Behind* Act. In a new national radio campaign entitled, “Closing the Educational Achievement Gap,” all 240 of ABC Radio’s Urban Advantage Network affiliates will air detailed messages about bridging the achievement gap between African American students and their peers. In addition, the messages will give tips to parents informing them of what steps to take to ensure that their child is not “left behind.” The spots will feature Secretary Paige in a 30-second message emphasizing the importance of this problem and how parents may be eligible for free, government-sponsored tutoring or other extra help. ABC’s Urban Advantage Network can reach up to 93 percent of all African Americans every week.
- ***USDA Plans Outreach Efforts for Hispanic Heritage Month.***  
In observance of Hispanic Heritage Month from September 15 to October 15, USDA is planning to highlight its programs and services that benefit Hispanics, as well as the Department’s progress towards implementing your initiatives on Minority Homeownership, HealthierUS and Educational Excellence for Hispanic Americans. In addition to events with Secretary Veneman, USDA will seek the assistance of senior Hispanic appointees in promoting the issues important to the Hispanic community. USDA is also working on plans for an event highlighting farm worker issues with Florida Governor Jeb Bush.
- ***Secretary Abraham Testifies on Power Outages.***  
On September 3, Secretary Abraham will testify before the House Energy and Commerce Committee regarding the August 14 power outages that affected the Midwest and Northeast. The Secretary will highlight the comprehensive investigation you ordered and discuss the activities of the International Task Force, created with Canada to determine the cause of the August 14 power outage.
- ***Secretary Chao to Join You in Ohio for Labor Day.***  
On September 1, Secretary Chao will be joining you and International Union of Operating Engineers President Frank Hanley for the Labor Day event in Richfield, Ohio.

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## PRESIDENTIAL DISASTER DECLARATIONS

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- **State of New York: Statewide Power Outage.**  
Granted August 23. Major Disaster Declaration for Public Assistance.
- **State of Pennsylvania: Severe Storms, Tornadoes, and Flooding.**  
Granted August 23. Major Disaster Declaration for Public Assistance and Hazard Mitigation.
- **State of Mississippi: West Nile Virus.**  
Appeal denied August 23. Appeal of previously denied request for a Major Disaster Declaration.
- **State of New York: Storms, Flooding, Tornadoes, and High Wind Damages.**  
Granted August 27. Major Disaster Declaration for Public Assistance, Individual Assistance, and Hazard Mitigation.
- **State of Florida: Severe Storms and Tornadoes.**  
Appeal Denied August 27. Appeal of previously denied request for a Major Disaster Declaration.

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## KEY SPEAKING & TRAVEL ENGAGEMENTS

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Date	Location	Audience / Event	Speech
<i>Acting Administrator Horinko</i>			
3 – Sept	Washington, D.C.	National Advisory Council for Environmental Policy and Technology	Superfund
<i>Secretary Norton</i>			
4 – Sept	TBD	NFL Talent Media Availability	Take Pride in America
5 – Sept	Jackson, WY	The Nature Conservancy	4 C's, Partnership in Conservation

<b>Date</b>	<b>Location</b>	<b>Audience / Event</b>	<b>Speech</b>
<b><i>Secretary Snow</i></b>			
1 – Sept	Tokyo, Japan (U.S. Embassy)	Roundtable w/ Foreign and Traveling Press	Jobs and Growth, Recap of the Day's Events
2 – Sept	Beijing, China	Traveling Press Conference	Recap of Day's Events
4 – Sept	Phuket, Thailand	Traveling Press Conference	Recap of the Day's Events
5 – Sept	Phuket, Thailand	Joint Press Conference / Memorandum of Understanding Signing Ceremony	TBD
<b><i>Secretary Abraham</i></b>			
3 – Sept	Washington, D.C.	House Energy & Commerce Committee Hearing on North American Blackout	Testimony
<b><i>Secretary Powell</i></b>			
5 – Sept	Washington, D.C.	Dedication of building housing George Washington University's Elliott School of International Affairs	Strategy of Partnerships
<b><i>Secretary Mineta</i></b>			
7 – Sept	Minneapolis, MN	American Association of State Highway Transportation Officials	Seatbelt Law, Highway for Life
<b><i>Secretary Paige</i></b>			
3 – Sept	Washington, D.C.	USA Football School visit to Amidon	Back to School
4 – Sept	Washington, D.C.	Christian Science Monitor Breakfast	<i>No Child Left Behind, Q&amp;A</i>
6 – Sept	Washington, D.C.	Black Family Reunion	<i>No Child Left Behind</i>
<b><i>Secretary Principi</i></b>			
3 – Sept	San Diego, CA	Meeting with Mr. John Ibe, regarding the Fort Rosecrans National Cemetery	N/A

<b>Date</b>	<b>Location</b>	<b>Audience / Event</b>	<b>Speech</b>
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***Secretary Evans***

5 – Sept	Portland, ME	DNG Products Tour, Roundtable and Press Availability	N/A
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***Secretary Veneman***

7 – Sept	Cancun, Mexico (7 – 14 Sept)	WTO Ministerial	N/A
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***Secretary Chao***

1 – Sept	Richfield, OH	Picnic event on Labor Day / Ohio Operating Engineers	N/A
5 – Sept	Washington, D.C.	Century of Service / Union Members and DOL Employees	Congratulatory Remarks

***Secretary Thompson***

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***Attorney General Ashcroft***

1 – Sept	Oslo, Norway (28 – Aug to 3 – Sept)	Meet with International Counterparts	N/A
2 – 3 Sept	Dublin, Ireland	Meet with International Counterparts	N/A
5 – Sept	Tampa, FL	PATRIOT Act Tour / Law Enforcement Officials	Preserving Life and Liberty
5 – Sept	Atlanta, GA	PATRIOT Act Tour / Law Enforcement Officials	Preserving Life and Liberty
6 – Sept	Norfolk, VA	PATRIOT Act Tour / Law Enforcement Officials	Preserving Life and Liberty
6 – Sept	Raleigh, NC	PATRIOT Act Tour / Law Enforcement Officials	Preserving Life and Liberty
6 – Sept	Lexington, KY	PATRIOT Act Tour / Law Enforcement Officials	Preserving Life and Liberty

## **CABINET REPORT**

### **For the Week of September 1, 2003**

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#### **DEPARTMENT OF AGRICULTURE**

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- ***House Small Business Committee Hearing.***  
On Thursday, September 4, the House Small Business Committee (Chairman Manzullo, R-IL) will hold a hearing on whether the rural economy is getting sufficient assistance from the Federal government and how small business is fairing in rural areas. Under Secretary Tom Dorr is invited to testify.

#### **Press Activity:**

- ***Media Brief on WTO.***  
Secretary Veneman will hold a media briefing on Thursday, September 4 regarding the September WTO ministerial in Cancún, Mexico. An Op-Ed is being prepared that will outline USDA's goals for the meeting and the benefits this meeting will have for U.S. farmers.
- ***New York Times on U.S. Agricultural Policy and WTO.***  
*The New York Times* is working on a multiple-story series about the impact of U.S. agriculture policy as it relates to the WTO. USDA Under Secretary for Rural Development Tom Dorr has been interviewed. The series is expected to run in the days preceding the WTO ministerial in Cancún, which begins September 10.
- ***Washington Post on Transportation Guidelines.***  
USDA Under Secretary for Food Safety Elsa Murano has been interviewed by *The Washington Post's* "Federal Page" regarding transportation guidelines. No publication date has been set.

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#### **DEPARTMENT OF COMMERCE**

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- ***Secretary Evans Speaks to Advisory Board.***  
On September 8, Secretary Evans will participate in the United States Travel and Tourism Promotion Advisory Board's inaugural meeting. The Board will discuss the design, development, and implementation of an international campaign to encourage travel to the United States for the express purpose of engaging in tourism.
- ***Secretary Evans to Host U.S. Ambassador to Russia.***  
On September 4, Secretary Evans will meet with Ambassador Alexander Vershbow to discuss preparations for the Commercial Energy Summit and the Oil & Gas Business Development Mission, both preceding your September 26 to 27 summit at Camp David with President Putin.

- ***Secretary Evans to Meet with Israeli Infrastructure Minister Paritsky.***  
On September 9, Secretary Evans is scheduled to meet with Israeli Infrastructure Minister Yosef Paritsky to discuss the Israeli energy sector, as well as Secretary Evans' upcoming trip to the region. Secretary Evans is seeking a level playing field on behalf of U.S. firms competing for Israeli government contracts in the energy sector.
- ***Upcoming Economic Indicator Releases from Commerce:***  
Construction Spending: July 2003 (September 3)  
Manufacturers' Shipments, Inventories, and Orders: July 2003 (September 4)

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## **OFFICE OF NATIONAL DRUG CONTROL POLICY**

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### **Press Activity:**

- ***National Household Survey on Drug Use and Health Data with HHS.***  
The National Household Survey on Drug Use and Health will be released on September 5. This completely redesigned instrument reflecting 2002 data represents the first year of new data and will form the baseline for your goal of reducing adult use of drugs by 10 percent in two years and 25 percent in five years. A significant finding of this survey is the widespread diversion of prescription drugs to illegal uses.
- ***Partnership Attitude Tracking Survey.***  
On September 3, surveys will be released by PRIDE Youth Programs and the Partnership Attitude Tracking Survey that will show a slight increase in some drugs among teenagers in 2002. At the same time, youth who have had a greater exposure to anti-drug ads have become more disapproving of drugs.

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## **DEPARTMENT OF EDUCATION**

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- ***Teacher Assistance Corps to Visit States.***  
The newly formed Teacher Assistance Corps, composed of practitioners, state officials, and national experts, will be supporting States in implementation of the highly qualified teacher requirements in the *No Child Left Behind* Act. Many states are still developing their definition of a highly qualified teacher as well as their standards for evaluating existing teachers. The Corps will visit each state and compile a list of best practices and innovative approaches, which will be distributed to each State. The first visits are tentatively set for September in Oregon, Tennessee, and Illinois.
- ***Office for Civil Rights (OCR) Ends North Carolina Investigation.***  
On August 29, 2003, the Department of Education will announce via letter that OCR has concluded its investigation of three complaints against the Wake County Public School

System. The complainants claimed that the District adopted student socio-economic status (SES) as a discriminatory proxy for race and national origin, discriminated in denying application to magnet/year-round programs, and improperly required applicants to disclose their gender. OCR concluded that the District's use of SES in the assignment of students to schools and in the selection of magnet/year-round program applicants complies with Title VI. OCR determined that the District adopted SES as a student assignment factor to further legitimate educational goals and not as a proxy for racial definition, or for a racial purpose. We expect this decision to generate significant media attention.

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## **DEPARTMENT OF ENERGY**

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- ***US-Canada Task Force Continues Investigation into North American Power Blackout.***  
The International Task Force you formed along with Canadian Prime Minister Chretien will continue its efforts to investigate the blackout of August 14. The US-Canada Task Force will hold a teleconference again this week to get an update from investigators.

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## **ENVIRONMENTAL PROTECTION AGENCY**

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- ***EPA to Amend Emissions Standard for Aircraft Engines.***  
During the week of September 1, EPA is publishing a proposed rule to amend the existing oxides of nitrogen standards for new commercial aircraft gas turbine engines. These new standards would bring the U.S. emission standards into alignment with the internationally adopted standards of the International Civil Aviation Organization. Some states and environmental and public interest groups may object to the proposed rule because the revision will result in minimal emission reductions.
- ***EPA to Deny Petition on Regulating Ballast Water.***  
On September 2, EPA will issue its decision denying a petition to repeal the Clean Water Act (CWA) regulatory provision that excludes from the National Pollutant Discharge Elimination System permitting requirements certain discharges that are incidental to the normal operation of a vessel, including ballast water. Ballast water arrives in the U.S. at a rate of 2 million gallons per hour and the associated invasive species are estimated to cost \$137 billion per year. EPA anticipates an unfavorable reaction from the petitioners and other environmental groups. Industry, Federal agencies, and states are expected to react favorably or to be neutral.
- ***Voluntary Cancellation of Insecticide's Food Uses Lowers Risk.***  
In early September, EPA will publish a notice announcing that the makers (Cheminova, Inc., BASF, Gowan, Drexel, and Microflo) of the insecticide dimethoate have requested voluntary cancellation of many food crop uses. EPA is reviewing dimethoate as part of its cumulative risk assessment of the organophosphate (OP) pesticides, a group of pesticides given priority

for review because they share a common mechanism of toxicity. Although alternative pesticides exist, some growers are expected to be concerned.

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## DEPARTMENT OF HEALTH AND HUMAN SERVICES

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- ***SCHIP Eligible Children in Texas May Experience Benefit Reductions.***  
The Centers for Medicare and Medicaid Services (CMS) is currently reviewing a Texas amendment that would, if approved, sharply reduce and limit mental health benefits for children eligible for SCHIP (State Children's Health Insurance Program). The proposed amendment has generated opposition from state and national advocacy groups.
- ***Texas' Welfare Claims for Foster Children Audited by HHS.***  
The Centers for Medicare and Medicaid Services (CMS) at HHS is questioning approximately \$14 million in Medicaid claims that have been paid for child welfare services in the foster care system. CMS intends to release a draft report to the State. The State will have an opportunity to respond to the findings.
- ***Update on West Nile Virus.***  
There have been 750 reported and verified cases of the West Nile Virus to date, with 15 human fatalities in eight states: Alabama, Kansas, Mississippi, Nebraska, New Mexico, Ohio, South Dakota and Texas.
- ***FDA to Approve Oral Contraceptive in September.***  
The Food and Drug Administration (FDA) is set to approve the drug Seasonale for the prevention of pregnancy. Seasonale is a 91-day oral contraceptive regimen that is taken for 12 weeks, followed by one week of inert pills. Seasonale will be the first oral contraceptive approved for use beyond a 28-day regimen. The sponsor of the application is Barr Laboratories. This information should be treated as confidential.

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## DEPARTMENT OF HOMELAND SECURITY

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- ***Homeland Security Initiatives.***  
On September 2, Secretary Ridge will speak to the American Enterprise Institute on ways to improve homeland security, which includes an initiative called "One Face at the Border." This initiative will bring together all of the ports of entry inspectors under a single chain of command. These inspectors will now have a new job classification as Customs and Border Protection Officers with a single job description and unified responsibilities for immigration, customs and basic agricultural inspections. Secretary Ridge will also introduce a second initiative, which will transfer the Federal Air Marshals program from the Transportation Security Administration (TSA) to the Bureau of Immigration and Customs Enforcement (BICE). Since BICE deals more with investigative matters, the move is expected to strengthen the program by expanding the job responsibilities beyond providing security on flights alone, thus increasing long-term job attractiveness.

## **Press Activity:**

- ***Interview with NPR.***  
National Public Radio (NPR) will interview Secretary Ridge on September 2 on the progress of securing the homeland since September 11, 2001.

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## **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

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- ***HUD Leads Interagency Effort on Sale of Government Homes.***  
The Office of Management and Budget has approved, in concept, an interagency effort that will focus on the sale of government-owned single-family homes. It is expected that HUD will provide funding and leadership for the joint effort between HUD, the Department of Veterans Affairs, and the Department of Agriculture to develop a common Internet portal for the sale of these homes. The implementation of this proposal will facilitate the government-wide e-government initiative for Federal Asset Sales, as the three participating agencies hold the vast majority of single-family properties owned by the Federal government.
- ***Due to Blackout, HUD and DOL Extend Deadline for Homeless to Apply for Help.***  
Due to the impact of the recent electric power blackout in the Northeast, HUD and the Department of Labor have agreed to extend by five days the submission deadline for applicants under the \$13.5 million HUD/DOL initiative that combines HUD permanent housing and specialized DOL employment services for chronically homeless persons. The *Federal Register* notice of funds availability was issued July 18, and the deadline for application submission was August 25. Awards are expected to be announced by both departments in September.

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## **DEPARTMENT OF THE INTERIOR**

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- ***New Trinity River Flows to Protect Salmon (California).***  
The Department has announced a fall release schedule for the Trinity River to use if salmon populations would be damaged without additional flows. This release is a cooperative effort among agencies, tribes and stakeholders in the Klamath/Trinity Basin. It is designed to allow above-average populations of the Trinity River Chinook salmon to migrate upriver and reduces the potential for increased transmission of disease in the Lower Klamath River.
- ***Bureau of Land Management Finds Uranium on Public Lands (Nevada).***  
New evidence reveals the presence of concentrations of unrecovered uranium in the evaporation ponds and tailings on both private and public lands at the Yerington mine in Nevada. The site is an abandoned copper mine with mixed surface land ownership. The uranium may pose a potential or immediate health risk to the public and the environment.

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**DEPARTMENT OF JUSTICE**

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- ***Attorney General Continues “Preserving Life and Liberty” Tour.***  
From September 5 to 6 the Attorney General will travel to Tampa, FL, Atlanta, GA, Norfolk, VA, Raleigh-Durham, NC, and Lexington, KY in support of the War on Terror and the USA PATRIOT Act. In each location he will talk to local, state and Federal law enforcement officers about the critical tools provided in the PATRIOT Act that are being used in the war on terror, the unprecedented cooperation among Federal, state and local law enforcement, and the successes achieved thus far in the war on terror. All events will be open press.
- ***U.S. to File Brief in Tax Partnership Case.***  
The Department will file a brief as petitioner in *United States v. Galletti* on September 5. The question presented is whether, in order to enforce the derivative liability of partners for the tax debts of their partnership, the United States must make a separate assessment of the taxes owed by the partnership against each of the partners directly. The position of the United States is that a separate assessment need not be made against each of the partners directly.

**Press Activity:**

- ***Coverage of Attorney General Traveling to Speak in Support of USA PATRIOT Act.***  
Continued coverage is expected of the Attorney General’s speeches on the USA PATRIOT Act. The Attorney General will participate in one-on-one media interviews in each city he visits as part of this effort.

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**DEPARTMENT OF LABOR**

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- ***Four States Borrowing from Federal Unemployment Account.***  
The four states shown below are currently borrowing from the Federal Unemployment Account. The outstanding loans are as follows:

Minnesota	\$ 63,164,936
New York	\$131,616,642
Texas	\$103,956,536
Missouri	\$ 19,209,075

- ***Department of Labor to File Lawsuits in Capital Consultants Litigation.***  
The Department of Labor expects to file five separate lawsuits next week against the trustees and other fiduciaries of union-sponsored pension and health plans in Ohio and Minnesota. The lawsuits have been filed for imprudently investing plan assets in risky investments with Capital Consultants LLC (CCL). These investments violated the terms of the plans’ investment guidelines. The suits involve trustees and plan fiduciaries of the following: IBEW Local 212 pension trust fund; Electrical Workers Local 292 annuity plan; Electrical Workers Local 292 pension plan; Tri-County Building Trades health fund; Sheet Metal Workers Local

pension fund; International Brotherhood of Electrical Workers Local 38 pension fund; and, IBEW Local 38 health and welfare fund.

**Press Activity:**

- ***From the Bureau of Labor Statistics:***  
September 4: Productivity and Costs, Second Quarter 2003 (revised)  
September 5: The Employment Situation, August 2003
- ***Secretary Chao to Do Early Morning Interviews on Labor Day.***  
On September 1, Labor Day, Secretary Chao will do early morning interviews on the network and cable stations before joining you for a Labor Day event in Richfield, Ohio.
- ***Secretary Chao to Interview on the Release of the Employment Situation.***  
On September 5, Secretary Chao will give her regularly scheduled monthly television interviews on the release of the employment situation, including interviews with CNBC, CNN/fn, and Bloomberg.

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**OFFICE OF PERSONNEL MANAGEMENT**

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- ***OPM Director Announces Veteran Invitational Program (VIP).***  
Highlighting the President's commitment to America's veterans, Director Kay Coles James has announced the Veteran Invitational Program (VIP) - a new educational and recruitment strategy targeted to veterans and military personnel who are transitioning to civilian life. The VIP is an effort by OPM to assist veterans nationwide by providing informative educational tools and publications to Veterans Service Organizations (VSOs) and Federal regional offices of Veterans' Affairs and the Department of Labor about veterans' preference and employment with the Federal government.

**Press Activity:**

- ***Federal Times on Pay for Performance.***  
Reporter Mollie Ziegler is writing a story focusing on complaints that pay for performance is subjective and unfair, and what solutions experts advise for mitigating fairness problems.

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**DEPARTMENT OF STATE**

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- ***Dutch Prime Minister Balkenende to Visit Washington, D.C.***  
Prime Minister Jan Peter Balkenende will visit Washington, D.C. from September 1 to 3, accompanied by Foreign Minister De Hoop Scheffer. Balkenende will meet with you and Dr. Rice on September 3. He also will meet with the Vice President, Secretary Ridge, and Congressional leaders as well as Dutch businessmen. De Hoop Scheffer will meet with Secretary Powell and Secretary Rumsfeld.

- ***South Korean Foreign Minister Yoon to Visit Washington, D.C.***  
Foreign Minister Yoon will visit Washington on September 3. He will meet with Secretary Powell to discuss the results of the August 27 six-party talks in Beijing, U.S.-Korea bilateral relations, and future steps on dealing with North Korea.
- ***Mexican Foreign Secretary Derbez.***  
Foreign Secretary Derbez will visit Washington, D.C. on September 5 to meet with Secretary Powell. They are expected to discuss the Special Summit of the Americas, the Hemispheric Security Conference, and U.S. readiness to move forward on other aspects of the bilateral relationship as well as Security Council matters.
- ***St. Lucia Foreign Minister Hunte.***  
Foreign Minister Hunte will visit Washington, D.C. on September 5. Hunte is the President of the 58th UN General Assembly (UNGA). The meetings in Washington will help the Department establish a strong working relationship in advance of the 58th UNGA. Hunte has said he cannot have a successful UNGA Presidency without U.S. cooperation.

**Press Activity:**

- ***Letters to the Editor on Personnel in Iraq and Illicit Arms Trade.***  
Two Letters to the Editor will appear within the next week to two weeks. The first will be authored by Deputy Secretary Armitage for *The Weekly Standard*. It will address an article by William Kristol on the number of State Department personnel in Iraq. The second will be authored by Assistant Secretary Bloomfield for *The New York Times* in response to a *New York Times* editorial that stating the U.S. is not doing enough to combat illicit arms trade.

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**DEPARTMENT OF TRANSPORTATION**

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- ***Secretary Mineta to Address AASHTO Board of Directors.***  
On September 7, Secretary Mineta will speak to the board of directors of the American Association of State Highway Transportation Officials (AASHTO) on Administration transportation priorities during the organization's annual meeting in Minneapolis, Minnesota. The Secretary will be seeking support for the Administration's proposed "Highways for LIFE" initiative to increase highway construction safety, will stress the Administration's continued support for a six-year reauthorization of the Nation's surface transportation programs, and will highlight the safety components of SAFETEA, the Administration's surface reauthorization proposal.
- ***DOT to Release Guidance on Airline Fare Advertising.***  
During the week of September 1, DOT's Aviation Enforcement Office expects to issue a notice in the *Federal Register* clarifying enforcement policy regarding certain deceptive advertising practices recently observed on Internet travel sites. Among the topics addressed in the notice is the requirement for adequate disclosure of additional charges associated with fare quotations (e.g. Passenger Facility Charges).

- ***DOT to Provide Exemptions for Diabetic Commercial Vehicle Operators.***  
On September 2, DOT's Federal Motor Carrier Safety Administration (FMCSA) will publish a rule in the *Federal Register* to allow exemptions for certain insulin-using diabetic drivers of commercial motor vehicles from the diabetes prohibitions contained in Federal Motor Carrier Safety Regulations. The FMCSA will accept requests for diabetic exemptions beginning September 22. To be eligible for a Federal exemption, applicants must have three years of commercial motor vehicle driving experience, with a safe record, while having insulin-treated diabetes.
- ***DOT to File Comments on Proposed Kansas City Southern-TexMex Railroad Merger.***  
On September 2, DOT will file its final comments with the Surface Transportation Board on the Kansas City Southern (KCS) Railway acquisition of the TexMex Railroad. The filing will address the Department's position on the acquisition with special emphasis on the competitive effects of KCS controlling the rail bridge at Laredo, Texas, potentially limiting Union Pacific Railroad's access to U.S.-bound Mexican traffic.
- ***Secretary Mineta to Testify in the House on September 17.***  
The Water Resources and Environment Subcommittee of the House Transportation and Infrastructure Committee has invited Secretary Mineta to testify at a hearing on Contributions of Ports and Inland Waterways to the Nation's Intermodal Transportation System.

#### **Press Activity:**

- ***Aviation Week on Global Positioning Systems (GPS).***  
Under Secretary for Transportation Policy Jeff Shane was interviewed August 26 for an article to appear September 8.

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## **DEPARTMENT OF THE TREASURY**

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- ***Charitable Giving Act of 2003.***  
On September 4, Assistant Secretary Pam Olson is scheduled to testify at the Ways and Means Committee mark-up on the "Charitable Giving Act of 2003." This Act would make a number of changes in tax law related to charity.
- ***Consolidated Group Bankruptcy.***  
By Tuesday, September 2, the Department will issue temporary and proposed regulations regarding consolidated group bankruptcy. Under current law, bankrupt companies that have debt forgiven do not have to recognize that forgiven debt as income. In exchange, the companies are required to reduce their "tax attributes," such as net operating losses, tax credit carryovers, etc, by the amount of debt forgiven. This prevents corporations from avoiding taxable income in bankruptcy while retaining tax attributes that can reduce future tax liability. The regulations are effective immediately and will affect certain companies currently in bankruptcy.
- ***Upcoming Economic Indicator Releases from Treasury:***  
Purchasing Managers' Manufacturing Index: August (September 2)

Construction Activity: July (September 3)  
Federal Reserve Beige Book (September 3)  
New Motor Vehicle Sales: August (September 3-4)  
Productivity and Costs: Q2 (revised) (September 4)  
Manufacturers' New Orders, Inventories: July (September 4)  
Purchasing Managers' Non-Manufacturing Index: August (September 4)  
Chain Store Sales: August (September 4)  
Employment Report: August (September 5)

**Press Activity:**

- ***Expected Press on Asia Trip.***  
Secretary Snow will participate in a number of roundtables and press availabilities during his September 1 to 5 trip to three Asian countries.

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**DEPARTMENT OF VETERANS AFFAIRS**

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- ***VA Partners with HHS for Patient Safety.***  
The Department of Health and Human Services (HHS) and the Department of Veterans Affairs (VA) are putting the finishing touches on a partnership to train state health officials and selected hospital officials on the basics of patient safety. The curriculum includes analyzing adverse medical events, determining the cause of these events, and developing preventative interventions. The new partnership, called the "Patient Safety Improvement Corps," begins September 15, 2003.

**Press Activity:**

- ***Press Scrutiny of VA's Realignment Continues.***  
In the wake of an August 27 article by *The Wall Street Journal* about VA's realignment effort – called CARES, for "Capital Asset Realignment for Enhanced Services" – other major media outlets have devoted increased attention to the issue. *The Washington Post* and *Kansas City Star* are working on features scheduled for publication the week of September 1, a producer for ABC's "Nightline" has begun researching the topic, and VA public affairs officers are promoting stories in *U.S. News & World Report* and PBS's "Newshour with Jim Lehrer."