

Subject: Night Note 3/16
Sent: Thu, 16 Mar 2006 21:13:09 -0500
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[Pending Issues 3-16.doc](#)
[Policy Time Calendar 3-16.doc](#)
[Working Group Calendar 3-16.doc](#)
[Cabinet Member Schedule 3-16.doc](#)

Please Note - This Information is Sensitive; Eyes Only

Attached are the Pending Issues, the Policy Time Calendar for this month, the Working Group Calendar for this week and next, and the Cabinet Member Schedule for the following week.

Thanks,
James
x61475

March 16, 2006

MEMORANDUM FOR ANDY CARD, KARL ROVE, JOE HAGIN, and MIKE GERSON

FROM: STEVE MCMILLIN, JEREMY KATZ, and MYRIAH JORDAN

RE: NIGHT NOTE

New Orleans Elections. As expected, the Justice Department announced today it has pre-cleared a plan for the first elections in New Orleans since Hurricane Katrina. The Justice Department also announced it will send election observers to monitor the April 22 balloting. Today's pre-clearance announcement met with criticism from national civil rights groups and individuals such as Jesse Jackson, who claimed that two-thirds of the eligible population will be disenfranchised, and called it "more onerous than the poll tax laws of 1965." Critics of the plan also charge that not enough has been done to ensure voters scattered by the storm will be able to vote. (Although the state plans to set up satellite polling places all around the state for New Orleans residents, it did not choose to set up such stations outside Louisiana.) Jesse Jackson said he plans to organize marches and to sue over the election plan.

CFIUS Checkpoint. Kimmitt spoke with various Deputies and it appears, at this point, that the views of agencies are split. DoD, at the Deputies level, believes that it is possible to negotiate a mitigation agreement; other agencies including Commerce, Treasury and State are likely to join this view. DoJ and DHS, to this point, are firm in opposing any mitigated agreement. The technical team is near completion on a possible counter proposal to Checkpoint, and would be able to send it to the company tomorrow. Treasury continues to seek consensus among agencies and may convene a Principals meeting in the near term. JD convened EOP Deputies today to ensure relevant offices are aware of the status, since a report will be sent to the President 3/23 (next Thursday), unless the company withdraws.

Other Issues

- Administrative Reforms (Troy/DPC; Jordan)
- Advanced Energy Initiative Action Team (Epifani/NEC; Katz)
- AFL-CIO (Sharp/DPC; Jordan)
- AHPs (Leggitt/DPC; Katz) – We have provided Enzi technical assistance and informed his staff that his bill, reported out of committee on 3/15, does not comport with the President's vision for AHPs. To date we have not stated publicly our detailed concerns with the Enzi bill, and would look to conference to make improvements if the bill passes stand-alone. If Enzi's bill does not get a floor vote, we will work with Senate leadership to identify an alternative bill to which we can attach an amendment encompassing our AHP proposal.
- *Airlines (Sharp/DPC; Jordan) – The FAA, the controllers, and the Federal mediator have agreed to extend talks through Monday, but an impasse is still the most likely outcome, perhaps sometime next week.* In the event of an impasse, FAA must notify Congress. If Congress does not act within sixty days to undo or alter the FAA's final proposal, the FAA can implement its contract over the union's objections. NATCA does not like this impasse resolution procedure and Senator Obama is pushing a bill on their behalf to force the parties into binding arbitration if Congress does not act in 60 days. At DOT's recent House budget hearing, Chairman Knollenberg expressed his strong opposition to the Obama bill.
- Amtrak (Sharp/DPC; Jordan)
- Anthrax (Venkayya/HSC; Katz)
- *ANWR (Epifani/NEC; Katz) – The Senate passed the Budget Resolution that included ANWR 51-49. The Senate approved a Domenici amendment 51-49 that creates a \$450 million Energy Reserve Fund by taking \$150 million annually from anticipated ANWR bonus bid receipts in Fiscal Years '09 through '11. The money will help fund the implementation of the Energy Policy Act of 2005 and help fund conservation, efficiency, and renewable energies to foster more energy independence.*
- Asbestos (Ho/DPC; Jordan)
- Avian Flu (Venkayya/HSC; Katz)
- Aviation Security (Baker/HSC; Jordan)
- Beef (Hermann/NSC; Katz)
- Bioethics Agenda (Levin/DPC; Jordan) – OLA and DPC met on 3/15 with House Majority Whip Roy Blunt's staff to discuss advancing the President's bioethics agenda. Blunt's staff expressed interest in seeing the items referenced by the President in the State of the Union Address (prohibitions on fetal farming, human-animal hybrids, and commerce in embryos) introduced as stand-alone measures in the coming months. They suggested that a bill prohibiting fetal farming (i.e. the initiation of pregnancy solely for research purposes) stood the best chance of success, while the other measures may stand a better chance as appropriations riders later in the year, but that all should be introduced, as pro-life Members would find them appealing this year. Blunt's staff will seek out sponsors, and continue to work with the White House to shape the bills.
- *BSE (Hennessey/NEC; Katz) - USDA announced on 3/13 that it had confirmed, through both initial and follow-up testing, a third BSE infected cow in Alabama. Today, USDA exhumed the cow and was able to verify that the animal is over 10 years old (thus born before the feed ban was put in place). USDA also located a 6-week old calf of this animal and have it quarantined.* The cow's owner purchased it from the estate of a deceased farmer and

apparently has no records on the cow. Thus, it is unclear at this time where the cow originated.

- CAFE (Hannegan/CEQ; Katz) – On 3/15, Deputies met to discuss DOT's draft final rule which sets new fuel economy standards for light trucks, saving 7.8 billion gallons of fuel. The rule will also change the compliance system to reduce the safety hazards associated with the current system, to push all manufacturers to introduce fuel saving technologies into their vehicles, and to cover Medium-Duty Passenger Vehicles (8,500-10,000 lbs.) for the first time. DPC will follow up with OLA to discuss the potential for Congressional amendments to overturn the rule. Democrats will oppose a provision that preempts state laws regulating greenhouse gases, and some Republicans may oppose the rule because it is costly to the manufacturers. Communications will work with DOT Communications to develop messaging. OMB must clear this rule by 4/1.
- CALEA (Russell/NEC; Katz) – There is internal consensus on the substance of a CALEA bill, but lack of consensus on the appropriate timing and strategy for pursuing it. *Steve will arrange a meeting in the Chief's office next week to discuss.*
- Campaign Finance Reform (Taylor/OPA; Jordan)
- Canadian Lumber (Hunter/NSC; Katz) – *A NAFTA Panel is expected to issue a decision tomorrow at 10:00 AM, concerning the Commerce Department's determination last November that the Canadian government provides de minimis subsidies to its lumber industry. We expect that the Panel will affirm Commerce's determination. Also at issue is the Canadians' request that the Panel order a refund of all countervailing duties collected by Customs since 2002, when the anti-subsidy order took effect. It is unclear whether the Panel will reach this question, as it does not possess the authority to order the United States government to take such an action. If the Panel's decision is issued on Friday, we will face a decision on whether to appeal the case to an Extraordinary Challenge Committee (ECC) with a deadline on or about April 27. If we are unsuccessful before the ECC, the Commerce Department will be required to terminate the countervailing duty order, which accounts for about three-quarters of current duties.*
- Cargo Security/TWIC (Baker/HSC; Jordan) – DHS briefed HSC and OMB on the implementation of the Transportation Workers Identity Credential (TWIC) and their plans for enhancing cargo/supply chain security on 3/13.
- CFIUS DP World (Shirzad/NSC; Katz) – CFIUS DP World (Shirzad/NSC; Katz) – DP World put out a press statement announcing it would sell all its U.S. port operations within four to six months to an unrelated American buyer. The president of their U.S. subsidiary said there was "already significant interest in the sale from American buyers." Day 30 is 4/3, Day 45 is 5/19, Congress is scheduled to be out the week of the 29th of May. However, we need to 1) continue to monitor the status of this sale, 2) work with Congress on possible CFIUS legislation and 3) move forward with the review and investigation. UAE's Economy Minister Sheikha Lubna al-Qassimi will be in town next week and will meet with Portman on 3/20 to discuss trade. She will also be meeting with other officials (such as State's Liz Cheney
- CFIUS GKN (Shirzad/NSC; Katz) – Friday, 3/17, marks the 30th day of the review of GKN, a private UK company seeking to purchase Sierracin Corp, a U.S. producer of windshields and cockpit enclosures for U.S. military aircraft. DOD has yet to complete its internal review of whether GKN has received the necessary DOD clearances and whether DOD would need to seek additional assurances from GKN because Sierracin, through the

purchase, may be considered a sole source supplier of items sold to the military. DOD has asked for more time than 3/17, and Treasury is considering options, including asking the company to withdraw and/or go to investigation. NSC will report back tomorrow on the status of this case.

- China (Shirzad/NSC; Katz)
- Civil Rights (Ho/DPC; Jordan)
- Clear Skies (Stolpe/CEQ; Jordan)
- Climate Change (Connaughton/CEQ; Jordan)
- Competitiveness (Wilson/DPC; Jordan)
- Cooperative Conservation (Cohen/CEQ; Jordan) – A Deputies meeting was held 2/13 to discuss the drafting, packaging, and strategy for the Cooperative Conservation legislative package. Components from DOI, EPA, USDA, and DOC-NOAA are in various stages of internal review, informal review, and formal interagency review. Hill and constituent outreach will begin on each component as soon as the LRM process has been completed.
- *Corn (Shirzad/NSC; Katz) - USTR will file a request tomorrow for WTO consultations with Canada on a Canadian antidumping and anti-subsidy case involving U.S. exports of grain corn. The request is being filed now so it can be referenced during a hearing before the Canadian authority conducting the case on Monday. NSC has been working closely with USTR to ensure that the request does not adversely affect the President's upcoming meeting with Prime Minister Harper in Cancun at the end of the month. In order to maximize notice to the Canadian government, Portman reached out to Canadian Trade Minister Emerson today to alert him to the request, and Deputy USTR Schwab and NSC's Dan Fisk spoke today with Jonathan Fried (Harper's national security advisor) to inform him of tomorrow's filing. Harper agreed it was better to file the request now rather than after the Cancun meetings, and expressed his appreciation for the advance notice.*
- Critical Infrastructures Protection (Nielson/HSC; Jordan) – HSC chaired a meeting of the Critical Infrastructure Protection PCC on 3/8 to discuss (1) the National Infrastructure Protection Plan (NIPP), (2) the Administration's position on regulating ammonium nitrate, and (3) the pending Improvised Explosive Device (IED) Working Group currently under consideration. DHS provided a briefing on the changes that have been incorporated into the revised NIPP document based on feedback received on the past two drafts. DOJ provided an overview of both current and proposed legislation that would regulate ammonium nitrate and provided PCC members with a proposed draft legislative amendment for their review. At the next CIP PCC meeting, HSC will seek concurrence on the NIPP and a position on whether we should support end user regulation of pure ammonium nitrate and certain ammonium nitrate fertilizer blends. The CIP PCC was also encouraged to provide input on the proposed charter for the IED Working Group.
- Debt Limit (Kupfer/NEC; Katz)
- Doha (Shirzad/NSC; Katz)
- Drug Free Communities (Leggitt/DPC; Katz)
- Drug Reimportation (Leggitt/DPC; Katz)
- Education (Wilson/DPC; Jordan)
- Endangered Species Act (Schildwachter/CEQ; Jordan) – CEQ hosted a PCC discussion on 3/14 on development of a new ESA rule. The drafting team briefed on the approach to Critical Habitat, science, interagency consultation, new listings, and reinstating the distinction between Threatened and Endangered species. A few technical issues remain, but

the drafting team is committed to providing rule language to OMB for informal review by the end of the week. This review should be complete and ready to inform further policy process by the end of the following week.

- Entitlement Commission (Blahous/NEC; Katz)
- Everglades (Connaughton/CEQ; Jordan)
- Farm Bill (Hennessey/NEC; Katz)
- *FDA (Leggitt/DPC; Katz) – Tomorrow, Lance Leggitt in DPC will be meeting with FDA and HHS to discuss resolution of the FDA statement affirmatively declaring that there is no medical use for marijuana, and highlighting its harmful side effects. The letter would be sent to Rep. Souder in response to his request from FDA earlier this year. The substance of the letter will then be posted as an advisory on FDA's website. DPC also plans to discuss the status of RU-486 and Plan B issues.*
- *Federal Sentencing Guidelines (Ho/DPC; Jordan) – Bill Mercer (Principal Associate Deputy AG) testified on 3/16 before the House Subcommittee on Crime, Terrorism, and Homeland Security and present DOJ's proposal for reform of the federal sentencing guidelines. In response to the increasing number of sentences below the recommended guidelines in the wake of the Supreme Court's Booker decision in 2005, DOJ will propose that a system of minimum guidelines be enacted in order to restore mandatory sentencing. DOJ plans to brief DPC and other White House offices next week on follow-up legislative strategy for the sentencing reform proposal. Chairman Sensenbrenner has spoken out forcefully against lower sentences and increased racial disparity indicated by recent studies.*
- *FHA Reform (Streeter/DPC; Jordan) – Dep. Sec. Bernardi and Brian Montgomery from HUD presented FHA's proposal to fulfill the 2007 budget commitment to reform the FHA so that it can better serve potential homebuyers that lack down payment funds or have a bad credit history. FHA believes that their proposal, which would lift current restrictions on the type of mortgage insurance they can offer, will enable 1.9 million current renters to become homeowners, about 24 percent of which are minorities. Currently, minorities are disproportionately served by the sub prime mortgage market, and FHA believes their reforms will provide a safer, more fairly priced alternative. The main changes FHA is proposing to its governing statute involve eliminating the current down payment requirement and removing a cap on the insurance premium. After much discussion, it became clear that OVP's resistance to the proposal was perhaps "intractable," in their words. The main sticking point is a general concern that by changing the underlying statute to provide FHA more flexibility to offer products, FHA will abuse its freedom under a future administration. However, no one was able to articulate which types of additional products would constitute abuse, and OMB has proposed some protective measures to guarantee stability and safety to the taxpayer. Nevertheless, because of OVP's disagreement, DPC will convene a work session with all councils present today to hammer out specific language that would allow FHA to go forward.*
- Flex Fuel Vehicles (Epifani/NEC; Katz)
- *Flood Insurance Program (Kupfer/NEC; McMillin) – The House Financial Services Committee finished its mark-up of a flood insurance bill. The measure would increase the program's borrowing authority to \$25 billion and would institute a number of reforms. The only significant action in the Committee was the defeat, by a vote of 45-10, of a Hensarling (R- TX) amendment requiring the immediate elimination of all subsidies.*

Instead, the bill has a gradual phase out of the subsidies for non-primary and non-residential properties.

- Foreign Investment in U.S. Airlines (Sharp/DPC; Jordan) – On 3/9, DPC convened a conference call with DOT, OVP, COS's office, WH Counsel, Communications, and HSC to discuss the growing opposition to DOT's proposed rule. This issue has been pulled into the DP World debate, and a House bill to delay the rule by one year has 159 cosponsors. DOT currently plans to complete work on the rule at the end of March, and the group agreed to reconvene and reevaluate strategy at that time, prior to the draft final rule's transmission to OMB for clearance. Participants generally agreed that finalizing this rule in the very short term would likely make it more difficult to resolve the DP World dispute, and some participants believe a long delay in the rule's completion may be necessary. DOT will draft a white paper that describes the security reviews the rule underwent at DOD and DHS, and outlines the overall economic and consumer benefits of the rule and the US/EU Open Skies aviation agreement that is likely to follow. On 3/8, Congressman Culberson successfully added report language (which is not legally binding) to the Supplemental to delay the rule by 120 days.
- Foster Care Waivers (Pardue/DPC; Jordan)
- GNEP (Epifani/NEC; Katz) - Hubbard, Lisa Epifani and Clay Sell met with Senator Graham. Most of the conversation was about the roll-out strategy for GNEP. Senator Graham seemed supportive of the GNEP concept. Senator Graham suggested that Senator McCain was the key to achieving environmental support for GNEP. He said Chairman Domenici was the key to utility community support. Senator Graham stressed that the way to get utility support (who are mainly focused on Yucca) was to clearly tie Yucca and GNEP and require support of both to get one. He said that he thought Senator Ensign would be supportive of GNEP because he viewed it as a means of reducing waste at Yucca. He thought a Recycling Caucus might be in order. Al and Graham also discussed the Senator's upcoming trip to China and the currency dispute.
- GSEs (Kupfer/NEC; Katz)
- Health Action Team (Ramthun/NEC; Katz)
- Health IT (Leggitt/DPC; Katz) - Secretary Leavitt hosted the AHIC on 3/6. The next AHIC meeting is 4/25. DPC will host a meeting with HHS during the first week in April to preview the 4/25 AHIC meeting.
- Helping America's Youth (Parker/DPC; Jordan)
- HHS Vouchers (Towey/OFBI; Jordan)
- HIV/AIDS (Troy/DPC; Jordan)
- Hotels in Gulf (Streeter/DPC; Jordan) – 3/15 marked the end of the hotel program for LA and MS. FEMA had announced a couple of weeks ago that 3/15 would be the final day that they would pay for all hotel rooms in LA and MS and that extensions would be granted on a case by case basis, dictated by the need and circumstances of the family. They are granting extensions to approximately 2500 families in LA and 175 in MS to March 29. In the last week of February, there were 5600 in LA and 920 in MS. The challenges in LA are primarily driven by the lack of housing availability but FEMA is continuing to work with each family and believes they will continue to make progress by month's end.
- HSAs (Ramthun/NEC; Katz)
- Immigration Assimilation (Ho/DPC; Jordan)
- Immigration Border Patrol (Baker/HSC; Jordan)

- Immigration Borders (Ho/DPC; Jordan)
- Immigration Extension of Temporary Protected Status (Ho/DPC; Jordan) – During a meeting 2/27 with House Judiciary Committee staff on immigration reform, House staff expressed to HSC, DPC, and OLA Chairman Sensenbrenner's displeasure with last week's announcement of DHS's decision to grant a one-year extension of temporary protected status for about 300,000 Salvadoran, Nicaraguan and Honduran immigrants (allowing them to remain legally in the United States). OLA assured Chairman Sensenbrenner's staff that the announcement, which was put out initially through Rep. Ileana Ros-Lehtinen's office, was in no way an attempt to circumvent the Chairman.
- Immigration No Match (Baker/HSC; Jordan) – HSC, DPC, and ten representatives from DHS (Policy, OLA, and CIS) met with Senate Finance staff on 3/10 to resolve ongoing questions from Senator Grassley's staff regarding Basic Pilot (DHS's electronic employment verification system) and DHS's proposals for using the Social Security database for immigration enforcement purposes. DHS was unable to answer several key questions posed by Senator Grassley's chief Social Security advisor, who is clearly wary of including Social Security provisions in the comprehensive immigration reform bill for both committee-jurisdictional and more substantive reasons. DHS could not, for example, explain in detail the process for enumerating aliens for Basic Pilot verification purposes or what restrictions on the use of the Social Security database DHS seeks to relax as part of immigration reform. DHS-OLA will work to obtain answers to these and other questions early next week before Senate Judiciary consideration of the worksite enforcement provisions of the Specter mark.
- *Immigration Reform (Ho/DPC; Jordan) – The Senate Judiciary Committee adjourned until Monday, March 27, after meeting this morning to mark up the Specter bill. WH OLA and press reports indicate that Senators Kennedy and Cornyn have reached an agreement on acceptable TWP provisions concerning future flow (i.e., foreign-born workers who will come to the U.S. legally as temporary workers). As for the current illegal population inside the U.S., Senator Kennedy has offered to narrow his bill (McCain-Kennedy) to provide that applications for green cards by undocumented workers cannot be processed until the current backlog of roughly 3 million people is eliminated. It is unclear, however, where the votes would be on a compromise, as Senator Brownback is undecided on whether to vote for the McCain-Kennedy provisions. Senators DeWine and Graham will support McCain-Kennedy while Senator Feinstein is expected to oppose. We understand that serious discussions on possible compromises are ongoing among key Committee members and will continue next week during the recess. In addition, discussions on worksite enforcement provisions are ongoing with Senator Grassley, Senate Finance committee staff, and Specter, Kyl, and Kennedy staff. It is unclear what impact (if any) lengthening the committee process will have on Leader Frist's introduction of a base text bill for the floor. Leader Frist announced today his intention to introduce a border security bill before the recess, but has not dropped a bill yet. The full Senate is scheduled to begin floor debate the week of March 27.*
- Immigration Refugees (Camponovo/NSC; Jordan) – NSC held a deputies meeting on Wednesday, 3/15, to try to reach resolution on the State Department's proposal to create a short-term resolution for DHS to review refugee applicants from the Tham Hin camp, and a longer-term solution for other refugees affected by the “material support to terrorism” issue. Post-9/11 amendments to the Immigration and Nationality Act created a broader definition of “terrorist organization,” and a bar on admissibility for those who provide such organizations with “material support.” The State Department’s position is that FY 2006

refugee admissions will be dramatically reduced unless resolution is reached quickly, and that a strict interpretation of the INA provision could lead to exclusions of certain refugee populations that would be inconsistent with our foreign policy. On 3/15, it was decided that there should be intelligence reviews on the various “terrorist organizations” at issue, that there should be coordination with Congress on the issue, and that it would be helpful for lawyers from each agency to meet to discuss their interpretation of the statute. Thus far, legal staff from each agency is interpreting the statute consistent with their agency’s policy view, and inconsistent with each other.

- *Secure Border Initiative (Baker/HSC; Jordan)* – DHS briefed HSC on 3/8 on the progress that has been made on SBI. They reported that they have essentially eliminated catch and release for Latin American OTM’s (Other Than Mexicans) on the southwest border except for families and El Salvador nationals. This is still a very small subset of illegal immigrants, but they plan to begin detaining family groups around April 15, and hope to achieve a legislative solution for El Salvadoran immigrants. Currently, El Salvadorans cannot be placed in expedited removal because of an outstanding injunction. They also reported on the progress of SBInet – or lack thereof. DHS hopes to issue a Request for Proposal (RFP) in early April, and to award the contract in September. *HSC has still been unable to obtain a report on SBI from DHS, although they are now saying it will be ready by Friday, 3/17 (it was originally promised by Monday, 3/13). DHS has also not yet submitted a draft of the RFP. The Friday, 3/17, immigration principals may be a good opportunity to press for these items.*
- Immigration Worksite Enforcement (Baker/HSC; Jordan)
- Indecency (Russell/OSTP; Katz)
- Indian Gaming (Ho/DPC; Jordan)
- Indian Trust/Cobell (Ho/DPC; Jordan)
- Internet Communications (Ho/DPC; Jordan) – The House is now expected to consider H.R. 1606, the Online Freedom of Speech Act, after next week’s recess. The bill would exempt Internet communications from the meaning of “public communication” subject to FEC regulation. A supportive SAP is in the final stages of clearance. The bill failed to pass under suspension of the rules last November (225-182, short of the required 2/3rd), but is headed toward passage in the House this week and is likely to pass the Senate as well (Senator Reid is the sponsor of the Senate companion measure, and Senator Frist has indicated his support).
- Internet Pharmacy (Leggitt/DPC; Katz)
- IRS (Kupfer/NEC; Katz)
- *Katrina CDBG (Streeter/DPC; Jordan)* – HUD sent a team to LA this week to assist LA as it drafts its plan for its \$6.2 billion in CDBG for its last supplemental. After a couple of weeks of challenges getting them engaged, they now seem to be fully engaged with HUD. HUD’s assessment today is that LA is roughly where MS was about a month ago. LA still needs to make some decisions on the compensation policy for homeowners (namely, how much goes to homeowners that rebuild, that decide to leave, etc.) and still has to figure out some critical questions on how they will administer the program. They are also trying to put together a plan that addresses rental property needs that does not yet have enough detail. LRA is shopping drafts of their current thinking around with local leaders in hopes of getting buy-in from all parties. HUD believes that LA should have fleshed out something more suitable for public comment in 2 weeks.

- Legal Reform (Ho/DPC; Jordan)
- Levees (Hannegan/CEQ; Jordan)
- Lobbying Reform (Kelley/WHC; Jordan) – Principals met on 1/24 to discuss the statutory and rule changes Congress is considering and how they affect the executive branch.
- Medicaid Clawback (Ramthun/NEC; Katz)
- Medicaid Commission (Ramthun/NEC; Katz) – The Commission met this week in Atlanta. Hennessey, Maggie Grant and McMillin had a conference call 3/2 in which we decided to allow the March meeting to go forward without a change in direction. Hennessey asked HHS to put an outline together for Karl's review on the substantive proposal from Leavitt with the goal of having something ready before the May meeting.
- Medical Liability Reform (Ho/DPC; Jordan)
- Methamphetamine (Leggitt/DPC; Katz)
- Mine Safety (Sharp/DPC; Jordan)
- Mobile Homes (Streeter/DPC; McMillin) – DHS/FEMA is considering a recommendation that they lay out their policy on the Hope, AR, mobile homes in a notice to LA parish presidents and give them a deadline to reply that they need a specific amount. The intent is to expedite the deployment of mobile homes where possible, and clarify the role of local authorities in decisions not to use this available housing stock for hurricane victims in the Gulf. There is some internal disagreement at DHS about the merits of such a notice, but we are hopeful they will decide soon to go forward with it. They continue to be committed to the position Chertoff staked out 2 weeks ago not to allow the mobile homes to be placed in the middle of flood plains but only in areas outside or on the fringes of the plains in which elevating the homes could be done easily. We asked their view of a parish-by-parish waiver if the parish presidents agreed to full responsibility for the trailers, but DHS rejects that as well for fear that they will still be on the hook if the units are flooded in a future storm. Currently, FEMA reports that MS still expects 2000 of the units and that sites have been identified in LA for roughly 3000 more, which would reduce the Hope stockpile by nearly half. There is no timeline at this point for shipping the mobile homes out, however.
- NASA (Russell/OSTP; Katz)
- Native Hawaiian (Ho/DPC; Jordan)
- NCLB (Medina/DPC; Jordan)
- OCS (Epifani/NEC; Katz)
- OIRA EO (Yanes/OMB; Katz)
- Part D (Ramthun/NEC; Katz)
- *Pensions (Blahous/NEC; Katz) – Al spoke with Senator Grassley and visited with Chairman Bill Thomas on the pension legislation. NEC staff (with OLA) have also followed up with Grassley staff and will be meeting with Grassley/Baucus staff on Friday. Grassley responded positively to Al's policy pitch, took notes, and his staff have confirmed that his instructions to his staff are to work closely with us on the mortality, bond quality, and transition rules, just as they have been doing on other issues, such as credit ratings and credit balances. Overall, the pension conference seems to be somewhat stalled as an apparent Member agreement Tuesday evening on credit ratings and credit balances has been subject to some staff-level backsliding. Grassley and Thomas are reportedly holding together, insisting that members abide by the oral agreements reached Tuesday evening. As of yet, there is little substantive action on other aspects of the pension conference, while*

these issues are being worked out. There has been a bit of a slowdown in information flow as this stall has occurred, but overall, the signals we are receiving are encouraging, that Grassley and Thomas are working to get us a bill that the President can sign, consistent with his public statements.

- Port Security (Baker/HSC; Jordan)
- Postal Reform (Sharp/DPC; Jordan) – On Wednesday, 3/15, Deputies met to discuss the status of postal reform legislation in preparation for policy time next Thursday, 3/23. The House and Senate have passed their bills but the House Leadership is delaying appointing conferees until the House, Senate, and WH sit down to hammer out an agreement. The Administration is seeking more reform provisions and zero budget impact. OMB estimates the House and Senate bills would increase the deficit by \$17 billion over 10 years (CBO scoring is \$5 billion over ten years due in large part to using different interest rate assumptions).
- Potassium Iodide/KI (Kaplan/OMB; Katz) – Pursuant to Executive Order 12866, as amended early in this Administration, OIRA has asked for the assistance of the COS office (McMillin) to resolve competing views regarding an HHS rule to stockpile sufficient KI for distribution to populations within 20 miles of a nuclear facility (current practice is 10 miles). HSC/HHS believe proceeding with the rule is consistent with the law and previous policy decisions. NRC believes expanding KI stockpiling is an inefficient and ineffective way to protect populations, and that new unnecessary regulatory burdens will hamper the approval of new nuclear plants. NEC/DOE have not weighed in, but NRC's concerns have their attention.
- Prisons (Ho/DPC; Jordan) – Following on a briefing given last week to WHC arranged by Senator Talent's office, representatives from the US Probation offices in St. Louis and Charlotte today briefed staff from DPC, DOJ (OLP, BJP, and BOP), DOL, and COS on a remarkable prisoner reentry initiative launched in those districts. The program includes employment and education programs and has demonstrated success in reducing unemployment and recidivism among ex-offenders. DPC will continue to work where appropriate with the probation office to assist in expanding the program and coordinating it with national DOJ prisoner reentry initiatives. The group will be holding a national conference in St. Louis April 11-13.
- Science (Hays/OSTP; Katz)
- Smallpox Tabletop (Venkayya/HSC; Katz) – On 3/15, Fran hosted Chertoff, Leavitt, Guttierrez and other Cabinet Secretaries and EOP representatives, including Joe, to prebrief this coming Saturday's tabletop exercise for a bioterrorism event involving smallpox. The exercise will test the USG's ability to respond to an attack through aerosolization of smallpox. The desired outcome is to inform our national planning, highlight critical policy decisions and gaps and to identify breaking points for National response capabilities.
- Steroids (Ho/DPC; Jordan)
- Stem Cells/Bioethics (Levin/DPC; Jordan)
- Strengthening America's Community Initiative (Streeter/DPC; Jordan)
- TANF (Streeter/DPC; Jordan)
- Tax Reconciliation (Kupfer/NEC; Katz)
- Tax Reform (Kupfer/NEC; Katz)
- Telecom (Russell/NEC; Katz)

- TX Supplemental (Streeter/DPC; McMillin) – As of 3/14, the House appropriators are looking at a conference strategy for TX on the supplemental. OLA has been working to block ideas such as moving to a 90/10 cost share on debris removal for TX, and Powell's office went over the housing numbers with the Speaker's staff on Monday, 3/13, to demonstrate that TX's housing damage estimates are far higher than the evidence supports. OLA has quietly indicated sympathy for additional education funds should that prove necessary, but that we were not communicating anything final on that front.
- Trade Enforcement (Shirzad/NSC; Katz) - Prior to a Finance hearing on China (to be held on 3/29), Senator Grassley plans to introduce legislation directed at China: 1) strengthening antidumping rules (to ensure that new shippers of subject merchandise pay their bills); 2) improving enforcement; 3) establishing reporting requirements on the enforcement of our trade laws, and 4) requiring Treasury to address currency imbalances (i.e., looking at factors such as trade imbalances in their currency report). Senator Grassley is seeking a strong, widely-supported bipartisan bill to serve as an alternative to the pending Schumer bill (which is due for a vote on 3/31).
- *Tricare (Leggitt/DPC; Katz) – Roy Ramthun in NEC and Lance Leggitt in DPC held a conference call with Dr. Winkenwerder of DOD on 3/15. DOD has agreed to work with NEC's transparency initiative by utilizing Tricare contracts to disclose price and quality information. This effort will be coordinated with the efforts of CMS and OPM.*
- UAE FTA (Shirzad/NSC; Katz)
- Veterans (Leggitt/DPC; Katz)
- WH Conference on Aging (Leggitt/DPC; Katz) – On 3/14, the WH Conference on Aging Policy Committee approved a preliminary report to be sent to Governors tomorrow. The preliminary report, which is as required under the Older Americans Act of 2000, consists of a letter referencing the top 50 resolutions adopted by the delegates at last December's conference as well as the Census Bureau demographic information about the older population in this country. The Governors will be given an opportunity to comment on the resolutions before the final report is delivered to the President and Congress this June. HHS has been actively involved in the preparation of this preliminary report and is pleased with the approved product.
- *Yucca (Epifani/NEC; Katz) – Discussion of communication challenges associated with interim storage at Yucca delayed submission of new draft legislation to the Hill by DOE. Concerns were raised that a provision in the draft DOE bill might be seen as inconsistent with assurances made in 2000 by then-Governor Bush to the Governor of Nevada. NEC believed we had a consensus at the deputies level that the legislation should go forward, with a clarification to the legislation requiring that interim storage at Yucca could only proceed with an NRC license and that this would satisfy the pledge that interim storage would only occur if deemed scientifically safe. Steve asked for final signoff today from the Chief and Karl before proceeding. On 3/14, Deputy Secretary Clay Sell asked NEC to delay transmittal of the Yucca legislation rather than spring it on the Hill 24 hours before Clay's House Energy and Commerce testimony today. Deputies will meet again to discuss DOE's request to reopen the issue regarding whether the legislation should authorize DOE to proceed with interim/temporary storage without an NRC license.*

POLICY TIME – MARCH 2006

| SUN | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SAT |
|-----|---|--|--|--|---|-----|
| 12 | 13 9:00-9:30 HSC/NSC: CFIUS Reform / Port Security (30 min)* | 14 NO TIME | 15 NO TIME | 16 NO TIME | 17 1:30-2:15 HSC: Avian Flu (45 min)* | 18 |
| 19 | 20 NO TIME | 21 NO TIME | 22 3:15-4:00 NEC: Health Update (45 min) | 23 11:10-11:55 DPC/HSC: Immigration (45 min) | 24 NO TIME | 25 |
| 26 | 27 11:10-11:55 DPC: Competitiveness Update (45 min) | 28 1:30-2:00 DPC: Postal Reform (30 min) | 29 TBD NEC: Economic Update (45 min) | 30 NO TIME | 31 NO TIME | 1 |
| 2 | 3 NO TIME | 4 TBD Rove (45 min) | 5 TBD | 6 TBD NEC: Katrina Update (45 min) | 7 NO TIME | 8 |

3/16/06

Possible April Policy Times: AMT; Endangered Species Act; Flood Insurance Reform; Voting Rights Act

Regular Reports: Competitiveness, Energy, and Health; Economic Update (every 5 weeks); Katrina Update (every 3 weeks)

* Indicates Cabinet Member Attendance

Working Group Calendar

WORKING GROUP CALENDAR

| Monday, March 13 th | Tuesday, March 14 th | Wednesday, March 15 th | Thursday, March 16 th | Friday, March 17 th |
|--|--|---|---|---|
| 8:00 OLA: Daily Immigration Legislative Update (MJ) 9:30 NEC: Weekly American Energy Initiative Action Team (JK) 11:00 NEC: Weekly Health Care Action Team (JK) 11:00 DPC: Deputies on American Competitiveness Grants (MJ) 2:30 NEC: Weekly Entitlement Action Team (JK) 3:00 HSC: TWIC/Cargo Security Briefing – PCC (MJ) 3:30 DPC: Weekly ACI Action Team Meeting (MJ) 5:00 NEC: Meeting on Military Mission Line and the OCS (JK) 5:00 CEQ: Conf Call on CA Levee Issues (MJ) | 8:00 OLA: Daily Immigration Legislative Update (MJ) 9:15 DPC: Weekly DOT Call – PCC (MJ) 1:00 OMB: Meeting on Potassium Iodide – PCC (JK) 2:00 DPC: Deputies on Immigration (MJ) 3:00 DPC: Weekly ED Call – PCC (MJ) 3:00 Comm: Interagency Avian Flu Communications Strategy (JK) 4:00 HSC: Nuclear Materials Information Program – Restricted DC (MJ) 5:30 DPC: Weekly DOJ Call – PCC (MJ) | 8:00 OLA: Daily Immigration Legislative Update (MJ) 11:00 DPC: Weekly Conf Call w/ DOL (MJ) 4:00 DPC: Deputies on Postal Reform (MJ) 5:30 DPC: Deputies on CAFÉ Reform (JK) | 8:00 OLA: Daily Immigration Legislative Update (MJ) 9:00 HSC: DC Katrina Lessons Learned Report (MJ) 10:00 DPC: Weekly Call w/ HHS (JK) 1:00 HSC: Technical Nuclear Forensics for Attribution – DC (MJ) 2:00 DPC: Deputies on Federal Housing Assistance Reform (MJ) 6:00 NEC: Principals on China Trade (JK) | 9:30 DPC: Principals on Immigration Reform (MJ) 1:00 CEQ: Meeting on LNG Permitting – PCC (JK) 2:30 NEC: Deputies on Yucca Mountain (JK) 4:30 OLA: Meeting on Immigration – PCC (MJ) |

Working Group Calendar

| Monday, March 20 th | Tuesday, March 21 st | Wednesday, March 22 nd | Thursday, March 23 rd | Friday, March 24 th |
|--|---|--|--|---|
| 8:00 OLA: Daily Immigration Legislative Update (MJ) 9:30 NEC: Weekly American Energy Initiative Action Team (JK) 11:00 NEC: Weekly Health Care Action Team (JK) 2:30 NEC: Weekly Entitlement Action Team (JK) 3:30 DPC: Weekly ACI Action Team Meeting (MJ) | 8:00 OLA: Daily Immigration Legislative Update (MJ) 9:15 DPC: Weekly DOT Call – PCC (MJ) 3:00 DPC: Weekly ED Call – PCC (MJ) 5:30 DPC: Weekly DOJ Call – PCC (MJ) | 8:00 OLA: Daily Immigration Legislative Update (MJ) 11:00 DPC: Weekly Conf Call w/ DOL (MJ) 5:00 DPC: Meeting on Online Pharmacies – PCC (MJ) | 8:00 OLA: Daily Immigration Legislative Update (MJ) 10:00 DPC: Weekly Call w/ HHS (JK) 3:30 NEC: Weekly Medicare Meeting – PCC (JK) 4:00 NEC: Weekly Medicaid Meeting – PCC (JK) | 8:00 OLA: Daily Immigration Legislative Update (MJ) TBD OSTP: Meeting on ICANN (JK) |

OFFICE OF CABINET LIAISON



CABINET MEMBER SCHEDULE

FRIDAY 03/17/2006

Attorney General Gonzales, Secretary Gutierrez & Secretary Chao

9:30am – 10:30am **CL Conf Room** Principals Meeting on Immigration Reform

Participants:

White House

Andrew Card, CoS (T)
Karl Rove, DCoS
Dan Bartlett, Counselor
Candi Wolff, OLA
Scott McClellan, Press Secretary
David Addington, OVP
Nicolle Wallace, Communications
Al Hubbard, NEC
Fran Townsend, HSC
J.D. Crouch, NSC
Ed Lazear, CEA

Steve McMillin, CoS Office
Ken Rapuano, HSC
Tevi Troy, DPC
Barry Jackson, Senior Advisor's Office
Bill Kelley, Counsel's Office
Doug Baker, HSC
Allyson Ho, DPC

DHS

Michael Jackson, Deputy Secretary

OMB

Joel Kaplan, Deputy Director

Secretary Jackson

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Secretary Johanns, Secretary Leavitt & Director Bolten

1:30pm – 2:15pm **Roosevelt Room** Policy Time: Pandemic Implementation Plan

White House

Andrew Card, CoS
Joe Hagin, DCoS
Steve Hadley, NSC
Dan Bartlett, Counselor
Candi Wolff, OLA
Scott McClellan, Press Secretary
Harriet Miers, Counsel
Nicolle Wallace, Communications
Steve McMillin, CoS Office

Ken Rapuano, HSC
Tevi Troy, DPC
Rajeev Venkayya, HSC
Carol Kuntz, OVP

DHS

Michael Jackson, Deputy Secretary

SATURDAY 03/18/2006

Secretary Snow (T), Secretary Johanns, Secretary Gutierrez, Secretary Leavitt, Secretary Mineta, Secretary Nicholson, Secretary Chertoff & Director Bolten

8:00am – 12:00pm

Room 350

Tabletop Exercise: U.S. Government Response to a Smallpox Attack

Participants:

White House

Fran Townsend, HSC
J.D. Crouch, NSC
Keith Hennessey, NEC
Cathie Martin, Communications
Ken Rapuano, HSC
Bill Kelley, Counsel's Office
Lance Leggett, DPC
Carol Kuntz, OVP
Sharon Hays, OSTP
Jeremy Katz, CoS
Neal Burnham, OCL
Bruce Miller, OVP

State

Paula Dobriansky, Under Secretary for Global Affairs & Democracy

TREAS

Nada Eissa, Deputy Assistant Secretary for Microeconomic Analysis

DOD

Gordon England, Deputy Secretary
Admiral Edmund Giambastiani, Jr., Vice Chairman, Joint Chiefs of Staff
Paul McHale, Assistant Secretary of Defense for Homeland Defense
Colonel Peter Aylward, Deputy Director of Homeland Defense for the National Guard

DOJ

Paul McNulty, Acting Deputy Attorney General
Steve Bradbury, Assistant Attorney General, Office of Legal Counsel

DOI

Lynn Scarlett, Deputy Secretary
Larry Parkinson, Deputy Assistant Secretary

USDA

Chuck Conner, Deputy Secretary

DOC

John Bailey, Senior Policy Advisor

HHS

Julie Gerberding, Director for Centers for Disease Control
William Raub, Acting Assistant Secretary for Planning and Evaluation

DOT

Roger Bohnert, Office of Intelligence & Security

VA

Lawrence Deyton, Chief, Public Health & Environmental Hazards Officer
Laurie Zephyrin, White House Fellow

DHS

Jeff Runge, Acting Under Secretary for Science & Technology

DNI

Tom Fingar, Deputy Director of National Intelligence

FBI

Gary Bald, Executive Assistant Director, National Security Branch

MONDAY 03 / 20 / 2006

Secretary Spellings

12:00pm – 1:00pm

WH Mess

Lunch with Secretary Card

Secretary Mineta

2:00pm – 4:00pm

Room 164

Office Time

Secretary Bodman

3:00pm – 3:30pm 1FL/WW Meeting with Steve Hadley

TUESDAY 03 / 21 / 2006

Secretary Jackson

9:30am – 11:30am Room 164 Office Time

Secretary Rice, Secretary Snow, Secretary Chao, Secretary Jackson, Secretary Bodman & Ambassador Portman

12:00pm – 1:40pm East Room President's Lunch with the President of Liberia

Secretary Johanns

4:00pm – 5:00pm CL Conf Room Kitchen Cabinet Meeting

Participants:

White House

Jim Connaughton, CEQ

Neil Patel, OVP

Barry Jackson, Senior Advisor's Office

David Anderson, OMB

Megan Hauck, OLA

Peter Rowan, OLA

Michael Sommers, NEC

Greg Schildwachter, CEQ

USDA

Chuck Conner, Deputy Secretary

Dale Moore, CoS

Drew DeBerry, DCoS

Beth Johnson, DCoS

Terri Teuber, Director Of Communications

Secretary Chao

5:00pm – 6:00pm CL Conf Room Political Briefing

WEDNESDAY 03 / 22 / 2006

Secretary Leavitt

12:00pm – 1:00pm WH Mess Lunch with Secretary Card

THURSDAY 03 / 23 / 2006

Secretary Spellings

3:00pm – 5:00pm Room 164 Office Time