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Subject: Night Note 3/23
Sent: Thu, 23 Mar 2006 19:54:28 -0500
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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 23, 2006

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

FROM: STEVE MCMILLIN, JEREMY KATZ, and MYRIAH JORDAN

RE: NIGHT NOTE

CFIUS Checkpoint. The company withdrew their filing today. As part of Checkpoint's withdrawal, the company is releasing a press statement, and Q&As saying that they are withdrawing and have determined that "they have decided to pursue alternative ways for Check Point and Sourefire to partner in order to bring to market the most secure leading security solutions." Treasury sent to the companies its standard withdrawal letter, noting that CFIUS will allow for the withdrawal, but should the companies determine to move forward with an acquisition, Treasury reserves the right to begin another CFIUS case.

Pensions. NEC and OLA staff had a series of meetings on the Hill on this morning. The meetings were, in turn, with Boehner staff, Thomas staff, and then Enzi/Grassley staff (mostly Enzi staff.) NEC/OLA were presenting the Hill with projections pertaining to modeling runs that Hill staff had requested. NEC believes that the bottom line is that the Hill staff's idea of allowing current law to operate during the phase-in period would result in a strong enough bill to meet Administration concerns. In fact, it is likely that it works too well -- the contributions in the near-term are likely higher than the pension negotiators would find acceptable. Accordingly, NEC expects to be doing follow-up runs on alternative scenarios that have slightly lower contribution requirements in the near term. Still, overall, this is very good news; because these runs overshoot the mark, they provide Hill negotiators with options for hitting our target via a contribution schedule with which they are comfortable. (Also, it's appropriate that the runs overshoot the mark, because it is likely that other forms of funding relief will be added that we have not modeled -- such as airlines/steel funding relief.) The most difficult meeting was with the Enzi staff. They are getting outside pressure on a number of issues: cash balance, airline relief, multi-employer plans. NEC has not become closely involved on the cash balance and multi-employer issues because a variety of outcomes are acceptable to us and we want to preserve our leverage for our higher priorities. Enzi staff can't reach agreement on some of these issues with other Hill staff and they wish that we would enter the fray to tip the balance in their favor. Enzi staff is very concerned that they cannot produce a bill that will pass and which will also be acceptable to us. On the other hand, Grassley and Thomas offices clearly see the issues our way; we believe that their active participation increases the chances that we will get a bill we can sign, if we continue to hold firm on the provisions where we agree with Grassley/Thomas.

AHPs. DPC convened a meeting with OLA, DOL, HHS, DOJ, and OMB to review the language of S. 1955 (Health Insurance Marketplace Modernization and Affordability Act) which was reported from Senate HELP last week with an amendment in the nature of a substitute. S.1955 is Senator Enzi's alternative to the Administration's AHP proposal. DOL advises that this legislation establishes a uniform set of Federal health insurance rules as an alternative to the current state-by-state regulatory scheme. The legislation would allow bona fide trade and business associations to pool together and purchase group health insurance for their employees as under the Administration

AHP proposal, but would not allow AHPs to establish a self-insured plan as an alternative to purchasing coverage from an insurance company. Although this legislation is more intrusive than the Administration's proposal from a federalism perspective, DOL advises it may actually facilitate implementation of several other Administration health care reform proposals including expanded AHPs, portable HSAs, and purchasing health insurance across state lines. DPC has requested that DOL, HHS, and DOJ prepare an assessment of recommended changes to the bill.

Other Issues

- Administrative Reforms (Troy/DPC; Jordan)
- Advanced Energy Initiative Action Team (Epifani/NEC; Katz)
- AFL-CIO (Sharp/DPC; Jordan)
- Airlines (Sharp/DPC; Jordan) – As of 3/22, DOT, the mediator, and the controllers have agreed to extend negotiations through the middle of next week even though there has been little progress recently. DPC will host a meeting in the next few days to discuss legislative and communications strategy in anticipation of either a settlement or an impasse sometime late next week.
- Amtrak (Sharp/DPC; Jordan)
- Anthrax (Venkayya/HSC; Katz)
- Asbestos (Ho/DPC; Jordan)
- Avian Flu (Venkayya/HSC; Katz) – HSC will put the implementation plan into staffing on Monday with the goal of releasing the plan to the public in early April. Cathie Martin is speaking to Dan Bartlett in the near future about the best venue and level at which to roll out the plan. Cathie believes the release of the report is probably not Presidential and will more likely be rolled out by Fran or someone at the Cabinet level.
- Aviation Security (Baker/HSC; Jordan)
- Bioethics Agenda (Levin/DPC; Jordan) – OLA and DPC met on 3/15 with 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 us to shape the bills.
- Broadband (Russell/NEC; Katz) – The FCC is expected to issue its periodic report on the status of broadband in the US early next week. The precise timing depends on Chairman Martin's efforts to place an op-ed on the subject. According to the report, the total number of broadband subscribers in the United States reached 42.9 million at the end of June 2005 – representing a 500 percent increase from December 2000 when the United States had 7 million broadband lines. For the period between June 30, 2004 and June 30, 2005, high speed lines increased by 32% (or 10.4 million.). FCC analysis indicates that 98% of all U.S. Zip Codes have access to at least one form of high speed connection (meaning that at least one home in each of these zip code has a broadband connection), up from roughly 73% at the end of 2000.
- 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. On 3/16, 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 has also located and quarantined a 6-week old calf of this animal and they are in the process of testing it for possible BSE infection. Officials have also learned that in early 2005, the cow gave birth to a black bull calf, which is in the process of being traced. The owner of the deceased cow 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. The Chief will host EOP Principals on Friday afternoon to resolve.
- Campaign Finance Reform (Taylor/OPA; Jordan)
- Canadian Lumber (Hunter/NSC; Katz)
- Career Advancement Accounts (Sharp/DPC; Jordan) – On 3/21 DPC, OLA, and OMB, met with DOL to discuss the Administration's strategy for advancing CAAs. DOL is meeting with workforce boards, think tanks, and community colleges in key states and talking to Senators and Members of Congress with interest in job training reform. DOL is also preparing the legislative package for OMB clearance and transmission to the Hill. Ideally, CAAs would be inserted into the pending Workforce Investment Act (WIA) reform legislation, but that bill has been held by Senator Durbin since August. On a parallel track, DOL is preparing the paperwork for an administrative demonstration of CAAs (which would not require legislation) and is preparing to submit a WIA reform regulation to OMB for clearance.
- 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 and P&O are discussing a withdrawal of the filing currently in the 30-day review phase, subject to a letter that requires them to complete the sale to a U.S. buyer and continue to keep the operations separate until the sale is completed. Day 30 is 4/3, Day 45 is 5/19. Congress is scheduled to be out the week of the 29th of May.
- *CFIUS Review of Arysta LifeScience (Japan)/Micro Flo-BASF (Shirzad/NSC; Katz) - CFIUS will need to decide by 3/ 29, whether to investigate the proposed purchase of Micro Flo-BASF (on or about 3/31), an ag biotech company. NSC does not expect that this case will require an investigation.*
- *CFIUS Investigation of Dubai Holdings (Shirzad/NSC; Katz) - An article in the Financial Times yesterday on Dubai Holdings' proposed purchase of Doncasters (UK), mischaracterized the nature of the products that Doncasters sells to DOD. NSC has been working with Treasury on Q&As and TPs and have gotten the DOD to prepare TPs on their purchases from Doncasters. Day 45 of the investigation is 4/13. DOD is working to determine whether it can resolve a sole sourcing issue involving one part that it purchases from a subsidiary of Doncasters. Other than this issue, no CFIUS agency has indicated any substantive concern with the transaction.*
- *CFIUS Press Interest of Istithmar (Dubai)/ISS Inchcape Shipping Services (UK) (Shirzad/NSC; Katz) - As noted in the press, Istithmar's purchase of ISS in January 2006 did not go through a CFIUS review. CFIUS has asked the companies for more information on the transaction and may request that they file. ISS is a Marine Services firm with operations in 210 ports in 50*

countries and multiple U.S. port locations. ISS is a shipping agent, broker, and forwarding agent and DHS is looking into the scope of their activities.

- *CFIUS Review of GE Fanuc (Japan)/Condor Engineering (Shirzad/NSC; Katz) - CFIUS will need to decide by 3/30, whether to investigate the proposed purchase of Condor Engineering (on or about 3/31), an aircraft data communications company. NSC believes that this case will necessitate an investigation. GE Fanuc is a 50-50 joint venture of GE (US) and FANUC (Japan, private). CFIUS agencies are awaiting the CARC report and DOD is determining if Condor would be considered a sole source supplier of data communications for aircraft manufacturers.*
- *CFIUS Review of SES Global (Luxembourg)/New Skies Satellites (Shirzad/NSC; Katz) - On 3/27, CFIUS will have to decide whether it will go to investigation in this case. NSC currently does not expect that this transaction will not go to investigation, however, there are some complications that will need to be addressed. The companies have negotiated a security agreement with DOJ and DHS.*
- Civil Rights (Ho/DPC; Jordan)
- Clear Skies (Stolpe/CEQ; Jordan)
- Clean Air Act (Stolpe/CEQ; Jordan)
- Climate Change (Connaughton/CEQ; Jordan) – There are two embargoed studies on climate change coming out 3/24 which has sparked interest from a variety of reporters, including Baltimore Sun and SF Chronicle. Internal talking points to respond to these inquiries will be sent to communicators at necessary agencies. There has been increased interest on the domestic front on climate change, and CEQ is making efforts to talk more about the success of the Administration's climate change policy. Jim Connaughton will do interviews with John Tierney, NY Times, and will take part in a FOX documentary on climate on 3/23. OSTP has also received inquiries from Washington Post and ABC news this week.
- Competitiveness (Wilson/DPC; Jordan)
- Cooperative Conservation (Butler/CEQ; Jordan) – This week CEQ is hosting a series of meetings between OMB examiners and policy and legislative staff from USDA, DOI, DOC-NOAA and EPA. The purpose of the meetings is to reconcile any and all outstanding issues that have been raised during the LRM vetting process. Each component of the legislative package has gone through the interagency review process and comments have been received. The status of each is as follows: a) DOI- most of the substantive issues/concerns have been resolved and a draft reflecting the most recent agreements is currently being circulated for comment. b) DOC-NOAA is reviewing the comments and drafting another version that they expect will address all outstanding issues. c) EPA- has reviewed comments and met with CEQ and OMB on 3/23 to reconcile any outstanding issues. However, it appears that there is a general consensus on the underlying principles of the legislation. d) USDA- met with CEQ and OMB at CEQ on 3/21. A tentative agreement was reached on revisions to the package. USDA is going to rework and circulate another draft by week's end.
- Critical Infrastructures Protection (Nielson/HSC; Jordan)
- Counter Radicalization meeting (Nielsen/HSC; Jordan) – DPC, HSC, and NSC met to discuss DHS's counter radicalization efforts. DPC is concerned about the potential political implications if this effort is leaked and/or misinterpreted. NSC felt that this effort is important, and there was general agreement to have some White House coordination of this effort led by HSC/NSC. In addition, the group will reach out to WH Communications to seek their guidance and make sure they are aware should this effort gain public attention. The group also thought it best to have as clear a line of separation as possible between the national security agencies'

counter terror efforts and the positive outreach efforts, by DHS, State, Education and others, to ensure appropriate assimilation into American life.

- 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. The drafting team has provided rule language to OMB for informal review, and is finalizing language for formal review. CEQ is prepping read-aheads for a Deputies meeting by end of this week or early next.
- Entitlement Commission (Blahous/NEC; Katz)
- Everglades (Connaughton/CEQ; Jordan)
- Farm Bill (Hennessey/NEC; Katz)
- FDA (Leggitt/DPC; Katz) – On 3/17, Lance Leggitt in DPC met with FDA and HHS to discuss resolution of the FDA draft statement affirmatively declaring that there is no medical use for marijuana, and highlighting its harmful side effects. The statement would also be sent in the form of a letter 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 is working with HHS and FDA to get the statement posted and sent asap.
- 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 3/28 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) – The PCC meeting on 3/22 resolved open issues at the end of the last deputies meeting on this topic. First, there was basic agreement that credit reform and additional language OMB has recommended for the legislative draft will ensure enough accountability for FHA to begin offering new mortgage insurance products. The products will enable lower and moderate income families with little to no down payment resources and with impaired credit to get conventional, FHA-backed loans as an alternative to the sub prime loans that are often their only option now. Second, there was basic agreement that the loan limits for an FHA insured mortgage should be raised in higher-cost areas (essentially ten markets) and that the ceiling in the lowest-cost markets should also be raised to enable more low/moderate-income families the opportunity to finance their homes with conventional mortgages. We are moving to closure as quickly as possible so that draft legislation can move into clearance in time for an April 5 hearing on the topic that House Financial Services has called.
- Flood Insurance Program (Kupfer/NEC; McMillin) – 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)
- Foster Care Waivers (Pardue/DPC; Jordan)
- Global Internet Task Force (Shirzad/NSC; Katz) - Faryar hosted a Deputies meeting on 3/21. The purpose of the meeting was to 1) develop a strategy for responding to press and other interested parties (during President Hu's visit) on what we are doing to ensure internet freedom in China, 2) learn what State -through the Global Internet Freedom Task Force- and Commerce are doing on the issue, and 3) assign tasks for messaging and next steps. As an outcome, State and Commerce were tasked to produce by a two page strategy document outlining a) steps we will take to build best practices/principles for the industry, b) how we talk about the tools that we are using to confront this issue (diplomatically and in other forums such as the G-8, APEC, etc), and c) the core messages of how we talk about the issue. Part of the plan for building industry best practices could include an OSTP proposal calling for key U.S. Internet companies to develop (with our assistance) a general set of agreed principles and rolling these out at a high-level, public event hosted by the agencies before the Hu visit. State and Commerce would then host continuing dialogues with companies and NGOs to discuss best practices and ways to ensure implementation of the principles.
- GSEs (Kupfer/NEC; Katz)
- Health Action Team (Ramthun/NEC; Katz)
- Health IT (Leggitt/DPC; Katz) – HHS indicates that Dr. Brailer will announce in the next two weeks he is leaving the Office of the National Coordinator. Dr. Brailer is expected to continue in his current position until May as HHS looks for a replacement. 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)
- 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)
- 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) – At the request of Chairman Specter's staff, a representative from consular affairs at the State Department met with them on 3/20 to discuss the administrability of a "return home" requirement for the current undocumented population to obtain lawful permanent resident (LPR) status. White House OLA and DPC also attended the meeting, which focused on how a "return home" requirement could be structured to minimize the potential for economic disruption here in the U.S. and administrative burdens on State Department consular offices abroad. Specter staff members are working this week to develop a compromise TWP proposal that can secure six Republican votes, including Senators Cornyn and Kyl, whose bill would require the current undocumented population to depart the country over a five-year period before re-entering the U.S. either as temporary workers or as LPRs. Specter staff members are exploring a possible compromise that would allow current illegal immigrants to join TWP from inside the U.S., but require them to leave the country before they could become LPRs. Specter staff also expressed interest in exploring how to set a "trigger" to ensure the current "backlog" of about 3 million people waiting for a green card has been cleared before any of the 12 million illegal immigrants can adjust to LPR status. DPC and OLA set up a call 3/21 with appropriate representatives from the State Department to respond to staff's request.
- Immigration Refugees (Camponovo/NSC; Jordan) – NSC held a deputies meeting on 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.
- Immigration 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 4/15, 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 (it was originally promised by Monday, 3/13), and has not yet received a draft of the RFP.
- 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)
- IRS (Kupfer/NEC; Katz)

- *Katrina CDBG (Streeter/DPC; McMillin) – LA plans to offer their long term housing plan for public comment on Monday, March 27. Until now, they have only published an initial, smaller plan that would use CDBG funds for immediate planning and related needs. HUD reports that the main components of what LA intends to publish on Monday are similar to outlines we have seen, namely homeowner compensation capped at \$150,000 or a lesser actual damage minus insurance coverage. They have indicated that they will keep the plan open for public comment for 20 days, although HUD has no requirement in this area. In fact, HUD is encouraging LA to shorten the window. Once the public comment period is complete and LA amends its plan based on the public input, they will send to HUD for approval, which can be done in a matter of days, as we saw with the MS plan. If LA moves according to the time-frame it has given HUD, it should be sending its plan back to HUD for approval in mid-April.*
- *Katrina Flood Maps/Levees (Copeland CEQ/McMillin) – EOP Principals, DHS/FEMA, Powell, and the Corps convened on 3/22 to discuss the way forward on Advisory Base Flood Elevations ("flood maps") for four New Orleans area parishes. While these early maps have no legal standing, they are a preview of the flood maps that will eventually dictate the operation of FEMA programs and federal flood insurance, and the State of Louisiana has committed to spend all federal housing and infrastructure dollars consistent with the advisory flood maps. Before moving to a decision on what kind of flood maps to issue and whether to support up to \$5.4 billion on raising the height of the levee system, Principals directed the staff to prepare additional analysis and a presentation that can be made early next week to Louisiana state and local officials, the Louisiana congressional delegation, and relevant authorizing and appropriations committee leadership. Powell would handle state and local officials, while a combination of EOP, agency, and Powell staff would handle congressional outreach. Communications will be prepared with a public message given the certainty of press leaks. After this consultation Principals will convene again to develop a recommended Administration position.*
- *Katrina Mobile Homes (Streeter/DPC; McMillin) – DPC and OMB have converted FEMA's various contemplated courses of action into a one-page plan to which DHS/FEMA is to react by Monday. The plan envisions moving 5,000 of the 10,000 units into MS and LA by late June. The MS units should be in place by mid-May, but the LA units will take longer to deploy given the challenges of siting them. Given the historical average annual rate for using these type of units, OMB's projection is that less than 1,000 units will be deployed for upcoming 2006 storms, leaving more than 4,000 units to disperse elsewhere. DHS has said they need until 3/31 to develop a complete plan for dispersing the remaining units to multiple storage sites from which they can be deployed in storms beyond 2006 until depleted. But they have at least said their plan would involve putting units in California and in northern states in which their usage is more common.*
- Legal Reform (Ho/DPC; Jordan)
- Levees (Hannegan/CEQ; Jordan)
- LNG (Hannegan/CEQ; Katz)
- Lobbying Reform (Kelley/WHC; Jordan)
- Medicaid Clawback (Ramthun/NEC; Katz)
- Medicaid Commission (Ramthun/NEC; Katz) – The Commission's next meeting is 5/17-5/18, in Dallas, Texas. Secretary Leavitt's senior staff member Tom Barker told Roy Ramthun that HHS' goal is to have policy time with the President before the next meeting of the Commission to discuss Leavitt's proposed Medicaid policy framework.

- *Medical Liability Reform (Ho/DPC; Jordan)* – DPC convened a meeting today with various White House offices and DOJ in order to develop a strategy on medical liability reform in anticipation of a likely May cloture vote in the Senate. In the month leading up to the vote, WH-OLA and DOJ-OLA will identify important members, particularly Republicans who may be inclined to vote against cloture and Democrats in key states. Communications will work on placing op-eds where appropriate. DPC will continue to work with DOJ to identify policy priorities in this area, including possible compromises (e.g., liability reform targeted at certain specialties such as OBs).
- Megaports (Baker/HSC; Jordan)
- Methamphetamine (Leggitt/DPC; Katz)
- Mine Safety (Sharp/DPC; Jordan)
- NASA (Russell/OSTP; Katz)
- Native Hawaiian (Ho/DPC; Jordan)
- NCLB (Medina/DPC; Jordan)
- New Orleans Elections (Ho/DPC; Jordan)
- OCS (Epifani/NEC; Katz) – The NY Times is in the process of doing a piece on Lease Sale 181. The reporter wanted to speak to someone on senior staff at the White House. In response, Dana Perino of WH Press is going to suggest the reporter speak to Secretary Norton. The interview with Norton took place today.
- OIRA EO (Yanes/OMB; Katz)
- Online Pharmacies (Ho/DPC; Jordan) – On 3/22, DPC convened a meeting between HHS/FDA and DOJ/DEA in an ongoing attempt to resolve differences between the agencies on the proposed regulation of online pharmacies. In response to a request from the last meeting in February, DOJ drafted a proposed bill limited to the prescription of controlled substances via the Internet. HHS will next prepare a written response to the DOJ draft bill in the hopes of narrowing the set of policy differences. WH-OLA and HHS-OLA continue to express concerns that moving forward with an online pharmacy regulation bill could open the reimportation and Part D extension debates.
- *Part D (Ramthun/NEC; Katz)* - Today, HHS announced that 1.9 million additional beneficiaries have signed up for prescription drug coverage since mid-February. This represents a 25 percent increase over last month in the number of people who have selected a plan and brings the total of those who have signed up individually over the past four months to approximately 7.2 million.
- Port Security (Baker/HSC; Jordan)
- Postal Reform (Sharp/DPC; Jordan) – On 3/15, Deputies met to discuss the status of postal reform legislation in preparation for policy time on 3/28. 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) – OIRA has brought to the attention of the COS office a dispute regarding an HHS guidance to stockpile sufficient KI for distribution to populations within 20 miles of a nuclear facility (current practice is 10 miles). OMB/OIRA briefed Joel Kaplan on 3/22 and OIRA then circulated draft compromise language to HSC, OVP, NEC and OSTP for sign-off before sending to the agencies on 3/23. If the Agencies are uncomfortable with the compromise language McMillin will host a Deputies meeting to resolve.

HSC and HHS believe proceeding with the guidance document is consistent with the law and previous policy decisions. NRC, DOE, NEC and OSTP believe 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.

- Prisons (Ho/DPC; Jordan) – Following on a briefing given two weeks ago to WHC arranged by Senator Talent's office, representatives from the US Probation offices in St. Louis and Charlotte briefed staff on 3/16 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 (Venkayya/HSC; Katz)
- 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) – NEC reports that we had been operating under the assumption that reconciliation protection for the dividend and capital gain extensions would go away as soon as both chambers agreed on a budget resolution. That assumption is no longer operative. Frist's staff (Rohit) tells Kupfer in NEC that the Senate Parliamentarian has now told him that since a substantial amount of work has gone into the tax reconciliation vehicle and it appears that the vehicle is likely to be acted upon, the 2005 reconciliation bill would still retain protection - even after a 2006 budget resolution was passed. As a practical matter, that means that there is no action forcing deadline for getting reconciliation finished. As for other timing issues, Rohit says that Frist will bring the death tax to the floor during the second or third week in May.
- Tax Reform (Kupfer/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.
- Title IX (Wilson/DPC; Jordan) – The Committee on Appropriations requested last year that the Department of Education prepare a report no later than 3/17/2006, addressing the use by higher ed institutions of student surveys to assess interest in intercollegiate sport. A Clarification offered by the Department in March 2005 was intended to provide recipient institutions with additional guidance concerning compliance with the survey component of the Department's three-part test used to assess whether institutions are providing nondiscriminatory opportunities to participate in intercollegiate athletics. The report's final conclusions state: 1) that in many cases there were a number of deficiencies in the design and implementation of the survey instruments, including limited or selective distribution and low response rates; and 2) the Model Survey and implementation procedures developed by NCES in the Additional Clarification issued in March 2005 were developed to address these deficiencies so schools could more

effectively measure student interest, with a student interest survey, using an unbiased, standardized methodology that maximizes the possibilities of obtaining correct information and facilitating responses. Steve spoke to Birch Bayh on 3/17 to listen to his concerns and to provide a general preview of the report's conclusions. Fmr. Sen. Bayh seems to want another meeting like those arranged in the past by Jay Lefkowitz.

- Trade Enforcement (Shirzad/NSC; Katz)
- Transparency (Ramthun/NEC; Katz)
- Tricare (Leggitt/DPC; Katz)
- *UAE FTA (Shirzad/NSC; Katz)* – UAE's Economy Minister Sheikha Lubna al-Qassimi met with Portman on 3/20 to discuss trade and is met with other officials, such as State's Liz Cheney on 3/21, Al Hubbard, Secretary Rice and Kimmit today and Faryar tomorrow. *The meetings today were cordial. Both parties regretted the DP World fallout, but expressed their view that the relationship must carry forward and remain strong.*
- *Vietnam Veterans Memorial Visitors' Center (Boling/CEQ; Jordan)* – CEQ is working with the National Capital Planning Commission, the National Park Service, and the Vietnam Veterans Memorial Foundation to facilitate the completion of an environmental analysis for location of the Vietnam Veterans Memorial Visitors' Center and to further the process for completion of the NCPC site decision under the Commemorative Works Act. CEQ has informed Hill staff of the status of this work in support of the National Capital Planning Commission's public process for approving additions to the National Mall.
- WH Conference on Aging (Leggitt/DPC; Katz)
- *WTO (Shirzad/NSC; Katz)* – USTR is still awaiting communication from the EU that its Member States will join us in bringing a case against China's discriminatory tariffs on imported auto parts. *Although we had hoped to get a final position this week, USTR's General Counsel now expects to receive word on whether the EU will join the case on Monday. Assuming the EU does agree to join us on Monday, we would provide the Chinese government with advance notice of our intentions (likely 24 hours) and then proceed with initiating the case either on Tuesday or Wednesday of next week (3/28 or 3/29).*
- Wetlands (Copeland/CEQ; Jordan)
- *Yucca (Epifani/NEC; Katz)* – As of 3/16, the Deputies had resolved all issues related to the proposed Yucca Mountain legislation, except whether the legislation should authorize the Department of Energy (DOE) to proceed with temporary storage of spent nuclear fuel from commercial reactors without first obtaining a Nuclear Regulatory Commission (NRC) license. On 3/17, Deputies agreed that the proposed legislation should require DOE to obtain NRC approval before engaging in temporary storage. DOE is preparing revised legislation to include the requirement of NRC approval by a rulemaking process (rather than licensing) with an 18-month timetable for temporary storage of nuclear waste at Yucca Mountain or any other site. NRC Chairman Diaz was consulted. *NEC has prepared a memo for our office outlining the communications and political challenges of this approach before proceeding and sent McMillin the memo tonight. Deputies recommend submitting the legislation to the Hill. The tentative plan is to pre-brief the Hill next week and have Secretary Bodman give a speech to unveil the proposal on 4/4.*

POLICY TIME – MARCH/APRIL 2006

SUN	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SAT
19	20 NO TIME	21 NO TIME	22 4:15-5:00 DPC/HSC: Immigration (45 min)*	23 11:10-11:55 NEC: Economic Update (45 min)	24 NO TIME	25
26	27 2:30-3:15 DPC: Competitiveness Update (45 min)*	28 1:05-1:35 DPC: Postal Reform (30 min)	29 NO TIME	30 NO TIME	31 NO TIME	1
2	3 NO TIME	4 2:10-2:55 NEC: Energy Update (45 min)	5 TBD	6 1:05-1:50 NEC: Katrina Periodic Update (45 min)*	7 NO TIME	8
9	10 TBD Rove (45 min)	11 NO TIME	12 <i>TBD WTO (45 min) tent.</i>	13 TBD NEC: China (45 min)	14 NO TIME	15
16	17 TBD NEC: Health Update (45 min)*	18 TBD Rove (45 min)	19 TBD	20 TBD	21 TBD	22

3/23/06

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 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) 3:30 DPC: Weekly ACI Action Team Meeting (MJ) 5:00 NEC: Weekly Entitlement Action Team (JK)	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) 9:00 NEC: Principals Meeting on Katrina (SM) 11:00 DPC: Weekly Conf Call w/ DOL (MJ) 2:00 DPC: Meeting on Enzi Small Business Health Plan – PCC (JK) 4:00 NSC: Meeting on Refugee Admissions – PCC (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) 11:00 DPC: Meeting on Medical Liability – PCC (MJ) 3:15 NEC: Weekly Medicare Meeting – PCC (JK) 4:00 NEC: Weekly Medicaid Meeting – PCC (JK) 5:00 DPC: Meeting on FAA's Labor Negotiations – PCC (MJ)	8:00 OLA: Daily Immigration Legislative Update (MJ) 9:00 DPC: Briefing by DOL on Job Corps program (MJ) 12:30 HSC: Meeting on Border & Transportation Security – PCC (MJ) 2:00 OSTP: Meeting on ICANN (JK) 2:00 HSC: Meeting on Information Sharing – PCC (MJ) 3:00 HSC: Deputies Meeting on Katrina Lessons Learned (MJ)

Working Group Calendar

Monday, March 27 th	Tuesday, March 28 th	Wednesday, March 29 th	Thursday, March 30 th	Friday, March 31 st
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) 12:00 DPC: Meeting on FAA financing proposal – PCC (MJ) 2:00 DPC: Meeting on Aviation Foreign Investment – PCC (MJ) 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) 10:00 DPC: Deputies Meeting on ESA Reform (MJ) 11:00 DPC: Weekly Conf Call w/ DOL (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)

OFFICE OF CABINET LIAISON



CABINET MEMBER SCHEDULE

FRIDAY 03 / 24 / 2006

Secretary Chao

12:00pm – 1:00pm **WH Mess** Lunch with Dr. Ed Lazear and Laura Genero, Associate Deputy Secretary, Department of Labor

MONDAY 03 / 27 / 2006

Administrator Johnson

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Secretary Spellings & Director Bolten

11:10am – 11:55am **Oval Office** Policy Time: Competitiveness Update

Participants:

White House

Vice President

Andrew Card, CoS

Karl Rove, DCoS

Dan Bartlett, Counselor

Candi Wolff, OLA

Scott McClellan, Press Secretary

David Addington, OVP

Harriet Miers, Counsel

Nicolle Wallace, Communications

Brett Kavanaugh, Staff Secretary

John Marburger, OSTP

Steve McMillin, CoS Office

Tevi Troy, DPC

Richard Russell, OSTP

Martha Wilson, DPC

Secretary Mineta

2:00pm – 4:00pm **Room 164** Office Time

Secretary Johanns, Secretary Jackson, Secretary Spellings & Secretary Nicholson

4:00pm – 5:00pm **CL Conf Room** Medicare Surrogate Principals Briefing

Participants:

White House

Barry Jackson, Senior Advisor's Office

DOC

David Sampson, Deputy Secretary

USDA

Chuck Conner, Deputy Secretary

SSA

Jo Anne Barnhart, Commissioner

TUESDAY 03 / 28 / 2006

Cabinet Members

9:10am – 10:40am **Cabinet Room** President's Cabinet Meeting

Secretary Snow & Director Bolten

1:45pm – 2:15pm **Oval Office** Policy Time: Postal Reform

Participants:

White House

Vice President

Andrew Card, CoS

Karl Rove, DCoS

Dan Bartlett, Counselor

Candi Wolff, OLA

Scott McClellan, Press Secretary

David Addington, OVP

Harriet Miers, Counsel

Nicolle Wallace, Communications

Al Hubbard, NEC

Ed Lazear, CEA

Steve McMillin, CoS Office

Tevi Troy, DPC

Jess Sharp, DPC

OPM

Linda Springer, Director

Secretary Spellings

3:10pm – 3:55pm **TBD** President's Meeting with Members of the Senate on the
Education Component of Competitiveness

Secretary Johanns

4:00pm – 4:45pm **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

4:45pm – 5:15pm **Room 164** Meeting with Dr. Ed Lazear

WEDNESDAY 03 / 29 / 2006

Secretary Jackson

b(6)

THURSDAY 03 / 30 / 2006

No Events Scheduled.