

Received(Date): 14 DEC 2001 19:55:00

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Subject: : Victims Comp Issues

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

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CREATION DATE/TIME:14-DEC-2001 19:55:00.00

SUBJECT:: Victims Comp Issues

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1. Model Issues: Price Waterhouse has made a few changes to the model.

(1) Instead of applying a flat retirement age for each tranche, it has incorporated worklife expectancies based on age into the model. It thinks these are more supportable. (2) It has adjusted downward the assumptions that were made about salary increases for higher earners, since it thought our assumptions were too generous. It is sending the results, and I will circulate them to the group. Would a call tomorrow at 4 pm on Saturday work for the group? Debby isn't available much earlier than that. Debby is going to circulate call-in information.

I wanted to flag one issue for decision. Our original approach used general consumption assumptions based on family size and income. We were concerned that this approach resulted in awards that were extremely high for high-income singles. OMB staff therefore modified the consumption assumptions, to take into account family size, income, AND age. The result was to bring down awards for high-income singles.

BUT the change also had the effect of creating a greater disparity of awards to low and high income singles (particularly the younger ones), compared to low and high income marrieds.

FOR EXAMPLE, a 25 year-old single who earns 30K would get 375, whereas the 100K comparable single would get \$1.573M, for a ratio of 1 : 4.2. By contrast, the 25 year old 30K married would get \$1.324M, whereas the 100K comparable married would get 3.284, for a ratio of 1 : 2.4. Under the

earlier version, by contrast, the ratios between the different categories were the same. That is, the high-earner single got more than the low-earner single, but in the same proportion that the high-earner married got to the low-earner married. The changes to the consumption numbers could be viewed as unfair to the low earner singles. They are, however, based on data that Price Waterhouse believes is accurate.

2. Roll-out Issues: I also wanted to let Debby and DOJ know that I've done some initial tracking down of various organizations of professionals who are willing to help claimants with the program. Financial Services Forum and the American Institute of CPAs have both set up volunteer programs and have members lined up to assist victims in investing lump sum awards. In addition, FEMA has given me some names of lawyer groups who may be available to victims - the NY Mass Disaster Response Committee and the ABA Disaster section. I also have some information from Governor Pataki's office regarding NY State Insurance and Banking organizations. Please let me know if you'd like phone numbers/contact info.

Also, Debby tells me that they have concrete offers of assistance from various law firms. Also, Morrison and Foerster has put together a resource handbook. She would like to know if we call them and ask them to update it and make it available through our or the NY Atty General web site.