FAX

COVER SHEET

U.S. Department of Agriculture
Under Secretary
Food, Nutrition and Consumer Services
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Washington, D.C. 20250
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FAX: 202-690-3100

DATE: 10/28/99 456-7431

TO: Eric Gould

NO. OF PAGES (Including cover): 7

FROM: Julie Paradis

SUBJECT:

COMMENTS:

Will e-mail this to you when we get your e-mail address - Janie will - I'm out tomorrow. We have no data on which cereal brands are purchased - sorry.

From: Cindy.Long@fns.usda.gov@inter2
To: OSECNET.UASEC(JPARADIS)
Date: 10/28/99 3:46PM
Subject: Estimated WIC expenditures on cereal

We estimate that WIC expenditures on cereal were $412 million in 1997(latest year available). This represents 10% of total pre-rebate WIC retail expenditures, which were $4,114 million. When the value of infant formula rebates is factored in, cereal expenditures comprise 14.6% of total post-rebate WIC expenditures, which were $2,818 million.

CC: USDAHQ.GW("Jay.Hirschman@fns.usda.gov@inter2","Alberta.Frost@fns.usda.gov@inter2","George.Braley@fns.usda.gov@inter2")

CLINTON/GORE ADMINISTRATION ACCOMPLISHMENTS
FOOD, NUTRITION, AND CONSUMER SERVICES

Improving America's Food Security

Protecting The National Nutrition Safety Net: The Administration successfully fought Congressional efforts to block grant the Food Stamp, Child Nutrition, and WIC programs during the welfare reform debate. As a result, FNS programs continue to provide a national structure of nutrition assistance for children and low-income people, no matter where they live.

Implementing Welfare Reform: As a key strategy in implementing historic change in the nation's welfare system, the Administration has worked to ensure that Food Stamps and other Federal nutrition assistance programs continue to support the transition from welfare to work and responsibility:

- *Restoring benefits for legal immigrants:* The Administration fought for a 1998 law that restored Food Stamps for 225,000 legal immigrant children, seniors, and people with disabilities who lost them under welfare reform. Prior to the new law, the Administration worked to allow States to offer benefits to non-citizens who lost eligibility, resulting in benefits for over 172,000 immigrants, and secured a legal definition of "public charge" that allows immigrants to receive benefits without fear of deportation or other adverse immigration action.
- *Helping Working Families to Buy Food:* In July 1999, the Administration took action to help ensure access to food stamps for working families who need them. FNS issued policy guidance making it easier for working families to own a car and still receive food stamps, and new rules decreasing reporting burden on States and working families.
- *Informing Potential Recipients:* The Administration implemented a national public education campaign, using materials in English and Spanish targeted to the working poor, immigrants, the elderly and the general public, to increase awareness of their potential Food Stamp eligibility, as well as a toll-free hotline (1-800-221-5689) in English and Spanish to help people learn about program requirements and benefits.
- *Protecting Unemployed Adults:* The Administration worked with States to exempt unemployed childless adults from Food Stamp time limits in areas where work is not available. FNS approved exemptions for 36 State agencies, and worked with States to implement Balanced Budget Act provisions which allowed States to exempt up to 15 percent of their able-bodied adult caseload from FSP time-limits.

Improving Food Stamp Program Access: To ensure that all those eligible for Food Stamps can receive them, the Administration developed an access guide for program administrators and advocates, and initiated a series of access reviews around the country to better assure the program's responsiveness to all potential applicants, but especially the working poor. FNS expects to complete reviews in every State by the end of fiscal year 2000.

WIC Program Growth: The Administration has successfully expanded WIC, by securing significant budget increases to move WIC toward full funding. In FY 92, WIC served 5.4

million participants with an appropriation of $2.6 billion. By FY 99, 7.4 million participants were served with $3.9 billion.

Expanding Child Nutrition Program Access: With the 1998 reauthorization of the Child Nutrition Programs, the Administration secured passage of the first legislative proposal offered by an Executive Branch in 20 years. As a key provision, the law expanded after-school snack programs to children up to age 18.

Evaluating School Breakfast: The Administration secured authorization of a rigorous research pilot to examine the impact of school breakfast on students' behavior and academic achievement in school.

Promoting Healthy Eating

Improving Nutrition in School Meals: Recognizing a fundamental responsibility to promote the long-term health of our nation's schoolchildren, the Administration launched the School Meals Initiative for Healthy Children (SMI), the first major update of school meals nutrition standards in fifty years. The new standards are designed to make meals offered consistent with the *Dietary Guidelines for Americans,* while still ensuring that they provide the calories and nutrients needed by growing children. The Initiative increased flexibility for menu planners in meeting updated standards, and supported schools in improving meals through extensive training and technical assistance.

Team Nutrition: Team Nutrition is an integrated, behavior-based, comprehensive plan for promoting the nutrition and health of the Nation's children, created to help States and schools implement updated school meals nutrition standards. The most sweeping nutrition education and technical assistance effort in USDA's history, Team Nutrition has developed and distributed 53 unique nutrition education and model training materials to approximately 96,500 schools, 21,000 school districts and 40,000 child care centers.

Integrating Nutrition Education Across Federal Nutrition Assistance Programs: As part of its effort to help nutrition assistance participants improve their diets and promote good health, the Administration developed a national campaign to convey behavior-focused nutrition messages about healthy eating and physical activity to preschool and school-aged (age 2 to 18 years) children eligible for FNS programs and their caregivers.

Preventing Childhood Obesity: The Administration has made childhood obesity prevention a key priority in promoting long-term health. Innovative nutrition education materials, including a new Children's Food Guide Pyramid, emphasize the need to combine a healthful diet with physical activity—key strategies to prevent overweight—in ways that are lively, engaging, and sensitive to the special needs of children and adolescents.

WIC Farmers' Market Nutrition Program (FMNP): We have significantly promoted and expanded the FMNP from a $5.5 million program in FY 1994 to a $15 million program in FY

2000. The growth in funding has increased the revenue of thousands of small and limited resource farmers and improved the diets of millions of low-income women, infants and children.

Protecting Children's Health

WIC Immunization Promotion Program: Since the resurgence of measles in 1989-91, FNS has cooperated with the Centers for Disease Control and Prevention (CDC) to facilitate the increase to 90 percent of immunization coverage rates among WIC participants under 2 years of age. The WIC Program's immunization coordination efforts with CDC are credited with helping bring under control a recent measles outbreak.

Outreach for Children's Health Insurance: The Administration worked to leverage the school meals application process to inform parents about health benefits for potentially-eligible children. Parents applying for free and reduced-price school meals can now easily request information about children's health benefits through Medicaid or a new program – the Children's Health Insurance Program (CHIP) – created under the Balanced Budget Act of 1997. The strategy targets parents of the 10 million American children without coverage, including 4.7 million who are eligible for Medicaid but are not enrolled.

Maximizing the Taxpayer Investment in Nutrition Assistance

Improving Food Stamp Program Benefit Accuracy: The Administration worked with States to resolve outstanding liabilities resulting from certification errors identified through the Quality Control System. Allowed States to reinvest liabilities in program improvements which, in the long run, will result in savings which far exceed the amount of penalty monies that would have been collected from the States. For fiscal years 1998 and 1999, States for the first time are encouraged to reinvest a portion of their liabilities in efforts designed to improve access for this important nutrition assistance program.

Improving Food Stamp Program Management: Meeting its commitment to fight fraud, the Administration implemented tough new integrity provisions for food stamp retailers, including pre-authorization screening, tougher post-authorization controls, and stiffer penalties for violators. FNS has conducted more than 32,000 retailer investigations since 1993. The Agency is also using Federal income tax offsets to collect claims owed by recipients, and working to provide States the authority to establish claims for recipient trafficking.

Electronic Benefits Transfer (EBT): The Administration has worked aggressively to implement EBT, which promotes convenience and dignity for recipients and provides new tools to fight program fraud. In 1993, only four States were operating food stamp EBT systems, issuing less than 2% of benefits; today, 41 States use EBT, issuing over two-thirds of all benefits nationwide. FNS developed a system to analyze EBT data to identify suspicious transactions, improving the program's ability to fight program abuse. EBT is also being pursued for the WIC program; Wyoming implemented the first statewide WIC EBT system in FY 99, and FNS has supported WIC EBT projects in twelve other States, some linking to programs such as immunization, Medicaid and Head Start.

Increasing Food Stamp Program State Flexibility: The Administration worked to allow States flexibility in FSP administration without compromising national eligibility standards. Over 1250 administrative waivers have been approved since 1993.

Improving Child and Adult Care Food Program (CACFP) Management: The Administration has taken decisive action to improve State and local management of the CACFP. FNS issued comprehensive guidance on CACFP management to State agencies, and supports its guidance with training on effective implementation; States, in turn, will train the organizations that administer CACFP at the local level. The Agency has proposed a new rule to clarify administrative requirements, and will launch an intensive review effort in 2000 to evaluate States' progress in improving CACFP management.

WIC Infant Formula Rebates: WIC infant formula rebates have been one of the most successful cost savings measure ever initiated in a Federal program. In FY 92, rebates were $755 million; by FY 99, rebate savings were estimated at $1.4 billion, supporting approximately 25% of current caseload. WIC represents almost 40 percent of infant formula sales; the Administration has worked closely with the industry and States to maintain the most fair and competitive marketplace possible.

Improving WIC Eligibility Criteria: Through a unique Federal/State/local partnership, the Administration established national uniform criteria to be used in assessing the nutritional risk of applicants for the WIC Program. These criteria will help to promote consistency in determining program eligibility across the nation.

WIC Vendor Integrity: The Administration improved vendor integrity in the WIC Program while preserving participant access by establishing mandatory sanctions for stores violating program rules, and requiring the disqualification of stores disqualified from the Food Stamp Program unless participant access would be jeopardized.

Improving Food Distribution: The Administration has made improvements in FNS's commodity food distribution programs a hallmark of its government reinvention efforts. Key initiatives include:

- *Electronic Data Interchange (EDI):* FNS implemented a system to transmit data electronically directly between State distributing agencies and USDA's mainframe computer system, greatly improving speed and accuracy over paper-based procedures.
- *Improving Food Distributed on Indian Reservations:* FNS sponsored a comprehensive review of the Food Distribution Program on Indian Reservations (FDPIR) food package, to improve the nutrition and appeal of the foods offered.
- *Fresh Fruit and Vegetable Project:* USDA worked with the Department of Defense on a new approach to providing fresh fruits and vegetables to schools and Indian reservations.
- *Commodity Complaint and Food Safety Project:* By implementing a telephone hotline, cutting bureaucratic processes, and reducing paperwork and reporting burden, the Agency reduced the average time to resolve complaints from 95 days to 15 days.

- *Commodity Nutrition Improvement:* USDA reviewed the nutrition profile of all FNS commodities, reduced fat, salt, or sugar in 19 commodities, and introduced such new offerings as 95% fat-free turkey ham, low-fat bakery mix, and reduced-fat cheese.
- *Reinventing Food Distribution:* USDA is working with its commodity partners and customers to reengineer the commodity distribution programs to improve customer service, and operate with greater effectiveness and efficiency.

August 22, 2000

CLINTON-GORE ADMINISTRATION ANNOUNCES THAT WELFARE CASELOADS HAVE BEEN CUT IN HALF, RECORD PERCENT OF PEOPLE ON WELFARE ARE WORKING, AND BUSINESSES HAVE HIRED OVER ONE MILLION PEOPLE OFF WELFARE

Four years ago today, President Clinton signed the landmark welfare reform law, transforming the nation's welfare system into one that requires work for time-limited assistance. Today, the President will announce that welfare rolls are just half of what they were four years ago and, of those remaining on welfare, nearly five times as many are working than when he took office. The Administration will transmit a report to Congress today showing that for the third year in a row, all states subject to the welfare reform law's overall work requirements, met them.

The President will also meet with the Board of the Welfare to Work Partnership, which announced today that it has enlisted more than 20,000 business partners who have hired an estimated 1.1 million welfare recipients since it was launched at the White House in May 1997. The President will challenge the private sector to continue employing welfare recipients and helping these new workers succeed on the job; urge state and local officials to invest in supports for both current recipients and low-income working families; and call on Congress to enact his budget proposals to make work pay, encourage savings, promote responsible fatherhood and expand access to child care, housing, transportation and health care.

Caseloads Fall to 35-Year Low New welfare caseload numbers to be released by the President today show the percentage of Americans on welfare has fallen from 5.5 percent in 1993 to 2.3 percent in 1999 and is now at its lowest level since 1965. The welfare rolls have fallen from 14.1 million in January 1993 to 6.3 million in December 1999 - a drop of 56 percent, or 7.8 million. Nearly three-quarters of this overall decline has occurred since the welfare reform law was enacted, with 1999 caseloads roughly half of what they were in 1996. A 1999 report by the Council of Economic Advisers found that the implementation of welfare reform was the single most important factor contributing to the widespread and continuous caseload declines, accounting for approximately one-third of the caseload reduction from 1996 to 1998.The President began reforming welfare early in his first term, granting waivers to 43 states to require work and encourage personal responsibility, expanding the earned income tax credit and the minimum wage to make work pay, and pushing the congress for bipartisan national welfare reform legislation which he signed into law in August 1996.

Fivefold Increase In Work Among Welfare Recipients Since 1992 The combination of requirements, incentives and supports to promote work has not only resulted in more families leaving the welfare rolls, but has also dramatically increased the proportion of parents who are combining welfare and work as they transition off cash assistance. New 1999 data show that the percentage of welfare recipients who are working has increased to nearly five times the level when the President took office - from 7 percent in 1992 to an all-time high of 33 percent in 1999 - and has tripled since the 1996 welfare reform. The vast majority of working recipients are in paid employment, with the remainder involved in community service or subsidized employment.

All 50 States Meet Overall Work Participation Goals New data to be released by the President today show that every state and the District of Columbia met the welfare law's overall work requirement for 1999, which required adults in 35 percent of all families on welfare to be working at least 25 hours per week. The 1999 national participation rate of 38 percent is up from 35 percent in 1998, a particularly impressive gain given the simultaneous 18 percent caseload decline over this same time period. Most, but not all, states met the law's two parent work rates that required 90 percent of two parent families to work at least 35 hours per week: of the thirty-six states subject to the rate, 28 met it.

Research Confirms That People Are Moving From Welfare To Work A variety of studies cited in the Health and Human Services Report to Congress confirm that an increasing number of families are moving from welfare to work. Interim findings from ten studies funded by HHS found that 62 to 75 percent of former welfare recipients were employed for some or all of the 12 months following their exit from welfare. Moreover, recent independent evaluations ranging from Minnesota to Los Angeles to Connecticut confirm that well-designed welfare reform initiatives have significantly increased the employment of welfare recipients. The Minnesota results also show that welfare reform can increase marriage rates and marital stability among low-income families. According to the Current Population Survey, 36 percent of those receiving welfare in 1998 were working in 1999 - an 82 percent increase from 1992 when just twenty percent of 1991 recipients were working.

Welfare To Work Hiring Initiatives Show Overwhelming Progress The Welfare to Work Partnership has responded enthusiastically to the President's challenge to the business community to get involved in ending welfare as we know it. Since its launch at the White House in May 1997 with 105 companies, the Partnership has grown to more than 20,000 businesses of all sizes and industries, which have hired an estimated 1.1 million people from the welfare rolls. Business leaders have found that welfare to work hires have the same or higher retention rates than other employees. In a new report to the President, the Partnership notes that average starting salaries for these hires is $7.80 an hour or $19,641 a year for those earning a salary. The federal government is also doing its part: under Vice President Gore's leadership, the federal government has hired nearly 50,000 people in dozens of agencies across the U.S., far surpassing the goal of 10,000 hires set in 1997.

More Must Be Done to Reward Work and Responsibility President Clinton will challenge the private sector to continue to hire those welfare recipients remaining on the rolls and to help these new workers succeed and advance on the job. He will also urge state and local officials to use the resources and the flexibility provided in the reformed welfare system to invest in services to help current recipients overcome barriers to work and to help working families who have left the rolls succeed in the workforce. Finally, he will call on Congress to enact key components of the Clinton-Gore Administration's FY 2001 budget, including:

- Making work pay by increasing the minimum wage by $1 and expanding the Earned Income Tax Credit to provide tax relief for 6.8 million hard-pressed working families.
- Helping low-income families save for a better future by creating 20,000 new Individual Development Accounts to help families save for assets that promote self-sufficiency, and allowing families to use IDA savings to buy a car that helps them get to work.
- Promoting responsible fatherhood by allowing more child support income to go directly to families and funding the $255 million Fathers Work/Families Win initiative to help 40,000 low-income fathers and 40,000 low-income families work and support their children.
- Making significant new investments in child care, including $817 million for child care subsidies, $3 billion over five years to improve care for our youngest children, and new and expanded tax credits for families and for businesses that provide child care.
- Improving transportation options by doubling Access to Jobs funds for innovative transit solutions, making it easier for working families to own a car without losing food stamps, and allowing families to save for a car through an IDA.
- Increasing access to housing by funding 120,000 new housing vouchers, including 32,000 for families moving from welfare to work, to help families move closer to a job, reduce a long commute, or secure more stable housing that will help them get or keep a job.
- Dramatically expanding health coverage by providing a new, affordable health insurance option, called FamilyCare, for parents of children eligible for Medicaid or the State Children's Health Insurance Program, and extending existing programs to more families, through an extension of transitional Medicaid, accelerated enrollment into S-CHIP, and new state options to cover older teens and legal immigrants.

THE CLINTON-GORE ADMINISTRATION:
HIGHLIGHTING THE SUCCESS OF WELFARE TO WORK
August 22, 2000

"In four short years, we have seen a new emphasis on work and responsibility, as welfare recipients themselves have risen to the challenge and made welfare what it was meant to be: a second chance, not a way of life."

President Bill Clinton
August 22, 2000

Today, President Clinton commemorated the fourth anniversary of the welfare reform law by releasing new data showing that welfare rolls are just half of what they were four years ago and, of those remaining on welfare, nearly five times as many are working than when the President took office. In addition, all states subject to the welfare reform law's overall work requirements met them for the third year in a row. The President met with the Welfare to Work Partnership, which announced that its business partners have hired an estimated 1.1 million welfare recipients since its launch in 1997. The President challenged the private sector to continue employing welfare recipients and help these new workers succeed on the job, urged state and local officials to support current recipients and low-income working families, and called on Congress to enact his budget proposals to make work pay, encourage savings, promote responsible fatherhood and expand access to child care, housing, transportation, and health care.

Record Percentage of People on Welfare are Working. New data released today show:

- The percentage of Americans on welfare is at its lowest level since 1965 – falling from 5.5% in 1993 to 2.3% in 1999;
- The number of people on welfare has fallen from 14.1 million in January 1993 to 6.3 million in December 1999– a drop of 56%, or 7.8 million;
- Nearly three-quarters of this overall decline has occurred since the welfare reform law was enacted; and
- The percentage of welfare recipients who are working has increased from 7 percent in 1992 to an all-time high of 33 percent in 1999 – and has tripled since the enactment of the 1996 welfare reform law.

All 50 States Met overall Work Participation Goals. New data included in a report the Administration transmitted to Congress today show that every state and the District of Columbia met the welfare law's overall work requirements for 1999, which required adults in 35 percent of all families on welfare to be working at least 25 hours per week.

Businesses have Hired over One Million People Off Welfare. Since its launch at the White House in May 1997 with 105 companies, the Welfare to Work Partnership has grown to more than 20,000 businesses which have hired an estimated 1.1 million people from the welfare rolls. And under Vice President Gore's leadership, the federal government has hired nearly 50,000 people from welfare to work in dozens of agencies across the country.

Challenging Congress to do More to Promote Work and Responsibility. President Clinton called on Congress to enact key components of the Administration's FY 2001 budget, including:

- Increasing the minimum wage by $1 and expanding the Earned Income Tax Credit to provide tax relief for 6.8 million hard-pressed working families;
- Creating 20,000 new Individual Development Accounts to help low-income working families invest in their future and allow families to use these accounts to save for a car to help them get to work;
- Promoting responsible fatherhood by allowing more child support income to go directly to families and helping low-income fathers and families support their children;
- Making significant new investments in child care;
- Improving transportation options for low-income working families;
- Increasing access to housing vouchers to help families move closer to a job, reduce a long commute, or secure more stable housing that will help them get or keep a job; and
- Dramatically expanding health coverage by providing a new, affordable health insurance option for parents of low-income children and extending existing programs to more families.

LEVEL 1 - 5 OF 5 STORIES

U.S. Newswire

<=1> View Related Topics

September 11, 1992

SECTION: NATIONAL DESK, POLITICAL WRITER

LENGTH: 4440 words

HEADLINE: Remarks by Gov. Clinton at the Clayton County Office of Family and
Children's Services

CONTACT: Jeff Eller of Clinton/ Gore, 501-399-3840

DATELINE: JONSEBORO, Ga. , Sept. 14

BODY:
Following are remarks of Gov. Bill Clinton at the Clayton County Office of
Family and Children's Services in Jonesboro, Ga. , on Wednesday, Sept. 9:

Thank you. Thank you very much, Gov. Miller and ladies and gentlemen I want
to say a special word of thanks to the fine people who work in this peach
program and to the people who participate in it, not only to those who are here
with me but those with whom I met behind this building in the play yard. While
you were out here suffering in the sun, we were playing in the sand. Don't you
just resent it? We'd actually talked for a few minutes.

There were several parents and their children who were either present
participants in the peach program or graduates. Most of them are right back
here. Would y'all raise your hand? Let's give them a hand. They were very
helpful to me.

I'm here today to talk about this because I believe in the kind of work
being done by the peach program and because I've worked with wonderful people

back in my state, like the people who work in this program, to help move people off of welfare, out of dependency, to open their futures instead of to make believe that life is a dead end waiting for another government check that is not enough to support your children or change your life.

I became first involved in the work of welfare reform way back in 1980, and since then, I have believed passionately that we ought to change the welfare system as we know it.

Most of what I have learned about welfare I have learned from the people who are on welfare or those who have been on it, or those who have worked with them.

I share a common belief that I heard from these mothers today and the counsellors that the American people share, people on welfare are the people who dislike it most of all.

Most people on welfare are dying for another alternative, willing to seize it, and they'd like to end the welfare system as we know it.

Today, I want to share with you my plan to do that. It is more important today than it would have been a few years ago because of the alarming rate of increase in poverty. Here in Georgia and across the country there are more people who are working poor.

Last week the Commerce Department reported that average family income dropped $1,100 last year alone. Over the last decade, the percentage of hard work low-wage jobs increased dramatically.

And now -- listen to this -- one in every 10 Americans is on food stamps. America's welfare rolls are full to bursting, increasing five times faster under this administration than under the previous 12 years under Ronald Reagan and Jimmy Carter combined.

Three million more people have gone on welfare since 1988; three million more are out of work. When poverty and jobless rolls rise, we all pay. In the past year -- listen to this -- we spent $8 billion more than we were spending three years ago on welfare and food stamps alone.

A big part of the answer is obviously an economic program to put the American people back to work and to get our incomes going up again. And obviously that is what I have talked most about in this campaign.

But the changing face of welfare, and the changing nature of it, and the enormous barriers to people moving from welfare to a productive life deserves special attention.

Especially now, that most people on welfare are young women, and their little children. And the fact that only half of the people on welfare get off quickly.

That's just my musical background. It proves the point. In the mid-1980s, on behalf of all the governors, Republicans and Democrats, I co-chaired a welfare reform task force. We worked in 1988 with the Congress and with the Reagan White House to write something called the Family Support Act of 1988, the first major, major reform in the welfare system in more than a generation.

The law gave the states some financial help and some marching orders. It said try to end welfare by giving more education and training to mothers, and then requiring those who can go to work to go to work, either when their children turn three, or when their children are one if there is available child care.

The problem with the law is, as Georgia knows, it's never been fully implemented, and it didn't go far enough. But Arkansas wanted to be in the forefront of that law, and so, as Governor Miller said, we started Project

Success, to give child care, health care and education and training, and then move people off welfare.

In three years, 17,000 have moved from welfare to work, saving our taxpayers $12 million, but far more important, opening a brighter future to parents and children.

Independent researchers from the Manpower Demonstration Research Corporation concluded it was one of the three best programs in the country. This peach program is doing a great job. It is not in every county in Georgia, and not every state in America has implemented welfare reform, because the 1988 act has not been fully implemented by this administration.

They talk a lot about moving people from welfare to work, but if you don't put the money in there for training, for education, for child care, for transportation, and you don't do it in every county in America, you cannot crack the welfare problem.

So the first thing I think every person with whom I have ever talked on welfare agreed that welfare ought to be a second chance, not a way of life. It's time to end this system as we know it, and to start with two simple principles: first, people who can work ought to go to work, and no one should be able to stay on welfare forever.

And second, no one who does work, and who has children in the home, should live in poverty, as too many are today.

I am running for president on a plan that would give everyone the funding they need for education, training, child care, and transportation. But after two years, or after the end of an education-and-training program, everyone on welfare would have to go to work, either with a private-sector job, or if none is available, with a job provided by the state or the local government in community service.

A strict time limit for AFDC recipients, coupled with a real commitment to help them support their children, provide them the education and transportation they need, would literally make welfare what it ought to be, a temporary hand to people who have fallen on tough times.

This is not a conservative or a liberal idea. It's both. It's different. And the people who have lived with the present system know it will work if we invest what we ought to and are firm in our administration of it. By the time we are through, we shouldn't have a welfare system in America; we ought to have a helping-hand program, followed by a jobs program.

The plan that I have offered sets money aside, up to $6 billion over the next four years, up to $6 billion a year, mounting up to that over the next four years, and pays for it from the cuts that we will make in wasteful government spending; in defense savings; and in raising taxes on the wealthiest two percent of Americans, whose incomes went up in America while their tax rates went down, the direct reverse of what happened to the middle class.

When you consider that if we do not change welfare, 25 percent of the people who are on welfare today will still be on it in the year 2000, you can be sure that we have to do it, and that doing it will save a lot of money down the road. Spending a couple of thousand dollars a year on a welfare recipient today; helping that person to become independent, to lead their children in a different direction; to open up new avenues of possibility; will mean more incomes and more taxes, and less dependence in the future.

More important, it will improve the quality of life not only for people on welfare but for their friends and neighbors as well. We've heard a lot of talk this year about family values, and that's fine with me; most of us wouldn't be here today without them. But if we're going to be pro-family, we ought to be pro-child and pro-work, and that's what this plan is.

Today for people on welfare, going to work too often means taking a job that will never do anything, because you don't have any education and training; and you may lose it in a couple of weeks. It often means losing medical coverage, and child care benefits; giving up Medicaid. It often means struggling to find a job that will keep you mired in poverty forever.

I want to make work pay by simply expanding the earned income tax credit for the working poor. If you work 40 hours a week and you've got a child in the house, the income tax system ought to give you a refund to lift you above the poverty line. It'd be the cheapest thing we could ever do to say we are for work and for family, and we'll reward the right values in this country.

We have to provide medical coverage to working people with children, and to control health care costs while we're doing it. To do that, we'll have to take on insurance companies, the way the government regulates health care, the unbelievable paperwork and bureaucracy and waste in our system. But don't let anybody tell you we can't do it. Your nation spends 30 percent more of its income than any country in the world on health care, and yet we don't provide primary and preventive care, in poor rural areas in inner cities, and we don't do the things that other countries do to control health care costs.

We're going to do that if I win this election.

We also need to find a way for poor people to get into the free enterprise system. There's a community development bank in Chicago called the South Shore Development Bank I've talked about all over this country that actually loans money to poor people to go into business for themselves or in small groups.

And they've made money doing it, because they understand that poor people are like other people. Some are smart, some have skills, some have ideas, some can make money. And they've made money in a bank loaning money to people who are redlined in most communities in this country.

I want to set up a network of community development banks to bring free enterprise to poor people in rural areas and in inner cities.

The next thing we have to do is be pro-savings. Earlier this year, the government ordered a young woman in New Haven, Connecticut, and her family, to repay welfare benefits because she had scrimped and saved money from a part-time job to put herself through college.

I think we ought to raise the asset limit, and encourage poor people to save money for job training, for college, and for other paths to independence. And I recommend raising it from $1,000 to $10,000 a year to encourage people to save who are in tough times.

Finally if we believe in family values, we simply have got to toughen up our system of child support enforcement, and launch a nationwide campaign to get money from deadbeat parents who can pay and won't.

I might say, one of the most impressive things to me about the conversation I just had back there is, a lot of these young women who are here working in this program, taking care of their kids, said, if you want to run this program right, you're going to have to crack down on people who don't take care of their kids the way we do.

People who use drugs instead of feeding their kids with that money, you ought to take it away from them and take care of their kids; that's what they said, not me. I was impressed by that.

Today an awful lot of the money you as taxpayers spend on welfare goes for children whose parents should be giving them support, but who aren't. If we want to do something about the fact that one in five children plus is in poverty; almost one in four children under the age of five is in poverty; we can start by tracking down an estimated $25 billion in owed and unpaid child support.

As president, I will push for the toughest child support enforcement possible. In our state, if you fall more than $1,000 behind, we report you to every major credit agency in the state. If you don't take care of your kids, you shouldn't be able to borrow money for yourself.

And last year, we collected $41 million plus, money that we don't have to pay in welfare and other public spending.

Under my plan, we'll set up a national deadbeat parents' data bank; begin a national system of child support collections through automatic wage withholding; and make an all-out effort to establish paternity in the hospital when the baby is born; not in the courts after the father has left.

We ought to use our national data collecting systems like the IRS to make sure that you cannot cross the state lines and meet your court-ordered obligations to take care of your children.

We ought to challenge major credit agencies nationwide to report on all people who are seriously deficient in their child support. You simply shouldn't be able to borrow money for yourself if you don't take care of your kids.

It's time to send a clear message to people who bring children into this world: governments don't raise kids, people do.

In the end, this isn't about government. This is about people and their futures. There will never be a government program for every problem, and the government can never take responsibility for people that they ought to take for themselves.

The only thing that really holds us together as a nation, a free nation, is that most of us get up every day and do the right thing. We go to

work; we do
our best by our family; we honor the law; we treat our neighbor with respect; we just do the right thing. Nobody makes us do it.

We have got to empower people to assume that level of personal responsibility for themselves and for their children. IT is one way we can bring people together. Surely every American, without regard to political party or religious faith or philosophical convictions, can agree that we can stop the division and blame and finger-pointing that has characterized welfare while things have gotten worse, and challenged people, then given them the means to make the most of their lives. That is what this is all about.

I want to tell you my favorite story. A few years ago when I started working on welfare reform, I brought some people from my state to Washington, D.C., who had been on welfare, and who had gone through one of our experimental programs before we went statewide.

And one of these women was very articulate, and I was just questioning her. And there were all these governors just sitting around just absolutely fascinated listening to this lady talk. And I said, do you think that this ought to be mandatory? You think that people ought to have to be in this program to get a check? She said, I sure do, otherwise I might be home watching TV instead of up here talking to you.

And I said, well, now that you've got this job, what's the best thing about it. And you could have heard a pin drop, and that lady looked out at that crop of governors, and she said, when my boy goes to school, and they ask him, what does your momma do for a living, he can give an answer.

The Georgia Peach program is testament to the fact that these women behind and those women who talked to me, and this fine lady over here who now works for the state senate, people want to take care of their kids, and they want to take care of themselves. This is a crazy old world we're living in, and a lot of things happen to people that we wish didn't happen. But what brings us together today is the conviction that if we get up tomorrow, we can do better than we're doing today, and that life is full of potentials, and that we need to look at these folks on welfare, as potential, full blown, vibrant, active, constructive American citizens who are doing a great job raising their kids. And we need them. We do not have a person to waste in this country.

So I say to you that I hope that in the next 55 days all of you will reflect on this. Because one of the things that will chart the future of America as we move toward the 21st century if whether we can do a better job in making sure that every person lives up to the fullest of their potential.

Every person who's on welfare, and every kid who doesn't make it in school, is another person who's not out there in a job making America the strongest power in the world, and helping all the rest of us to see to our parents in their old age; our children in their youth; and to our own lives in their full flower.

This is a very important issue for every American. It's time to end the welfare system as we know it, and lift the people on welfare by providing more responsibility, and more opportunity. Thank you very much.

LANGUAGE: ENGLISH

LOAD-DATE: September 14, 1992

President Clinton's Plan for Comprehensive Tobacco Legislation to Protect America's Children

Today, President Clinton challenged Congress to pass sweeping tobacco legislation to reduce teen tobacco use significantly. The President announced that he will invite Congressional leaders in both parties to the White House in the coming weeks to launch a bipartisan effort to enact federal tobacco legislation. That legislation will build on the extraordinary efforts of the nation's attorneys general, who helped create an historic opportunity for progress in reducing smoking, especially by youth.

In August 1996, the Clinton Administration announced a landmark rule by the Food and Drug Administration to protect children from the harm caused by tobacco products, which was upheld by a federal judge in North Carolina earlier this year. Those victories for the public health, along with the aggressive efforts of the attorneys general and leaders of the public health community, drove the tobacco companies to the bargaining table and extracted concessions that would have been unimaginable just a short time ago.

Since a proposed national settlement was announced June 20, the Administration -- led by Vice President Gore, Secretary of Health and Human Services Donna Shalala, and Domestic Policy Advisor Bruce Reed -- has been working with the public health community, the attorneys general, members of Congress, tobacco farmers, and others to develop a comprehensive tobacco policy.

Today, the President announced five key elements that must be at the heart of any national tobacco legislation:

1. A Comprehensive Plan to Reduce Teen Smoking, Including Tough Penalties If Targets Are Not Met. Every day, 3,000 young people start smoking regularly, and 1,000 of them will die early as a result. The central goal of tobacco legislation must be a comprehensive, nationwide effort to reduce teen smoking. The Administration is calling for:

- **Tough Penalties and Price Increases to Reduce Teen Smoking:** The Administration believes tobacco legislation must include stiff penalties that give the tobacco industry the strongest possible incentive to stop targeting kids. Legislation should set ambitious targets to cut teen smoking by 30% in 5 years, 50% in 7 years, and 60% in 10 years, and impose severe financial penalties that hold tobacco companies accountable to meet those targets. The Administration supports penalties that are non-deductible, uncapped, and escalating -- so that the penalties get stiffer and the price goes up the more that companies miss the targets. Reducing youth smoking is the Administration's bottom line, and now it must be the industry's bottom line.

One of the surest ways to reduce youth smoking is to increase the price of cigarettes. By some estimates, a 10% increase in cigarette prices will lead to a 7% drop in youth smoking. **Today, the President called for a combination of industry payments and penalties to increase the price of cigarettes by up to $1.50 a pack over the next decade as necessary to meet the youth smoking reduction targets.**

- **A Public Education and Counter Advertising Campaign:** To succeed in reducing youth smoking, legislation must provide for a nationwide effort to deglamorize tobacco, warn young people of its addictive nature and deadly consequences, and help parents discourage their children from taking up the habit. Legislation should provide for a public education and counter advertising campaign, as well as state and local prevention efforts. The Administration also supports stronger, more visible warning labels on tobacco products.

- **Expanded Efforts to Restrict Access and Limit Appeal:** The current FDA rule includes significant measures to reduce youth access to tobacco products (such as requiring retailers to check photo identification of anyone under 27) and to limit the advertising of tobacco to young people (such as restricting advertising near school buildings). The Administration supports legislation codifying these measures, imposing even stronger restrictions on youth access and advertising consistent with the Constitution, and establishing an effective retail licensing scheme with tough penalties.

2. Full Authority for FDA to Regulate Tobacco Products. In 1996, the Administration took the historic step of asserting FDA jurisdiction over tobacco products. Since that time, the Administration has said it would support federal legislation explicitly affirming the FDA's authority to regulate the manufacture, marketing, and sale of tobacco products. Under such legislation, the FDA's authority over tobacco products must be as effective as its authority over other drugs and devices, and must be sufficiently flexible to meet changing circumstances. The legislation should not impose any obligation on the FDA to make specific findings about such speculative matters as the creation of contraband markets; nor should it impose any special procedural hurdles or requirements, such as enhanced standards of proof or unusual evidentiary formalities.

3. Changes in the Way the Tobacco Industry Does Business. Federal tobacco legislation must include measures to expose the industry's past misconduct, especially its efforts to market products to children, and to change the way the industry does business.

- **No Marketing to Children:** Commitments by the industry -- such as agreements to limit advertising to children -- can serve to recognize the need for increased corporate responsibility. Today, the President reiterated his call to the tobacco industry to stop marketing and promoting tobacco to children.

- **Document Disclosure:** To ensure that patterns of corporate malfeasance are disclosed and effectively checked in the future, tobacco legislation must provide for broad disclosure of industry documents, especially those containing scientific or other health information or relating to the industry's attempts to market tobacco to children. This legislation should respect essential principles of attorney-client privilege. But the legislation should establish effective mechanisms to turn over to the public all non-privileged documents, including documents the industry has inappropriately claimed to be privileged, as well as to disclose scientific and health-related information in even privileged documents.

- **Corporate Compliance:** Tobacco companies should set up comprehensive corporate compliance programs that will reinforce the real economic incentives provided by the youth smoking penalties to discourage companies from marketing to children. The legislation should establish oversight mechanisms to investigate and monitor corporate compliance and to make recommendations to Congress on appropriate future legislation.

4. **Progress Toward Other Public Health Goals.** Federal tobacco legislation provides an opportunity not only to reduce youth smoking, but to meet other public health goals: the reduction of environmental (second-hand) tobacco smoke, the expansion of smoking cessation programs, the strengthening of international efforts to control tobacco, and the provision of funds for health research and other health objectives.

- **Second-Hand Smoke:** The best scientific studies show that restrictions on second-hand smoke reduce the risk of death and injury to non-smokers, including the hundreds of thousands of children with asthma and other respiratory illness, and lead many smokers to quit the habit. Federal tobacco legislation should include provisions to restrict smoking in workplaces and other public facilities of the kind found in H.R. 3434, as well as in the President's recent Executive Order on tobacco smoke in federal facilities.

- **Smoking Cessation Programs:** Data suggests that some 70% of smokers want to quit, but fewer than 3% each year successfully do so. Legislation should help enable smoking cessation services to reach and assist the millions of smokers who want to break their addiction to tobacco products.

- **International Leadership:** According to the World Health Organization (WHO), tobacco use now causes 3 million deaths a year worldwide; unless checked, that number will rise to 10 million by 2025, with 70% of annual deaths occurring in developing countries. Legislation should strengthen global and bilateral efforts to reduce smoking by providing assistance to international institutions.

- **Resources for Health Research and Other Health Care Objectives:** The Administration believes that the primary objective of tobacco legislation is to reduce youth smoking, not to raise money. But tobacco legislation also should take into account the health costs associated with smoking and the resulting need for public health investments. Legislation should generate sufficient resources to establish a health research fund and contribute significantly to other important health objectives. In addition, Congress should repeal the provision giving the tobacco industry a $50 billion credit.

5. Protection for Tobacco Farmers and Their Communities. The President made clear today that any tobacco legislation must protect tobacco farmers and their communities. Most tobacco farmers live and work on small family farms; in many cases, their families have been growing tobacco for generations. In some states, entire communities rely on income from the tobacco crop. The Administration is committed to working with members of Congress in both parties to ensure that we protect the financial well-being of tobacco farmers, their families, and their communities.

PRESIDENT CLINTON AND VICE PRESIDENT GORE TAKE NEW STEPS TO REDUCE YOUTH SMOKING AND HOLD THE TOBACCO INDUSTRY ACCOUNTABLE

February 4, 2000

Today, the White House announced that the Administration's budget will include important new steps to reduce youth smoking and hold the tobacco industry accountable. Every year, more than 400,000 Americans die from tobacco-related diseases; nearly 90 percent of them started smoking as children. To address this, one of the nation's most serious public health challenges, the Administration will propose to:

Cut youth smoking in half by holding the tobacco industry accountable. The Administration's budget will cut youth smoking in half by charging the tobacco industry an assessment for every underage smoker. These youth smoking assessments will provide a strong incentive for tobacco companies to reduce sales to minors and eliminate advertising encouraging children to smoke. The $3,000 assessment for every smoker under age 18 will be put in place starting in 2004 only if youth smoking has not been cut in half and would remain in effect until the youth smoking reduction goal has been met. This $3,000 annual assessment represents twice the lifetime profits the industry is expected to make from hooking a teen on cigarettes. This policy will significantly reduce youth smoking when combined with the price increases and public health initiatives underway as a result of the 1998 state tobacco settlement and other federal, state, and local efforts.

In addition to the youth smoking assessments, the Administration's budget includes a 25 cents per pack excise beginning in FY 2001, to raise further the price of tobacco products from the 45 cent increase agreed to by the states and the industry in 1998. This increase will help reduce youth smoking and help achieve the Administration's goal of cutting youth smoking in half. Public health experts agree that raising the price of cigarettes cuts youth smoking and recent surveys of youth smoking released by independent experts indicate youth smoking rates have started to decline since recent price increases were put in place. In addition to raising the price of cigarettes by 25 cents a pack, the Administration's budget will include comparable increases in the price of other tobacco products such as smokeless tobacco and cigars, and will move an already legislated 5 cents per pack cigarette increase from January 1, 2002 to October 1, 2000.

These proposals will reduce youth smoking, and complement the progress being made as a result of the 1998 settlement between the states and the industry. These policies would not affect the $246 billion agreement made between the states and the tobacco industry.

Help current smokers quit. The Administration's budget will take an important step to improve the health of low-income Americans by ensuring they have access to drugs to help them quit smoking. The Administration's budget will ensure every state Medicaid program covers both prescription and non-prescription smoking cessation drugs, removing a special exclusion now in law and requiring states to cover these drugs as they cover all other FDA-approved drugs. The federal government would provide the usual federal match for these costs, as it does for other Medicaid expenses, and states could use proceeds from the 1998 tobacco settlement or other funds to pay their share. Medical research shows that smoking cessation products greatly increase success rates for those trying to quit smoking, and that quitting has major and immediate health benefits for smokers of all ages. Through this proposal, the Administration will ensure millions of low-income Americans have access to medical treatments that will help them break their addiction to tobacco, at a federal cost of $66 million over the next five years.

Support state and community efforts to prevent youth smoking. The Administration's budget will help support tobacco prevention programs in states and local communities through $106 million in resources for the Centers for Disease Control and Prevention (CDC). This funding, a ten-fold increase over 1993 levels, will enable the CDC to work with states and communities to help them put in place effective programs to prevent tobacco use, particularly among children. This effort is critically important as states begin to decide how to spend the $246 billion they will receive over the next 25 years from the 1998 settlement with the tobacco industry.

Help enforce laws preventing minors from purchasing tobacco products. The Administration's budget will include $39 million for the Food and Drug Administration to help enforce the laws preventing youth under age 18 from purchasing tobacco products. Currently federal law requires every state to prohibit minors from purchasing tobacco products, and federal regulations ensure retailers check photo i.d.s of young people who try to purchase them. These funds will help the FDA work with the states and with retailers to enforce these laws, by providing retailers with informational materials to help them explain the rules to customers and by conducting random checks of retailer compliance.

Support the Food and Drug Administration (FDA)'s full authority to keep cigarettes out of the hands of children. The Administration supports full FDA authority to regulate tobacco products in order to halt advertising targeted to children and to curb minors' access to tobacco products. In 1996 the Administration put forward a comprehensive regulation to protect children from tobacco, which the tobacco industry challenged in court. The Administration remains fully committed to the FDA rule.

Recover tobacco-related health care costs. The Administration firmly supports the Department of Justice's litigation to recover federal tobacco-related health costs, and his budget contains funds to pay the necessary legal costs. In addition to any remedies imposed by the court to advance public health, recoveries from the litigation will be used to assist tobacco farmers and their communities, to pay federal tobacco related health costs, and to enhance the security of Medicare and Social Security for future generations.

Protect farmers and farming communities. This Administration is committed to protecting tobacco farmers and their communities. The Administration fully supports the $5 billion settlement to compensate tobacco farmers, which was agreed to by the states and industry in 1998, as well as the $328 million included in the Agricultural Appropriations bill for FY 2000, and is committed, as any federal litigation moves to judgment or settlement, to ensure funds are set aside for the financial security of tobacco farmers and their communities.

FY 2001 Tobacco Initiatives
Q&A
February 4, 2000

Q: How does this proposal differ from last year's?

A: The Administration's proposal will take new steps to reduce youth smoking and hold the tobacco industry accountable, by charging the tobacco industry an assessment for every underage smoker, increasing the price of cigarettes by 25 cents a pack, and putting in place an important initiative to ensure low-income Americans have access to drugs to help them quit smoking. Last year's budget included a proposal to increase the price per pack by 55 cents, which would have reduced youth smoking, but it did not contain an assessment for every underage smoker which will provide a strong incentive for tobacco companies to reduce sales to minors and eliminate advertising encouraging children to smoke. In addition, the initiative in this year's budget to ensure smokers can obtain cessation products through Medicaid is new, and the budget proposes to increase CDC and FDA funding to support state and community efforts to prevent youth smoking and help enforce laws preventing minors from purchasing tobacco products.

Q: How do the per youth smoker assessments work?

A: The Administration's budget will cut youth smoking in half by charging the tobacco industry an assessment for every underage smoker. These youth smoking assessments will provide a strong incentive for tobacco companies to reduce sales to minors and eliminate advertising encouraging children to smoke. The $3,000 assessment for every smoker under age 18 will be put in place starting in 2004 only if youth smoking has not been cut in half and would remain in effect until the youth smoking reduction goal has been met. This $3,000 annual assessment represents twice the lifetime profits the industry is expected to make from hooking a teen on cigarettes. This policy will significantly reduce youth smoking when combined with the price increases and public health initiatives underway as a result of the 1998 state tobacco settlement and other federal, state, and local efforts.

[Note: Treasury estimates that the $3,000 per child assessment, in the years it is imposed, will increase the price of cigarettes by 45 cents a pack.]

Q: If the assessment is intended to reduce youth smoking, then why do you also call for a 25 per pack excise increase for cigarettes?

A: In addition to the youth smoking assessments, the Administration's budget includes a 25 cents per pack excise beginning in FY 2001, to raise further the price of tobacco products from the 45 cent increase agreed to by the states and the industry in 1998. This increase will help reduce youth smoking and help achieve the Administration's goal of cutting youth smoking in half. Public health experts agree that raising the price of cigarettes cuts youth smoking and recent surveys of youth smoking released by independent experts indicate youth smoking rates have started to decline since recent price increases were put in place. In addition to raising the price of cigarettes by 25 cents a pack, the Administration's budget will include comparable increases in the price of other tobacco products such as smokeless tobacco and cigars, and will move an already legislated 5 cents per pack cigarette increase from January 1, 2002 to October 1, 2000.

Q: How does the budget's youth smoking assessment paid by the tobacco manufacturers differ in nature from the excise?

A: They are different because: 1) The purpose of the assessment is to hold tobacco companies accountable if youth smoking rates are not reduced by the 50 percent target; and 2) There is no per-pack charge – assessments are a fixed dollar amount per youth smoker and do not vary with per-pack sales.

Q: Isn't this proposal just a way to raise taxes? How much revenue do these tobacco proposals raise? What will the funds be used for?

A: These proposals are designed first and foremost to reduce youth smoking. Remember, the $3,000 per youth smoker will only be assessed if youth smoking is not cut in half, and the 25 cent excise is designed to increase cigarette prices and thus reduce youth smoking.

Our estimates do show that these policies will raise $31.6 billion over 5 years and $66.3 billion over ten years. These revenues are not earmarked for any particular purpose.

[Note: Last year's budget had $34.5 billion in tobacco revenues over 5 years and the FY 1999 budget had $65.5 billion over 5 years.]

Q: Why is the implementation of the youth assessment on the tobacco companies delayed three years?

A: Because we want to give the tobacco companies an opportunity to do everything they can to reduce youth smoking, including stopping marketing their products to kids and taking steps to ensure minors can't buy cigarettes, the $3,000 assessment for each youth smoker would not be charged until 2004 and unless youth smoking rates had not been reduced by half. The smoking rate data for 2002 would be reported by the Department of Health and Human Services in 2003 and the assessments, as appropriate, would be charged in 2004. As a result, the tobacco companies would be given sufficient notice and time to take actions to cut youth smoking rates. The assessments would continue each year that underage smoking has not been reduced by 50 percent.

Q: In the past, the tobacco industry has done a pretty good job to defeat these types of proposals. What leads you to believe that you'll have any success getting these proposals passed this year?

A: It's no surprise that the tobacco companies would oppose the Administration's proposals – it's in their interest to maintain the status quo, with about 4 million American children smoking. But we believe that the American people want to change the way tobacco companies do business and to stop them from targeting our kids. This Congress should seize the opportunity to improve the long-term health of our country's children by passing these proposals.

The tobacco industry should actually support the youth assessment proposal. Tobacco companies are currently spending a tremendous amount of advertising money on the message that they want to reduce youth smoking. In addition, they agreed to assessments tied to reducing youth smoking as part of the June 1997 proposed settlement with the states.

Q: How can you say your proposal will not affect the $246 billion agreement made between the states and the tobacco industry? Doesn't the settlement agreement contain a provision reducing the state settlement $1 for every new $1 of tobacco tax?

A: Our proposal will not change the agreement made between the states and the tobacco industry, and it will not trigger the so-called "federal offset" provision of the state settlement.

Background:
That provision reduces funds the tobacco industry pays the state only if federal legislation raises revenues from the tobacco industry and gives those funds to the states for unrestricted purposes, health care, or tobacco prevention programs. The Administration's budget does not propose to provide the revenues from the tobacco assessments to the states in any form and thus the states would not lose tobacco settlement funds.

The state settlement agreement did include a clause reducing the funds the industry will pay the states if smoking goes down. Thus, states will receive fewer funds only if we are successful in reducing smoking – a term of the settlement states agreed to last year. Surely the states don't want us to stop our efforts to reduce youth smoking simply so they can collect more money from the tobacco industry?!

Youth Smoking Goals and Trends

Q: Does your budget assume that the goal of reducing youth smoking in half is never met?

A: No. We anticipate that the youth smoking assessments will change the way tobacco companies currently target minors and combined with increased excise on tobacco products fewer kids will be smoking in the future. Our estimates show that it will take until 2007 for the youth smoking rate to be cut in half from its level in 1999. Therefore, companies will avoid assessments after FY 2009 as long as the youth smoking rate continues to 50 percent lower than in 1999.

[Note: It is estimated that the 50 percent youth smoking reduction will not be met in FYs 2002-2006, and that assessments will be triggered in FYs 2004-2008. However, it is assumed that smoking targets will be met in FYs 2007-2008, and that assessments will be avoided in FY's 2009-2010.]

Q: How many youth smokers are there and what survey information are these assessments based on?

A: About four million kids regularly smoke cigarettes and that's just unacceptable. The assessments will be based on the annual National Household Survey on Drug Abuse (NHSDA), which is conducted by the Department of Health and Human Services. The survey provides annual estimates of the prevalence of illicit drug, alcohol and tobacco use in the U.S. and monitors the trends in use over time. It is based on a representative sample of the U.S. population 12 and older and in 1998 the sample size was 25,000 persons.

[Note: The 1998 NHSDA report estimated 4.1 million youth 12-17 were current smokers, defined as having smoked cigarettes in the last 30 days.]

Q: **If youth smoking rates are going down, then why are assessments on tobacco companies necessary and price increases on tobacco products necessary?**

A: Although there are indications that youth smoking rates have leveled off and may have started to fall, it is still unacceptable that 4 million children aged 12 to 17 are regular smokers. Every day 3,000 children become smokers and 1,000 have their lives shortened because of it. Two recent reports indicate that teen smoking, after rising for many years, is now on the decline. First, a survey of 8th , 10th and 12th graders conducted by the University of Michigan showed modest declines in all three grades. Second, a national survey by the American Legacy Foundation in conjunction with CDC found that 28.4 percent of 9th-12th graders smoked cigarettes, down from the 36.4 percent found by a different but similar CDC survey in 1997. These declines are not unexpected, given the price increases from the state settlement and actions taken in some states. This new data does support our case that price matters and more expensive cigarettes will result in a continuing decline of youth smokers.

[Note: There are four significant studies that are widely used to report youth smoking information. They include: 1) National Household Survey on Drug Abuse (NHSDA) – Conducted annually by HHS/SAMSHA, by household of U.S. population 12 and over. This is the data that will be used for youth smoking assessments. 2) University of Michigan / Monitoring the Future (MTF) is an annual survey conducted in schools. The survey collects data on tobacco use of 8th, 10th, and 12th graders and gives us good annual information on annual high school smoking rates. 3) The CDC Youth Risk Behavior Survey (YRBS) is another school-based survey that gives us information on youth smoking rates for 9th-12th graders every two years. 4) Finally, there is the new National Youth Tobacco Survey (NYTS) which was released last week by CDC. It was sponsored by the American Legacy Foundation (nonprofit formed by tobacco state settlement) with technical assistance provided by CDC. It is a comprehensive school based survey of 8th-12 graders and will be conducted on an annual basis.

Youth Smoking Rates 1997-1999

	1997 MTF	1998 MTF	1999 MTF
8th grade	19.4	19.1	17.7
10th grade	29.8	27.6	25.7
12th grade	36.5	35.1	34.6

The NYTS report was the basis of last week's articles on the decline in youth smoking. The most widely cited statistic was that high schooler smoking had dropped from 36.4 percent in 1997 to 28.4 percent this year. The 36.4 percent rate from 1997 came from the YRBS, while the 28.4 percent rate came from the NYTS. These studies are considered to be comparable because the questions asked were almost identical, though the overall surveys and response rates are different. However, the overall downward trend can't be confirmed until the 1999 YRBS data are available.]

Effect on Low-Income Families

Q: By raising the price of cigarettes, aren't you disproportionately hurting low-income families?

A: It's unfortunate that the same groups that have opposed our proposals in the past – the tobacco industry and Congressional Republicans – routinely suggest that efforts to stop young people from taking up an expensive and dangerous addiction are regressive. The unfortunate reality is that smoking is a regressive habit and takes a regressive toll, in part because the industry has spent billions of dollars marketing to low-income and minority communities.

By preventing youth smoking and encouraging current smokers to quit, our proposal will save low-income families money. Moreover, it is important to consider these proposal in the context of our overall budget, which includes significant proposals to assist low-income families, such as expansions of the Earned Income Tax Credit and the child and dependent care tax credit.

Tobacco-Related Public Health Spending

Q: What does the budget do to help people stop smoking?

A: The budget takes an important step to improve the health of millions of low-income Americans by ensuring they have access to prescription and non-prescription drugs to help them quit smoking. Medical research shows that smoking cessation products greatly increase success rates for those trying to quit smoking, and that quitting has major and immediate health benefits for smokers of all ages. The budget will ensure every state Medicaid program covers smoking cessation drugs, removing a special exclusion now in law and requiring states to cover these drugs as they cover all FDA-approved drugs. The federal government would provide the usual federal match for these costs, as it does for other Medicaid expenses, and states could use proceeds from the 1998 tobacco settlement or other funds to pay their share. Through this proposal, the Administration will ensure millions of low-income Americans have access to medical treatments that will help them break their addiction to tobacco.

[Note: The federal cost of the proposal is $66 million over the next five years.]

Q: What else is the Administration proposing for tobacco-related public health?

A: Beyond requiring all states to provide smoking cessation products through their Medicaid program, the budget includes a $10 million increase for tobacco-related public health activities in FDA and CDC. The additional $5 million for FDA (total $39 million) will be used to accelerate unannounced visits to retailers to enforce laws that forbid minors from purchasing cigarettes. FDA will also expand outreach efforts to encourage retailer compliance. The additional $5 million for CDC (total $106 million) will be used to strengthen CDC's tobacco control efforts promoting state and community based tobacco prevention and education programs and related research.

Q: Does the budget do anything to prevent tobacco smuggling?

A: The budget includes an additional $6 million for ATF (for a total of $14 million) to increase its current tobacco compliance efforts by 60 percent, including expanded efforts to deter illegal trafficking and cross border smuggling of gray market cigarettes. However, the Administration does not anticipate a large increase in smuggling in response to our proposed tobacco policies. Even with the proposed price increases, U.S. cigarettes would relatively inexpensive by world standards. We believe broad scale smuggling is unlikely without the knowledge and complicity of the tobacco industry.

FDA Tobacco Regulation

Q: The Supreme Court is currently considering the FDA's case regarding the tobacco regulation – do you think the FDA will prevail and if they lose what will be the Administration's next step?

A: The Administration supports full FDA authority to regulate tobacco products in order to stop advertising targeted to children and to curb minors' access to tobacco products. We believe the FDA currently has the authority to regulate tobacco products, and that authority was the basis of the FDA tobacco regulation published in 1996, which was immediately challenged in court by the tobacco industry. As you know, the case is now before the Supreme Court. We hope that the Court will confirm FDA's authority in the case now under review. If the FDA does not prevail, we will support legislation that will give the FDA full authority to restrict tobacco advertising and other marketing aimed at children and enforce important restrictions on youth access to tobacco products.

Specific questions about the content of the Government's case or the argument before the Supreme Court should be directed to the Justice Department.

Q: Does the Administration support a ban on tobacco products? The tobacco industry argues that FDA regulation of tobacco products will lead to a ban.

A: This Administration does not support a ban on tobacco products. The FDA regulation the tobacco industry has challenged in court is aimed at preventing underage youth from smoking by eliminating advertising aimed at children and curbing minors' access to tobacco products – it does not restrict adults' access to tobacco products.

Q: When is the Supreme Court expected issue a ruling on this case?

A: The Supreme Court will determine the timing, but typically cases heard in the fall are ruled by the following spring or early summer.

Q: What is the status of the FDA rule now that this matter is in the courts?

A: In April 1997, when the federal district court upheld the Food and Drug Administration's authority to regulate tobacco products, the court ordered the FDA not to put in place the rule's restrictions on tobacco advertising and other marketing aimed at children, pending appeal, but did allow the FDA to go forward with certain important rules restricting youth access to tobacco products. These access restrictions set 18 as the minimum age for purchasing tobacco products and require retailers to check photo ID of anyone younger than age 27. FDA, through an appropriation from Congress, enforces these restrictions through inspections, conducted primarily through contracts with the states.

Q: Are the FDA advertising restrictions really needed, now that the tobacco companies agreed to certain restrictions – such as eliminating billboards – as part of last year's settlement with the states?

A: Yes, the FDA's restrictions are needed to halt tobacco advertising and marketing aimed at children. The FDA's rules are far more comprehensive than those the tobacco companies agreed to in the settlement and will do much more to prevent youth smoking. For example the FDA rule limits tobacco ads in newspapers and magazines with significant youth readership to black and white text, while last year's settlement did not limit print advertising at all. Moreover, the FDA rule banned all tobacco advertising within 1,000 feet of a school, and limited all outdoor advertising to black and white text, while the state settlement allows retailer and other non-billboard ads near schools and with color images that appeal to children.

Q: How does the case argued before the Supreme Court relate to the case brought by the Justice Department against the tobacco industry?

A: These cases are completely separate and different. The Justice Department should comment on the specifics of either case but the suit filed against the tobacco industry by the Justice Department last September is about recovering the federal costs of smoking-related illnesses. Smoking has cost taxpayers billions of dollars through Medicare, veterans' health and other federal health care programs. The case before the Supreme Court is a challenge by the tobacco industry to the Food and Drug Administration's regulation protecting children from tobacco.

Tobacco Farmers

Q: The Administration's proposal will certainly have an effect on tobacco volumes and crop requirements. What assistance does the Administration's budget include for tobacco farmers?

A: This Administration is committed to protecting tobacco farmers and their communities. We've already taken several important steps to protect farmers and their communities and are prepared to do more. First, the Administration fully supported the $5 billion settlement to compensate tobacco farmers, which was agreed to by the states and industry last year. Second, the President signed and supported the Agricultural Appropriations bill last year, which will provide $328 million in this year to compensate tobacco farmers who had quotas reduced in 1999. And third, the Administration is committed, as any federal litigation proceeds to judgment or settlement, that we will make sure that adequate funds are set aside to ensure the financial security of tobacco farmers and their communities.

Justice Department Litigation

Q: Last year, Congress did not provide the funding the Administration requested for the Justice Department tobacco litigation. How is the Department paying the costs of his on-going litigation, and are funds proposed in the budget for FY 2001?

A: Congress did not provide the $20 million requested by the Administration for FY 2000 for tobacco litigation filed against the tobacco industry to recover the federal health care costs of smoking-related illnesses, but did not prohibit the agencies from using existing resources for the litigation. The Justice Department was able to cover part of the litigation costs with existing resources. In addition, three client agencies in the litigation, HHS, VA and DoD are reimbursing DOJ $2.65 million each. The FY 2001 budget proposes $22 million for the tobacco litigation. This litigation will be complex and it's clear that the tobacco companies will spend far more than $20 million defending this matter.

In light of the billions of dollars the federal government spends on tobacco related diseases, we believe the taxpayers will recoup their investment in this litigation many times over. It is critically important that the tobacco industry – which has engaged in a course of deliberate misconduct over the last five decades to hide the addictive nature of tobacco and to suppress information about the health risks of tobacco use – is held responsible for its actions.

Q: What does the Administration propose to do with the proceeds from the federal tobacco litigation?

A: Tobacco-related health problems have cost Medicare and other Federal programs billions of dollars each year. To recover these losses, the Department of Justice has brought suit against the tobacco industry, and the budget contains ample resources to pay the necessary legal costs.

The Administration's budget does not include revenues from the litigation proceeds. These revenues are not assumed in any revenue projections used to balance the budget or fund initiatives.

However, the budget says the Administration will propose that, in addition to any remedies imposed by the court to advance public health, $5 billion of any judgment or settlement be used to assist tobacco farmers and their communities and to support the Department of Veterans Affairs health programs and other federal health programs. One hundred percent of the remaining recoveries would be dedicated to the Medicare and Social Security trust funds, two-thirds to Medicare and one-third to Social Security, to enhance the security of these programs for future generations.

Estimated Revenue Effects of Increasing Tobacco Taxes and Levying a Youth Smoking Assessment

$0.25 per pack increase, speed-up of scheduled 2002 increase, and proportional treatment of other tobacco products

Youth Smoking Assessment of $3000 per Youth Smoker

FY 2001 January Budget

Current Law: See FY2000 Green Book.

Proposal: Increase the excise tax on cigarettes by $0.25 per pack to $0.64 per pack. This includes accelerating the scheduled 2002 increase of $0.05 per pack to the effective date. There will be proportional increases in the excise taxes on other tobacco products. Effective for payments for periods beginning after September 30, 2000.

Levy a Youth Smoking Assessment of $3,000 per youth smoker as measured by HHS Survey.
Assessment effective after 2003 if youth smoking rate not reduced 50% from 1999 level.
This assessment is estimated to be triggered in 2004 through 2008.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	00-05	00-10
	[millions of dollars, fiscal years]												
Net Revenue Effect	446	4,084	3,738	3,532	10,140	9,700	9,789	9,410	9,233	3,138	3,103	31,639	66,313
Youth Smoking Information from the Office of Economic Policy													
30-Day Teen Smoking Rate (%)	14.9	12.8	12.2	11.8	11.9	11.2	10.5	9.8	9.8	9.8	10.4		
Reduction from 1999 Rate (%)	25.4	35.7	38.8	40.7	40.5	43.9	47.4	50.6	50.8	50.6	47.7		
Teen Smokers (thousands)	2,923	2,542	2,460	2,427	2,478	2,372	2,245	2,112	2,090	2,080	2,183		

01-05	01-10
31.2	65.9

Department of the Treasury
Office of Tax Analysis
(JDM)

NOTES: 1. The revenue estimate is based upon a forecast of the number of youth smokers from the Office of Economic Policy.
2. The assessment is levied based on a two year lag in the survey, e.g. the assessment paid in 2004 is based on the youth smoking rate from the 2002 HHS Survey.

File: c:\data\tobacco\revest\fy01jbe\tob0113a.xls

Cynthia A. Rice 01/13/2000 03:47:35 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP

cc: J. Eric Gould/OPD/EOP@EOP, Eugenia Chough/OPD/EOP@EOP
Subject: Tobacco revenues, last year vs. this year

To answer your question, Bruce, comparing revenues raised from tobacco:

FY 2001: $31.2 billion over 5 years (25 cents, acceleration, and assessments/youth smoker)
FY 2000: $34.5 billion over 5 years (55 cents plus acceleration)
FY 1999: $65.5 billion over 5 years (65 cent increase in year 1 rising to $1.10 in year 5).

Cynthia A. Rice 10/21/99 08:25:56 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP

cc: J. Eric Gould/OPD/EOP@EOP, Eugenia Chough/OPD/EOP@EOP, Karin Kullman/OPD/EOP@EOP
Subject: I have Treasury lives saved data

See attached. Treasury assures me that now that they've dusted off their model they can quickly re-run with any other increment (40 cents, 30 cents, etc.)

Note this includes the 55 cents plus acceleration in our budget.

I will share with OMB too.

tax1021 treasury table in Word

This was not released.

Tobacco Talking Points

We Must Prevent Another Generation of Children from Using Tobacco

- Every day 3,000 children become smokers and 1,000 of them die earlier as a result.
- Nearly 90 percent of adult smokers began smoking before age 18. Today over 4 million children aged 12 to 17 – over a third of all high school students – smoke cigarettes.
- Tobacco is linked to over 400,000 deaths a year from cancer, respiratory illness, heart disease and other problems.

Raising the Price of Cigarettes Will Reduce Youth Smoking

- Public health experts agree that the single most effective way to cut youth smoking is to raise the price of cigarettes.
- Teens are more sensitive to price increases than adults and are more likely to quit when prices go up. A 10 percent rise in cigarette prices results in more than a 6 percent decline in teen smokers.
- Last year, the President called for an increase of $1.10 per pack to help cut youth smoking in half within five years. This year, we build on increases already agreed to between the tobacco companies and the states and those already legislated by the Congress. As a result, we can reach the target with a legislated increase of half this amount.

Raising the Cigarette Tax is Not Only Good Health Policy, It's Good Fiscal Policy

- The President's balanced budget would raise the price of cigarettes by 55 cents a pack. This is good health policy and good fiscal policy.
- The President has made clear he will veto budget bills that squander the surplus, endanger Social Security, and slash critical programs. Increasing the price of cigarettes is one of the few funding options that remain, and the Republican leadership should look again at this option.

There is Bipartisan Support for Higher Cigarette Prices

- Last year 57 members of the Senate, including 14 Republicans, voted for a $1.10 per pack price increase, as did 19 of the 20 members of the Senate Commerce Committee. In fact, the Senate Finance Committee voted for a bill with a $1.50 per pack increase.

10/22/99

Teen Smokers Prevented and Lives Saved by President's Tobacco Price Increase

	Percent Reductions in 2004	Number of Teen Smokers Prevented in 2004	Number of Teen Smokers Prevented 2000-2004	Premature Deaths Prevented
Alabama	24%	10,300	21,500	6,900
Alaska	20%	1,700	3,500	1,100
Arizona	20%	11,200	23,200	7,400
Arkansas	23%	6,000	12,600	4,000
California	21%	46,800	97,200	31,100
Colorado	23%	10,600	22,200	7,100
Connecticut	21%	6,500	13,500	4,300
Delaware	24%	2,000	4,300	1,400
DC	20%	600	1,100	400
Florida	23%	35,800	74,700	23,900
Georgia	25%	16,500	34,400	11,000
Hawaii	19%	2,100	4,300	1,400
Idaho	23%	2,900	6,100	2,000
Illinois	21%	29,300	60,900	19,500
Indiana	25%	18,000	37,700	12,100
Iowa	22%	6,400	13,300	4,300
Kansas	24%	6,100	12,600	4,000
Kentucky	27%	11,300	23,600	7,600
Louisiana	24%	13,100	27,400	8,800
Maine	22%	3,300	6,900	2,200
Maryland	22%	10,200	21,300	6,800
Massachusetts	19%	11,600	24,000	7,700
Michigan	19%	25,700	53,200	17,000
Minnesota	20%	11,100	23,000	7,300
Mississippi	24%	6,000	12,600	4,000
Missouri	24%	14,800	31,000	9,900
Montana	24%	1,900	3,900	1,200
Nebraska	23%	4,300	8,900	2,800
Nevada	21%	3,700	7,700	2,500
New Hampshire	23%	2,800	5,800	1,900
New Jersey	22%	14,200	29,400	9,400
New Mexico	23%	4,100	8,500	2,700
New York	20%	42,800	88,700	28,400
North Carolina	26%	21,000	44,100	14,100
North Dakota	22%	1,500	3,000	1,000
Ohio	24%	35,400	73,900	23,700
Oklahoma	24%	7,800	16,400	5,200
Oregon	22%	6,600	13,700	4,400
Pennsylvania	23%	33,500	69,900	22,400
Rhode Island	20%	2,600	5,400	1,700
South Carolina	26%	8,400	17,600	5,600
South Dakota	23%	1,800	3,700	1,200
Tennessee	25%	13,200	27,500	8,800
Texas	22%	44,400	92,300	29,500
Utah	22%	3,800	8,000	2,600
Vermont	21%	1,400	3,000	1,000
Virginia	25%	17,000	35,600	11,400
Washington	18%	11,500	23,700	7,600
West Virginia	25%	4,800	10,100	3,200
Wisconsin	21%	13,100	27,200	8,700
Wyoming	24%	1,300	2,600	800
U.S.	**22%**	**622,800**	**1,296,700**	**415,000**

NOTE: Estimates include a 15% reduction in teen smoking and premature deaths due to advertising and marketing restrictions.

6/19/00

Clinton-Gore Accomplishments
Reforming Welfare by Promoting Work and Responsibility

On August 22, 1996, President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act, fulfilling his longtime commitment to 'end welfare as we know it.' As the President said upon signing, "... this legislation provides an historic opportunity to end welfare as we know it and transform our broken welfare system by promoting the fundamental values of work, responsibility, and family."

TRANSFORMING THE BROKEN WELFARE SYSTEM

- **Overhauling the Welfare System with the Personal Responsibility Act**: In 1996, the President signed a bipartisan welfare plan that has dramatically changed the nation's welfare system into one that requires work in exchange for time-limited assistance. The law contains strong work requirements, performance bonuses to reward states for moving welfare recipients into jobs and reducing illegitimacy, state maintenance of effort requirements, comprehensive child support enforcement, and supports for families moving from welfare to work -- including increased funding for child care. State strategies are making a real difference in the success of welfare reform, specifically in job placement, child care and transportation. In April 1999, the President unveiled landmark welfare regulations to promote work and help those who have left the rolls to succeed in the workforce and stay off welfare. In May 1999, the Department of Health and Human Services released guidance on how states and local governments can use welfare block grant funds to help families move from welfare to work.

- **Law Builds on the Administration's Welfare Reform Strategy**: Even before the Personal Responsibility Act became law, many states were well on their way to changing their welfare programs to jobs programs. By granting federal waivers, the Clinton Administration allowed 43 states -- more than all previous Administrations combined -- to require work, time-limit assistance, make work pay, improve child support enforcement, or encourage parental responsibility. The vast majority of states have chosen to build on their welfare demonstration projects approved by the Administration.

MOVING PEOPLE FROM WELFARE TO WORK:
Welfare Rolls Decline as More Recipients go to Work

- **Caseloads Have Fallen to Historic New Lows.** In May 2000, HHS released data (from Septemb 1999) showing that since January 1993, the welfare rolls have fallen by 7.5 million, or more than half (53 percent) from 14.1 million to 6.6 million – resulting in the fewest number of people on welfare since 1968 (31 years ago). The percent of Americans on welfare is now at 2.4 percent, the lowest level since 1966 (33 years ago) under the Clinton-Gore Administration. In August, the Council of Economic Advisers reported that the single most important factor contributing to this historic decline is the implementation of welfare reform. Of the caseload reduction from 1996 to 1998, approximately one-third is due to federal and state policy changes resulting from welfare reform and about 10 percent is due to the strong economy.

- **Bonuses for Welfare to Work Success.** In December 1999, the President announced that 27 stat were awarded the first high performance bonuses to reward superior results in moving people from welfare to work. The $200 million in bonuses, which the President fought hard to authorize in the 1996 welfare reform legislation, went to the top ten states with the best records in each of four categories related to moving parents on welfare into jobs and their success in the workforce. The states that ranked the highest in each category were Indiana (job placement), Minnesota (job success, measured by job retention and earnings), Washington (biggest improvement in job placement) and Florida (biggest improvement in job success, measured by job retention and earnings).

- **New Actions to Help Working Families**: The President also unveiled new incentives for states to encourage the formation of two parent families and help working families succeed, through a new regulation to award future high performance bonuses. The new regulation, proposed by the Department of Health and Human Services, will retain the current work measures, and add new categories for enrollment in Medicaid and the Children's Health Insurance Program (CHIP); enrollment in the Food Stamp program; and family formation. These new measures will ensure that welfare reform will continue to move millions of families from dependence to independence, by encouraging work, supporting working families to help them succeed and stay off welfare, and increasing the number of low-income children living with two married parents. A total of $60 million in bonus funds will be available for these new measures, and $140 million for the continuing work measures.

- **Millions on Welfare are Going to Work.** At the President's insistence, the 1996 welfare reform legislation included both rewards and penalties to encourage states to place people in jobs. According to reports filed by the 46 states competing for the high performance bonus, more than 1.3 million welfare recipients nationwide went to work in just the one year period between October 1997 and September 1998. Retention rates were also promising: 80 percent of those who got jobs were still working three months later. States also reported an average earnings increase of 23 percent for former welfare recipients, from $2,088 in the first quarter of employment to $2,571 in the third quarter. The first full year of work data since welfare reform, released in August 1999, also show that all 50 states met the law's overall work requirement for 1998. Nationally, 35 percent of all welfare recipients were working or in work-related activities in 1998. The data also show that nationwide, the percentage of welfare recipients working has nearly quadrupled since the President took office, rising from 7 percent in 1992 to 27 percent in 1998, with the remainder fulfilling their participation requirements through job search, education and training.

- **Independent Studies Confirm Record Numbers of People are Moving from Welfare to Work** Numerous independent studies also confirm that more people are moving from welfare to work. A national survey released by the Urban Institute found 69 percent of recipients had left welfare for work, and 18 percent had left because they had increased income, no longer needed welfare or had a change in family situation. A recent General Accounting Office report found that between 63 and 87 percent of adults have worked since leaving the welfare rolls – results similar to state studies funded by the Department of Health and Human Services. At the same time, the Census Bureau's Current Population Survey shows that between 1992 and 1999, the employment rate of previous year welfare recipients increased by 82 percent.

- **Mobilizing the Business Community**: At the President's urging, The Welfare to Work Partnersh launched in May 1997 to lead the national business effort to hire people from the welfare rolls. The Partnership began with 105 participating businesses, and, has now grown to more than 15,000 businesses of all sizes and industries. Since 1997, these businesses have hired nearly 650,000 welfare recipients, surpassing the challenge the President set in May of 1998. The Partnership provides technical assistance and support to businesses around the country, including: its toll-free number 1-888-USA-JOB1, a web site, a quarterly newsletter, and a number of resource guides for businesses. The Partnership updated "The Road to Retention," a report of companies that have found higher retention rates for former welfare recipients than for other new hires, and strategies they used to achieve this success.

- **Connecting Small Businesses with New Workers and Creating New Entrepreneurs**: The Sma Business Administration is addressing the unique and vital role of small businesses who employ over one-half of the private workforce, by helping small businesses throughout the country connect with job training organizations and job-ready welfare recipients. In addition, SBA provides training and assistance to welfare recipients who wish to start their own businesses. SBA provides assistance to businesses through its 1-800-U-ASK-SBA number, as well through its network of small business development and women's business centers, one-stop capital shops, Senior Corps of Retired Executives (SCORE) chapters, district offices, and its website.

- **Mobilizing Civic, Religious and Non-profit Groups**: In May 1997, Vice President Gore created Welfare-to-Work Coalition to Sustain Success, a coalition of national civic, service, and faith-based groups committed to helping former welfare recipients succeed in the workforce. Working in partnership with public agencies and employers, Coalition members provide mentoring, job training, child care, transportation, and other support to help these new workers with the transition to self sufficiency. Charter members of the Coalition include: Alpha Kappa Alpha, the Boys and Girls Clubs of America, the Baptist Joint Committee, Goodwill, Salvation Army, the United Way, Women's Missionary Union, the YMCA, the YWCA, and other civic and faith-based groups.

- **Doing Our Fair Share with the Federal Government's Hiring Initiative**: Under the Clinton/Go Administration, the federal workforce is the smallest it has been in forty years. Yet, this

Administration also believes that the federal government, as the nation's largest employer, must lead by example. In March 1997, the President challenged federal agencies to directly hire at least 10,000 welfare recipients in the next four years. In August 1999, Vice President Gore released the second annual report on this initiative and announced that the federal government had hired over 14,000 welfare recipients, exceeding the goal nearly two years ahead of schedule. To date, under the Vice President's leadership, federal agencies have hired nearly 29,000 welfare recipients. As a part of this effort, the White House pledged to hire six welfare recipients and has already exceeded this goal.

HELPING FAMILIES MOVE FROM WELFARE TO WORK AND SUPPORTING WORKING FAMILIES

- **Helping Low-income Fathers and Working Families Support their Children**: The Administra budget proposes $255 million for the first year of a new "Fathers Work/Families Win" initiative to promote responsible fatherhood and support working families, critical next steps in reforming welfare and reducing child poverty. These new competitive grants will be awarded to business-led local and state workforce investment boards who work in partnership with community and faith-based organizations, and agencies administering child support, TANF, food stamps, and Medicaid, thereby connecting low-income fathers and working families to the life-long learning and employment services created under the Workforce Investment Act and delivered through one-stop career centers.

  - *Fathers Work.* To ensure that low-income fathers who are not living with their children provide the financial and emotional support their children deserve, the Administration's budget will include $125 million for new "Fathers Work" grants. These grants will help approximately 40,000 low-income non-custodial parents (mainly fathers) work, pay child support, and reconnect with their children. This initiative builds on over $350 million in responsible fatherhood initiatives funded through the Labor Department's Welfare-to-Work program. As part of this effort, states will need to put procedures in place allowing them to require more parents who owe child support to pay or go to work, including parents of children not on welfare.

  - *Families Win.* To reward work and responsibility and ensure that all families benefit from the booming economy, the Administration's budget will include $130 million in new grants to help hard-pressed working families get the supports and skills they need to succeed on the job and avoid welfare. These funds will leverage existing resources to help families retain jobs and upgrade skills, and get connected to critical work supports, such as child care, child support, health care, food stamps, housing, and transportation. Families Win grants will serve approximately 40,000 low-income families, including mothers and fathers, former welfare recipients, and people with disabilities. Within these funds, $10 million will be set aside for applicants from Native American workforce agencies.

- **New Initiatives to Collect more Child Support**: Since the President took office, child support collections have doubled from $8 billion in 1992 to nearly $16 billion in 1999. Today, parents who owe child support have their wages garnished, their bank accounts seized, their federal loans denied, and their tax refunds withheld. Not only are collections up, but the number of families that are actually receiving child support has also increased. In 1998, the number of child support cases with collections rose to 4.5 million, an increase of 59 percent from 2.8 million in 1992. A new collection system, proposed by the President in 1994 and enacted as part of the 1996 welfare reform law, has already located over 3.5 million delinquent parents. Over $1.3 billion was collected from federal income tax refunds for tax year 1998, double the amount since 1992. In addition, a new program established in 1999 that matches records of parents who owe child support with multi-state financial institutions, has already identified nearly 900,000 delinquent parents with accounts valued at $3 billion. In June 1998, the President signed the Deadbeat Parents Punishment Act, enacting tougher penalties for parents who repeatedly fail to support children living in another state or who flee across state lines. The number of fathers taking responsibility for their children by establishing paternity rose to a record 1.5 million in 1998, triple the 1992 figure of 516,000.

To build on this success, the budget contains several new initiatives to further crackdown on parents who can afford to pay child support and to ensure more child support goes directly to families. In total, these initiatives will bring in nearly $2 billion more for families.

- *More enforcement tools.* Parents who owe child support will have their gambling winnings intercepted. If they refuse to pay, they will have their vehicles booted, they will have a harder time obtaining or renewing a passport, and they will be prohibited from enrolling as a Medicare provider. In addition, states will be required to review support orders for families on welfare every three years, and adjust them accordingly – bringing more support to children who need it.

- *More reliable child support income for families.* Current child support distribution rules are complicated, and often result in government, not families, keeping child support. The Administration's proposals will ensure that families can rely on child support as a stable source of income, and create a clearer connection between what a father pays and what his family gets, giving parents more reason to cooperate with the child support system. The proposals will enable states to simplify distribution rules and provide incentives to states that pass through more child support payments directly to families. In states that adopt the new options, families leaving welfare will keep all the child support paid by the noncustodial parent; families still working their way off welfare will be able to keep up to $100 a month.

- **Extending Welfare-to-Work Grants**: Because of the President's leadership, the 1997 Balanced B Act included $3 billion in FY 1998 and FY 1999 for Welfare-to-Work grants to help states and local communities move long-term welfare recipients and certain non-custodial parents, into lasting, unsubsidized jobs. Funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers and other critical post-employment support services. The Department of Labor provides oversight, but most of the dollars are placed through local business-led boards, in the hands of the localities who are on the front lines of the welfare reform effort. Federally-recognized tribes also receive up to $30 million of the Welfare-to-Work funds. In addition, 25 percent of the funds are awarded by the Department of Labor on a competitive basis. For FY 1998 and 1999, the Clinton-Gore Administration awarded 190 competitive grants that support innovative local strategies to help noncustodial parents and individuals with limited English proficiency, disabilities, substance abuse problems, or a history of domestic violence get and keep employment.

The Department of Labor also joined forces with the Department of Commerce to train welfare recipients as enumerators in the Year 2000 Census. In September 1999, Goodwill Industries received $20 million in Welfare-to-Work competitive grant funds to move up to 10,000 welfare recipients into jobs, while helping the 2000 Census get a more accurate count of individuals in high poverty areas around the country.

To help more long-term welfare recipients and low-income fathers go to work and support their families, the Administration's FY 2001 budget will give state, local, tribal, and community- and faith-based grantees an additional two years to spend Welfare-to-Work funds, ensuring that roughly $2 billion in existing resources continues to help those most in need. This will give grantees an opportunity to fully implement the Welfare-to-Work initiative, as well as the program eligibility improvements enacted last year with the Administration's support.

- **Tax Credits for Employers**: The Welfare-to-Work and Work Opportunity Tax Credits encourage employers to hire welfare recipients and other disadvantaged individuals. The Welfare-to-Work Tax Credit, enacted in the Taxpayer Relief Act of 1997, offers a credit equal to 35 percent of the first $10,000 in wages in the first year of employment, and 50 percent of the first $10,000 in wages in the second year – for a total credit of up to $8,500. This credit complements the Work Opportunity Tax Credit, which offers a credit of up to $2,400 for the first year of wages for eight groups of job seekers. From 1997 to 1999, employers were eligible to claim these tax credits for nearly 900,000 newly employed welfare recipients and other disadvantaged individuals. Both credits are currently available through December 2001.

- **Housing Vouchers for Hard-Pressed Working Families**: The Clinton-Gore budget will include million for 120,000 new housing vouchers to help America's hard-pressed working families. These housing vouchers subsidize the rents of low-income Americans, enabling them to move closer to job opportunities – many of which are being created far from where these families live. Of the 120,000 new housing vouchers, 32,000 will be targeted to families moving from welfare to work, 18,000 to homeless individuals and families, and 10,000 to low-income families moving to new housing constructed through the Low Income Housing Tax Credit, with the remaining 60,000 vouchers allocated to local areas to help address the large unmet need for affordable housing. These new vouchers build on the 110,000 new housing vouchers secured through the President's leadership in the past two years.

In 1999, the President proposed and Congress approved $283 million for 50,000 new welfare-to-work housing vouchers for welfare recipients who need housing assistance to get or keep a job. Nearly all of these vouchers were awarded on a competitive basis to 35 states and two tribes, to communities that created cooperative efforts among their housing, welfare and employment agencies. The FY 2000 budget included $347 million for 60,000 new housing vouchers for hard-pressed working families.

- **Helping Low-Income Working Families Get to Work**: Transportation to work is a barrier fo many low-income families. Existing public transit often doesn't link to suburban job opportunities, cover evening and weekend hours, or serve many rural communities. The Administration proposes a package of initiatives to help low-income families get to work by making it easier for them to purchase a car and improving public transit solutions.

  - *Make it easier for working families to own vehicles and receive food stamps.* Some families need a car to get to work; however, owning a car can often be the one item that makes a household ineligible for food stamps. Current law limits food stamp eligibility to most families owning a car worth less than $4,650. This limit has increased only three percent since it was set in 1977, while the cost of cars has nearly tripled. The President's budget will make it easier for working families to own a reliable vehicle and receive food stamps by allowing states to conform their food stamp vehicle policy with a more generous TANF vehicle policy.

  - *Allow working families to use Individual Development Accounts* to save for a car that will allow them to get or keep a job.

  - *Double Access to Jobs transportation funding* to $150 million to expand grants to communities to develop innovative transportation solutions that help more low-income workers and welfare recipients get to work. The Department of Transportation will set aside $5 million for Indian tribes, allowing tribes to apply directly to the Federal Transit Administration for these grants. To support the Administration's Delta Initiative, $5 million will also be set aside for applicants from the Mississippi Delta region. The Transportation Equity Act for the 21st Century authorized $750 million over five years for the President's Job Access initiative and reverse commute grants. In May 1999, Vice President Gore awarded $71 million of these funds to 179 communities in 42 states around the country. The FY 2000 budget included $75 million for this program.

BREAKING THE CYCLE OF DEPENDENCY

- **Preventing Teen Pregnancy**: Significant components of the President's comprehensive effort to teen pregnancy became law when the President signed the 1996 Personal Responsibility Act. The law requires unmarried minor parents to stay in school and live at home or in a supervised setting; encourages "second chance homes" to provide teen parents with the skills and support they need; and, provides $50 million a year in new funding for state abstinence education activities. Since 1993, the Administration has supported innovative and promising teen pregnancy prevention strategies, including working with boys and young men on pregnancy prevention. The National Campaign to Prevent Teen Pregnancy, a private nonprofit organization, was formed in response to the President's 1995 State of the Union. In 1997, the President announced the National Strategy to Prevent Teen Pregnancy. HHS' second annual report on this Strategy reported that HHS-supported programs reach at least 34 percent or 1,616 communities in the United States. In April 1999, the Vice President announced new data showing that we continue to make real progress in encouraging more young people to delay parenthood and led a roundtable discussion highlighting promising local teen pregnancy prevention. Teen birth rates have declined nationwide by 18 percent from 1991 to 1998, and have fallen in every state and across ethnic and racial groups. For girls ages 15 to 17, the 1998 birth rate is at its lowest in four decades. In addition, teen pregnancy rates are at the lowest rate since we first began collecting these data in 1976.

To build on this progress in breaking the cycle of dependency, the Administration's FY 2001 budget includes $25 million to support adult-supervised and supportive living arrangements, often called second chance homes, for unmarried teen parents and their children who cannot live with their parents other relatives. States will be able to use these Social Services Block Grant (SSBG) funds, as they can other funds, to support services provided by faith-based and community-based organizations. Overall, the budget increases SSBG by $75 million to support a wide range of programs, including child protection, child care, and services for the elderly and disabled.

- **Reducing Out-of-Wedlock Births**: In September 1999, Secretary Shalala awarded bonuses of $2 million to each of four states (Alabama, California, Massachusetts and Michigan) and the District of Columbia for achieving the nation's largest decreases in out-of-wedlock births between 1994 and 1997. These were the first bonuses awarded under the welfare reform law which provided $100 million annually for up to five states with the largest reduction in the proportion of births out-of-wedlock that also show a decrease in their abortion rate. Nationwide, the birthrate for unmarried women has declined by 2 percent between 1991 and 1998.

SUPPORTING WORKING FAMILIES

- **Expanding the Earned Income Tax Credit**: Expansions in the EITC included in the President's Economic Plan are making work pay for 15 million working families, including former welfare recipients. A study conducted by the Council of Economic Advisers reported that in 1998, the EITC lifted 4.3 million Americans out of poverty -- more than double the number in 1993. The findings also suggest that the increase in labor force participation among single mothers who received welfare is strongly linked to the EITC expansion. The FY 2001 budget proposes a nearly $24 billion plan to expand the Earned Income Tax Credit (EITC), providing as much as $1,200 in additional tax relief to an estimated 6.8 million hard-pressed working families.

- **Improving Access to Affordable and Quality Child Care:** Under this Administration, federal fu for child care has more than doubled, helping parents pay for the care of about 1.5 million children in 1998. The 1996 welfare reform law increased child care funding by $4 billion over six years to provide child care assistance to families moving from welfare to work and other low-income families. The Clinton-Gore FY 2001 budget includes a comprehensive child care initiative to address the struggles our nation's working parents face in finding child care they can afford, trust and rely on. The Administration proposes to expand Head Start funding by $1 billion to provide slots to approximately 950,000 children, and requests $3 billion over five years for the Early Learning Fund to help improve child care quality and early childhood education for children under five years old. In addition, the President's budget includes subsidies and tax relief to help working families pay for child care.

- *Helping Low-Income Families Afford Child Care.* The Administration's budget expands the Child Care and Development Block Grant to help working families struggling to afford child care. The President's budget increases funding for child care subsidies by $817 million in FY 2001, which combined with the child care funds provided in welfare reform, will enable the program to serve over 2.2 million children in 2001, an increase of nearly one million since 1997. Today, millions of families eligible for child care assistance do not receive any help; in 1998, only about 10 percent of the 15 million low-income children eligible for assistance under federal law received subsidies.

- *Helping Over 8 Million Families Pay Child Care Expenses.* The Child and Dependent Care Tax Credit (CDCTC) provides tax relief to those who, in order to work, pay for the care of a child under 13 or for a disabled dependent or spouse. The Administration requests $30 billion over 10 years to broaden this tax relief and help over 8 million families pay their child care expenses by 1) making the Child and Dependent Care Tax Credit refundable for the first time -- so that almost 2 million low-income families with no tax liability can receive up to $2,400 to help offset child care expenses; 2) increasing the level of the credit from 30 percent to 50 percent for over 4 million families earning up to $60,000 annually; and 3) extending the credit to almost 2 million parents who stay at home. The budget also includes tax incentives to encourage businesses to provide child care for employees.

- **Providing Health Care to Low-Income Working Families.** The President has insisted on maint the Medicaid guarantee and has successfully fought to increase low-income families' access to health care. Under the Clinton-Gore Administration, states have expanded Medicaid coverage to working families who cannot afford health insurance, allowing Medicaid to be a freestanding health insurance program for low-income families. With bipartisan support from the Congress, the President created the Children's Health Insurance Program (CHIP) in 1997, allocating $24 billion dollars over the next five years to extend health care coverage to uninsured children through state-designed programs. In August 1998, the President eliminated a vestige of the old welfare system by allowing all states to provide Medicaid coverage to more than 130,000 working, two-parent families who meet state income eligibility requirements, eliminating disincentives to marriage and work.

The President and Vice President strongly believe we should continue to expand access to affordable health care. The budget proposes a 10-year, $110 billion initiative that would expand coverage to at least 5 million uninsured Americans and expand access to millions more. It addresses the nation's coverage challenges by building on and complementing current private and public programs. Specifically, the initiative: (1) provides a new, affordable health insurance option for families called "FamilyCare," which builds on the State Children's Health Insurance Program to provide higher Federal matching payments to parents of children eligible for or enrolled in Medicaid or S-CHIP; (2) extends transitional Medicaid for up to a year for those losing it due to increased earnings; (3) accelerates enrollment of uninsured children eligible for Medicaid and S-CHIP; (4) expands state options for people ages 19 and 20 and legal immigrants; (5) helps small businesses afford insurance; and, (6) strengthens programs that provide health care directly to the uninsured. If enacted, this would be the largest investment in coverage since Medicare was created in 1965.

- **Ensuring that Eligible Families get Food Stamps and Medicaid**: Medicaid and Food S are essential supports for working families. As these parents leave welfare for work, continued access to health insurance and nutritional assistance is a critical piece in making the transition to self-sufficiency. The Administration has taken a number of actions to ensure that states comply with the law, reach out to low-income working families who may be eligible for Food Stamps and Medicaid, provide guidance to states on what their responsibilities are and how to improve practices, and use bonuses and sanctions to hold states accountable. As parents leave welfare for work, it is important for them to know that health insurance and nutritional assistance benefits are still available. It's also important that states reach out to low-income working families who may be eligible for these programs since Food Stamps and Medicaid could keep them off of welfare in the first place.

- ➢ In April 2000, HHS sent guidance to states asking them to review their computer systems and eligibility processes, review their own records to be sure that no one who was entitled to keep Medicaid after leaving cash assistance lost out, and reinstate anyone who was improperly terminated from Medicaid.
- ➢ HCFA also released guidance in January 2000 advising states of the continued availability of federal funds set aside in the 1996 welfare law to help states cover the costs of adapting their Medicaid policies and systems to welfare reform changes. At the end of last year, the Administration worked successfully with Congress to extend the life of this fund; most states have a considerable amount of funds to use for these purposes.
- ➢ In December 1999, the President unveiled $200 million a year in new incentives for states that succeed in moving people from welfare to work, enrolling children and families in Medicaid, Children's Health Insurance Program and Food Stamps, and encouraging family formation.
- ➢ In July 1999, the President took executive actions to help ensure working families who need Food Stamps have access, including: a public education campaign with informational materials and an enhanced toll-free information line, guidance making it easier for working families to own a car and still receive food stamps, and regulations making it easier for states to serve working families.
- ➢ In March 1999, all state Medicaid and TANF administrators received guidance on how states can improve their Medicaid and welfare systems, and a June 1999 letter explaining actions to ensure that all those eligible for Medicaid receive it. The Administration also launched a 50-state review process to make sure that all those who should receive Medicaid do.
- ➢ In January 1999, USDA sent states a notice outlining the law's requirements, including that states should ensure that applicants are fully aware of their right to file an application for Food Stamps when applying for cash assistance and should not automatically terminate Food Stamp benefits as people move to work.

The FY 2001 budget includes $10 million for USDA to enhance nutrition security for low-income Americans through a multi-faceted education and outreach campaign. The new Families Win initiative also includes $5 million to improve access to these critical work supports for low-income working families through the one-stop career centers.

- **Helping to Invest for the Future**: In 1992, the President proposed to establish Individual Develo Accounts (IDAs) to empower low-income families to save for a first home, post-secondary education, or to start a new business. The 1996 welfare reform law authorized the use of welfare block grants to create IDAs. And in 1998, the President signed legislation creating a five-year $125 million demonstration program. Households that are either eligible for Temporary Assistance for Needy Families or qualify for the Earned Income Tax Credit and have a net worth below $10,000 are eligible to participate in the demonstration. In FY 1999, the Department of Health and Human Services awarded nearly $10 million to 40 grantees that will establish over 10,000 savings accounts for low-income workers. The FY 2001 budget provides $25 million for IDAs in FY 2001 to create over 20,000 new accounts. The Administration will also propose to allow low-income working families to use IDAs to save for a car that will allow them to get or keep a job.

RESTORING FAIRNESS TO LEGAL IMMIGRANTS

Upon signing the welfare reform law, the President made a commitment to reversing unnecessary cuts in benefits to legal immigrants that had nothing to do with the law's goal of moving people from welfare to work. In 1997, the President fought for and ultimately was successful in ensuring that the Balanced Budget Act protects the most vulnerable. In 1998, the President continued his proposals to reverse unfair cuts in benefits to legal immigrants. The Administration's FY 2001 budget continues to fight for restoring important disability, health, and nutrition benefits to additional categories of legal immigrants, at a cost of $2.5 billion over five years.

- **Disability and Health**: The Balanced Budget Act of 1997 and the Noncitizen Benefit Clarification and Other Technical Amendments Act of 1998 invested $11.5 billion to restore disability and health benefits to 380,000 legal immigrants who were in this country before welfare reform became law (August 22, 1996). The President's FY 2001 budget proposes to restore eligibility for SSI and Medicaid to legal immigrants who enter the country after that date if they have been in the United States for five years and become disabled after entering the United States. This proposal will cost approximately $1.2 billion and assist an estimated 53,000 legal immigrants by 2005, about half of whom would be elderly.

- **Nutritional Assistance**: The Agricultural Research Act of 1998 provided Food Stamps for 225,000 legal immigrant children, senior citizens, and people with disabilities who entered the United States by August 22, 1996. The President's FY 2001 budget restores eligibility to legal immigrants in the United States before August 22, 1996 who either subsequently reach age 65 or who live in a household with Food Stamp eligible children. This proposal will restore benefits to about 165,000 legal immigrants by 2005 at a cost of $565 million.

- **Health Care for Children and Pregnant Women**: Under current law, states have the option to provide health coverage to legal immigrant children and pregnant women who entered the country before August 22, 1996. The President's FY 2001 budget gives states the option to extend Medicaid or State Children's Health Insurance Program (SCHIP) coverage to low-income legal immigrant children and Medicaid to pregnant women regardless of their date of entry to the United States, including those who entered after August 22, 1996. The proposal would cost $695 million and provide critical health insurance to approximately 144,000 children and 33,000 women by FY 2005. This proposal would help reduce the number of high-risk pregnancies, and ensure healthier children. The budget's Medicaid/SCHIP FamilyCare initiative also covers legal immigrant parents of children who are covered by Medicaid or SCHIP.

Welfare and Work

For twelve years the Republicans in Washington have praised the virtue of hard work, but they have hurt hard-working Americans. They have talked about "family values," but their policies show they don't really value families. They have pledged to reform welfare, but they have no plan to put people back to work. They have put their elections first—and people last.

Millions of Americans have paid the price. Wages are flat, good jobs are scarce, and poverty has exploded. Today almost one of every five people who works full-time doesn't earn enough to keep his or her family above the poverty level. Almost one of every five children lives in poverty—a million more than ten years ago. And because of deadbeat spouses, more than one of every five single parents doesn't get adequate child support.

It's time to honor and reward people who work hard and play by the rules. That means ending welfare as we know it—not by punishing the poor or preaching to them, but by empowering Americans to take care of their children and improve their lives. No one who works full-time and has children at home should be poor anymore. No one who can work should be able to stay on welfare forever.

We can provide opportunity, demand responsibility,

and end welfare as we know it. We can give every American hope for the future.

Here's how:

End Welfare as We Know It

• *Empower people* with the education, training, and child care they need for up to two years, so they can break the cycle of dependency; expand programs to help people learn to read, get their high school diplomas or equivalency degrees, and acquire specific job skills; and ensure that their children are cared for while they learn.

• After two years, *require those who can work to go to work,* either in the private sector or in community service; provide placement assistance to help everyone find a job, and give the people who can't find one a dignified and meaningful community service job.

• Actively *promote state models that work,* like Arkansas's Project Success.

• Guarantee *affordable, quality health care to every American*—so nobody is forced to stay on welfare because going back to work would mean losing medical insurance.

• *Sign into law the Family and Medical Leave Act,* which President Bush has vetoed, to give workers the right to take twelve weeks of unpaid leave per year to care for a newborn or a sick family member—a right enjoyed by workers in every other advanced industrial nation.

Guarantee a Working Wage

• *Expand the Earned Income Tax Credit* so that no one with a family who works full-time has to raise his or her children in poverty; make up the difference between a family's earnings and the poverty level.

• Increase the minimum wage to keep pace with inflation and enforce the prevailing wage protections contained in the Davis-Bacon Act.

• Create a *national apprenticeship-style program* by bringing business, labor, and education leaders together to offer non-college-bound students valuable skills training, with the promise of good jobs when they graduate.

• Require every employer to spend 1.5 percent of payroll for *continuing education and training* and provide training to all workers, not just executives.

Help Low-Income Americans Build Savings

• Enable low-income Americans to set up *Individual Development Accounts* to save for specific purposes such as post-secondary education, home ownership, retirement, and small business startups.

• *Eliminate foolish regulations* that discourage people receiving income maintenance from saving. It's a travesty that people on welfare who want to do right by themselves and their families can't because the government won't let them.

Stimulate Investment in Inner City and Rural Areas

• Establish a *nationwide network of community development banks,* modeled on the successful South Shore Bank in Chicago and Southern Development Bancorporation in Arkansas, to provide loans to low-income entre-

preneurs and homeowners in the inner cities. These banks will also provide advice and assistance to entrepreneurs, invest in affordable housing, and help mobilize private lenders.

• Create *urban enterprise zones* in stagnant inner cities, but only for companies willing to take responsibility. Minimize business taxes and federal regulations to provide incentives to set up shop. In return, require companies to make jobs for local residents a top priority.

• *Ease the credit crunch in our inner cities* by passing a more progressive Community Reinvestment Act to prevent redlining, and by requiring financial institutions to invest in their communities.

Educate Our Children

• Expand innovative parenting programs like Arkansas's Home Instructional Program for Pre-school Youngsters (HIPPY), which helps disadvantaged parents work with their children to *build an ethic of learning at home* that benefits both.

• *Fully fund Head Start,* WIC, and other initiatives recommended by the National Commission on Children that will help send our children to school ready to learn—programs that save the government several dollars for every one it spends.

• *Make educational opportunity a reality* by increasing Chapter One funding for schools in disadvantaged neighborhoods, setting tough standards, and helping communities open youth opportunity centers for dropouts who need a second chance.

• *Give every American the right to borrow money for* *college* by maintaining the Pell grant program, scrapping the existing student loan program, and establishing a National Service Trust Fund. Those who borrow from the fund will be able to choose how to repay the balance: either as a small percentage of their earnings over time, or by serving their communities doing work their country needs.

Crack Down on Deadbeat Parents

- Report them to credit agencies, so they can't borrow money for themselves when they're not taking care of their children.
- Use the Internal Revenue Service to help collect child support.
- Start a national deadbeat databank to enable law enforcement officers to track down negligent parents more easily.
- Make it a felony to cross state lines to avoid paying child support.

Women

NEVER BEFORE have American women had so many options—or been asked to make such difficult choices. It's time not only to make women full partners in government, but to make government work for women.

The Bush Administration says it is committed to women, but it has repeatedly acted against their interests. A Clinton–Gore Administration will be different. Instead of fighting to deprive women of their legal right to choose, we will support the Freedom of Choice Act—not because we are pro-abortion, but because we think certain choices are too personal for politics.

Instead of making life-saving research a political issue, we will let it serve American women by lifting the ban on fetal tissue research and directing adequate resources to women's health issues. And instead of vetoing legislation to give Americans the right to take leave from work to care for newborn children and sick relatives—a right enjoyed in every other major industrialized nation—we will sign into law the Family and Medical Leave Act.

The Bush–Quayle Administration has failed to do right by American women. We will do better.

We will:

Studies in Communication, Media, and Public Opinion
A series edited by Susan Herbst and Benjamin I. Page

Why Americans Hate Welfare

RACE, MEDIA, AND THE POLITICS OF ANTIPOVERTY POLICY

Martin Gilens

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9

The Politics of the American Welfare State

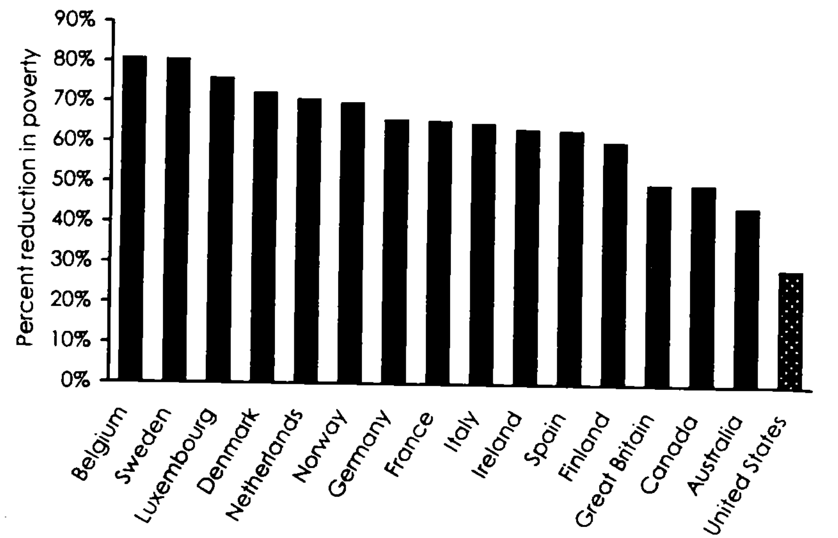
The United States stands out among the world's industrialized countries in many ways, both good and bad. Among the less desirable characteristics that sets the United States apart is the ineffectiveness of its antipoverty policies. Government policies do less to reduce poverty in America than in almost any other industrialized nation. Figure 9.1 shows the combined impact of government taxes and transfer programs on the poverty levels of sixteen developed countries.[1] In twelve of these countries, government policies reduce the poverty rate by 60 percent to 80 percent. That is, of those who would be poor based on their market income alone, government programs lift between 60 percent and 80 percent out of poverty. In Canada and Great Britain, only 50 percent of those who would otherwise be poor are lifted above this threshold, while in Australia only 44 percent are raised above the poverty level. In the United States, which stands alone at the bottom of this ladder, poverty is reduced by only 29 percent as a consequence of government taxes and transfers.

Why Doesn't the American Government Do More to Help the Poor?

A full analysis of the political obstacles to a better-funded and more effective government antipoverty policy is beyond the scope of this book. But the brief account that follows can at least point to some of the factors that explain the persistence of our current rather feeble efforts to help the poor.

One reason that America has not devoted more resources to fighting poverty is the public's concern with the undeserving poor. Americans'

Figure 9.1 Percent Reduction in Poverty Due to Government Taxes and Transfer Programs



Source: Smeeding, "Financial Poverty in Developed Countries," table 7.

Notes: Poverty levels are based on 50% of each country's median disposable income. See page 262, note 1 for details of income, tax, and transfer calculations.

cynicism toward welfare recipients, sustained by misperceptions of the racial composition of the poverty population and negative stereotypes of blacks, limits the easiest and by many accounts most effective antipoverty measure: giving money to those who lack it. The distinction between the deserving and the undeserving poor is an old one, as is the stereotype of blacks as lazy. But these two sets of attitudes became entwined in the mid-1960s when poor blacks first came to the widespread attention of the American media and the American public. The already existing belief that blacks were lazy contributed to the negative media coverage of the black poor over the ensuing decades, and this coverage has in turn helped to perpetuate the stereotype of blacks as lazy and the black poor as undeserving.

The portrayal of poverty in the news both reflects and reinforces the racial stereotypes that generate public opposition to welfare. I argued in earlier chapters that the media are instrumental in shaping public perceptions of the poor and that these perceptions have significant political consequences. For example, we saw in chapter 6 that even those Americans living in states with virtually no poor blacks exhibit the same misperceptions about the racial composition of the nation's poor as do those living in heavily black states. It is not personal experience, I concluded, but the mass media that generate these misperceptions. We also saw in chapter 6 that misperceptions of the racial composition of poor people and welfare recipients matter. Americans who think most welfare recipients (or poor people) are black express more negative views about people on welfare and are more likely to blame poverty on a lack of effort rather than on circumstances beyond the control of the poor (and this holds true even when we compare Americans who are otherwise identical with regard to age, sex, family income, and liberal/conservative orientation).

Simply providing accurate information about the nature of America's poverty and welfare populations is unlikely to dispel public misperceptions. First, such information, in the form of statistics on the racial makeup of the poor, is already found in newsmagazine and television news coverage, although not very often. But as we saw in chapter 6, most people's perceptions are influenced more by vivid examples than by statistical information, even if the evidentiary value of the statistical information is far higher. For news stories on poverty, it is the specific poor people chosen as examples that are most likely to sway readers, and the race of these poor people is most often communicated by pictures.

To create a more accurate perception of the racial composition of the poor, news organizations must become far more conscious of the process of selecting the photographs or the specific poor people they will feature in their stories. The photo editors I interviewed had only the vaguest notion of the racial mix of poor people in the stories they had worked on over the years (and many expressed surprise when they learned how unbalanced their coverage was in this regard). But as we have seen, racial misrepresentation in the media extends beyond numerical inaccuracy. Just as important a consideration is how minorities are portrayed in any given category of news coverage.

One important step in raising the level of racial sensitivity in news coverage is to increase the representation of minorities in the newsroom. Although tremendous strides have been made over the past decades, minorities are still substantially underrepresented in the country's newsrooms, and progress toward integration has slowed to a crawl.[2] But it is not the sole responsibility of minority journalists to "monitor" the behavior of their news organizations in this regard. On the contrary, it is the responsibility of news professionals of all races to

see to it that the news does not distort the social world by portraying certain social groups in unjustifiably negative ways.

In response to concerns over the images of minorities in the news, some news organizations have instituted "content audits" or "photo audits" to systematically track the way minorities (or women) are portrayed. For example, in 1988 the *Seattle Times* began to count photographs of minorities appearing in positive, neutral, and negative contexts, and it found that negative images of minorities outnumbered positive images by four to one.[3] In response to this dismal portrayal of minorities and the discussion and "consciousness raising" that ensued among the news staff, coverage changed. In the following year, positive images of minorities outnumbered negative images, and by 1990 the *Times* published twice as many photographs depicting minorities positively as negatively (a ratio that closely approximated the portrayal of whites in the *Times'* coverage). As the *Seattle Times'* experience shows, when a news organization makes the fair representation of different social groups a priority and takes concrete steps to monitor their own news content, substantial change can be accomplished in a short time.

The negative stereotypes of poor blacks reflected in and reinforced by the news media help to explain why Americans view welfare recipients with such suspicion and why the public sees welfare as a program of aid for the undeserving poor. But America not only offers meager welfare assistance, it also devotes fewer resources than most countries to those aspects of antipoverty policy that are not subject to concern about abuse by the undeserving. Indeed, even those antipoverty programs that enjoy wide popular support, such as job training, child care, and medical care for the needy, are funded at levels far too low to meet the needs of the poor (and far lower than levels in most other industrial countries).

In trying to account for the lack of effort and general ineffectiveness of U.S. antipoverty policy, we must acknowledge that the history of welfare reform shows that there has been an effort to move in directions that the public supports. Furthermore, after many failed attempts or minimal reforms, it appears that we are gradually doing more of the things to help the needy that Americans favor. For example, the value of the Earned Income Tax Credit (or EITC), which provides tax relief or cash grants to low-income workers, has increased dramatically in the past decade.[4] Unlike welfare, the EITC provides benefits only to the employed, thereby removing the suspicion that beneficiaries are shirkers who have chosen to live off the government rather than work for a living. Consequently, the EITC enjoys strong public support.[5] In addition to increasing funding for the EITC, the welfare reform legislation of 1996 increased funding for some of the support services for welfare recipients that the public favors (such as government-subsidized child care), while allowing states considerable latitude in deciding how much of their TANF block grants to devote to cash assistance and how much to education, job training, child care, and related services for the poor.

Recent changes in U.S. antipoverty policy have moved it somewhat more in the direction that opinion polls suggest the public favors. Nevertheless, overall funding remains low, and in the long term, the 1996 welfare reform legislation will likely reduce even further the resources devoted to helping the poor. One explanation for the relative paucity of spending to aid the poor is simply that poor people lack the power necessary to obtain more from government. Poor people are not only less likely to vote than are those with higher incomes, they are also less likely to contact elected officials, attend community meetings, work in political campaigns, take part in political protest activities, or donate money to political campaigns.[6] Occasionally, America's poor do rise up in mass protest over the conditions of their lives, and such protests can be effective in obtaining greater benefits from government, at least under the right conditions.[7] But the obstacles to collective political action by poor people are substantial and the poor themselves typically have little impact on the formation of government antipoverty policy.

In addition to having limited political resources, poor people and their sympathizers who try to expand government help for the needy must compete with other agendas and with organized interest groups that hold other priorities. As Senator Robert Dole put it, "There aren't any poor [people's] PACs."[8] From the pluralist perspective, political outcomes are shaped by the interplay among the various competing interest groups that represent the desires of different segments of the American public. But in E. E. Schattschneider's famous words, "The flaw in the pluralist heaven is that the heavenly chorus sings with a strong upper-class accent."[9]

While there may not be a "poor people's PAC," there are interest groups that advocate on behalf of the poor. In part, the lack of a more developed and better-funded antipoverty policy might be attributed to the lack of resources and hence the lack of effectiveness of such antipoverty interest groups. But another perspective on American politics explains the failure to enact the public's favored antipoverty agenda by pointing to the differences in the way average Americans and political elites think about poverty and welfare.

According to Steven Teles, the debate over welfare policy that has taken place over the past decades has been held hostage by the rather extreme positions staked out by elites on the political left and right.[10] Many on the left, he argues, defended existing cash assistance programs out of a conviction that the welfare system should not be used to enforce a particular pattern of behavior on welfare recipients (whether in regard to work, marriage, or childbearing). Maintaining benefit levels (or limiting their decline) became the primary objective of such thinkers.[11] At the same time, elites on the political right often adopted the view that the problems of the poor stem from the unfortunate choices of the poor themselves. From this perspective, welfare is seen as providing the means by which lazy or "dysfunctional" recipients can avoid work and responsibility, and consequently, the higher the benefits welfare provides, the more it undermines the work ethic of the poor.[12] As Teles points out, neither of these perspectives fits very well with the more centrist and nuanced views of the public. And more importantly, the polarized nature of elite debate has ensured that little headway could be made in reforming the existing welfare system (as exemplified by the simultaneous attacks on Nixon's Family Assistance Plan by the left and the right).

The polarization of political elites is especially problematic in a political system with many choke points. Unlike the more streamlined political structures of most European democracies, America's national political institutions contain numerous veto points at which potential legislation can be stopped. The division of powers between the executive and legislative branches, the bicameral legislature, the power of congressional committees through which bills must pass, and the weak control of the political parties over individual representatives all create opportunities for opponents to block proposed legislation.[13]

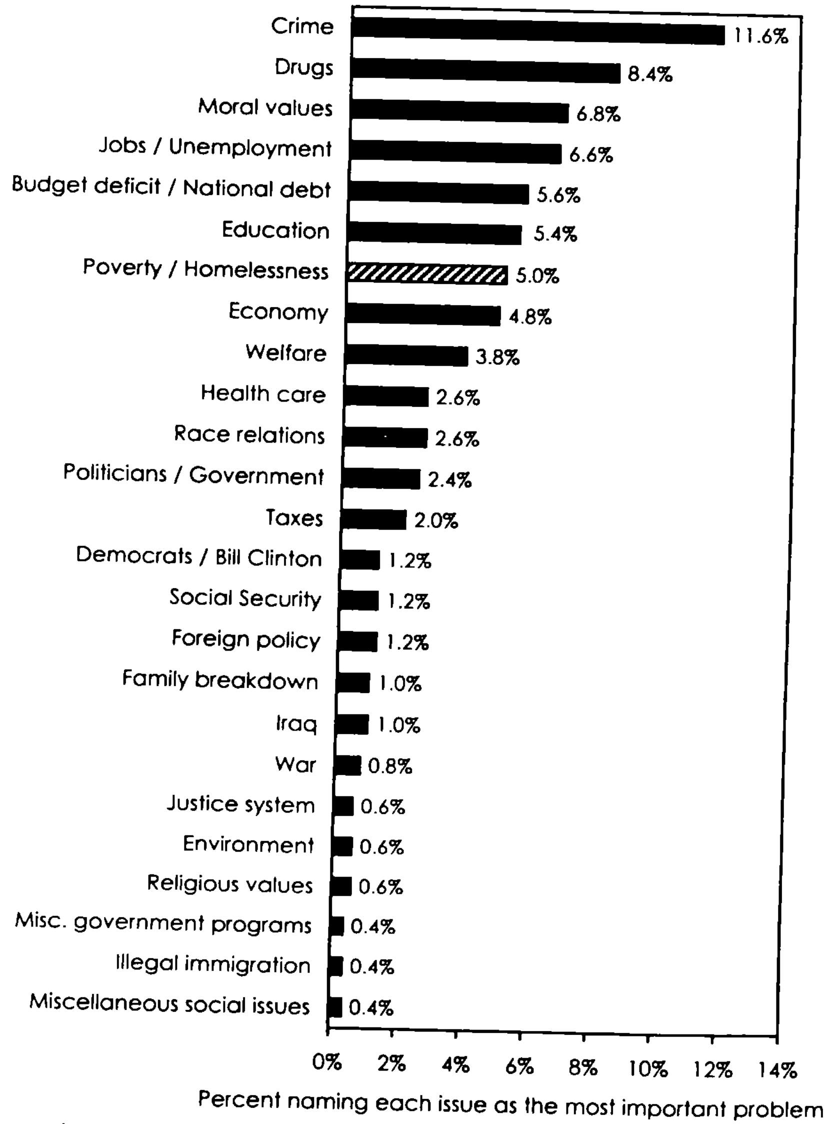
Another reason that American antipoverty policy seems to fall short of the public's desires might be that helping the poor is not a high enough priority among middle-class Americans to compel politicians to respond. That is, Americans might *prefer* to do more to help the poor (as I argued in the previous chapter) but may simply feel that the issue is not of great importance to them, given all the other pressing problems the country faces. One way to judge the importance of different issues is simply to ask Americans which issues they think most important. But while this approach can shed some light on the public's political priorities, we must interpret the results with caution, since we know that the survey responses to these questions are strongly influenced by the amount of media coverage an issue is currently receiving.[14]

One recent survey asked Americans to choose "the most important problem facing the United States at the present time" from among a list of five alternatives.[15] Of the five problems, the most frequently chosen were "decline in moral values" (32 percent of respondents) and "public institutions such as schools and hospitals not working well" (19 percent). Next in line was "the gap between the rich and the poor," which 14 percent of respondents chose as the most important problem facing the country, followed by "insecurity about safety from crime and violence" (12 percent) and "worries about economic security, including the loss of jobs to other countries" (11 percent). With the exception of the gap between rich and poor, all the problems in this list are issues that the public is widely thought to be concerned about. Thus the fact that concern with the gap between rich and poor was ranked in the middle of these five problems strongly indicates that Americans do assign a high priority to dealing with poverty and inequality. (And given the undeniable significance of the other problems on the list, it seems unlikely that respondents would have felt any social desirability pressure to name economic inequality as their most pressing concern.)

Another indication that poverty ranks fairly highly as a concern of the American public comes from surveys that allow respondents to name any issue they choose when asked about the most important problem facing the country. Figure 9.2 shows the average responses from all five of the CBS/*New York Times* surveys that asked this question during 1997 (the thirty-four issue categories listed are those used by the survey organization to code the responses to this open-ended question). The category of greatest interest is labeled "poverty/homelessness." Although concern about the poor might be reflected in responses coded into some of the other categories as well (such as "jobs/unemployment" or "economy"), the "poverty/homelessness" category clearly includes responses indicating concern with the condition of the least well-off.

As figure 9.2 shows, no problem was overwhelmingly chosen as the country's most important in 1997. Crime and drugs were the two most pressing concerns, mentioned by 11.6 percent and 8.4 percent of survey respondents, respectively. While poverty was clearly not the issue that Americans were most worried about in 1997, it nevertheless ranked quite highly compared with other issues that are more widely recognized as important to the American public. On average, 5.0 percent of survey respondents named poverty or homelessness as the country's most pressing problem, about the same number as those mentioning education (5.4 percent), and considerably more than those mentioning

Figure 9.2 Most Important Problem Facing the Country, 1997



Source: Average of all 1997 CBS/*New York Times* polls (1/10/97, 4/2/97, 6/10/97, 9/5/97, 11/23/97). Not shown are 9 responses that received less than 0.25% each, 13.4% naming miscellaneous (uncoded) issues, and 7.4% saying "don't know."

welfare (3.8 percent), health care (2.6 percent), taxes (2.0 percent), or illegal immigration (0.4 percent). Because responses to these "most important problem" questions are quite volatile, this evidence only suggests the priority that Americans attach to the problem of poverty. Nevertheless, it does present a challenge to the belief that America's failure to respond more forcefully to poverty results from the low priority the public places on helping the poor.

Finally, the political system has not produced the kind of antipoverty policy that the public prefers because the public's preferences have been consistently misread. In politics (as in many other areas of life) it is perceptions that count, and the perception that middle-class taxpayers will not support programs that help only the poor has made politicians reluctant to associate themselves with the effort to expand government assistance for the needy. In an otherwise unfavorable response to Republican efforts to trim the welfare state, the *St. Louis Post-Dispatch* wrote, "A hard-pressed middle class is tired of paying for aid to poor people who seem to be forever with us at great expense."[16] But as we have seen, this popular understanding of the sentiments of the American pubic is misguided. Most middle-class Americans, hard-pressed or otherwise, want to boost, not cut, assistance to the poor.

Welfare, of course, is another matter (as are food stamps, the other unpopular antipoverty program). And public opposition to welfare is important, not least because it points to the cynicism toward the undeserving poor that presents a significant (if exaggerated) political obstacle to antipoverty efforts. Attitudes toward welfare are also important because welfare has received disproportionate attention from the press and the public, despite the greater expenditures on other kinds of means-tested aid. But the public's real and strong opposition to welfare has been over-generalized, and the stark contrast between public opposition to welfare and public support of Social Security has been misinterpreted as an indicator that only those programs that directly benefit the middle class can enjoy popular support.

This widespread (and, I believe, profoundly mistaken) image of American citizens as primarily self-interested in their approach to politics is consistent with the deep cultural understandings that underlie American democracy. Our founding fathers viewed government as the mechanism by which competing interests could be tamed. And surely this is what much of politics is about—the pursuit of self-interest by the multiple factions that compose a society. But it is an impoverished understanding of politics that does not also recognize the importance of other motives. Civic pride, patriotic duty, a concern with justice, and a desire to help the least advantaged improve their lot can all

conflict with individuals' pursuit of their material interests. Yet these nonmaterial values that Americans hold dear may be more important in understanding how the public thinks about politics than are calculations of self-interest narrowly understood. Political elites and organized interest groups battle over concrete benefits, but most ordinary Americans approach political questions by asking "which policy is best" not "which policy is best for me."

Policy Implications

Fighting poverty is not an easy task. The effort often involves tradeoffs between competing goals, and progress is increasingly hindered by global economic forces that bode ill for those with low education or skill levels.[17] How, then, should America respond to the challenge of poverty as we enter the new millennium? Clearly the costs and efficacy of alternative antipoverty policies must be our foremost concern. But the political viability of these alternatives is also an important consideration. There is little use in promoting antipoverty policies that stand no chance of acquiring the political support needed to become law.

One aspect of political viability concerns the public's attitudes toward proposed antipoverty programs. Of course public attitudes can and do change over time, in response both to changes in the social conditions that affect the country and to political leadership. Yet the history of Americans' attitudes toward welfare and welfare reform suggests an enduring set of concerns that the public brings to this debate.[18] Programs that fail to address these concerns or that are not oriented toward the antipoverty goals that the public embraces will be fighting an uphill political battle.

What lessons can we draw from the research reported here about the kinds of antipoverty programs the public is likely to support or oppose? What does this research suggest about the political viability of a more ambitious and effective government antipoverty effort? And finally, what obstacles stand in the way of a social welfare regime in the United States that is as successful at reducing poverty as those found in most of the world's other advanced industrial nations?

One lesson to be drawn from the work presented here is that an antipoverty program's race-neutral structure will not insulate it from racial politics. Most welfare recipients are not black, and welfare policies make no distinction between applicants based on racial or ethnic identity. But as we have seen, white Americans' thinking about welfare is thoroughly racialized: the perception that blacks lack commitment to the work ethic plays a central role in shaping whites' views of welfare and welfare recipients, and whites' perceptions of black welfare mothers are far better predictors of their attitudes toward poverty and welfare than are their perceptions of white welfare mothers. Responding to the lack of political support for race-targeted programs, some observers have called for a "surreptitious" social policy of combating racial inequality through race-neutral programs. In *The Truly Disadvantaged*, for example, William Julius Wilson urges liberals to adopt a "hidden agenda" of using race-neutral policies to address racial inequality.

Race-neutral programs *are* more popular among the American public than similar race-targeted programs.[19] But this difference stems from both racial and nonracial considerations. In addition to prejudice, self-interest, and racial stereotypes, the belief that scarce resources such as jobs or college admissions should not be allocated based on group membership may motivate whites' rejection of race-targeted programs. (It is interesting to note in this context that—depending on how the question is phrased—most women reject affirmative action programs for women.[20] Women's opposition to sex-based affirmative action obviously cannot stem from group self-interest, nor is it plausible to suggest that prejudice against women is at work. Instead, it would appear that a general aversion to group-based benefits lies behind their opposition.) Thus race-targeted policies can be rejected on nonracial grounds just as race-neutral policies can be rejected on the basis of racial attitudes. The politics of antipoverty policy is simply too complex to support the contention that a race-neutral structure can "deracialize" this debate. As long as blacks and other minorities remain disproportionately poor, it is unlikely that antipoverty policy can ever be divorced from racial politics.

Despite the unavoidable link between poverty and race, antipoverty programs do vary in the extent to which they evoke racial stereotypes. The association of antipoverty programs with minorities may depress support among whites, but as we have seen, this association is not an insurmountable barrier. Even programs strongly associated with blacks can enjoy high levels of popular approval if the programs are seen as providing benefits to those who are trying to help themselves. Race-based opposition to antipoverty programs emerges not simply from the perception that a program's beneficiaries are minorities, but from the perception that a program's beneficiaries are *undeserving minorities* who prefer to live off the government rather than work. Because the belief that blacks lack commitment to the work ethic remains widespread among white Americans, programs (like welfare) that are seen as undermining the work ethic and rewarding idleness will fall prey to the politics of racial stereotyping. But even highly racially identified

programs can gain strong support among whites, as long as the programs are perceived as helping poor people to better support themselves. As we saw in chapter 7, most whites believe that Head Start and job training programs benefit primarily minorities, yet both of these programs receive overwhelming support from the American public.

In a period in which race and racial politics are never out of the headlines for long, few may be surprised that whites' opposition to welfare reflects their views of blacks. More surprising, I suspect, is the fact that public support is nevertheless strong for antipoverty programs that assist the "deserving poor."[21] Education, job training, job creation, welfare-to-work programs, the minimum wage, the Earned Income Tax Credit, health care, child care, housing assistance, subsidized transportation to work, and other benefits for the poor all enjoy substantial support among Americans. In dramatic contrast with welfare, the public wants more, not less government effort along these lines. Many of these programs receive widespread public support because they promise to enable poor people to better meet their own needs. For most Americans, poverty is only "solved" when people are able to earn their own way out of the ranks of the poor. "Human capital" programs, including education, job training, and "work readiness" programs, aim to combat poverty by increasing the ability of poor people to succeed in the labor market.

One reason human capital approaches to poverty are popular is because they benefit the deserving poor. But in the long run these programs may also help to decrease reliance on government assistance. Increasing government spending to move welfare recipients into the workforce may cost more in the short run but may save taxpayer dollars in the long run. Thus not only humanitarian concern for the deserving poor, but enlightened self-interest, might contribute to the popularity of these antipoverty programs.

Yet enlightened self-interest, as an explanation for public support of antipoverty spending, should not be pushed too far. We saw in chapter 2 the wide variety of evidence against the notion that economic self-interest plays an important role in explaining attitudes toward poverty and welfare. In addition, many popular antipoverty programs hold no such promise of a future "payoff" for taxpayers. For example, the Earned Income Tax Credit provides extra cash to people who are already supporting themselves. This surely improves the quality of recipients' lives and may raise them out of the ranks of the working poor. But the EITC does not hold much promise of increasing the earning power of its beneficiaries. Similarly, housing assistance and health care improve the lives of the needy, but seem quite unlikely to save taxpayers money in either the short run or the long run. Enlightened self-interest may be an *additional* reason for the popularity of some antipoverty programs, but it can hardly be relied upon as an explanation for the public's desire to do more to help the poor.

Contrary, perhaps, to popular belief, Americans are not clamoring for cutbacks in government efforts to help the poor. Instead, most Americans want government to spend more on these programs, and most say they are willing to pay higher taxes in order to boost spending for the needy. But public concern does not, in itself, generate political responses. Politicians and other political elites must mobilize public opinion. The diffuse desire to help the deserving poor must be translated into policy proposals that can be debated in concrete terms. The 1996 welfare reforms represented a small step toward bringing antipoverty policy more into line with public desires. But those reforms responded primarily to Americans' cynicism toward welfare recipients and their desire to cut welfare benefits to the undeserving. Only token efforts were made in the 1996 legislation to satisfy the positive desires of the American public to *increase* spending for the deserving poor.

The 1996 welfare bill thus represents a half-finished agenda. The crucial question is whether political leaders will take the more difficult (because more costly) steps that the public also supports. As I write the concluding pages of this book, America's antipoverty policy is poised between a past that has been abandoned and a future that is still unformed. With the demise of AFDC, the decades-old federal guarantee of cash support for poor children is gone. Welfare has been cut back, time limits have been imposed, and states have been freed to impose a variety of restrictions on welfare receipt. For now, our economy is performing well and unemployment is at historic lows. But what will happen when unemployment rises (as it inevitably will) and suffering among the poor increases? How will the public and political leaders respond?

The findings in this book suggest that, when hard times come, the public will not turn its back on the poor, but will support even more strongly the expansion of government antipoverty efforts. Yet the history of the American welfare state suggests that government will likely fail to respond in a meaningful way to the growing needs of the poor; if so, the blame will lie in a failure of political leadership, not in a lack of concern for the poor among the American people.

Appendix

Chapter Two

Family Income, Demographics, and Opposition to Welfare Spending (text figure 2.5)

Table A.1 shows that the relationships between family income levels and welfare spending preferences shown in figure 2.5 (and reflected in the first regression model in table A.1) remain virtually unchanged when controls for race, sex, age, education, and region are introduced.

Family Income, Previous Welfare Receipt, Welfare Attitudes, and Opposition to Welfare Spending

The first two models in table A.2 show that most of the impact of family income on opposition to welfare spending can be accounted for by the lower levels of past welfare receipt experienced by higher-income respondents. The third model shows that an additional portion of this impact can be attributed to the greater support for welfare time limits found among those with higher incomes. The second model also shows that, when both past history of welfare receipt and current family income are considered simultaneously, history of welfare receipt is a far more powerful predictor of current attitudes toward welfare spending than is current family income.

PRESIDENT CLINTON AND VICE PRESIDENT GORE:
Working on Behalf of Americans with Disabilities

"If we want to keep our economy growing with continued low inflation and low unemployment, we must draw on the untapped potential of our people.... Americans with disabilities who want to work shouldn't have to wait one more day."

-- President Bill Clinton
October 16, 1999

EXPANDING ECONOMIC OPPORTUNITY:

I. 2000 LEGISLATIVE PRIORITIES AND FY2001 BUDGET INITIATIVES

Disability Office in the Department of Labor. President Clinton and Vice President Gore support establishing an Office of Disability Policy, Evaluation and Technical Assistance (ODPET) within the Department of Labor (DOL), and improving access for adults with disabilities to employment services offered through the one-stop system. The President's FY 2001 budget includes $20.56 million for ODPET, which was recommended by the Presidential Task Force on Employment of Adults with Disabilities. Under the leadership of an Assistant Secretary, ODPET's mission would be to dramatically increase the employment rate of people with disabilities by implementing a sustained, coordinated, and aggressive strategy to eliminate barriers and create meaningful employment opportunities for people with disabilities. This office would initially subsume the President's Committee on Employment of People with Disabilities (PCEPD) in an effort to reduce duplication and enhance coordination of Federal employment programs for people with disabilities. The office would work within DOL to ensure that all programs address the need to increase participation of people with disabilities in DOL training programs, with a targeted emphasis on those serving youth during FY 2001.

National Disability Business Development Board. Creation of ODPET would also establish the National Disability Business Development Board, a federally chartered corporation. The Board will be made up of America's business leaders, organized labor, rehabilitation and service providers, and disability-related organizations currently advising the President's Committee on Employment of People with Disabilities. The board would: work to improve the access of individuals with disabilities to financial institutions and commercial and business enterprises; provide incentives to, and collaborate with, the public and private sectors to ensure the necessary levels of resources/investments in employment initiatives for individuals with disabilities; and leverage funds for public awareness about disability and employment.

Tax Credit for Work-Related Expenses. In his FY 2001 budget, President Clinton renews his proposal for a $1,000 tax credit for work-related expenses for people with disabilities. This tax credit was proposed last year but not supported by Congress. The credit would help workers with significant disabilities cover the formal and informal costs that are associated with employment, such as specialized transportation and technology. Like the Ticket to Work and Work Incentives Improvement Act, it would help ensure that people with disabilities have the tools they need to return to work by recognizing the extra costs associated with working.

Extending Medicare Access for People with Disabilities Who Work. The President and Vice President's FY 2001 budget builds on achievements enacted in the Ticket to Work and Work Incentives Improvement Act to ensure that individuals with disabilities have full opportunity to participate in and contribute to our growing economy. The Administration has proposed removing an arbitrary four-and-a-half-year limit on Medicare coverage for people with disabilities who return to work, giving individuals with disabilities lifetime access to Medicare.

Vocational Rehabilitation State Grants. The Administration's FY 2001 budget includes $2.4 billion, an increase of $60.8 million, or 2.6 percent, to assist State VR agencies to improve the employment outcomes of individuals with disabilities. A wide range of services is provided each year to about 1.2 million individuals with disabilities, and these funds will assist States to address the needs of this population.

II. Record of Accomplishments

Enacted the Ticket to Work and Work Incentives Improvement Act. The Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA) is an historic bill produced through the bipartisan efforts of President Clinton and Vice President Gore; Senators Jeffords, Kennedy, Roth, and Moynihan; leaders in the House of Representatives; and the disability community. On December 17, 1999, the President signed this historic bill into law at a ceremony held at the FDR Memorial. This legislation, which the President advocated since 1998, will help provide better health care options for people with disabilities who work.

TWWIIA will improve employment opportunities by: creating new options and incentives for states to offer a Medicaid buy-in for workers with disabilities; extending Medicare coverage for an additional 4 ½ years for people on disability insurance who return to work; creating a $250 million Medicaid buy-in demonstration to help people whose disabilities have not yet progressed so far that they cannot work; and enhancing employment-related services for people with disabilities through the new "Ticket to Work" Program. TWWIIA also creates a Work Incentive Grant program to provide benefits planning and assistance, facilitate access to information about work incentives, and better integrate services to people with disabilities working or returning to work.

Increasing the Substantial Gainful Activity Amount. In July 1999, the Social Security Administration increased the monthly earnings guidelines from $500 to $700 per month, enabling beneficiaries with disabilities to earn more without affecting their benefits. These guidelines are used to determine whether the work activities of a person with impairments, other than blindness, demonstrate that he or she is able to perform substantial gainful activity (SGA).

Directing Federal Agencies to Implement Plan for Hiring People with Disabilities. Since the beginning of the Clinton-Gore Administration, the American economy has added nearly 21 million new jobs, and unemployment is at the lowest level in three decades. Yet nearly 75 percent of individuals with significant disabilities are unemployed. Last year, Vice President Gore asked the Office of Personnel Management to develop a model plan to bring more adults with disabilities into the Federal workforce. On October 16, 1999, President Clinton released that action plan and directed the Federal government to implement it immediately. The plan, *Accessing Opportunity: The Plan for Employment of People with Disabilities in the Federal Government,* along with a companion Employment Guide, provides detailed resources for federal employees as they recruit, hire, train and promote people with disabilities. Under this plan, the Federal government -- the nation's largest employer with almost 1.8 million workers -- will do more to: recruit people with disabilities for positions at all levels of government; provide opportunities for students with disabilities; ensure career opportunities for people with disabilities; collect and maintain data to monitor success of people with disabilities in the federal workforce; and provide reasonable accommodations for applicants and employees with disabilities.

Sponsoring "Disability Mentoring Day: Career Development for the 21st Century." On October 27, 1999, the White House sponsored the first-ever mentoring day for people with disabilities. The Office of Personnel Management (OPM) and Departments of Labor, Justice, Education, Transportation, and Defense also participated in the mentoring program, which was modeled after other "shadow" days. It also coincided with a reception hosted by OPM to celebrate the release of the *Plan* and *Employment Guide*. This year, the mentoring day will take place on Wednesday, October 25th. The White House encourages people from all across the country to participate in their local communities.

Expanding Hiring Opportunities for People with Psychiatric Disabilities. In January 1999, Tipper Gore announced that the Office of Personnel Management (OPM) would explore measures to eliminate the stricter standards that are currently applied to job applicants with psychiatric disabilities. On June 4, 1999, President Clinton signed an executive order ensuring that individuals with psychiatric disabilities are given the same hiring opportunities as persons with significant physical disabilities or mental retardation. On March 17, 2000, OPM issued proposed regulations to create a new Government-wide excepted appointing authority for persons with psychiatric disabilities. This authority will broaden the category of people who may non-competitively acquire competitive civil service status after two years of successful service, providing individuals with psychiatric disabilities the same hiring opportunities already offered to individuals with mental retardation and significant physical disabilities.

Mental Health Parity for Federal Employees. Leading by example, in June 1999 President Clinton called for parity for mental health and substance abuse coverage in the Federal Employees Health Benefits Program (FEHBP) by 2001. The FEHBP is the largest employer-sponsored health insurance program in the country -- covering 8.5 million people, including Federal employees, retirees, and their families -- and often serves as a model for other employers and the insurance industry. The Office of Personnel Management (OPM) will work with participating health plans to introduce managed behavioral health care components that incorporate proven techniques such as case management, authorized treatment plans, provider networks using effective screening and referral procedures, pre-certification, and disease management. OPM has eliminated lifetime and annual maximums in the Program, and negotiated with plans to move away from contractual day and visit limitations, high deductibles, co-payments, and coinsurance for mental health coverage.

Signed the Workforce Investment Act of 1998. On August 7, 1998, President Clinton signed the Workforce Investment Act (WIA), which included the Rehabilitation Act Amendments of 1998, helping to improve worker training and placement options for people with disabilities. WIA establishes better links between the vocational rehabilitation (VR) system and the general workforce development system. Job seekers with disabilities now have improved options for service through the mainstream worker training and placement system, and through the disability-specific VR system. WIA also strengthens the Rehabilitation Act by giving increased options to individuals with disabilities in developing VR plans.

Increasing Employment of Adults with Disabilities. President Clinton signed an Executive Order in March 1998 establishing the Presidential Task Force on Employment of Adults with Disabilities. The Task Force is charged with creating a coordinated and aggressive national policy to move individuals with disabilities into gainful employment at a rate approaching that of the general adult population. The Task Force, chaired by the Secretary of Labor, continues its efforts to promote employment opportunities, and many of its recommendations have already been accepted and implemented by the President. The Task Force is analyzing the barriers to employment faced by people with disabilities and will report its findings with policy recommendations to the President on a periodic basis until its final report is presented on July 26, 2002.

Working on Innovative Strategies to Improve Employment of Adults with Disabilities. The Clinton-Gore Administration continues to develop innovative strategies to employ Americans with disabilities. The Social Security Administration (SSA), the Department of Health and Human Services (HHS), the Department of Labor (DOL), and the Department of Education (DoED) are all participating in inter-agency demonstration projects to expand job opportunities for persons with disabilities. For instance, DoED has awarded six systems-change grants to establish models of improved cooperation and coordination between State Vocational Rehabilitation programs, public employment/employment training programs, and other related programs. The grants will help reduce barriers to employment and increase the capacity of States' overall employment system to serve individuals with disabilities. The focus of these systems change projects is increasing the employment rate of individuals with disabilities who are currently receiving support through public programs.

In addition, SSA is working under cooperative agreements with 12 states to develop innovative projects to assist adults with disabilities to reenter the workforce. This activity, the State Partnership Initiative, is designed to help states develop innovative and integrated statewide programs of services and supports for their residents with disabilities that will increase job opportunities and decrease dependence on benefits, including Social Security Disability Insurance and Supplemental Security Income. Moreover, the President's Committee on Employment of People with Disabilities (PCEPD) has worked to coordinate a commitment by the U.S. Chamber of Commerce, the Society of Human Resource Managers, and dozens of other private sector companies to support several initiatives advancing the employment of people with disabilities among employers. Initiatives include the formation of local and state employer-led groups advocating for the employment of people with disabilities, the launching of a nationwide campaign to advance the employment of persons with cognitive disabilities, and supporting PCEPD's career exploration and employment programs for youth with disabilities.

Creating New Tools to Help Families Move from Welfare to Work. Since enactment of the 1996 welfare reform law, millions of families have moved from welfare to work. Recognizing the special needs of some people with disabilities and other populations in moving from welfare to work, the 1997 Balanced Budget Act included \$3 billion to move long-term welfare recipients and low-income non-custodial fathers into jobs. To fully implement this initiative, the President's FY 2001 budget allows grantees an additional two years to spend Welfare-to-Work funds. It also proposes \$255 million for Fathers Work/Families Win grants to promote responsible fatherhood and support working families. The Welfare-to-Work Tax Credit provides tax incentives to encourage businesses to hire long-term welfare recipients. President Clinton has secured 110,000 new housing vouchers in the last two years to help welfare recipients and hard-pressed working families move closer to job opportunities, and this year he is proposing \$690 million for 120,000 new housing vouchers.

EDUCATION AND TRAINING:

I. 2000 LEGISLATIVE PRIORITIES AND FY2001 BUDGET INITIATIVES

State Grant Program. The Administration's FY 2001 budget includes \$5.28 billion, a \$290 million or 5.8 percent increase, for Special Education Grants to States. With passage of this increase, funding for the State Grant Program will have risen 127 percent since 1994. In FY 2001, the Grants to States program would provide an average of \$827 per child, an increase of 4 percent over the FY 2000 level. If approved, States will receive 13 percent of their average per pupil expenditures, or 11 percent of the excess costs, from the federal government for educating children with disabilities.

State Improvement Grants. The Administration's FY 2001 budget includes $45.2 million for the State Improvement Grants, a $10 million increase (or 28.4 percent) over FY 2000. This will provide funding for 28 existing awards to States as well as new awards to an estimated 15 States and territories. The State Improvement program would expand efforts to reform and improve State systems for providing educational, early intervention, and transitional services to improve results for children with disabilities.

Parent Training. The Administration's FY 2001 budget for the Parent Training and Information Centers program is $26 million, a $7.5 million increase, or 40.3 percent, above last year's level. The increase would be used to expand the size of the awards to existing State Parent Training and Information Centers, establish four new centers for a total of 103 across the country, and provide additional technical assistance to centers. Three of the new centers would be community centers operated by local parent organizations and focus on meeting the needs of underserved parents and families of children with disabilities.

Reading and Behavior. The President's FY 2001 budget includes a request for a $10 million Primary Education Intervention initiative. This initiative will support projects that demonstrate effective interventions coupled with early identification to improve results for children with disabilities. The initiative would target children with significant problems in learning to read, and those exhibiting behaviors that have been found to lead to significant discipline problems or emotional disturbance as they get older. Research shows that early intervention is particularly effective for improving educational results for children, and these funds will allow more students to benefit from timely identification and service delivery.

State Technical Assistance Awards. Helping States comply with the Individuals with Disabilities Education Act (IDEA) is critically important, and the President's FY 2001 budget includes an $8 million request for State Technical Assistance Awards that will help address this need. These technical assistance awards will be instrumental in improving State monitoring and complaint resolution systems, and to correct deficiencies found through State and Federal monitoring of the implementation of IDEA.

II. RECORD OF ACCOMPLISHMENTS

Supporting Quality Education for Children with Disabilities. In 1997, the President enacted a stronger Individuals with Disabilities Education Act (IDEA), reaffirming our national commitment to provide a world class education for all our children by ensuring that our nation's schools are safe and conducive to learning, while scrupulously protecting the rights of students with disabilities. Funding for the basic IDEA grant program has increased by 100 percent under the Clinton-Gore Administration.

Fighting Unwise Amendments to IDEA. In the 105th Congress, the Majority in the House of Representatives attempted to amend the Individual with Disabilities Education Act (IDEA) to make it easier to expel children with disabilities who were judged by school officials to be potentially violent in school. These broad, subjective judgements could have resulted in inappropriate expulsion of large numbers of students with disabilities. The Clinton-Gore Administration, working with parents, successfully opposed these amendments.

Enforcing IDEA. The Clinton Administration has defended the rights of children with disabilities under the Individuals with Disabilities Education Act in numerous Federal Court cases: *Cedar Rapids Community School District v. Garrett F.*; *Marie O. v. Edgar; Sacramento City Unified School District v. Holland*; *Hartmann v. Loudon County Board of Education.*

IMPROVING ACCESS AND QUALITY OF HEALTH CARE:

I. 2000 LEGISLATIVE PRIORITIES AND FY2001 BUDGET INITIATIVES

Addressing the Nation's Multi-Faceted Needs for Long Term Services and Supports. The President's FY 2001 budget includes a $28 billion, 10-year investment to tackle the complex problem of long-term care, which affects millions of elderly persons, people with disabilities, children with special needs, and/or the families who care for them. Its centerpiece is a $3,000 tax credit for people with long-term care needs or their caregivers -- triple the amount proposed last year. It also seeks to address the way in which Medicaid policy and practice has inadvertently discriminated against people with long-term care needs who want to live in the community by making it much easier to provide coverage in nursing homes than in the community. This proposal would enable states to provide services to nursing-home qualified beneficiaries at 300 percent of the Supplemental Security Income limit (about $15,000), without requiring a complicated and frequently time-consuming Federal waiver. This proposal contributes toward the goal of giving people who need long-term services and supports the choice of remaining in their homes and communities. It costs $140 million over 5 years, $370 million over 10 years.

Expanding Coverage to Uninsured Americans. In his FY 2001 budget, President Clinton has proposed a 10-year, $110 billion initiative that would dramatically improve the affordability of and access to health insurance. The proposal would expand coverage to at least 5 million uninsured Americans and expand access to millions more. If enacted, these policies would be the largest expansion of coverage since Medicare was created in 1965.

Advocating a Strong Patients' Bill of Rights. The President and Vice President have called for passage of the bipartisan Patients' Bill of Rights Act, to ensure that all Americans have essential protections, including: guaranteed access to needed health care specialists; access to emergency room services when and where needs arise; continuity of care protections to assure coverage if a patient's health care provider is dropped; access to a timely internal and independent external appeals process with a medical necessity standard; assurance that doctors and patients can openly discuss treatment options; and an enforcement mechanism that ensures recourse for patients who have been harmed as a result of health plan actions.

II. RECORD OF ACCOMPLISHMENTS

Extending Enforceable Patient Protections for Millions of Americans. Leading by example, the President directed all federal agencies to ensure that their employees and beneficiaries have the benefits and rights guaranteed under the proposed Patients' Bill of Rights. 8.5 million Americans covered by federal health plans have the security of knowing they will have fair access to health care thanks to the President's work.

Providing Access to Health Care Services for Uninsured Workers. In 1999, the President proposed and won $25 million in funding for a program to coordinate systems of care, increase the number of services delivered, and establish an accountability system to assure adequate patient care for uninsured and low-income individuals. This year, the President has proposed funding this initiative at $125 million, representing a substantial down payment on the President's plan to invest $1 billion over 5 years.

Supporting Families. President Clinton fought for and enacted the Family and Medical Leave Act (FMLA), which allows workers to take up to 12 weeks of unpaid leave to care for a child or adult with a disability, seriously ill family members, newborn or adoptive children, or their own serious health problems -- without fear of losing their jobs. Since its enactment, FMLA has benefited millions of Americans, and the President has expanded leave options for Federal employees. President Clinton has called for extending this benefit to 12 million more working families and has proposed expanding FMLA to allow workers to take up to 24 unpaid hours off each year for school and early childhood education activities, routine family medical care, and caring for an elderly relative.

Increasing Access to Health Care and Supporting Employment for Americans with Disabilities. The Balanced Budget Act of 1997 created an optional program whereby States could allow people with disabilities who earn up to 250 percent of poverty to purchase Medicaid coverage. Oregon is the first state to take advantage of this policy, and they have created a program that will let individuals go to work and get or keep Medicaid. Secretary of Health and Human Services Donna Shalala has asked every governor to seriously consider this program.

Passing Meaningful Health Insurance Reform. President Clinton signed the Health Insurance Portability and Accountability Act of 1996, which limits exclusions for pre-existing conditions, makes coverage portable, and helps individuals who lose jobs maintain coverage.

Protecting the Medicaid Guarantee for People with Disabilities. The Clinton-Gore Administration refuses to go backward on health care coverage for Americans with disabilities, rejecting proposals to end the Medicaid guarantee to meaningful health benefits for people with disabilities. The President vetoed the Republicans' proposal in the 104th Congress to block grant the Medicaid program, preserving Medicaid coverage for six million persons with disabilities. Medicaid is often the only form of health care available to people with disabilities and allows many children and adults to receive services at home rather than in institutions. Thanks to President Clinton, the 1997 Balanced Budget Act preserved the Federal guarantee of Medicaid coverage for populations who depend on it.

IMPROVING ACCESSIBILITY:

I. 2000 LEGISLATIVE PRIORITIES AND FY2001 BUDGET INITIATIVES

Assistive Technology Initiatives. The Administration's FY 2001 budget includes $100 million (a $13.5 million increase) for disability and technology research at the National Institute on Disability and Rehabilitation Research (NIDRR). NIDRR will launch a comprehensive technology initiative which includes: $5 million for an Educational Technology Initiative to provide technical assistance and training to elementary and secondary schools; $3.4 million for a multi-pronged Employment initiative to carry out research, training, and technical assistance to enhance the ability of individuals with disabilities to access and use information and communication technology; and $5.1 million for a Community Independence initiative on how information and assistive technology can be used to enhance community integration and participation by individuals with disabilities. The Administration's request also includes $15 million to support grants that establish or maintain alternative loan financing programs. Most people with disabilities do not have the private financial resources to purchase the assistive technology they need. If approved, this increase would significantly enhance opportunities for individuals with disabilities to take advantage of assistive technology.

Centers for Independent Living. The Administration's FY 2001 includes $58 million for Centers for Independent Living (CILs) -- a 20.8 percent increase over last year's funding level. This increase would make it possible to accomplish an increase in the stability of existing CILs and open new CILs in unserved and underserved areas. The request could provide sufficient funding to establish a $200,000 federal funding floor. In addition, a $10 million increase for CILs could expand the network of centers by funding up to 56 new centers in 23 States.

II. RECORD OF ACCOMPLISHMENTS

Ensuring that the Telecommunications Revolution Benefits All. In July 1999, the Federal Communications Commission (FCC) adopted rules on Section 225 of the Telecommunications Act of 1996, which requires that telecommunications equipment and services be accessible to individuals with disabilities, if readily achievable. This provision is known as the ADA for the Information Age. These regulations, which have been supported by the telecommunications industry, will ensure people with disabilities have access to a broad range of products and services – such as telephones, cell phones, pagers, call waiting, and operator services – where they previously experienced barriers. Telecommunications carriers may not install network features, functions, or capabilities that do not comply with the regulations. The regulations also ensure that information, documentation, and customer service is conducted in accessible ways.

Signed the Assistive Technology Act (ATA). Technology is a crucial component in enabling people with disabilities to live, learn and work in society. With the support of the Clinton-Gore Administration, Congress passed the Assistive Technology Act of 1998, which continues the work of the Technology Related Assistance for Individuals with Disabilities Act of 1988. ATA supports a program of Grants to the 50 States, the District of Columbia, Puerto Rico, and the territories to examine and remove barriers to accessing asssistive technology devices and services, all of which have an ATA project. This program uses a variety of strategies to examine state and federal policies and implements changes to improve the provision of assistive technology. Some of the initiatives States engage in include: training, technical assistance, alternative loan programs, demonstration centers, information and referral hotlines, web sites, technology expos, and the development of informational materials. Statewide networks have been established that support the technology related needs of citizens with disabilities in each State and territory.

Partnerships With Industry. The Clinton-Gore Administration brought together key representatives of the Information Technology industry which led to support of the Web Accessibility Initiative (WAI) within the World Wide Web Consortium (W3C). WAI, which is supported by the National Science Foundation and the National Institute on Disability and Rehabilitation Research (NIDRR), brings together industries, researchers, web designers, and consumers around the world to develop standards of operation and protocol for web accessibility.

Ensuring the Federal Government Provides Accessible Technology and Information. The Clinton-Gore Administration recommended, and Congress enacted, changes to the Rehabilitation Act strengthening the obligations of federal agencies to provide accessible information technology to their employees and customers. This enabled the federal government to use its considerable purchasing power to influence private industry toward developing universally designed technology that is accessible to almost everyone. On April 18, 2000, Attorney General Janet Reno announced the release of the Department of Justice's (DOJ) first report under section 508 of the Rehabilitation Act, *Information Technology and People with Disabilities: The Current State of Federal Accessibility.* Under DOJ's direction, federal agencies examined the procurement policies and procedures, along with common types of information technology. DOJ found that while some information technology used by federal agencies is accessible, simple steps can increase the extent to which federal information technology is usable by people with disabilities.

Increased Resources for Accessible Transportation. In 1998, President Clinton signed the Transportation Equity Act for the 21st Century (TEA-21), which provides significantly increased resources to make our Nation's surface transportation systems accessible. TEA-21 included increased funding for the Elderly Individuals and Individuals with Disabilities grant program.

Increasing Public Transportation Accessibility. The Department of Transportation and the Access Board have issued final regulations implementing the Americans with Disabilities Act (ADA) provisions for over-the-road bus (OTRB) accessibility that provides a definition of what constitutes discriminatory action. The regulation requires large, fixed-route operators to achieve 50 percent of full fleet accessibility by October 2006 and 100 percent by October 2012. The Department has strengthened the regulations by including provisions making OTRB operators individually and collectively accountable for providing accessible service.

Access to Jobs Initiative. The President's Access to Jobs initiative helps communities design innovative transportation solutions, such as van services, to help former welfare recipients and other low-income workers get to work. Funding for this initiative has increased to $75 million in FY 2000 and will be $100 million in FY 2001 as a result of guaranteed funding in TEA-21. This innovative program emphasizes providing people with disabilities the transportation access required to achieve education, work, and family goals.

Increasing Housing Options. The Clinton-Gore Administration took a number of significant actions in 1998 that advanced housing policy for people with disabilities. First, HUD issued a statement supporting the view that institutional living does not constitute real housing for people with disabilities. On April 28, 1998, Fannie Mae announced the publication of "A Home of Your Own Guide," the first manual specifically created to provide step-by-step home buying guidance for people with disabilities. In February, HUD Secretary Cuomo issued a directive encouraging communities to use community development block grant funds for home modifications for people with disabilities. Also, in HUD's recent Notices of Funding Availability, the agency included bonus points for developers when they seek to build structures that include "visitability" by people with disabilities.

Increasing Section 8 Funding in HUD Appropriations. President Clinton supported the inclusion of $40 million in Section 8 funding for people with disabilities, in part to offset the displacement likely to occur as a result of "elderly-only" designation of public housing formerly occupied by people with disabilities.

PROMOTING EQUALITY FOR ALL OF OUR CITIZENS:

I. 2000 LEGISLATIVE PRIORITIES AND FY 2001 BUDGET INITIATIVES

Increased Funding for Civil Rights Enforcement. In FY 2000, the President won a 19 percent increase in funding for federal civil rights enforcement, including $82 million for the Civil Rights Division at the Justice Department. With a proposed increase of $2.4 million for the Civil Rights Division, DOJ hopes to further implement the Americans with Disabilities Act (ADA) by funding new initiatives, including an initiative to remove barriers that prevent people with disabilities from obtaining basic community services, such as riding public transportation or attending a town meeting. Additional funding will also help begin a new initiative to train law enforcement officers on how to appropriately interact with persons with mental disabilities.

Protecting All of Our Citizens. The President and Vice President have repeatedly called for passage of the Hate Crimes Prevention Act, which would strengthen and expand the existing federal hate crimes law to cover cases of hate crimes based on disability, gender, or sexual orientation.

II. RECORD OF ACCOMPLISHMENTS

Assuring Access to Community Living for the People with Disabilities. On June 22, 1999, the U.S. Supreme Court affirmed in *Olmstead v. L.C.* that, under the Americans With Disabilities Act, unjustifiable institutionalization of a person with a disability who, with proper support, can live in the community is discrimination. In accordance with that Court ruling, on January 14, 2000, the U.S. Department of Health and Human Services issued guidance to state Medicaid directors on how to make state programs responsive to the desires of people with disabilities to live in appropriate community-based settings. The Administration's goal is to integrate people with disabilities into the social mainstream with equal opportunities and the opportunity to make choices in their lives. The Clinton-Gore Administration's flexibility in granting state waivers has spurred an increase in home and community-based services. Since he took office, the President has approved over 300 such waivers. As a result, the number of people with developmental disabilities served in home and community waiver programs has increased significantly.

Vigorously Enforcing Disability Rights. President Clinton has led the fight for vigorous enforcement of the Americans with Disabilities Act (ADA), the Fair Housing Act, the Individuals with Disabilities Education Act (IDEA), and other critical civil rights laws that prohibit discrimination against people with disabilities in housing, schools, workplaces, and public areas across the nation. Under the Clinton-Gore Administration, the number of positions allocated for ADA enforcement at the Department of Justice (DOJ) has increased by 105 percent. The Administration's FY 2001 budget proposal includes funding for another 29 new positions for ADA enforcement -- a 35 percent increase over FY 2000 funding. DOJ has entered into hundreds of settlement agreements involving access to civic life (city halls and municipal services), 911 emergency services, hotels, stores, restaurants, theaters, and other public accommodations. The Department's litigation activity has established important legal precedents including ADA coverage (such as zoning and prisons), architect liability, line of sight over standing spectators, effective communication, and unnecessary inquiries by professional licensing entities. Implementation of the ADA's "most integrated setting" requirement has been an important element of DOJ's Civil Rights of Institutionalized Persons Act investigations and agreements (involving MRDD institutions, psychiatric hospitals, and public nursing homes).

Working to Stop Discrimination Against People With AIDS. President Clinton supports the Supreme Court's decision in *Bragdon v. Abbott*, which reinforces the protections offered by the Americans With Disabilities Act (ADA) for Americans living with HIV and AIDS. The President directed the Department of Justice (DOJ) and the Equal Employment Opportunity Commission (EEOC) to vigorously prosecute those who discriminate against people with AIDS, leading to actions against health care providers and facilities that violate the ADA.

Working for Fair Housing. In response to the increase in reported cases of serious fair housing violations, the Department of Housing and Urban Development (HUD) committed to doubling the number of its civil rights enforcement actions by the year 2000. In addition, the President proposed and won a major expansion of HUD's Fair Housing programs. The FY 1999 budget expanded HUD's Fair Housing programs to $40 million -- a $10 million increase over FY 1998 funding. That 33 percent increase included $7.5 million for a new audit-based enforcement initiative proposed by the Administration.

Adding a New Statue to the FDR Memorial. On May 2, 1997, President Clinton dedicated the Franklin Delano Roosevelt Memorial to honor the thirty-second President of the United States. On July 2, 1998, Vice President Gore announced that the FDR Memorial will soon include an additional outdoor room at the main entrance, which will depict FDR in the small wheelchair he invented. In collaboration with the disability community, the Clinton-Gore Administration has selected a specific design that will show how FDR became one of our greatest presidents while he had a disability and used a wheelchair. And last year, the Clinton-Gore Administration helped secure $3 million to fund the memorial addition, which may be complete as early as this year.

Appointed the Most Diverse Administration in History. President Clinton has appointed a highly talented and the most diverse Administration in history, including the appointment of record numbers of people with disabilities in the White House and throughout the Clinton-Gore Administration. The Federal government now employs more than 100,000 employees with some type of disability. President Clinton's Administration appointees include: Judith Heumann, Assistant Secretary for Special Education and Rehabilitation Services; Paul Miller, Commissioner of the Equal Employment Opportunity Commission; and Fredric Schroeder, Commissioner of the Rehabilitation Services Commission. People with disabilities serve in the Departments of Education, Health and Human Services, Housing and Urban Development, Justice, Labor, State, and Transportation. President Clinton has also appointed people with disabilities to positions in such independent agencies as the National Council on Disability and the Social Security Administration, as U.S. District Court Judges, and to various Presidential Committees, Commissions, and Task Forces. In the White House, Jonathan Young is the first person with a disability ever appointed to serve as Associate Director for Disability Outreach in the Office of Public Liaison.

6/00

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release May 27, 1998

Clinton-Gore Accomplishments
Reforming Welfare

– On August 22, 1996, President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act, fulfilling his longtime commitment to "end welfare as we know it." As the President said upon signing, "... this legislation provides an historic opportunity to end welfare as we know it and transform our broken welfare system by promoting the fundamental values of work, responsibility, and family."

TRANSFORMING THE BROKEN WELFARE SYSTEM

Overhauling the Welfare System with the Personal Responsibility Act: In 1996, the President signed a bipartisan welfare plan that is dramatically changing the nation's welfare system into one that requires work in exchange for time-limited assistance. The law contains strong work requirements, performance bonuses to reward states for moving welfare recipients into jobs and reducing illegitimacy, state maintenance of effort requirements, comprehensive child support enforcement, and supports for families moving from welfare to work -- including increased funding for child care. State strategies are making a real difference in the success of welfare reform, specifically in job placement, child care and transportation.

Law Builds on the Administration's Welfare Reform Strategy: Even before the Personal Responsibility Act became law, many states were well on their way to changing their welfare programs to jobs programs. By granting Federal waivers, the Clinton Administration allowed 43 states -- more than all previous Administrations combined -- to require work, time-limit assistance, make work pay, improve child support enforcement, and encourage parental responsibility. The vast majority of states have chosen to continue or build on their welfare demonstration projects approved by the Clinton Administration.

Largest Decline in the Welfare Rolls in History: The President has announced that we've met -- two years ahead of schedule -- the challenge he made in last year's State of the Union to move two million more Americans off of welfare by the year 2000. The latest caseload numbers, announced May 27th, show that welfare caseloads fell by 5.2 million since President Clinton took office and 3.3 million since he signed the welfare reform law. The new figures, from March 1998, show 8.9 million people on welfare, a drop of more than 37 percent from January 1993. This historic decline occurred in response to the Administration's grants of Federal waivers to 43 states, the provisions of the new welfare reform law, and the strong economy.

MOVING PEOPLE FROM WELFARE TO WORK

– Mobilizing the Business Community: At the President's urging, the Welfare to Work Partnership was launched in May 1997 to lead the national business effort to hire people from the welfare rolls. Founded with 105 participating businesses, the Partnership has grown to 5,000 businesses within one year. In 1997, these businesses hired 135,000 welfare recipients and the President today will challenge them to double their efforts to 270,000 in 1998. The Partnership provides technical assistance and support to businesses around the country, including: a toll-free number, the Partnership's Web site, a "Blueprint for Business" manual, and a new report called The Road to Retention on businesses whose retention rates for former welfare recipients are higher than the retention rates for other new hires.

Connecting Small Businesses with New Workers: The Small Business Administration is reaching out to small businesses throughout the country to help them connect with job-ready welfare recipients. In addition, SBA assists welfare recipients who wish to start their own businesses.

Mobilizing Civic, Religious and Non-profit Groups: The Vice President created the Welfare to Work Coalition to Sustain Success, a coalition of civic groups committed to helping former welfare recipients stay in the workforce and succeed. Tailoring their services to meet welfare recipients needs and the organizations' strengths, the Coalition focuses on providing mentoring and other support services. Charter members of the Coalition include: the Boys and Girls Clubs of America, the Baptist Joint Committee, the United Way, the YMCA, and other civic and faith-based groups.

Doing Our Fair Share with the Federal Government's Hiring Initiative: Under the Clinton Administration, the Federal workforce is the smallest it has been in thirty years. Yet, this Administration also believes that the Federal government, as the nation's largest employer, must lead by example. The President asked the Vice President to oversee the Federal government's hiring initiative in which Federal agencies have committed to directly hire at least 10,000 welfare recipients in the next four years. Already, the federal government has hired over 4,811 welfare recipients, 45 percent of its planned hires. As a part of this effort, the White House pledged, and has already hired, six welfare recipients.

$3 Billion to Help Move More People from Welfare to Work: Because of the President's leadership, the 1997 Balanced Budget Act included the total funding requested by the President for the creation of his $3 billion welfare to work fund. This program will help states and local communities move long-term welfare recipients into lasting, unsubsidized jobs. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers and other critical post-employment support services. The Department of Labor provides oversight but most of the dollars will be placed, through the Private Industry Councils, in the hands of the localities who are on the front lines of the welfare reform effort. In addition, 25 percent of the funds will be awarded by the Department of Labor on a competitive basis to support innovative welfare to work projects. The President announced the first round of 49 innovative competitive grants on May 27th.

Tax Credits for Employers: The Welfare to Work Tax Credit, enacted in the 1997 Balanced Budget Act, provides a credit equal to 35 percent of the first $10,000 in wages in the first year of employment, and 50 percent of the first $10,000 in wages in the second year, to encourage the hiring and retention of long term welfare recipients. This credit complements the Work Opportunity Tax Credit, which provides a credit of up to $2,400 for the first year of wages for eight groups of job seekers. The President's FY 1999 budget extends these two important tax credits for an additional year.

Welfare to Work Housing Vouchers: In his FY 1999 budget, the

President proposes $283 million for 50,000 new housing vouchers for welfare recipients who need housing assistance to get or keep a job. Families could use these housing vouchers to move closer to a new job, to reduce a long commute, or to secure more stable housing to eliminate emergencies that keep them from getting to work every day on time. These vouchers, awarded to communities on a competitive basis, will give people on welfare a new tool to make the transition to a job and succeed in the work place.

Welfare to Work Transportation: One of the biggest barriers facing people who move from welfare to work -- in cities and in rural areas -- is finding transportation to get to jobs, training programs and child care centers. Few welfare recipients own cars. Existing mass transit does not provide adequate links to many suburban jobs at all, or within a reasonable commute time. In addition, many entry level jobs require evening or weekend hours that are poorly served by existing transit routes. To help those on welfare get to their jobs, President Clinton proposed a $100 million a year welfare to work transportation plan as part of his ISTEA reauthorization bill. This competitive grant program would assist states and localities in developing flexible transportation alternatives, such as van services. Congress has recognized the importance of welfare to work transportation by authorizing up to $150 million annually in the ISTEA reauthorization bill.

PROMOTING PERSONAL RESPONSIBILITY

Enforcing Child Support -- 68% Increase in Collections: The Clinton Administration collected a record $13.4 billion in child support in 1997 through tougher enforcement, an increase of $5.4 billion, or 68% since 1992. Not only are collections up, but the number of families that are actually receiving child support has also increased. In 1997, the number of child support cases with collections rose to 4.2 million, an increase of 48% from 2.8 million in 1992. And paternity establishment, often the first crucial step in child support cases, has dramatically increased due in large part to voluntary paternity establishment provisions enacted in the first year of the Clinton Administration. In 1997, the number of paternities established or acknowledged rose to 1.1 million from 512,000 in 1992, an increase of 115%.

Increasing Parental Responsibility: The President's unprecedented and sustained campaign to ensure parents financially support their children is working. In addition to tougher enforcement including a strong partnership with states, President Clinton has taken executive action including: directing the Treasury Department to collect past-due child support from Federal payments including Federal income tax refunds and employee salaries, and taking steps to deny Federal loans to any delinquent parents. The President also directed the Attorney General to submit legislation that strengthens the Child Support Recovery Act to increase penalties against parents who take egregious actions to avoid paying child support. And most significantly, the welfare reform law contains tough child support measures that President Clinton has long supported including: a national new hire reporting system; streamlined paternity establishment; uniform interstate child support laws; computerized state-wide collections; and tough new penalties. These five measures are projected to increase child support collections by an additional $24 billion over the next ten years.

Breaking the Cycle of Dependency -- Preventing Teen Pregnancy: Significant components of the President's comprehensive effort to reduce teen pregnancy became law when the President signed the 1996 Personal Responsibility Act. The law requires unmarried minor parents to stay in school and live at home or in a supervised setting; encourages "second chance homes" to provide teen parents with the skills and support they need; and provides $50 million a year in new funding for state abstinence education activities. Since 1993, the Clinton Administration has supported innovative and promising teen pregnancy prevention strategies, including working with boys and young men on pregnancy prevention strategies. In 1997, the President announced the National Strategy to Prevent Teen Pregnancy, mandated in the welfare reform law. It reported that HHS-supported programs already reach about 30 percent or 1,410 communities in the United States. As part of this effort, the National Campaign to Prevent Teen Pregnancy, a private nonprofit organization, was formed in response to the President's 1995 State of the Union. Notably, data shows we are making progress in reducing teen pregnancy -- teen births have fallen five years in a row, by 12 percent from 1991 to 1996.

RESTORING FAIRNESS AND PROTECTING THE MOST VULNERABLE

The President made a commitment to fix several provisions in the welfare reform law that had nothing to do with moving people from welfare to work. In 1997, the President fought for and ultimately was successful in ensuring that the Balanced Budget Act protects the most vulnerable. And now, with his 1999 budget, he's continuing the fight.

Protects Immigrants Who Become Disabled and Those Currently Receiving Benefits: The Balanced Budget Act of 1997 restored $11.5 billion in SSI and Medicaid benefits for legal immigrants. The new law protects those immigrants now receiving assistance, ensuring that they will not be turned out of their apartments or nursing homes or otherwise left destitute. And for immigrants already here but not receiving benefits, the BBA does not change the rules retroactively. Immigrants in the country as of August 22, 1996 but not receiving benefits at that time who subsequently become disabled will also be fully eligible for SSI and Medicaid benefits.

Helps People Who Want to Work but Can't Find a Job: The Balanced Budget Act (BBA) also restored $1.5 billion in food stamp cuts. The welfare reform law restricted food stamps for able-bodied childless adults to only 3 out of every 36 months, unless they were working. This move ignored the fact that finding a job often takes time. The BBA provided funds for an estimated 235,000 work slots over 5 years and food stamp benefits to those who are willing to work but, through no fault of their own, have not yet found employment. In addition, the BBA allows states to exempt up to 15 percent of the food stamp recipients (70,000 individuals monthly) who would otherwise be denied benefits as a result of the "3 in 36" limit.

Food Stamps for Legal Immigrants: The President's 1999 budget proposes to restore Food Stamp benefits for vulnerable groups of legal immigrants. The President's proposals would provide Food Stamp benefits to 730,000 legal immigrants in 1999 at a cost of $2.5 billion over 5 years. Specifically, benefits would be restored for: all families with children; immigrants with disabilities and elderly immigrants age 65 and older who entered the U.S. before welfare reform was enacted, on the same basis as the SSI and Medicaid restorations in the 1997 BBA; refugees and asylees, whose eligibility would be extended from 5 to 7 years; Hmong immigrants who came to the U.S. after the Vietnam war; and certain Native Americans living along the Canadian and Mexican borders. The Administration is now pressing Congress to pass legislation known as the Agriculture Research bill, which would restore food stamps to 250,000 of these legal immigrants in 1999, including 75,000 children.

Protects Children by Keeping the Medicaid Guarantee: The BBA preserved the Federal guarantee of Medicaid coverage for the vulnerable populations who depend on it, and contains additional investments to extend coverage to uninsured children. It also ensures that 30,000 disabled children losing SSI because of the new tighter eligibility criteria keep their Medicaid coverage. The President's 1999 budget proposes to provide States the option to provide health care coverage through Medicaid and the Children's Health Insurance Program (CHIP) for legal immigrant children, regardless of when they entered the U.S.

PRESIDENT CLINTON AND VICE PRESIDENT GORE
WORKING ON BEHALF OF AMERICANS WITH DISABILITIES
ACCOMPLISHMENTS AT A GLANCE
July 26, 2000

Creating the Presidential Task Force on Employment of Adults with Disabilities - Two years ago, President Clinton created the Presidential Task Force on Employment of Adults with Disabilities, chaired by Secretary of Labor Alexis Herman, and charged the Task Force with developing a coordinated and aggressive national policy to bring adults with disabilities into gainful employment at a rate that is as close as possible to that of the general adult population. The heads of 18 cabinet and sub-cabinet agencies sit on the Task Force, and President Clinton and Vice President Gore have given its work the highest priority through accepting all the recommendations in the first and second reports from the Task Force.

Signing the Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA)
President Clinton supported and signed this landmark legislation, which creates two new options for states to offer the Medicaid buy-in for workers with disabilities and provides $150 million in grants to encourage states to take this option; creates a new $250 million Medicaid buy-in demonstration to help people whose disability is not yet so severe that they cannot work; extends Medicare coverage for an additional 4-and-a-half years for people in the disability insurance system who return to work; and enhances employment-related services for individuals with disabilities through the new "Ticket to Work" Program.

Signing the Workforce Investment Act (WIA) of 1998 - President Clinton signed WIA, which provides the framework for a unique national workforce preparation and employment system designed to meet both the needs of the nation's businesses and the needs of job seekers and those who want to further their careers. It also included reauthorization of the Rehabilitation Act, adding stronger linkages between the vocational rehabilitation system and the general workforce development system so that people with disabilities have increased employment training and job options. Changes to Section 508 of the Rehabilitation Act also strengthened the obligations of the Federal government to provide accessible information technology to their employees and customers, thus leveraging the Federal government's considerable purchasing power to encourage private industry to develop universally designed technology that is accessible to almost everyone.

Ensuring a Quality Education for Children with Disabilities - In 1997 President Clinton enacted an improved and stronger Individuals with Disabilities Education Act. The new law focused attention not merely on ensuring access to public schools for the nation's six million students with disabilities, but also on ensuring that these students are held to the same high standards as their peers. Today, state grants to support IDEA implementation have increased by 143 percent and record numbers of students with disabilities are now learning alongside non-disabled students in thousands of classrooms across the nation.

Making the Federal Government a Model Employer - President Clinton directed Federal agencies to increase efforts to recruit and hire people with disabilities which resulted in OPM issuing "Accessing Opportunity: The Plan for Employment of People with Disabilities in the Federal Government" to serve as a framework for Federal departments and agencies to use in creating strategies and initiatives to recruit, hire, develop, and retain more persons with disabilities. President Clinton also signed an Executive Order ensuring that individuals with psychiatric disabilities are given the same Federal hiring opportunities as persons with significant disabilities and mental retardation. Furthermore, the President directed OPM to make mental health coverage more affordable and accessible for all Federal employees by ensuring that by 2001 Federal Employee Health Benefits Program (FEHBP) plans provide coverage for clinically proven treatments for mental illness and substance abuse in a manner identical to coverage for other medical conditions.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release May 20, 1997

REMARKS BY THE PRESIDENT
AT WELFARE-TO-WORK PARTNERSHIP EVENT

East Room

2:50 P.M. EDT

THE PRESIDENT: Thank you, George Stinson, for your wonderful introduction, your remarks, and most importantly, for your very, very powerful example. I thank the governors, Tom Carper and Tommy Thompson, my former colleagues and friends, for being here and for the power of their example. I thank the members of Congress, and most of all, I thank all the business leaders who are here -- Gerry Greenwald and the leaders of the other companies that were with us when we just had five, and all of you who are part of our first 105 -- thank you all.

And I want to say a special word of thanks to my friend, Eli Segal. He'd be a lot richer man if he'd never met me. (Laughter.) I have -- but I have made him America's reigning expert in public start-ups. (Laughter.) He is truly the father of AmeriCorps, the national service program that I love. And I can say, as I've been around the country now for nearly four and a half years, more people have come up to me and said of AmeriCorps, that changed my life for the better than anything I have done as President, except now this will be more numerous.

Because now -- you know, Eli and I were just sitting around talking one day, and he said, now, what can I do for you now? And I said, well, we passed this welfare reform law and I said, I really believe in it, but, I mean, you know, there's no way in the world we're going to get there. We've got the deficit, we've got to balance the budget, and we can't possibly meet the hiring targets of the welfare reform law unless we can organize the private sector and maximize in every state all the options to give people incentives to hire people in the private sector to move people from welfare to work. Oh, we can get a little money to put into the very high unemployment areas for the community service jobs and Congress has agreed to do that, but we've got to have the private sector.

And he said, we can do that. Then he found Gerry and the other first four that were here who are here in the audience, and then there were 100, and soon there will be 1,000. And I thank you all very much.

I would like to talk about this today a little bit from my perspective as President, but first let me say that I respect the fact that those of you who come here, come here as Americans. You come here primarily as business people. Some of you are Republicans; some of you are Democrats; some of you probably wish you had never met a politician. (Laughter.) But you all recognize that this is not a partisan issue, that it is a moral obligation for our country. It is America's business and, therefore, it must be the work of American business.

How did we get this goal of moving a million people from welfare to work by the year 2000? How did you get here to make a difference, as you can, as you saw from the young women who have been introduced here, to help people to move from a lifetime of dependence to one of independence, to move from burdening their children with a legacy of despair to leaving their children with an inheritance of hope? Well, it all goes back to the effort we have made now as a nation. Some of us, as you heard the governors talking, have been involved with this welfare reform issue a long time.

But when I became President, I was convinced that we had to change both the economic policy and the social policy of the country if we wanted America to work again for everyone; that we had to do something to get the deficit down and expand trade and, at the same time, invest more money in education and science and technology and research and the things that would grow the economy; but that we had to prove that America could work again in a fundamental human way. So we had to deal with crime. We had to deal with our great diversity and get people to come together across the lines the lines that divide us and a stronger community. We had to deal with the conflicts people feel with family and work -- that working people are having trouble raising their kids too and meeting their obligations at work.

And a big part of this mosaic was to change the culture of dependency that had arisen around our welfare system. There was lots of evidence that nobody really liked the welfare system very much, especially the people that were on it. There was also, frankly, a lot of evidence that, for about half the people that were on it, it worked reasonably well, just because, for those people, you'd have to practically throw them up against a wall to stop them from doing all right in life -- people that hit a rough patch in life and they'd be on public assistance and they'd go on. But, increasingly, to the point where we wound up with slightly more than half of people on welfare were long-term dependents who felt literally unable to come back into the mainstream of American life.

Well, we've seen a lot of progress in the last few years, and a lot of it's been helped by the fact that we've got the lowest unemployment rate in 24 years and for the first time ever, our economy produced about 12 million jobs in a four year administration period. In that time, the welfare rolls had their biggest reduction ever in that short a period of time. And so, I began to think, well, maybe we can make the welfare reform targets. And then I realized -- I asked the Council of Economic Advisors to study this, and I said how much of this welfare decline that's due to the economy doing better, and how much of it is due to the fact that most states now are really working hard on welfare reform with us. They've gotten waivers from the federal government to get out from under rules and regulations and move people to work.

And the study indicated that about 40 percent -- a little more -- of the people moved from welfare to work because the economy got better and just -- the labor markets got tighter. About over a third, more or less, got there because most states were aggressively working with us either statewide or in parts of their states on welfare reform, and about a quarter got there for some other reason. But one of the reasons was that child support collections were increased by 50 percent in the last four years.

So then we said, okay, let's change, let's go another step. Let's tell people that if they're able-bodied, they can only have five years of welfare over the course of a lifetime and no more than two years at one time and let's give the states responsibility and the power and the money to design state by state a welfare reform system that will work and, in effect, will have to be designed community by community. That was the import of the welfare reform law. And in that law, as the Congressmen here will tell you, they set up very strict targets. But essentially, about 40 percent of the population has to be fully into this law over the next four years. That's how we got to this burden you're undertaking, because I want all of you who signed on to understand what is at stake here.

Now, what that means, bottom line, is that we have to move about another 900,000 to 1 million people in the work force in the next four years to meet the requirements of the law, which will move about 2.5 million people off welfare, because the average welfare family is about 2.5, 2.6 million, something like that.

Now, if we produce another 12 million jobs, we'll get close anyway. But it would be the first time in history that we ever did it eight years in a row, since we've only done it once four years in a row, and we just came out of that. Maybe we can do it. And I'd be the last to say we couldn't. But even if we did that -- here's the point I want to make -- even if we did that, if we don't have people like this man and like all of you, the people who would come off would be those who might make it off under any circumstances. And what we are trying to do here, the import of the reform welfare law, was to change, challenge, and end the culture of poverty, which means you have to find people who don't think they can make it, who have no idea what a resume is, who never had to show up on time before.

There are people in this audience today have helped find people like that before, and I wish all of you who have actually hired people from welfare to work were up here speaking today. But what this is about is saying that we are going to go beyond what the normal economy would produce; we're going to make an extra effort. And the government will do its part, but it has to be led by the private sector.

Now, in April, the Vice President and I announced that we would hire at least 10,000 welfare recipients in the next four years without replacing anybody, just through job turnover, in an area where we will expand employment, which I think is a pretty good thing in a federal government that's 300,000 people smaller than it was four years ago when I took office. We'll do 10,000. And with the help of Secretary Slater and some of our other Cabinet Secretaries, we're going to work with our private contractors, the people that do direct business with us, to hire 10,000 more. And we believe we can do that.

When we reached the budget agreement -- historic budget agreement -- with the leaders of Congress to balance the budget, it not only will give us the first balanced budget in almost 30 years, it contains the elements that we agree jointly should be a part of our contribution to your welfare reform effort. So let me mention them.

First, it provides, as I said earlier, $3 billion to help cities and states to create jobs and subsidize jobs -- either community service jobs or subsidized private sector jobs. That money will be targeted to very high unemployment areas where you cannot reasonably expect any effort to deal with the time deadlines.

Second, it encourages employers to hire and retain welfare recipients by giving a 50-percent tax credit over two years for up to $10,000 in wages for every long-term welfare recipient hired that does not displace someone else.

Now, these two things will help. But in addition to that, we have other big problems. One of the biggest problems that we think we need to get more help on is transportation. You heard Governor Carper talking about child care. There's $4 billion more in the welfare reform bill for child care. But there was a study that came out of Georgia recently which said that of the entry-level jobs in the inner city in fast food establishments, for example, something like, I don't know, 80 percent of the jobs were held by people who were low-income adults. In the suburbs, just a little more than half of those jobs were held by people who were low-income adults. The transportation barrier kept them from maximizing their ability to move from dependence to independence.

So since two out of three new jobs are created in the suburbs and a significant percentage of people on welfare live in urban centers, it is very important that we do more on that. Today, we're awarding seed grants to 24 states to develop transportation schemes to help people go and get the jobs where the jobs are. And the legislation that we proposed in the new transportation bill would provide $600 million to help states and local communities put these plans into action. It also was approved in the budget agreement, so that's a very, very good thing.

And let me just say one other thing since we've got two very innovative governors here, and Governor Thompson, you've seen, they've had a huge drop in Wisconsin and a sizeable drop in Delaware. If you look around the country, there's still a lot of unevenness in how much the welfare rolls have dropped. Part of it is due to underlying economic conditions. But part of it is due to how comprehensive the efforts are.

One of the things that I think is important is that the states really do get together and steal the best ideas from each other. You should know that among other things, the states now have the power under this new law to take what was the welfare check and give all or part of it to an employer for a period of time as an employment or training subsidy. And a lot of states are doing that as well. There are lots of options out there.

So I want to say to all of you who are part of this first hundred, you have to work with the governors and with the state legislators, too, and with the mayors and the community-based operators. We've got to have a system here that's community-based.

Finally, let me say that if you look at the numbers, a million people sounds like a huge amount over four years, but in an American economy that has well over 100 million people in the work force, that produced 12 million new jobs in the last four years, with these extra incentives around the edges, with committed private sector employers -- small, medium, and large businesses -- this is not a problem. This is a start-up enterprise that can be stunningly successful. But as far as I know, there is no exact precedent for it in our history. There has never been anything quite like this, and this is something we're trying to do together. I will do my best to do my part, but I thank all of you from the bottom of my heart, starting with Eli and Gerry and encompassing all of you, for doing your part.

You know, I've tried to learn about what a lot of you are doing. And Mr. Marriott here has this Pathways to Independence program that supports the transition from welfare to work. I've seen that. Then I meet a man with a small business and more than half his employees are people who were on welfare. We were in Kansas City not very long ago and I met a man who stores data for the federal government, way out in Kansas City -- that's what computers do for you these days. And he had 25 people in his business, in this data storage business, and five of them were people that he had hired from the welfare rolls. Every time he expands now he tries to hire somebody from welfare.

I know we can do this. I just want to say to you when you leave here today I want you to imagine what it is you would like your country to look like when we enter the 21st century. There will always be people who, for one reason or another, are out of work. There will always be people who, for one reason or another, have a rough spot in life. And as long as we're a nation of immigrants, there will always be people who start out below whatever the federally established poverty line is. But we do not have to have a country with an intolerable crime rate, with an intolerable failure rate among young people in poverty and addiction and violence. And we do not have to have a country with a permanent culture of dependence. We do not have to have that. (Applause.)

We just had this Service Summit in Philadelphia where we said we're all going to get together, without regard to party, try to give every child in America five things: a healthy start in life, a safe place to grow up, a decent education, a mentor with a caring adult, and a chance to serve and give something back -- no matter how modest the child's resources are.

I'll tell you, we could do more to get that done by liberating their parents from the culture of dependence than anything else. You are making the America we ought to have for the 21st century. And I hope when you leave here today, you'll be even more dedicated to it because the future of our children is riding on it.

Thank you and God bless you. (Applause.)

END 3:07 P.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release August 22, 1996

REMARKS BY THE PRESIDENT
AT THE SIGNING OF THE
PERSONAL RESPONSIBILITY AND
WORK OPPORTUNITY RECONCILIATION ACT

The Rose Garden

11:15 A.M. EDT

THE PRESIDENT: Thank you very much. Thank you very much. Lillie, thank you. Thank you, Mr. Vice President, to the members of the Cabinet. All of the members of Congress who are here, thank you very much.

I'd like to say to Congressman Castle, I'm especially glad to see you here, because eight years ago about this time when you were the Governor of Delaware and Governor Carper was the Congressman from Delaware, you and I were together at a signing like this.

Thank you, Senator Long, for coming here. Thank you, Governors Romer, Carper, Miller and Caperton.

I'd also like to thank Penelope Howard and Janet Ferrel for coming here. They, too, have worked their way from welfare to independence and we're honored to have them here. I'd like to thank all of the people who worked on this bill who have been introduced from our staff and Cabinet, but I'd also like to especially thank Bruce Reed, who did a lot to do with working on the final compromises of this bill; I thank him.

Lillie Harden was up there talking, and I want to tell you how she happens to be here today. Ten years ago, Governor Castle and I were asked to cochair a Governors Task Force on Welfare Reform, and we were asked together on it, and when we met at Hilton Head in South Carolina, we had a little panel. And 41 governors showed up to listen to people who were on welfare from several states.

So I asked Carol Rasco to find me somebody from our state who had been in one of our welfare reform programs and had gone to work. She found Lillie Harden and Lillie showed up at the program. And I was conducting this meeting and I committed a mistake that they always tell lawyers never to do: never ask a question you do not know the answer to. (Laughter.)

But she was doing so well talking about it, as you saw how well-spoken she was today -- and I said, "Lillie, what's the best thing about being off welfare?" And she looked me straight in the eye and said, "When my boy goes to school and they say what does your mama do for a living, he can give an answer." I have never forgotten that. (Applause.) And when I saw the success of all of her children and the success that she's had in the past 10 years, I can tell you, you've had a bigger impact on me than I've had on you. And I thank you for the power of your example, for your family's. And for all of America, thank you very much. (Applause.)

What we are trying to do today is to overcome the flaws of the welfare system for the people who are trapped on it. We all know that the typical family on welfare today is very different from the one that welfare was designed to deal with 60 years ago. We all know that there are a lot of good people on welfare who just get off of it in the ordinary course of business, but that a significant number of people are trapped on welfare for a very long time, exiling them from the entire community of work that gives structure to our lives.

Nearly 30 years ago, Robert Kennedy said, "Work is the meaning of what this country is all about. We need it as individuals, we need to sense it in our fellow citizens, and we need it as a society and as a people." He was right then, and it's right now.

From now on, our nation's answer to this great social challenge will no longer be a never-ending cycle of welfare, it will be the dignity, the power and the ethic of work. Today, we are taking an historic chance to make welfare what it was meant to be: a second chance, not a way of life.

The bill I'm about to sign, as I have said many times, is far from perfect, but it has come a very long way. Congress sent me two previous bills that I strongly believe failed to protect our children and did too little to move people from welfare to work. I vetoed both of them. This bill had broad bipartisan support and is much, much better on both counts.

The new bill restores America's basic bargain of providing opportunity and demanding in return responsibility. It provides $14 billion for child care, $4 billion more than the present law does. It is good because without the assurance of child care it's all but impossible for a mother with young children to go to work. It requires states to maintain their own spending on welfare reform and gives them powerful performance incentives to place more people on welfare in jobs. It gives states the capacity to create jobs by taking money now used for welfare checks and giving it to employers as subsidies as incentives to hire people. This bill will help people to go to work so they can stop drawing a welfare check and start drawing a paycheck.

It's also better for children. It preserves the national safety net of food stamps and school lunches. It drops the deep cuts and the devastating changes in child protection, adoption, and help for disabled children. It preserves the national guarantee of health care for poor children, the disabled, the elderly, and people on welfare -- the most important preservation of all.

It includes the tough child support enforcement measures that, as far as I know, every member of Congress and everybody in the administration and every thinking person in the country has supported for more than two years.

It's the most sweeping crackdown on deadbeat parents in history. We have succeeded in increasing child support collection 40 percent, but over a third of the cases where there's delinquencies, involve who cross state lines. For a lot of women and children, the only reason they're on welfare today -- the only reason -- is that the father up and walked away when he could have made a contribution to the welfare of the children. That is wrong. If every parent paid the child support that he or she owes legally today, we could move 800,000 women and children off welfare immediately.

With this bill we say, if you don't pay the child support you owe we'll garnish your wages, take away your driver's license, track you across state lines; if necessary, make you work off what you pay -- what you owe. It is a good thing and it will help dramatically to reduce welfare, increase independence, and reenforce parental responsibility. (Applause.)

As the Vice President said, we strongly disagree with a couple of provisions of this bill. We believe that the nutritional cuts are too deep, especially as they affect low-income working people and children. We should not be punishing people who are working for a living already; we should do everything we can to lift them up and keep them at work and help them to support their children. We also believe that the congressional leadership insisted in cuts in programs for legal immigrants that are far too deep.

These cuts, however, have nothing to do with the fundamental purpose of welfare reform. I signed this bill because this is an historic chance -- where Republicans and Democrats got together and said, we're going to take this historic chance to try to recreate the nation's social bargain with the poor. We're going to try to change the parameters of the debate. We're going to make it all new again and see if we can't create a system of incentives which reenforce work and family and independence.

We can change what is wrong. We should not have passed this historic opportunity to do what is right. And so I want to ask all of you, without regard to party, to think through the implications of these other non-welfare issues on the American people and let's work together in good spirits and good faith to remedy what is wrong. We can balance the budget without these cuts, but let's not obscure the fundamental purpose of the welfare provisions of this legislation which are good and solid, and which can give us at least the chance to end the terrible, almost physical isolation of huge numbers of poor people and their children from the rest of mainstream America. We have to do that. (Applause.)

Let me also say that there's something really good about this legislation. When I sign it we all have to start again. And this becomes everybody's responsibility. After I sign my name to this bill, welfare will no longer be a political issue. The two parties cannot attack each other over it. Politicians cannot attack poor people over it. There are no encrusted habits, systems and failures that can be laid at the foot of someone else. We have to begin again. This is not the end of welfare reform, this is the beginning. And we have to all assume responsibility. (Applause.)

Now that we are saying with this bill we expect work, we have to make sure the people have a chance to go to work. If we really value work, everybody in this society -- businesses, non-profits, religious institutions, individuals, those in government -- all have a responsibility to make sure the jobs are there.

These three women have great stories. Almost everybody on welfare would like to have a story like that. And the rest of us now have a responsibility to give them that story. We cannot blame the system for the jobs they don't have anymore. If it doesn't work now, it's everybody's fault -- mine, yours, and everybody else. There is no longer a system in the way. (Applause.)

I've worked hard over the past four years to create jobs and to steer investment into places where there are large numbers of people on welfare because there's been no economic recovery. That's what the empowerment zone program was all about. That's what the community development bank initiative was all about. That's what our urban Brownfield cleanup initiative was all about -- trying to give people the means to make a living in areas that had been left behind.

I think we have to do more here in Washington to do that, and I'll have more to say about that later. But let me say again, we have to build a new work and family system. And this is everybody's responsibility now. The people on welfare are people just like these three people we honor here today and their families. They are human beings. And we owe it to all of them to give them a chance to come back.

I talked the other day when the Vice President and I went down to Tennessee and we were working with Congressman Tanner's district, we were working on a church that had burned. And there was a pastor there from a church in North Carolina that brought a group of his people in to work. And he started asking me about welfare reform, and I started telling him about it. And I said, "You know what you ought to do? You ought to go tell Governor Hunt that you would hire somebody on welfare to work in your church if he would give you the welfare check as a wage supplement, you'd double their pay and you'd keep them employed for a year or so and see if you couldn't train them and help their families and see if their kids were all right." I said, "Would you do that?" He said, "In a heartbeat."

I think there are people all over America like that. (Applause.) I think there are people all over America like that. That's what I want all of you to be thinking about today -- what are we going to do now? This is not over, this is just beginning. The Congress deserves our thanks for creating a new reality, but we have to fill in the blanks. The governors asked for this responsibility; now they've got to live up to it. There are mayors that have responsibilities, county officials that have responsibilities. Every employer in this country that ever made a disparaging remark about the welfare system needs to think about whether he or she should now hire somebody from welfare and go to work. Go to the state and say, okay, you give me the check, I'll use it as an income supplement, I'll train these people, I'll help them to start their lives and we'll go forward from here.

Every single person needs to be thinking -- every person in America tonight who sees a report of this who has ever said a disparaging word about the welfare system should now say, "Okay, that's gone. What is my responsibility to make it better?" (Applause.)

Two days ago we signed a bill increasing the minimum wage here and making it easier for people in small businesses to get and keep pensions. Yesterday we signed the Kassebaum-Kennedy bill which makes health care more available to up to 25 million Americans, many of them in lower-income jobs where they're more vulnerable.

The bill I'm signing today preserves the increases in the earned income tax credit for working families. It is now clearly better to go to work than to stay on welfare -- clearly better. Because of actions taken by the Congress in this session, it is clearly better. And what we have to do now is to make that work a reality.

I've said this many times, but, you know, most American families find that the greatest challenge of their lives is how to do a good job raising their kids and do a good job at work. Trying to balance work and family is the challenge that most Americans in the workplace face. Thankfully, that's the challenge Lillie Harden's had to face for the last 10 years. That's just what we want for everybody. We want at least the chance to strike the right balance for everybody.

Today, we are ending welfare as we know it. But I hope this day will be remembered not for what it ended, but for what it began -- a new day that offers hope, honors responsibility, rewards work, and changes the terms of the debate so that no one in America ever feels again the need to criticize people who are poor on welfare, but instead feels the responsibility to reach out to men and women and children who are isolated, who need opportunity, and who are willing to assume responsibility, and give them to opportunity and the terms of responsibility. (Applause.)

Now, I'd like to ask Penelope Howard, Janet Ferrel, Lillie Harden, the governors and the members of Congress from both parties who are here to come up and join me as I sign the welfare reform bill.

Q Mr. President, before you sign the bill, can you tell us whether you think it's right to regulate tobacco or nicotine as a drug?

THE PRESIDENT: You know, Wolf, under the law, I have to wait until the OMB makes a recommendation to me. I think we have to anticipate things. I can't say more than that right now.

(The bill is signed.)

Q Mr. President, some of your core constituencies are furious with you for signing this bill. What do you say to them?

THE PRESIDENT: Just what I said up there. We saved medical care. We saved food stamps. We saved child care. We saved the aid to disabled children. We saved the school lunch program. We saved the framework of support. What we did was to tell the state, now you have to create a system to give everyone a chance to go to work who is able-bodied, give everyone a chance to be independent. And we did -- that is the right thing to do.

And now, welfare is no longer a political football to be kicked around. It's a personal responsibility of every American who ever criticized the welfare system to help the poor people now to move from welfare to work. That's what I say.

This is going to be a good thing for the country. We're going to monitor it and we're going to fix whatever is wrong with it.

Q What guarantees are there that these things will be fixed, Mr. President, especially if Republicans remain in control of Congress?

THE PRESIDENT: That's what we have elections for.

END 11:33 A.M. EDT

Background on the Clinton/Gore Administration's Community Development Record

BACKGROUND ON THE CLINTON-GORE ADMINISTRATION'S COMMUNITY DEVELOPMENT RECORD

November 4, 1999

TODAY'S ANNOUNCEMENTS BUILD ON PRESIDENT CLINTON'S AND VICE PRESIDENT GORE'S SIX-YEAR RECORD OF PROMOTING GROWTH AND OPPORTUNITY IN AMERICA'S COMMUNITIES. Since 1993, President Clinton and Vice President Gore have been committed to tapping the potential of America's urban and rural communities. They have a demonstrated record of creating new initiatives and expanding existing initiatives to promote community and economic development. The Clinton-Gore Administration has worked with the private sector, states, and localities to help revitalize America's communities by bringing capital, jobs, and opportunity to distressed areas and cleaning up the urban environment. President Clinton and Vice President Gore have created or expanded the following initiatives over the last six years:

Helping to Bring Private Enterprise and Capital to Distressed Areas. The Clinton-Gore Administration has re-newed the commitment of the Federal government to help bring private enterprise into underserved communities and improve access to capital for low-income households, minorities, and traditionally underserved borrowers.

- Fighting to Preserve the Community Reinvestment Act (CRA) under Financial Modernization. President Clinton made clear that he was prepared to veto long overdue legislation to modernize the financial landscape, if it allowed a bank with an unsatisfactory CRA rating to take advantage of the new powers under the bill. As a result, the conferees on the financial modernization bill provided that, for the first time, a bank's CRA rating is relevant to its merger or expansion in non-banking activities. In addition, President Clinton fought to eliminate provisions that would have excluded some banks from CRA coverage and limited the effectiveness of the merger application review process. President Clinton thus assured that CRA remains vital and relevant in the new financial landscape.

- Strengthened and Simplified CRA. In April 1995, the Clinton Administration reformed the CRA regulations to emphasize performance. According to the National Community Reinvestment Coalition (NCRC), the private sector has pledged more than $1 trillion going forward in loans to distressed communities – and more than 95 percent of these financial commitments have been made since 1992. Banks made $18.6 billion in community development loans in 1997 alone. Lending to minority and low-income borrowers is also on the rise.

- Created the Community Development Financial Institutions Fund. Proposed and signed into law by the President in 1994, the CDFI Fund, through grants, loans, and equity investments, is helping to create a network of com-munity development financial institutions (CDFIs) in distressed areas across the United States. The CDFI Fund's activities leverage private sector investments from banks, foundations, and other funding sources. Since the Fund's creation, it has made more than $190 million in awards to community development institutions and financial institutions. This investment is expected in the next two to three years to leverage three to four times the amount of the investments in total capital raised for CDFI's. There are approximately 270 CDFIs certified by the CDFI Fund throughout the nation. In FY 1999, funding for the CDFI Fund was increased 19 percent to $95 million from $80 million. In FY2000, the CDFI Fund will receive $95 million.

- 135 Empowerment Zones and Enterprise Communities. The Clinton Administration has designated 135 urban and rural Empowerment Zones (EZs) and Enterprise Communities (ECs) across the country. This includes a First Round of EZ and ECs, designated in 1994 and a Second Round, designated in January, 1999. Designated communities were chosen on the basis of their strategic revitalization plans, and receive special incentives and resources to help carry out their plans. The EZ/EC initiative has already leveraged over $10 billion in additional public and private sector investment in community revitalization efforts. The First Round EZ/EC initiative was proposed by President Clinton and passed by Congress in 1993. The Second Round was also proposed by the President, and the President and Congress, in FY 1999, provided first-year funding for the new EZs and ECs. In FY2000, Rural/Urban Empowerment Zones will receive $70 billion.

- The Economic Development Initiative and Section 108 Loan Guarantee. EDI grants are used to infuse capital into community development projects, enhancing the debt financing provided by the Section 108 loan guarantee program. Together, the programs support critical economic development in distressed communities. Estimated jobs supported by EDI and the Section 108 loan guarantee have grown by 300,000 from 1994 to 1998. During this time period EDI and the Section 108 loan guarantee program have funded $3.5 billion for more than 650 separate project commitments.

Helping to Bring Jobs and Opportunity to Distressed Areas. A cornerstone of the Administration's community empowerment agenda is helping to bring jobs and opportunity back to distressed areas:

- $3 Billion Welfare-to-Work Jobs Initiative. The Clinton Administration fought for a $3 billion welfare-to-work jobs initiative, as part of the Balanced Budget Agreement. The Administration is implementing these welfare-to-work grants directly to both cities and states for allocating additional resources to help long-term, hard-to-serve welfare recipients find and keep jobs.

- Welfare-to-Work Tax Credit and Work Opportunity Tax Credit. The Welfare-to-Work Tax Credit, enacted in the 1997 Balanced Budget Agreement, provides a credit equal to 35 percent of the first $10,000 in wages in the first year of employment, and 50 percent of the first $10,000 in wages in the second year, to encourage the hiring and retention of long-term welfare recipients. This credit complements the Work Opportunity Tax Credit (WOTC), which expands eligible businesses to include those who hire young adults living in Empowerment Zones and Enterprise Communities. In FY 1999, the President requested and Congress accepted extending the credit through June 30, 1999.

- Community Development Block Grant (CDBG) Expansion. President Clinton's FY 2000 budget included an expansion of CDBG. The final budget increases funding for CDBG from $4.750 billion in FY 1999 to $4.775 billion in FY 2000, a $25 million expansion this year.

Cleaning Up the Urban Environment through Brownfields Redevelopment. The Clinton-Gore Administration has launched a landmark effort, including the Brownfields Tax Incentive, to clean up and redevelop Brownfields sites. In total, the Brownfields action agenda has marshaled funds to clean up and redevelop up to 5,000 properties, leveraging between $5 billion and $28 billion in private investment and creating and supporting 196,000 jobs.

PRESIDENT CLINTON AND VICE PRESIDENT GORE ARE BUILDING ON THEIR PAST ACHIEVEMENTS THROUGH A NUMBER OF NEW INITIATIVES THIS YEAR. While Americans are enjoying the fruits of our strong economy, we still need to do more to improve conditions in underserved urban and rural communities and connect these communities to the economic mainstream. To address this need, President Clinton and Vice President Gore are working on several fronts:

The New Markets Initiative. President Clinton's FY 2000 balanced budget provides a new initiative designed to create the conditions for economic success by prompting approximately $15 billion in new investment in urban and rural areas through:

- America's Private Investment Companies (APICs). Just as America's support for the Overseas Private Investment Corporation helps promote growth in emerging markets abroad, APICs will encourage private investment in this country's untapped markets, by leveraging up to $1.5 billion in investment in new development projects and larger businesses that are expanding or relocating in inner city and rural areas. In the recently signed, VA/HUD appropriations bill, APICS were provided with $20 million in funding. This amount would leverage up to $800 million of new investment in America's underserved communities.

- The New Markets Tax Credit. To help spur $6 billion in new equity capital, this tax credit is worth up to 25 percent for investments in a wide range of vehicles serving these communities, including community development banks, venture funds, and the new investment company programs created by this initiative (see below). A wide-range of businesses could be financed by these investment funds, including small technology firms, inner-city shopping centers, manufacturers with hundreds of employees, and retail stores.

- SBIC's Targeted to New Markets. For over 40 years, SBA's Small Business Investment Company (SBIC) program has provided roughly $20 billion in equity and debt financing to more than 85,000 different companies, helping them to grow from small businesses to household names, like AOL and Staples. However, too little of the capital invested has benefited our cities and rural distressed communities. Through new regulations which were proposed this fall, SBA will now be offering more flexibility and new financing terms for Small Business Investment Companies (SBICs) that invest in underserved areas.

- New Markets Venture Capital (NMVC) Firms. NMVC firms will make both capital and expert guidance available to small business entrepreneurs in inner-city and rural areas. Ten to twenty NMVC firms are planned. SBA will match the equity and technical assistance of private investors.

- Community Development Financial Institutions (CDFI) Fund. The budget proposes to expand funding for the CDFI Fund to $125 million--a $30 million increase from 1999. The Fund increases the availability of credit, investment capital, financial services, and other development services in distressed communities. The signed VA/HUD appropriations bill for FY2000 included $95 million for the DCFI Fund that will expand the capacity of the network of community development financial institutions across the country, spurring the flow of capital to distressed neighborhoods and low-income residents.

- BusinessLINC. The President's FY 2000 budget includes seed money to expand Business LINC --- an innovative public-private partnership launched by Vice President Gore --- for new markets in economically distressed communities. BusinessLINC (Learning, Information, Networking and Collaboration) is designed to encourage large businesses to work with small business owners and entrepreneurs. BusinessLINC is being led in the private sector by the BusinessRoundtable, which has dedicated its resources to establish local coalitions throughout the country.

- Microenterprise Lending and Technical Assistance. Microenterprise initiatives in the FY 2000 budget include the PRIME Act, which will provide microenterprise technical assistance through competitive grants to microenterprise development organizations that focus on low-income entrepreneurs. As proposed in the Financial Modernization Act (H.R.) PRIME will be administred by the SBA. President Clinton's and Vice President Gore's proposal also includes a doubling of support for technical assistance in SBA's Microloan Program and a doubling of support for SBA lending to leverage over $75 million in new microlending. The microenterprise strategy will also involve new funding for Individual Development Accounts (IDAs) and for SBA's One-Stop Capital Shops. On October , the President vetoed the

Commerce-State-Justice Appropriations bill which did not include funding for any of these provisions.

- New Markets Lending Companies (NMLC). For the first time in many years, SBA will approve approximately 10 new non-bank lenders --- firms authorized to originate loans under SBA's largest loan program – the 7(a) General Business Loan Guaranty program. Under the 7 (a) program, SBA guarantees up to 80% of a loan made by a lender to a creditworthy small businesses that cannot otherwise secure financing on reasonable terms. Firms must have a strategy to target lending to underserved areas.

Additional Initiatives Designed to Improve Conditions In Underserved Rural & Urban Communities: President Clinton and Vice-President Gore have proposed the expansion or establishment of the following additional initiatives designed to create the conditions for economic success by encouraging new investment in urban and rural areas:

- Empowerment Zones and Enterprise Communities. The FY 2000 budget proposes full funding for ten years for the Second Round of Empowerment Zones and Enterprise Communities, which were designated in January, 1999. This includes $100 million over ten years for urban EZs; $40 million over ten years for rural EZs; and $3 million for rural ECs. The FY 2000 budget also includes $50 million to create a new Regional Empowerment Zone Program to assist First and Second-Round urban EZ and ECs in linking their economic development strategies to their broader regional economies. The recently signed VA/HUD appropriations bill provides $70 million in funding for Rural/Urban Empowerment Zones. All of the Urban and Rural EZs (20 zones) and rural Enterprise Communities (20 ECs) that were designated by the Vice President in January 1999 as Round II zones will also receive funding.

- Regional Connections. Regional Connections will provide competitive funding to States and partnerships of local governments to develop and implement new, locally driven "smarter growth" strategies that create more livable communities by addressing economic and community development needs across jurisdictional lines. Regional Connections, as part of the Administrations' Livability Agenda, will complement existing federal programs that respond to growth and investment patterns. The budget proposes funding at $50 million in FY 2000.

- The Economic Development Initiative and Section 108 Loan Guarantee Program. This program supports critical economic development in distressed communities in conjunction with the Section 108 loan guarantee program to help bring economic development to residents. Over the past 5 years, $3.5 billion in EDI loan commitments have been made — these will create an estimated 300,000 jobs in low- and moderate-income communities during the life of the EDI program. In FY 2000 many projects will be eligible to participate in the Community Empowerment Fund Trust, a pilot program, which will enable the pooling of loans and the creation of a private sector secondary market for economic development loans. The CEF specifically targets Welfare-to-Work and City-Suburb Business Connections, building upon the success of HUD's EDI and Section 108 loan guarantee program.

- Low-Income Housing Tax Credit. Since its creation in 1986, the Low-Income Housing Tax Credit (LIHTC) has given states tax credits of $1.25 per capita to allocate to developers of affordable housing. While building costs have increased 40 percent in the last decade, the amount of the credit has not been adjusted for inflation. Therefore, President Clinton and Vice President Gore propose to increase the cap on the LIHTC from $1.25 per capita to $1.75 per capita -- restoring the value of the credit to its 1986 level and helping to an create additional 150,000-180,000 new low-income rental housing units over the next five years.

- Play-by-the-Rules. This program will allow renters with solid payment track records to own a home. The 2000 Budget proposes a second round of $15 million for this initiative.

- Helping America's Communities Redevelop Abandoned Buildings. Redevelopment of Abandoned Buildings, as part of the Administrations' "Livability Agenda," would attack one of the primary causes of blight in urban neighborhoods: abandoned apartment buildings, single-family homes, warehouses, office buildings, and commercial centers. Under the proposal, HUD will provide $50 million in competitive grant funds in FY2000 to local governments to support the demolition or deconstruction of blighted, abandoned buildings.

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Office of the Press Secretary

For Immediate Release July 2, 1999

PRESS BRIEFING BY
NATIONAL ECONOMIC ADVISOR GENE SPERLING
AND DEPUTY CHIEF OF STAFF MARIA ECHAVESTE

The Briefing Room

12:50 P.M. EDT

MR. SIEWERT: We'll begin with a quick briefing on the trip next week. Documentary filmmaker and National Economic Advisor, Mr. Sperling will give you an overview of the trip. And Maria Echaveste, Deputy Chief of Staff, who -- did you play a role in the film? -- will also run through the trip and what the President hopes to accomplish next week.

MR. SPERLING: The President, from his campaign in 1992, had an agenda for urban and rural distressed parts of America which he felt was a new, third way approach, which sought to reject both the kind of laissez-faire approach of some to distressed and rural places, but also recognized that many of the government programs on the social side had failed in setting the correct incentives, and that he called for a very activist agenda to bring capital and economic opportunity into the most distressed places of America.

In 1992, the key of the agenda was to create for the first time ever a federal empowerment zone initiative, the first time ever a federal community development bank initiative, and to do a dramatic reform of the Community Reinvestment Act.

During '93 and '94, the President was successful in all of those areas, and the Community Reinvestment Act has actually made more -- led to more commitments since '92 -- 95 percent of all of the commitments have been made since the President took office. The empowerment zone and enterprise communities -- there are 135 across the country. And community development banks, we will see several of them and the effect that they've had on communities during the trip.

The President in an effort to build on that also did much in the welfare-to-work job area and had a new brownsfield tax incentive initiative.

As we looked in 1998 for what were the best ways to build on that agenda, bringing capital and opportunity into economically distressed and under-served parts of America, we consulted broadly -- we consulted with people who run venture capital companies; we consulted with distressed people who are community leaders in distressed communities; we consulted with Jesse Jackson and Sandy Weil and their Wall Street Project, and in fact, worked very closely with Reverend Jackson and Sandy Weil and others. And what we found was that one of the real problems was that there was a lack of focus on, one, the potential -- still a lack of focus on the potential of under-served areas in our own backyard for profit making, as a place for new markets, a place where people could do good and do well for themselves at the same time; and that there was still a lack of equity capital going into distressed communities.

Over and over again, people will say that getting the initial equity capital is essential to starting, and we found that for a number of reasons there is still a failure to go to the places and people who need it most. Some of that is because venture capital often is in search of very, very high potential returns -- the next Internet stock that can make 40 or 50 percent a year -- and sometimes bypasses many people who have solid job-creating opportunities for their community. But often it's simply a lack of relationships, people simply do not have relationships with the people in under-served communities that they may in other parts of the country and of the world.

And finally, we found that there is often a need for more technical assistance, more help in some of the distressed communities, and that a lot of opportunity, a lot of potential was being bypassed because of this.

So we worked and put together a new addition on the President's economic opportunity agenda, New Markets Initiative. And essentially, what we did was we tried to build off the model that is in the small business investment companies. The small business investment companies, or SBIC, is a program that America On Line, Federal Express, many others have used, the basic core of which is that it gives you an incentive to raise capital, because if you can raise $20 billion or $20 billion, the government will match twice that much in government guaranteed loans. And so, in other words, it empowered people to get equity capital, because to the degree that they could raise a certain amount, they could get twice that much in cheaper financing through guaranteed loans.

Now, the reason this program has worked well and hasn't cost the government a lot of money is, unlike the S&L type of issues where the incentives were misaligned, here, the investors have to lose all of their money before the government loses any of its money. So people are able to raise money, but they don't -- they're basically investing their own money and so therefore, they show great care. Therefore, we've been able to do enormous amounts for this program at very low government costs. But we've found there were some holes in that. One was it was not working -- it was not being addressed enough to low-income areas; two, it did not do enough for some of the smaller entrepreneurial companies that need technical assistance and, three, it did not allow some of the larger investments that we often are allowed to make overseas, and we often heard from investment companies who would say, how come I could do a project this large in South Africa or overseas, but I can't get a project -- help for financing in Harlem or Chicago or Appalachia here in the United States. We thought those were all legitimate points.

And so we put forward legislation. First, we took the small business invest companies and we created a new, low- and moderate-income section. And what we did was, we allowed companies, investment companies to both defer their interest for five years so that they would be more willing to take risks because they have longer to pay back the interest and, second, allowed them more ability to control and manage new companies so that they could work more closely with start-up companies or people with good ideas for relatively inexperienced management.

One of the things that we'll announce on our trip that Maria will go through is that in Phoenix, we will see one of the very first companies coming together answering that challenge to have an SBIC directed towards lower and moderate income communities. So that, we were able to do administratively. Legislatively, we're calling for New

Markets venture capital, which would focus on smaller companies, more start-up entrepreneurs. And what that does is the government, when you raise equity, not only matches with government guarantees, but also with technical assistance so that people could get up to $1.5 million for technical assistance so they can provide the help with initial marketing, finding financial people so that smaller entrepreneurs could get off their feet and get started. That's the New Market Venture Capital Proposal. The second legislative proposal is what we call APIC, which is obviously built off OPIC, the Overseas Private Investment Company. This would be America's Private Investment Companies.

And what this does it allows for the larger type of investments that the SBIC does not allow for. Under this, several companies could raise up to $100 million and get $200 million in government-backed financing, so it would allow up to $300 million investment companies dedicated towards getting capital into lower and moderate income areas.

And then the third legislative proposal was a new markets tax credit. And that essentially would be a 25 percent equity tax break for people who are putting investments in these type of vehicles or in existing vehicles, like community development banks. And again, this allows somebody to put money into a fund that is going towards lower income communities to creating jobs and economic opportunities and get 25 percent back right off their investment; it's actually six percent a year over five years, but it equals 25 percent in present value.

In doing these types of incentives, you're trying to do a couple of things. One, you're trying to encourage people to take a little more risk in some areas where we think there is potential to be developed. We think there are profits to be made, but maybe a little more help with the return in risk could make the difference marginally in pushing more people into investing in that area.

Secondly, what it does is, it gives people in these areas something to come to the table with. When we talk to people, they say if you have a new subsidy like this, you're giving us a reason to come in the door to talk to people. People will sit down with us if there's a new tax cut like this passed. And that can make a difference in creating those initial relationships.

And third, in every community there are always business leaders who I think of as champions -- those who go out and really take on these issues. And for them, you want to empower them as much as possible to be able to raise funds. And to the degree that they can offer the people they're soliciting funds from not only the possibility of profit, but a 25-percent return up front, you're making it possible for those who want to take those leadership roles to play a more active role.

Now, in doing this, obviously you do a program like this, no matter how good your government tax incentives or subsidy is, it's only as effective as it is in mobilizing the private sector and mobilizing a national commitment. And what we thought was that we've seen for years Secretary of Commerces take CEOs and members of Congress overseas on a trade mission, a trade mission or an economic mission overseas where the idea is let's bring our CEOs and members of Congress and let's let them see these new markets and let's see if we can create some economic opportunity. And when you do that, part of it is you want to show some economic opportunity, but you also want to set an example for everybody watching that there is profits to be made in this new country, that there are relationships to be developed in this new country.

So our thought was why not do an economic mission to the

United States? Why not do an economic mission to our own country? And what the President is going to do is he is going to take a four-day trip with business leaders, with members of Congress, with community leaders, and we are going to go to various, different places in the United States, representing different types of poverty, different types of opportunity, and we're going to highlight the problems there, but we're also going to highlight some of the positive things that happen, and most of all, we're going to challenge corporate business America, community leaders, to look in these places for new potential, for new profits, for new opportunity.

And at everyplace we go there will be some examples of people putting in some additional investment. And there will be some top leaders with us traveling both to show some new commitments and some new energy, but just as important, to show an example to everyone out there that here are business leaders who have seen that it's in their own self-interest to invest in these areas. And our hope is that this will be an ongoing effort, something the President has cared deeply about and has worked on really his entire adult life and very active on as a governor in Arkansas.

But I think the degree, with us having the strongest economy -- one of the strongest economies in this century -- that at this time period for the President to put a special focus on those places that have historically been left behind and to challenge the private sector to work with us in making sure that we're bringing every community on board, that we don't have a person or a community to waste. Now is a particularly good time to send that message and this is something that we're going to focus on, not only for this four day period, but continue to focus on in an ongoing way after this.

Let me give you Maria, who will walk through the trip and give you some of the ideas, the things that are happening and then we're happy to take questions.

MS. ECHAVESTE: As Gene said, this has been a long time coming. This is something the President has been wanting to do -- frankly, he wanted to go out in April. And one of the reasons we held him off is because it was very important that we go to places that really had three elements because, as you can imagine, lots of people want us to come visit their communities. There are lots of parts of the country that have poverty.

So how did we go about choosing these places? Well, one, finding poverty; but, two, places where there were signs of hope, where there is some development, where something that, as Gene laid out for you, whether it's lending under CRA or CDFIs, where there is movement, but where the President can say we have a lot more to do, and this is where the private sector can, in fact, contribute, and that's the key element, is where could we match private sector, encourage, mobilize CEOs and companies to make investments.

So we are going to be joined throughout the trip at various stages by CEOs, starting with Dick Huber from Aetna, Duane Ackerman from Bell South. We're going to have Bill Hartman from Bank One Kentucky, Craig Lynch from Greyhound, Kathy Bassant from Bank of America. Bob Kay from Arkansas Blue Cross/Blue Shield, Frank Raines, Fannie Mae, and several others that will be coming on the trip. Not everyone will be able to join us for the entire four days.

Similarly, we're going to have members of Congress traveling with us, I think at the moment, and we're still getting confirmations, which is always the case. We'll have Representative Clyburn with us for the entire trip, and also Representative Jaworski, Ken Jaworski. I'm sure -- but we will be joined at different stages by members of Congress.

We start the trip on Monday morning. We go up to Appalachia, and what we will be doing is focusing on a couple of things -- some of the scenes of poverty, but immediately go to Mid-South Electrical Plant, which has created almost 900 jobs. Then, the President, joined by -- Reverend Jackson will also be traveling with us, as will, at least part of the time, Al From. We will be addressing a town square in Hazard, Kentucky. And what we're going to focus is investment and highlighting Kentucky highlands, a CDFI that has been doing work that has been providing financing in this very rural area.

We then go overnight and get set to go to Clarksdale, Mississippi on Tuesday morning. This is of special interest to the President, given his tenure as governor, and he has been working on delta issues for quite a long time. Again, we are going to visit a commercial area that is down and out, but that a couple of places are still thriving who will be able to talk to the President in a subsequent roundtable about what they see as the needs -- again, investment, and other CDFI that's been doing work there.

We will then go to East St. Louis, an empowerment zone that, as you know from the Vice President's work, we've done a lot of work with the empowerment zones. East St. Louis has some new store openings that we will be showcasing. And we should have a very important announcement that Gene alluded to, in terms of investment, the creation of an investment fund targeted to low and moderate income that is done even before our legislation is passed. So we're kind of excited about that.

We will then go to Pine Ridge. This one is a very difficult visit in the following way, and that is that when we worked in trying to see what are the private sector investments, what we learned, as many people know, is that you're starting in Indian country way below -- you don't have infrastructure. How can you attract business when only 40 percent of the community has telephones? How can you attract business when you still have basic water and housing issues?

So you're going to see in Pine Ridge perhaps more government announcements because that's how government can help to at least bring the community up, that can then attract the business sector. This will be the first time a sitting President has visited an Indian reservation since Coolidge, and the folks in Pine Ridge are very excited about it. We will be joined by Fannie Mae there, by Frank Raines, who will also be making some announcements.

We then go to Phoenix. Now, a number of people have said to me -- actually, disappointed members of Congress -- have said, why are we going to Phoenix, why are we going to Arizona, it's really a high growth area. Well, even in a place like Phoenix, there are neighborhoods where you have double-digit unemployment, where there is, in fact, lack of jobs. And so we're going to showcase investments in small businesses that are focused in that area.

We then go to Los Angeles to pick up, I think, a very important piece, which is tomorrow's work force. What we've learned from talking to the CEOs when the President met with them on May 10th was that they have to pay attention to and care about the development of the work force. They can't be competitive, they can't stay profitable if they don't have a work force that is skilled and that is trained. And so our focus in Los Angeles will be highlighting Department of Labor efforts to marry private sector contributions with job training programs. here we'll be joined by Sandy Weil, who has been a staunch supporter of this effort.

I think the upshot of this trip is really, we learned from the '60s that government alone cannot solve the problems of poverty. I think we also learned from the '80s that the free market, just leaving it to the market forces wasn't going to solve these problems of poverty. And the President's approach is that the right kind of government leverage, the right kind of government support, coupled with, fundamentally and critically, the private sector, is what can really give these communities the hope that they can join the American prosperity.

As the President has said over and over again, America cannot succeed if parts of the community are left behind, and that's what this trip is about -- making sure we don't leave them behind as we move into the next century.

Any questions?

Q Gene, is there a cap on the tax credit?

MR. SPERLING: Yes, there's a $1 billion is allocated over five years right now.

Q I thought this was an individual tax credit individuals could take if they invest in it.

MR. SPERLING: Is there a cap per individual?

MS. ECHAVESTE: It's designed for companies to make new investments directly.

Q So it's not for individual investors.

Q Sam's out to take the whole $1 billion. (Laughter.)

MR. ECHAVESTE: If he's willing to make that investment, I'm sure we can accommodate him.

Q No, but the way you presented it, it could be a tactic for individuals to invest in companies that are dealing in those poverty areas. I wondered if that was the objective.

MR. SPERLING: I don't think there is a cap. There's a competitive application. Essentially, people would apply for projects, and if their project is approved, is meeting the condition, then they would be able to go out and raise those funds. So no, we hope those would be attractive to individuals. I think that the notion is of people raising funds for an investment fund that would make these investments, so there is not an individual cap then.

Q The payback is over five years, 25 percent --

MR. SPERLING: You get six percent each year for five years. That's 30 percent. Yes. But because we're so conscientious and conservative in presenting our numbers, that if you did the present value of that, it would be 25 percent.

Q Who decides --

Q Oh, good. (Laughter.)

MR. SPERLING: I just knocked off somebody writing -- 30 percent, there would have been an article two weeks from now saying, no, if you actually did the right calculations, 25 percent, so there you have it.

Q Who decides whether an investment is worthy of a tax credit?

MR. SPERLING: The Treasury Department would have criteria that would have to show that this fit into -- that either 25 percent poverty or less than 80 percent of the medium income in that community.

The reason why you try to keep the criteria a little broader here is the following. When you have money going out in kind of like a revenue sharing notion, the broader the income is the more it gets spread out. And so then you want to narrow it as much as possible. Here you're looking for great projects, you're looking for great programs that will work, where people are going to do great things. And so you don't want to overly limit -- you don't want to put criteria that will overly limit because it's a little difficult. The criteria can be different -- and that's one of the reasons we're going different places in the country, is because in urban parts of the country there can be very concentrated poverty levels and some of the rural places you can have poverty, but you may not have the tremendous concentration, yet you can have very poor areas.

Q How much of this still needs legislative approval?

MR. SPERLING: The new market venture capital needs legislative approval. The APICs needs legislative approval and the new market tax credit needs legislative approval. What we did on the SBICs on the administrative side, in the sense of allowing people to not have to pay back interest for the first five years, that was something that SBA could do under the current legislative authority.

Q Gene, is there any way to describe the scope of this problem? I mean, I know it's in pockets all over the country, but is there any way to get your arms around how big of a problem this is?

MS. ECHAVESTE: I think one way to do it is that, just take -- you've heard us say over and over again we've got the lowest unemployment rates for Hispanics and African Americans, yes, that's true. But when you look at the unemployment rate for African -- it's still double-digits. And it's at, I think the last time I looked it was like 11 percent, something like that; and for Hispanics it was, like, 8. And then it goes up if you look at single young males.

So that's an indicator that -- especially if you have large populations. So, clearly, with a 4.2 -- 4.3 today -- unemployment rate, there are good things happening all over. But there are pockets all across the country.

Q Maria, excuse me, I wanted to ask, I think you answered part of the question. You're not only targeting areas across the country, you're also targeting minorities, right, Hispanics, African Americans, Indian reservations and rural --

MS. ECHAVESTE: Rural, right, which is really important. We want to show the different faces of poverty and the different challenges. And they have unique challenges, whether you're in South Central Los Angeles or whether you're in East St. Louis or an Indian reservation. And I think it's important for America to understand that poverty comes in all colors.

Q -- whether you're talking to people in Pine Ridge and in East St. Louis and in Watts, there's a common theme here which they all bring up. They welcome the attention and the commitment, but they all say it's got to start with education -- education, above and beyond job training -- and I haven't heard much about that.

MS. ECHAVESTE: You know, we had a very interesting debate here about just sort of what the focus of the trip should be, and at one point we talked about, well, should we focus on poverty at large and all that means, which would include focus on education, focus on other -- drug abuse and substance -- a whole host of issues. And I think we concluded that those are all very important issues, and I think I'd defy anybody to say that we haven't paid attention to education in this administration, but that if you do a trip that seems to be about everything, it ends up being about nothing. And the focus that the President has said has laid out, from the beginning of the administration, that there is a role for the private sector.

And when you talk -- when we met with the CEOs, one of the things that they raised with us on May 10th was the importance of education. And if you travel around the country, you'll see that a number of corporations are partnering with local school districts since they know they've got to deal with education.

Q How do you respond to critics who say that the President was not willing to tackle this issue until he had only a year and a half left on his term, that up until now, it's all been talk about how great the economy is and there's been a reticence to deal with these kinds of issues?

MS. ECHAVESTE: I'll let Gene, but it's just absolutely not true if you look at our track record, whether it's looking at EITC or whether you're looking at what we've done in different investments, increasing Head Start. What we've done is say is expand and say that we have to expand the circle of opportunity, and I think if you look at the track record, we have been focusing on issues of poverty and opportunity.

Gene.

MR. SPERLING: Let me just say in response to your question is, first, there are deep problems in poverty and it's important to address all of them. But I think as Maria said, if you -- there is a benefit on putting a specific focus on particular areas, and I think that these are related. For example, one of the biggest problems with urban education is the low tax base. That is absolutely one of the critical problems people are dealing with. So to the degree -- they both work, the degree you have stronger education, the degree you can better attract business, the degree you have more business and economic opportunity, the more you bring in revenues, and there is no better indicator of how a child will do than the economic status of their parent and whether their parent is working.

On your question, David, I think one of the reasons I mentioned -- went through some of the background is, I think it is very clear the President has focused on this. He's the first -- there was never a federal empowerment zone proposal. Kemp and Rangel and others had tried several times in the '80s; it only passed under him. The community development bank initiative, the empowerment zones -- and then we went back in 1997 and got a second round of empowerment zones, the brownsfield tax incentives, the welfare-to-work tax credit, his entire initiative on challenging companies to bring people off welfare into the work force. So I think that there has been a consistent focus.

I do think the following. I do think that there are moments where you may have a special opportunity for a particular type of message, and I think that when we came into office we did focus very much on getting some legislation, on getting some initiatives so that we could show some hope and some opportunity. One of the things that is exciting for us about this trip is that in our seventh year we can go places and we can show how some of the world is better because of things we have done, and talk about building on them.

I do think that -- the one thing I would say, though, is that the fact that the country is doing so well right now may, indeed, provide a better atmosphere for the President to put this challenge to the private sector; that in a period of prosperity like this, that a presidential message of bringing everybody along may be more well-received and you may be able to do more good now than if you were trying to do that at a time when the country -- when everyone around the country was hurting.

And, actually, Maria was being modest on our unemployment numbers. The African American unemployment has gone from 14.1 to 7.3, so it has gone down a lot. And the Hispanic has gone down from the elevens to 6.6. But just to emphasize your point, if you looked at African American teen poverty, it is as bad as any poverty or unemployment in almost any, certainly, of the more industrialized countries in the world.

Q Gene, President Clinton said there were $85 billion worth of untapped markets here in this nation. Realistically, where do you think that you will fall as far as once this project is off the ground?

MR. SPERLING: Where will we fall?

Q You're not going to get $85 billion worth of untapped markets right after this. Where do you think realistically, within the next two, three, four years, you will fall as far as getting some of these untapped markets?

MR. SPERLING: You know, I really couldn't say. You're trying to shine a spotlight on economic opportunity in your own backyard. And I don't know. All I know is that there is great excitement. One thing I thought was very true, and I think we all came to think was true is that there is often great excitement about the potential for growth, particularly before the Asian financial crisis, in places around the world.

And many people, many sophisticated investors had got quite knowledgeable and built up significant relationships with people they never had any touch with before in other countries, in other markets, because they saw the potential for significant growth. And what we're trying to do is, obviously, encourage that, but also suggest that in the United States there are those places as well, and that if people will take the time to build up the relationships.

It's very interesting -- I'll just tell you a story -- Dick Huber from Aetna, came in -- the President does his message and everybody is going around the table praising the President for doing this initiative. And then Dick Huber goes, Aetna has a different view than anybody -- we're very upset that you're doing this initiative. He says, we've spent two years doing research on what we think is tremendous uptapped profits to be made in urban America, and to the degree that you're now telling everybody that, you're stealing the market we're going after.

Obviously, he was saying that tongue-in-cheek, but the fact is, is that for many people, from the work Starbuck's is doing and others, people are finding that when they look in these new areas they just haven't thought about before, the first instinct may be that someone is pushing them to do something good, but when they look and they come and they build the relationships, they find tremendous opportunity for profit. And I can't try to calculate an estimate of what that could do. You're trying to build a national mobilization and we want to do as much good as we can.f

Q Gene, to follow up to that real quick. You say that you don't know where anything is going to land. But does the President have any particular site during this tour that he really wants to focus in on? Maria was saying something about the Indian reservation that doesn't have an infrastructure. Is he really looking the put into one specific place more so than the rest of them on this tour?

MS. ECHAVESTE: No. I mean, there are -- we could have gone many different places. And the fact is we wanted to highlight different problems. There's a lot of work going on specifically relating to the Plains Indians that preceded this visit. There was an economic visit for the Native Americans a year ago. The President met with leaders of Plains Indians recently, within the last two months. There's going to be work after. There's just lots of different places we're working on.

Q How is this paid for? Are there funds in the President's budget that would pay for this? And are you expecting it to be part of the tax bill this year?

MR. SPERLING: This is in the President's budget, on the discretionary side. It was fit into the overall budget we put out. And this is part of the paid for taxes, cuts that we have in our proposal -- we have about $30 billion in tax cuts that are offset by -- closing corporate loopholes and simplification measures.

So this was not part that we put in the so-called contingent part, that was contingent on Social Security and Medicare. But I do believe that if we are able to set aside enough funds and pay down the debt and deal with strengthening Medicare and Social Security, I feel that if there is a tax cut that this is the type of limited targeted measure that could draw bipartisan support. We've certainly gotten some favorable views on this from both Democrats and Republicans.

Q Gene, it's been 10 years since the President chaired that Delta Commission. Isn't it a little late in this administration to start focusing on those areas now?

MR. SPERLING: I can let Maria answer more. But when we first did this initiative, when we were first doing this, when we were all talking about this, we started with the view that no good deed goes unpunished, and that if the President would do something as extraordinary as doing something as extraordinary, I think pretty much unprecedented in being that in the midst of one of the strongest economies of this century, that what he would do is spend an entire week going to highlight the most impoverished places in the country. These are not places where there's great political power, these are not places where there's an easy political message; this is something he wants to do as part of an ongoing effort. And I think if you look at all of the things the President's had to do, he has kept a focus on investment in distressed and urban areas and made that a priority, and this is one more thing we're doing.

And there's nothing good that we're doing this year or the times that I suppose one could say we could have done a little earlier, but I think that if you look at the record and you look at where he has gone, he has steadily built on that agenda, and Secretary Slater has, himself, been working for some time now on a variety of things for the Delta, so I don't think that because we're visiting there, it's implying that we haven't done quite a bit in this area before.

MS. ECHAVESTE: In fact, all I would add to that is Secretary Slater, who worked with the then-Governor on Delta issues has, over the last couple of years, had an interagency group, will be coming out with an administration report of where we are on the Delta specifically. So I don't think it's true that we haven't been focused on these issues.

Q Gene, is there a difference between how you approach or how you try and fix this problem in a rural area versus an urban area?

MR. SPERLING: I think that's one of the important things about doing this trip, is that I think there absolutely are, and I think that this is a chance for the President and many of us to hear some of that firsthand. As Maria said, certainly a Native American reservation, you have basic infrastructure needs that you have to -- basic infrastructure and housing needs that one has to deal with. Certainly, issues involving transportation, health care delivery, et cetera, are much different in rural areas than they are in urban areas. So, yes, that's the case.

Just the sense that we have the Secretary of HUD administering the urban empowerment zones, the Secretary of Agriculture administering the rural empowerment zones. I think there is significant difference and I think, hopefully -- we are working on paper now -- but we will do our best to try to talk about in what we give out the different nature of the poverty and some of the problems in some of the different areas. And that certainly is the point of doing the trip to different places.

Q How many are you talking about --

MR. SPERLING: I don't fully know. Some of the people are meeting us at different places. In California, we will be focusing on corporate investments in education and labor markets. So one of the focuses there will be several CEOs, companies who have committed to hiring disadvantaged youth out of the labor -- Labor's Disadvantaged Youth Program. And then there's, later initiative the day, Sandy Weil, the CEO from Lucent and others will be talking about their efforts that they've done to build within schools within schools, academies, mentoring and internships.

I will say that I have learned that this is probably the most popular vacation week for corporate CEOs of the year. But, despite that, some of them -- and a very high percentage of the CEOs who are coming are actually interrupting their vacations. (Laughter.) We will still have good attendance.

Q Thank you.

END 1:25 P.M. EDT