

WHITE HOUSE STAFFING MEMORANDUM

Date: 1-11-00 ACTION / CONCURRENCE / COMMENT DUE BY: 1-13-00 / NOON
 Subject: FY2001 budget chapters: Supporting Working Families + Educ

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	LOCKHART	☐	☐
PODESTA	☒	☐	MARSHALL	☐	☐
ECHAVESTE	☒	☐	MOORE	☐	☐
RICCHETTI	☒	☐	NASH	☐	☐
LEW	☐	☐	NOLAN	☐	☐
BAILY	☐	☐	REEB	☒	☐
BERGER	☐	☐	SOSNIK	☒	☐
BLUMENTHAL	☐	☐	SPERLING	☒	☐
BURSON	☐	☐	STEIN	☒	☐
CAHILL	☐	☐	STREETT	☐	☐
EDMONDS	☐	☐	TRAMONTANO	☒	☐
FRAMPTON	☐	☐	UCELLI	☐	☐
IBARRA	☐	☐	VERVEER	☐	☐
JOHNSON, B.	☐	☐		☐	☐
JOHNSON, J.	☒	☐		☐	☐
LANE	☐	☐		☐	☐
LEWIS	☐	☐		☐	☐

REMARKS:

Comments to Linda Ricci

RESPONSE:

4. SUPPORTING WORKING FAMILIES

"In this era of unprecedented prosperity, we still have some work ... to do to make sure that we embrace all Americans in this prosperity and to give every American the chance to succeed at work and at home. . . . America is a better place because our families are stronger, our children are growing up in more stable homes, and every adult American who is willing to work has a chance to do so."

President Clinton
August 3, 1999

While the surge of economic growth in the past seven years has presented a wealth of opportunities, this new economy also means that parents work harder than ever. Many face a constant struggle to fulfill their obligations as workers and the even greater responsibility of doing a good job in raising their children.

From the start, President Clinton has advanced policies to strengthen the family, in large part by helping Americans balance the twin demands of work and parenthood. The first bill he signed into law, two weeks after taking office was the Family and Medical Leave Act granting workers the right to 12 weeks unpaid leave to care for a newborn child, ^{or} for a sick child or parent. The President has expanded after-school programs and funding for child centers, and early childhood learning, including in the past seven years increasing funding for Head Start by 90 percent, to reach the goal of serving one million children by 2002.

In the course of this Administration, the President has sought to encourage and support work and responsibility, pillars of the family structure. A central goal of his 1993 economic package was to make work pay. The President's economic plan expanded the Earned Income Tax Credit, helping 15 million low-income working families. By 1997, the Earned Income Tax Credit lifted 4.3 million people out of poverty, more than twice as many as in 1993. In 1996, he proposed and signed into law an increase in the minimum wage, followed by, in 1997, the child tax credit of \$500 per child and the State Children's Health Insurance Program (SCHIP), which provides health insurance to the children of low-income working parents who otherwise would not be able to afford it.

[This language below should be reviewed by Joe Minarik]

The President believes that parents who are able to work to support their children should

do so rather than relying on welfare. In 1996, he signed legislation to reform the nation's welfare system into one that requires and rewards work and responsibility. There is now increased flexibility for States to administer work-focused welfare programs. In order to provide support for those entering the workforce, this legislation has expanded funds for child care. It has ensured that eligible working families retain access to Food Stamps and Medicaid, and significantly increased participation in the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). Welfare reform has also placed additional responsibility on non-custodial parents for financial responsibility in child rearing, by strengthening child support provisions. In order to support at-risk families and individuals, this Administration has advanced policies to provide support for those at-risk, which can prevent a slide into dependency.

In his 2001 Budget, the President builds upon these policies that are central to his agenda of work, responsibility and family. This budget promotes early learning and improves child care quality, while making child care more affordable by expanding subsidies and the child care tax credit for low- and middle-income families. [Note: LR to check] The budget also expands 21st Century Learning Centers, strengthens early intervention by the educational system for disabled children, and expands Head Start. It continues efforts to move people from welfare to work.* It includes a major initiative to help low-income families succeed on the job and move up the career ladder. [Refer to how] It also expands resources for WIC and proposes to restore food stamps for certain legal immigrants. And it promotes responsible fatherhood, by making sure that unemployed fathers who owe child support go to work and provide that support. By proposing a new initiative to increase the employment, earnings, child support payments of low-income fathers, this initiative furthers the Administration's goal of responsible fatherhood.

Expanding Child Care

The President's 2001 proposal builds on the successes of last year's budget in which the Administration obtained \$173 million to help States improve the quality of child care, \$10 million for child care research, and an increase of \$254 million for the Education Department's after-school/summer school program.

The 2001 budget proposes a range of further increases and new policies to expand the accessibility, affordability, and quality of federally funded child care. The President's FY 2001 child care initiative would increase spending and tax incentives by ____ over 2000.

[Table - Resources for Child Care. Please submit table directly to Nancy Ridenour -- per past practice. Contact Nancy, if questions.]

The Child Care Initiative

More Affordable Child Care: The 2001 Budget proposes an expansion of resources for the Child and Dependent Care Tax Credit, tax credits for private employers, the Child Care and Development Fund, and College Campus Based Child Care. In addition, it continues the existing child tax credit and exclusion of employer contributions for child care expenses.

Child and Dependent Care Tax Credit (DCTC): The DCTC helps around 5.5 million families cover their child care costs each year. This proposed expansion [PLS VET] will provide greater tax relief to 7 million low- and middle-income families who are struggling to afford child care. The budget also proposes further expansion of this tax credit to help parents who choose to stay home to raise a young child. These two proposals would provide tax credits worth \$____ billion over five years.

Tax credits for private employers: To encourage businesses to make child care services more widely available, the budget proposes \$500 million in tax credits over five years for private employers that expand or operate child care facilities, train child care workers, contract with a child care facility to provide child care services to employees, or provide child care resource and referral services to employees.

Child Care and Development Fund: Federal funding for child care has more than doubled under this Administration, providing child care services for 1.53 million children from low-income working families or families moving from welfare to work. The budget would further increase funds for the Child Care and Development Fund by \$ 817 million, to a total of \$ 4.6 billion in 2001, enabling the program to provide child care subsidies for 148,000 more poor and near-poor children in 2001. These new funds, combined with the child care funds provided in welfare reform beginning in 1997, will enable the program to serve 2.3 million children by 2005, an increase of over 1 million since 1997.

College campus-based child care: To encourage low-income parents' to pursue higher education, the budget includes \$15 million for the Child Care Access Means Parents in School program to establish and support child care services on college campuses. States may also use a share of the Child Care and Development Fund for this purpose.

Exclusion of employer contributions for child care expenses: The 2001 budget continues this measure, consistent with current law, permitting parents to exclude up to \$5,000 of employer-provided child care expenses from their taxable income and Social Security earnings. The exclusion will provide nearly \$____ billion in benefits over five years.

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Helping meet the cost of raising a child: The Child Credit, which the President proposed and Congress enacted as part of the 1997 Taxpayer Relief Act, helps working parents raise their children by providing \$500 per child for all children under age 17. The credit, which will provide nearly \$____ billion in tax benefits over the next five years, will help ____ million families with over ____ million children.

Strengthening Early Childhood Learning

The budget provides new funds to improve the safety and well-being of young children, including the new Early Learning Fund, developed after the White House Conference on Early Childhood Development and Learning, and continued expansion of the highly successful Head Start program.

Early Learning Fund: Scientific research shows that experiences in early childhood profoundly affect brain development. High quality early childhood programs can significantly improve educational achievement and behavior in early grades as well as grade retention and likelihood of high school graduation in later years, particularly for low-income children. The White House Conference on Early Child Development and Learning in 1997 highlighted some of this evidence. In response, the Administration proposed the Early Learning Fund to help improve early childhood education for children under five years old. The 2001 budget proposes to establish the Early Learning Fund at a level of \$3 billion over five years to provide community grants for activities that foster cognitive development, with a focus on language acquisition, emergent literacy, reading development, and other early childhood education activities aimed at improving readiness for school. Resources could be used to help providers obtain certification, facilitate licensing or accreditation of child care centers, enhance provider training and retention, and reduce child-to-staff ratios--factors associated with positive developmental outcomes for young children. Grants to states would be contingent on reporting children's progress toward educational goals, such as vocabulary building and language use, and a federal evaluation would assess improvements in educational outcomes that result from the Fund.
[not yet edited]

Head Start: Head Start, one of the President's highest priorities, is America's premier early childhood development program. It supports working families by helping parents get involved in their children's educational lives and providing services to the entire family. Since 1993, the President has worked with Congress to increase annual Head Start funding by 90 percent. In 2000, Head Start will serve 880,000 low-income children, including up to 44,000 children under age three in the Early Head Start component that the President launched in 1995.

The budget proposes to expand Head Start funding by \$1 billion in 2001 and add 61,000

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Head Start pre-school slots and 9,000 Early Head Start slots. The Administration intends to increase participation by underrepresented groups in specifically targeted areas with recent influxes of immigrants and limited English proficient children, including seasonal farmworkers. The proposed increase invests in program quality improvement measures and makes further progress toward the President's goal of enrolling a million children in Head Start by 2002, including doubling the number of infants and toddlers in Early Head Start.

After-School Programs and Improved Educational Achievement: The President proposed, and Congress passed in 1999, additional resources for the expansion of 21st Century Community Learning Centers so that 1,700 schools can open their doors before and after the traditional school day and in the summer. Instead of returning to empty houses, or playing on unsafe streets, a half of a million children will participate in safe, drug-free programs that combine learning, enrichment, and recreational activities.

This year the budget proposes to double funding for this program to \$900 million, in order to reach over 10,000 schools, as part of a comprehensive approach to help fix failing schools and help end social promotion the way successful schools do it--without harming the children. Under the President's proposal, school districts with comprehensive policies in place to end social promotion and turn around failing schools will receive priority in the grant-making process. After-school and summer school programs are a critical tool in ending social promotion because they give students who are not on track an opportunity to get extra help so they can meet promotion standards. [proposed edits, need review]

Continuing Support for other Key Programs

Increasing investments in child care quality: In response to the President's request, in FY 2000 Congress appropriated an additional \$173 million for child care quality activities, which supplements the nearly \$135 million that would already have been available for these activities in 2000. Congress has already advance appropriated another \$173 million for quality activities for FY 2001. States invest these dollars in improving child care quality through activities such as resource and referral for parents, scholarships and training for child care providers, monitoring and inspection of providers, networks for family day care providers, and linkages with Head Start, to name a few.

Research on Childhood Development and Child Care: Research on child care, and dissemination of its findings, is critical to support State and local policy makers in their decision-making about child care and to help parents learn how to evaluate and where to find quality child care. At the President's request Congress provided \$10 million for new research activities in FY 2000 to expand our knowledge of good policies and practices, including the

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types of child care settings, parent activities, and provider training that most benefit the early development of children, and to demonstrate effective consumer education programs and hotlines. This budget requests \$10 million in continued research funding for FY 2001.

National crime prevention and privacy compact: Last year, the President and Congress worked together to pass legislation, based on a proposal from the White House Conference on Child Care, to help build a new electronic information sharing partnership among Federal and State law enforcement. This legislation makes background checks on child care providers (and other non-criminal justice checks) more efficient and accurate by eliminating some of the barriers that have made it difficult for States to share information about the criminal backgrounds of job seekers.

Services for Families of Children with Disabilities: Children with disabilities and their families face a broad range of obstacles to achieving educational success. Ensuring that the educational needs of the youngest children with disabilities are fully met is critical to the Administration. (For a discussion of the Administration's work incentives initiative for disabled individuals, see Chapter 1, "Investing in Education and Training."

Special Education: The budget proposes \$6.4 billion for special education programs, a \$333 million increase over last year's budget, including a \$10 million increase for the Infants and Families program, to provide early intervention services to children aged birth through two, and \$15 million to help schools implement research-based practices to serve children with disabilities in the early grades.

Families of Children with Disabilities: The budget continues a \$4 million program proposed last year by the President and funded by Congress to help the families of children with disabilities. This program provides grants to States to expand and modify their State-wide support systems to help these families address such problems as inadequate child care options, missed job training and job opportunities, the loss of medical assistance, and teen pregnancy.

Promoting Self-Sufficiency

Food Stamps. For certain families, those who work full time and fall just below the poverty level, access to food stamps can make the difference between their being poor or not. For these families, where an adult works full-time at the minimum wage and receives the Earned Income Tax Credit, access to food stamps is critical.

However, between 1995 and 1997, food stamp participation fell five times faster than the

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poverty rate, suggesting that some working families have left the program though they remain poor. Last year, the President took a series of actions to ensure working families who need food stamps know how to get access to them. These steps included launching a nationwide public education campaign and toll-free hotline to help working families know they are eligible for food stamps, allowing states to make it easier for working families to own a car and still be eligible for food stamps, and simplifying food stamp reporting rules to reduce bureaucracy and encourage work.

This year's budget will build upon such efforts by providing funds to improve outreach and nutrition education to individuals who are eligible for food stamps. The budget also proposes to help the many working poor families for whom owning a vehicle is the one item that makes them ineligible for food stamps. For many of these families, a car is necessary in order to get to jobs as well as to access essential services, such as child care, that allow them to work. The budget proposes to make it easier for 280,000 individuals in working families to own vehicles (**non-luxury only**) and receive food stamps by allowing states to conform their food stamps vehicle policy with a more generous TANF or Medicaid vehicle policy. [open issue]

In addition, the budget provides \$560 million in Food Stamp benefits for legal immigrants. (See below).

Increasing Parental Responsibility Through Child Support Enforcement: The President's campaign to ensure that parents support their children is working. In 1998, the number of paternities established rose to nearly 1.5 million, and child support collections have gone up 74 percent since the President took office, to an estimated \$15.5 billion in 1999. In 1999, net Federal costs for child support enforcement were \$1.7 billion.

The budget builds on this success by taking important, additional steps to increase child support collections and to direct more of these payments to low-income families. The budget expands the Clinton Administration's Family First policy enacted under welfare reform by providing States the option to adopt simplified child support rules under which all collections made on behalf of former welfare families would be paid to the family. This proposal provides direct financial benefit to these predominately low-income families and improves their chances of staying off the welfare rolls.

The budget also proposes to provide Federal matching funds for child support that States pass-through (and disregard in the calculation of the welfare benefit) to families on welfare, above States' current policy, up to \$100 per month. This proposal increases the amount of child support paid directly to families on welfare, and encourages non-custodial parents to support their children. These proposals would result in an additional \$XX million in child support paid to families over five years.

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The budget proposes to intercept gambling winnings of parents who owe past-due child support as a new enforcement tool to collect past-due support. This proposal provides for maximum privacy and security safeguards. In addition, the budget proposes to increase child support collections by requiring States to review child support orders for families on welfare, at least every three years. These two proposals would result in \$XX million more child support paid to families, save the Federal government \$XX million, and save States \$XX million.

The budget also includes two measures that stabilize State and Federal funding of the child support program, and provide incentives to States to improve program performance and cost effectiveness. The budget proposes several changes to child support incentive payments that would make these payments a more reliable funding stream for States and would raise the performance standard for the award of these payments. The budget also conforms the match rate for paternity testing with the lower administrative match rate. Net Federal savings of these two proposals total \$XXX million over five years.

Supporting Children Leaving Foster Care: An estimated 20,000 children leave foster care each year having reached the age of 18 without being adopted or finding another permanent relationship. These youth are troubled. Studies that examined former foster youth two to four years after leaving care found that only half had completed high school, less than half were employed and only about 40 percent had held a job for one year or more. One-fourth had been homeless at least one night, 60 percent of the females had given birth, and fewer than one-in-five were completely self-supporting. In November 1999, working together with Congress, the President secured a 50 percent increase in funds to help former foster youth transition to adulthood, and new authority giving states the option of providing Medicaid coverage to these youth up to age 21. The budget proposes to increase FY 2000 funding for this program to \$140 million, the full amount authorized and double the amount provided in FY 1999, and to maintain this higher level in FY 2001.

Curtailing Violence Against Women: Since 1993, funding for services to victims of domestic and sexual violence has grown by over \$400 million and the passage of the Violence Against Women Act of 1995 expanded the Government's role in supporting services and providing scientific knowledge to prevent and treat violence against women. The budget proposes an increase of \$20 million to further strengthen and increase the availability of battered women's shelters and counseling services, increase culturally appropriate services in under-served populations, and expand resources for research and prevention activities aimed at changing the social norms that allow this violence to occur. These new funds will allow programs addressing violence against women to serve an additional 30,000 women, children, and perpetrators.

Assisting Impoverished Border Communities: The budget provides \$5 million in assistance

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for rural, impoverished communities along the United States/Mexico border. Almost all of the residents in these communities are poor, and one-third of them, who are eligible for food assistance, do not receive it. These funds will help to build partnerships that will improve the delivery of nutrition assistance programs to these impoverished areas.

Restoring Equity in Benefits for Legal Immigrants

The President believes that legal immigrants should have the same economic opportunity, and bear the same responsibility, as other members of society. Upon signing the 1996 welfare law, he pledged to work toward reversing the harsh, unnecessary cuts in benefits to legal immigrants that were unrelated to the goal of moving people from welfare to work. As part of the 1997 Balanced Budget Act (BBA), the President worked with Congress to restore Medicaid and Supplemental Security Income (SSI) to hundreds of thousands of disabled and elderly legal immigrants. The next year, the Noncitizens' Benefit Clarification and Other Technical Amendments Act restored eligibility to additional legal immigrants. In response to the Administration's request, the 1998 Agricultural Research Act restored food stamp benefits to 225,000 elderly, disabled, and other needy immigrants, including 70,000 children who lawfully resided in the United States as of August 22, 1996.

Despite these gains, many legal immigrants, including disabled individuals and families with children, remain ineligible for health and disability benefits. The budget provides \$2.3 billion over five years to let States provide health care to legal immigrant children, to restore SSI eligibility to legal immigrants with disabilities, and to restore Food Stamp eligibility to certain aged immigrants and to legal immigrants in families with eligible children. The SSI and related Medicaid benefits in the budget that apply to immigrants who entered the country after August 1996, and became disabled thereafter, would only start after five years of residence.

Health Care: As described in Chapter 3, the budget would let States provide health coverage to legal immigrant children and pregnant women under Medicaid and, in the case of children, SCHIP. Currently, States can provide health coverage to legal immigrants who entered the country before the welfare law was enacted. But, immigrants who entered after the law was enacted cannot get benefits for five years. Under these proposals, States could provide health coverage to those children and pregnant women through Medicaid or through SCHIP.

Supplemental Security Income (SSI): The budget would provide approximately \$1.4 billion over five years to restore SSI and related Medicaid to qualified legal immigrants who entered the country after August 22, 1996, lived in the United States for more than five years and became disabled after entry. Currently, only legal immigrants who entered the country before August 22, 1996 can be found eligible for SSI disability benefits.

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Food Stamps: As mentioned above, the budget provides \$130 million over five years to ensure that legal immigrants in the United States as of August 22, 1996, are eligible for food stamp benefits once they reach age 65. In addition, the budget builds on the progress made in the Agricultural Research Bill by providing \$429 million over five years to restore benefits to adult immigrants who were residing in the United States before August 22, 1996 and are currently living with eligible children.

Continuing Support for Working Families

In the course of this Administration, numerous policies in the President's program have built on a strong base of support for at-risk and working families, including many already cited. These include the Child Care Initiative, the restoration of benefits to legal immigrants, expanded activities so that working families who need food stamps can get them, and expanded efforts to assist low-income families, at-risk youth and victims of domestic or sexual violence in attaining self-sufficiency. This support also includes a broad array of tax incentives to encourage and support work as well as legislation to enable workers to care for a newborn and fulfill other family responsibilities; raise the minimum wage; reduce welfare caseloads by nearly four million, enable workers to retain their health insurance; and provide health insurance to up to five million uninsured children. (For the broader discussion of the health care expansions, see Chapter 3, "Strengthening Health Care.")

Support Through the Tax System: Over the last six years, the Administration has worked with Congress to expand the number and size of tax incentives to encourage work and support working families (see Table 4092).

Earned Income Tax Credit (EITC): The Federal Government is committed to helping those who work to meet the cost of raising their children. The EITC helps to meet this goal by supplementing the earnings of working families. In his 1993 economic program, the President proposed and Congress enacted legislation to substantially expand the credit, helping 15 million low-income working families that year and lifting X million of them from poverty. The Administration remains committed to ensuring that this program is managed fairly and accurately. The Administration is currently implementing a series of EITC error-reduction initiatives, including the provisions enacted in the Taxpayer Relief Act of 1997. The EITC will provide \$165 billion of tax benefits over the next five years to low-income working families.

[Tax Table -2/Division to fill in one line description/Provide any table submissions to Nancy Ridenour directly, per past practice.]

Helping Families Move from Welfare to Work: The President has led successful efforts to remove obstacles that have hindered families trying to make a successful transition from welfare

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to self-sufficiency.

Temporary Assistance for Needy Families (TANF): The President signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996, and States have refocused their welfare systems to support work. Welfare caseloads have fallen by over five million since President Clinton signed the welfare reform law, and by over 50 percent since he took office. Recent data from the Census Bureau's Current Population Survey show large increases in the rate of employment both for individuals on welfare and those leaving welfare.

[Barbara – Possible mention Admin efforts toward helping people who are currently at work keep their jobs and stay at work?? Per SMAT.]

Working Families Initiative: The Budget also proposes new funding to improve access to Food Stamps, Medicaid, Child Care and other critical supports for eligible working families. These benefits will help low-income parents, including non-custodial parents, stay in their jobs and off cash assistance.

Welfare-to-Work (WtW) Grants: Because of the President's leadership, the 1997 Balanced Budget Act included \$1.5 billion in each of Fiscal Years 1998 and 1999 for a new Welfare-to-Work grants program. WtW provides grants to States and local communities to help long-term, hard-to-employ welfare recipients, and certain non-custodial parents, secure lasting, unsubsidized employment. Grantees may spend their funds for up to three years after receipt.

Funds are used for job creation, job placement, job retention, vocational training, and other post-employment support services. Working closely with Congress, the Administration secured critically needed changes to WtW's eligibility requirements. Included in the FY 2000 Consolidated Appropriations Act, the streamlined eligibility criteria will allow WtW, within existing resources, to serve more effectively long-term welfare recipients and non-custodial parents of low-income children. **To allow grantees to take advantage of these program improvements, the budget proposes a 2 year extension of the period of time in which existing funds can be spent. [open issue]**

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. The President's leadership on this issue helped secure funding through 2003 to assist States and localities in developing flexible transportation alternatives, such as van services, for welfare recipients and other low income workers. The budget proposes to double funding to \$150 million for this program in 2001. **[LR- additional venue for total '01 housing vouchers?]**

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Welfare-to-Work Housing Vouchers: In his 1999 budget, the President proposed \$283 million for 50,000 new housing vouchers for welfare recipients who need housing assistance to get or keep a job, and Congress approved full funding for this new initiative. Families will 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. The budget proposes \$183 million for an additional 32,000 vouchers, bringing the total number of welfare-to-work vouchers to 82,000 in 2001.

Individual Development Accounts: Since 1992, President Clinton has supported the creation of Individual Development Accounts (IDAs) to empower individuals to save for a first home, post-secondary education, or to start a new business. The President signed into law in 1998 legislation providing \$10 million to get the program off the ground. The budget provides \$25 million for IDAs.

Social Services Block Grant (SSBG): SSBG supports an array of critical services to thousands of low-income families. The President's Budget proposes to fund the Social Services Block Grant (SSBG) at \$1,775 million, an increase of \$75 million over the authorized level to maintain funding at the FY 2000 level. SSBG provides funding to States to support a wide range of programs including child protection and child welfare, child care, and services focused on the needs of the elderly and the disabled. The inherent flexibility of this grant permits States to target funds to meet the specific needs in their communities. The Administration will continue to work with the States to improve reporting and accountability for services provided with these funds.

Continued Nutrition Assistance for Infants and Children: The Administration has continued to target resources to low-income infants and children. The Special Supplemental Nutrition Program for Women, Infants and Children (WIC), for example, reached over 7.3 million persons each month in 1999 and the budget proposes \$4.1 billion to serve 7.5 million people in 2001, fulfilling the President's goal of full participation in WIC. (See Chapter 3, Strengthening Health Care, for more information on WIC.)

Better Benefits in the Workplace: The President has led successful efforts to ensure a living wage for all American workers while expanding their ability to care for their families and protect their health care benefits. In addition, the President has proposed an innovative way to provide partial wage replacement for parents who need to take leave to care for a newborn or recently adopted child.

Family and Medical Leave (FMLA): In early 1993, the President proposed, and Congress enacted, the Family and Medical Leave Act, which allows workers to take up to 12 weeks of

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job-protected, unpaid leave to care for a newborn or adopted child, attend to their own serious health needs, or care for a seriously ill parent, child, or spouse--making it less likely that employees will have to choose between work and family. In his 2000 budget, the President proposed expanding FMLA to reach workers in firms with over 25 employees, expanding coverage to 10 million more workers. In addition, in 2000 the President secured resources for the Department of Labor to research: (1) the impact this law has had on the American family; and (2) how to make leave accessible and affordable for more of America's working families.

Ensuring equal pay: The budget continues \$4 million for the President's Equal Pay Initiative, which will help employers assess and improve their pay policies and support public education efforts. In addition, the budget proposes a \$12 million enhancement for launching a public information campaign on wage issues, supporting research to identify and analyze workplace wage discrimination, implementing industry partnership efforts, and increasing outreach and education efforts. Outreach efforts will be designed to reach at least 20,000 individuals and groups representing the full range of workers. Lastly, the Administration will dedicate in each of fiscal years 2000 and 2001 \$10 million of the current revenue from H-1B nonimmigrant visa fees to train women for high-tech jobs and other skill shortage occupations.

Minimum wage: In 1996, the President successfully sought a minimum wage increase that gave a big financial boost to full-time, full-year minimum wage workers, raising the pay of each by approximately \$1,800 a year. In November 1999, the President reiterated his support to further raise the minimum wage to \$6.15 an hour by the year 2000. Increasing the minimum wage by one dollar in two equal steps simply restores the real value of the minimum wage to what it was in 1981. This increase will help ensure that as costs continue to increase parents who work hard and play by the rules can bring up their children out of poverty. The President remains strongly committed to increasing the minimum wage and will work with Congress to ensure the enactment of this vital increase.

POTENTIAL ADDITION

The budget proposes to expand the EITC so that families with three or more children will receive a higher credit and all families will benefit from a more gradual phased reduction of EITC until their income reaches at least the poverty level. [More text needed]

CLOSING THE OPPORTUNITY GAP INVESTING IN EDUCATION AND TRAINING

"At the edge of a new century and an increasingly competitive global economy, we know that our children's futures will be determined in large part by the quality of the education they receive.... Our Administration has made education a high priority, focusing on standards, accountability and choice in public schools, and on making a college education available to every American.... Because of these efforts, more young people have the chance to make the most of their God-given abilities, and take their place in the high-tech world of the 21st century."

....President Clinton
....August 1999

President Clinton took office committed to providing the education and job training that Americans need to succeed in the new global economy. Investing in people and improving our Nation's educational system was a central element of his 1993 economic program. In the past seven years, the President has consistently worked to further the goal of a first-rate education from the child's early years through college and beyond, starting with programs to expand learning opportunities for pre-schoolers to those that encourage students to attend and complete college.

To strengthen elementary and secondary education, the Clinton Administration proposed and worked with Congress to enact new laws in 1994 and succeeding years which help schools, especially in high-poverty areas, meet challenging educational standards put in place by States and school districts. Accountability -- holding schools, teachers, and students alike to these high standards --- is essential to turning low-performing schools into institutions of quality. To help these underperforming schools rise to higher standards, the Administration is committed to providing needed support, through programs such as:

- 21st Century Community Learning Centers, first funded in 1997 and expanded dramatically in 1998, the "after-school" program of grants to public schools and community-based organizations to establish and expand extended learning time opportunities;
- the Reading Excellence Act, enacted in 1998, to provide resources to high poverty schools to help ensure that all children can read well and independently by the end of third grade;

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- and Class Size Reduction, enacted in 1998, to reduce the number of students in the early grades, which, studies show, leads to improved student achievement..
- the Technology Literacy Challenge Fund, first funded in 1997, offering grants to provide computers, software and Internet access to school and technology-related professional development;

The Administration is committed to making a post secondary education both attainable and affordable for every American, from recent high school graduates and dropouts to adult learners and displaced workers. To help ensure access to college, the President has proposed and supported programs that prepare students for post secondary education and that help make college affordable. For example, the President's High Hopes for College proposal was enacted and funded in 1999 as GEAR-UP, which helps low-income students in middle and high school prepare for college. The Administration has also worked to increase the Pell Grant maximum award by 43 percent from 1993 to 2000, and proposes a \$200 increase in 2001; established new tax credits for college costs; created the Direct student loan program to increase benefits to borrowers; and proposed and saw enacted significantly lower interest rates for borrowers on student loans.

In the past seven years, the Clinton Administration has significantly strengthened the Federal government's commitment to education by adding more than \$12 billion, an increase of 52 percent, in Federal discretionary funding for the Department of Education. The 2001 budget builds upon these increases, continuing President Clinton's education agenda with new and sustained efforts to close the gap in educational opportunity and offer the tools to help all Americans take part in the Nation's prosperity.

In elementary and secondary education, the President's initiatives include increasing accountability and fixing failing schools, improving teacher quality, helping schools build new classrooms and acquire better technology, stimulating innovation and excellence, **and targeting selected efforts toward those from disadvantaged areas and Hispanic students who comprise a growing portion of school population as part of the Administration's commitment to all students acquire the education and skills critical to their success in the future.** These initiatives are coupled with a significant expansion of Head Start and the creation of an Early Learning Fund (see Chapter 4, Working Families) to ensure pre-school aged children from low-income families have quality early learning experiences to prepare them effectively for school.

In post secondary education, the President's proposals maintain their focus on helping low-income students prepare for and pay for college. And in workforce development, the

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President proposes initiatives to close the opportunity gap by ensuring that all workers can find and hold good jobs with good wages, improve their skills, and work in safe and healthy environments.

(INSERT TABLE 3-1 - BUDGET INCREASES)

Elementary and Secondary Education

Ensuring Accountability and Fixing Failing Schools

The cornerstone principle of the Administration's education initiatives since 1993 has been to give States and districts increased flexibility to coordinate and combine program activities in exchange for greater accountability for school and student performance. Today, all 50 States and many school districts have begun to put in place accountability systems that identify schools in which students are not meeting challenging State academic standards and establish consequences, holding them accountable for improving their performance.

These reforms - integrating established academic standards, tests to reflect these standards, teacher training, and consequences for failing to meet standards - are beginning to show results, as measured by improved student test scores and other factors. But while the achievement of even the most disadvantaged students is improving, the learning gap between the less and the more fortunate is closing at too slow a pace. We cannot afford to leave any child behind. Nation-wide, there are currently about 7,000 schools in dire need of improvement; the majority of their students are not in learning environments that help them achieve to high academic standards. In the FY 2001 Budget, the Administration proposes a package of programs that will help turn around failing schools and ensure that all students succeed academically: (NOTE TO LR: Possibly work in something about the opportunity gap...)

Title I Accountability Fund: When schools fail to help children reach rigorous academic standards, they must be held accountable for their performance. The Budget provides \$250 million in the Title I account to help States hold districts and schools accountable for raising student achievement. States will use funds to fix their lowest-performing schools through a variety of approaches including bringing in new management or new teachers. Funds will also be used to provide public school choice options to students while the failing schools are being reformed.

Reward and Recognition: \$50 million is provided for this initiative to establish a Rewards Fund that would grant funding to States meeting Federal performance criteria. From FY 2001-

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2003, States would receive awards for adopting strong Statewide accountability systems, including high school exit exams, and developing and disseminating report cards ahead of the time line called for in the Elementary and Secondary Education Act reauthorization proposal. After FY 2003, the Reward Fund would incorporate student performance measures as well.

High School Reform: High schools have lagged behind elementary and middle schools in implementing high academic standards; almost half of all students who graduate do not have the knowledge or skills to complete college or climb a career ladder from an entry-level job. The Administration requests \$120 million for a new high school reform program within the Elementary and Secondary Education Act to support comprehensive, research-based reform in high schools, in particular those serving high-poverty urban and rural areas. The new program will incorporate the Small Schools initiative, for which \$45 million was provided in 2000.
(NOTE: Small schools policy in play)

Class Size Reduction: The budget provides \$1.75 billion, \$450 million over 2000, for the third installment of the President's initiative that began in 1999 to reduce class size in the primary grades. Research suggests that children, particularly those from disadvantaged backgrounds, benefit from the additional attention they receive in small classes. The program's goal is to hire 100,000 qualified teachers by 2005, and reduce class size in grades 1 to 3 to an average of 18 students. The budget increase will support as many as 49,000 teachers, almost half the number required to meet the 100,000 goal. Every State and nearly all school districts participate in the program. In schools that received funds under this program, primary grades have been reduced by an average of 2 students per classroom. (Is there an average number to which it has been reduced? We've often talked publicly about need to bring it down to 18; how far have we come?)

21st Century Community Learning Centers: The budget includes \$1 billion, more than double the 2000 level, for the "after-school" program of grants to public schools and community-based organizations to establish or expand after-school and other extended learning time opportunities. These centers are part of a comprehensive approach to fix failing schools by providing low-achieving students the extra help they need to meet challenging academic standards. From a \$1 million demonstration program in 1997, this program grew to \$453 million in 2000, serving over 850,000 students. The Budget provides sufficient funds for this program to make after- or summer school programs universally available to help turn around all Title I schools identified as low performing.

Special Education: The budget includes \$6.4 billion for Special Education, an increase of \$333 million, to maintain the President's commitment to improving educational outcomes of disabled

children. Included in this total is an additional \$290 million for grants to States to help ensure that all students with disabilities receive a free appropriate public education, and a \$10 million increase for grants to infants and families to identify disabilities early in life and provide essential early intervention services to these children. The budget also includes \$15 million to help schools implement research-based practices to serve children with disabilities in the early grades.

Enhancing Teacher Quality

Because trained and skilled classroom teachers can make all the difference to a child's success in school, high-quality professional development is an essential tool to improve education. In the next decade, 2.2 million new teachers will be needed to fill the shortage created by teacher retirement and population growth, with high poverty schools facing the greatest shortages. In the FY 2001 Budget, the President strengthens his commitment to teacher recruitment and training programs to ensure schools have the highly qualified teachers needed to improve student performance.

Title II: Teacher Quality and Recruitment: The budget requests \$1 billion for the new Title II program, a component of the Administration's Elementary and Secondary Education Act reauthorization proposal, that consolidates the Goals 2000, and Eisenhower Professional Development programs. This program will assist States and districts in coordinating/developing sustained, content rich teacher professional development with challenging standards. Within this broad program authority, the budget proposes several new initiatives to address the most pressing teacher quality needs:

- **Teacher Recruitment and Retention:** In order to increase the number of skilled teachers serving high-poverty school district, the budget proposes \$175 million in competitive grants. These funds would encourage the development and recruitment of teachers for disadvantaged areas by cultivating and recruiting students as early as middle school and provide training experiences throughout high school and college. Upon college graduation, participants would return to guaranteed teaching positions in high-poverty districts. Participants would receive salaries for work during high school and college, scholarships for tuition, recruitment signing bonuses, and high quality professional development.
- **Early Childhood Education Professional Development:** Research has demonstrated that effective early childhood education programs can help eliminate reading problems, as well as improving cognitive and social competence. The budget provides \$30 million to

offer competitive grants to partnerships including school districts, institutions of higher education, Head Start programs and child care programs. Approximately 15,000 early childhood educators would receive training in literacy development, limited English proficiency instruction, and instructional methods for disabled students.

- ***Principal Leadership:*** The budget includes \$40 million for competitive grants to non-profit, public-private partnerships to develop Principal Leadership Centers. These training centers will help principals develop critical skills to improve school performance.
- ***Transition to Teaching: Troops to Teachers: (Duplicate title??)*** The budget proposes \$25 million to recruit and train retiring military personnel and other mid-career professionals to serve as new teachers in public schools.
- ***Teacher Quality Incentive Award*** - This \$50 million initiative would reward states for making exceptional progress toward teacher quality improvement goals set forth in the Administration's Elementary and Secondary Education Act reauthorization bill, such as increasing certification rates and the percentage of teachers working in-field.

Preparing Tomorrow's Teachers to Use Technology: While many schools have access to technology, some teachers are not prepared to use this technology effectively. The budget includes \$150 million, double the 2000 level, to provide pre-service teacher training in technology so that students will be able to make the most of tools that are critical to their education and their future.

Teacher Quality Enhancement: The budget provides \$98 million for the Teacher Quality Enhancement Grants program. Created in FY 1999, this program supports: state grants to improve teacher licensing and certification; partnerships of exemplary teaching colleges and universities, urban and rural schools, and subsidiary colleges and universities; and recruitment grants, including scholarships, to help attract teachers to high priority areas.

Teachers Serving Special Populations: To meet professional development needs of teachers serving populations with special needs, the budget proposes \$100 million for Bilingual Education Professional Development, \$116 million specifically for Special Education professional development, \$10 million for the American Indian Teacher Corps, and \$5 million to create a new American Indian Administrator Corps.

Acquiring Better Technology and Repairing Schools

Many of the Nation's schools need to be brought into the 21st Century, both by equipping them with new and modern technology, and by making essential repairs to fix the inevitable problems in aging and neglected buildings.

The Administration's commitment to educational technology has greatly increased the percentage of schools connected to the Internet: since 1993, the number has almost tripled so that nearly 90 percent of the Nation's schools are connected but some high poverty schools still need to be connected to the Internet.

At the same time, about one-third of our nation's schools have critical renovation needs. Approximately \$60 billion is required to repair roofs, climate control systems, and plumbing. School districts also face the cost of upgrading schools to accommodate computers and modern technology, and of constructing new classrooms and schools to meet expected record enrollments over the next decade.

The budget proposes a set of new initiatives and program increases to help States and school districts meet the need for better technology and adequate learning facilities. These will complement existing activities put in place under this Administration, including the E-rate established by the Telecommunications Act of 1996 to provide discounts to schools and libraries for high-speed Internet access, internal wiring, and telecommunications services, and Qualified Zone Academy Bonds, which encourage investors to make school modernization capital available to certain communities in need.

School construction and modernization bonds: The President's budget reaffirms his support for a new tax incentive that would support 24.8 billion in new bonds for school modernization. *(Need confirmation from Treasury)*

Urgent School Renovation: To ensure the neediest school districts have access to low-cost financing for essential repairs, the budget requests \$1.3 billion for a new urgent school renovation program that would provide loans and grants to school districts with high levels of poverty. Within this total, \$50 million in grants will be directed to schools with high concentrations of Native American students.

Community Technology Centers: As part of a broad initiative (see Chapter 7, Strengthening the American Community) to address the "digital divide" between wealthy communities where access to technology is common and poorer communities that lack such access, the budget requests \$100 million for Community Technology Centers, an increase of \$68 million over 2000. Grants will help low-income communities establish computer centers available to those who cannot afford home computers. Begun in FY 1999, this program supports activities including

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adult education, after-school activities, literacy training, and ESL instruction in community centers. The budget level would provide support to approximately 400 centers in low-income communities.

Technology Literacy Challenge Fund: Enacted in FY 1997, this program offers grants to States to fund technology-related professional development, provide multimedia computers to schools, and provide software and Internet access to students. The budget requests \$450 million, an increase of \$25 million over 2000.

Next Generation Technology Innovation: The budget requests \$170 million for Next Generation Technology Innovation, which consolidates the Technology Innovation Challenge Grants and Star Schools programs, to support technological innovation for education. Included in this program is \$10 million for a new initiative to support development of challenging courses such as AP courses and ESL courses for use on-line.

Other Programs Supporting Innovation and Excellence

Throughout his Administration, President Clinton has aimed to ensure that every child is provided with the highest quality education and challenged to achieve to his or her full potential. The President continues that commitment with these important proposals for 2001:

Public School Choice: The Administration supports expanding public school choice through charter schools and other public school options. These efforts strengthen the public education system by giving it the support it needs to fulfill its mission of providing equal educational opportunities for all while still providing children their choice of schools that best meet their needs.

When the President first took office, there was but one charter school in the Nation, and citizens that wanted to create new charter schools faced considerable financial barriers. First funded in 1995, the Public Charter Schools program addresses this problem by providing startup funding. The budget includes \$175 million for Charter Schools, an increase of \$30 million, to support the creation of 2,400 charter schools in 2001 and to advance the President's goal of creating 3,000 Charter Schools by 2002. The Budget also includes \$20 million for Opportunities to Improve Our Nation's Schools (OPTIONS), a new ESEA initiative that will spur further innovation by supporting new approaches, such as locating public schools at work sites and college campuses and interdistrict choice programs.

Safe and Drug-Free Schools and Communities: In 1999, as part of the government-wide Safe Schools/Healthy Students initiative, 54 communities received over \$100 million in

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competitive grants from the Departments of Education, Health and Human Services, and Justice to implement comprehensive, research-based, drug and violence prevention programs. In FY 2001, these agencies will combine resources with the Department of Labor and expand Safe Schools/Healthy Students to nearly \$250 million, vastly increasing funding for community-wide interventions that address education, mental health, juvenile justice, and public safety and expanding services to include out-of-school youth. The Budget also includes \$10 million for a new activity, Project SERV (School Emergency Response to Violence), to help schools and communities address violent deaths or other crises.

America Reads/Reading Excellence Act: In response to the President's America Reads Challenge, the Reading Excellence Act was enacted in 1998 to provide resources to high poverty schools to help ensure that all children can read well and independently by the end of third grade. The budget requests \$286 million for this program, an increase of \$26 million, to support literacy services to an estimated 1.1 million students.

Arts in Education: The budget doubles funding for this program to \$23 million, including \$11.5 million in new funds to supplement teaching resources, integrate arts into the regular curriculum, and provide intensive professional development to teachers. The Department of Education and the National Endowment for the Arts will continue and expand upon the collaboration formed in 2000 to make competitive grants to local arts education programs and undertake additional activities to address issues of youth at risk.

Advanced Placement Courses On-Line: The budget requests \$10 million for this new program to direct funds to schools to improve access to challenging courses such as Advanced Placement courses and ESL instruction online. **(Division notes say to kill this. Has this policy been dropped? If not, we need to incorporate it somewhere in this chapter.)**

Indian Education: The budget includes \$115.5 million for Indian Education, an increase of \$38.5 million over FY 2000. This total includes \$62 million to the Grants to Local Educational Agencies, an increase of \$31.8 million, to address significant growth in the Indian student population and ensure that Indian students have the resources to succeed academically. Also included is an increase of \$6.7 million, for a total of \$20 million, for special programs to fully fund both the American Indian Teacher and Administrator Corps Initiatives. These programs will recruit heavily among Indian professionals who are already working in Indian communities to serve schools typically plagued with high teacher and school administrator turnover. **[Do these numbers reflect Indian School Construction? If not, incorporate pls.]**

Improving Educational Outcomes for Hispanic-Americans (Don't we need consistency in

use of Latino or Hispanic? Or should we use both interchangeably?)

Raising the educational achievement of Hispanic students continues as a high priority. The high school drop out rate for Latinos is very high: in 1996, 29 percent of Latinos aged 16 to 24 were high school dropouts, compared to seven percent of non-Hispanic whites and 13 percent of non-Hispanic blacks. About 32 percent, or 3.6 million, of the students served by Title I are Latino. Latinos are the fastest growing segment of our nation's population.

For the third year in a row, the budget targets new funding to programs that are part of the Administration's Hispanic Education Action Plan. The budget proposes \$858 million in funding increases including: \$416 million for Title I Grants to Local Educational Agencies; \$90.5 million for Adult education, of which \$75 million is for the President's ESL/Civics initiative to help recent immigrants learn English, participate in public life, and be involved in their communities, \$125 million for GEAR-UP; \$80 million for TRIO; \$25 million for Title I Migrant Education; \$48 million for Bilingual education; \$20 million for Hispanic Serving Institutions; \$5 million for the Labor Department's Migrant and Seasonal Farm worker Youth Program; \$10 million for research on the education of limited English proficient children; and \$8 million for the High School Equivalency Program and College Assistance Migrant Program. The budget also continues to provide \$5 million for the Labor Department's Migrant Youth Job Training Program. (To convert to table? To discuss...)

Post secondary Education

Preparing for College

As our economy depends increasingly on workers with analytical and reasoning skills, access to a quality education beyond high school becomes even more important to maintaining and increasing income, productivity, and the nation's competitiveness. The opportunity to attend college is also crucial in encouraging hardworking families and low-income children to aspire to improve their lives through education. This budget provides significant increases to student financial assistance programs to help low- and middle-income students pay for college; however, not all of the barriers to college are financial. Too many young people reach college age without the skills, knowledge, and preparation they need to apply for, enroll in, and succeed in college. The Administration is committed to making a post secondary education both attainable and affordable for every American, from recent high school graduates and dropouts to adult learners and displaced workers.

GEAR-UP: The Budget provides \$325 million, an increase of \$125 million, for the early intervention program first funded in 1999 that is based on the High Hopes initiative proposed by

the President. This program provides funds for States and local partnerships to help low-income students prepare for college, starting in the 7th grade. In 2001, 1.4 million students would receive services, 644,000 more than in 2000.

TRIO: The budget includes \$725 million, an increase of \$80 million, for TRIO programs that fund post secondary education outreach and support services to encourage and prepare disadvantaged students to enter and complete college and doctoral study. Much of the increase would be dedicated to strengthening the Student Support Services (SSS) program, including a new College Completion Challenge Grant (CCCG) component. Under CCCG, competitive grants to institutions of higher education would support grant aid and summer orientation programs for low-income students in their first years of college, with the goal of increasing college completion rates.

SAT/ACT Preparation: The budget provides \$10 million to offer free commercial test preparation services to low-income students preparing for the SAT and ACT college admissions tests.

(Is there a better term for these institutions?) Minority-Serving Institutions' Dual-Degree Program: The budget provides \$40 million for a new program to promote dual-degree programs between minority-serving institutions that offer four-year degrees, including Historically Black Colleges and Universities, Hispanic Serving Institutions, Tribal Colleges and Universities, and partner institutions such as major research universities. The program would allow students at minority-serving institutions to earn two degrees in five years: one from their home institution and the other from a partner institution, in a subject area that is not offered by the home institution and in which minorities are traditionally under represented. The program will increase academic opportunities for students at minority-serving institutions, improve their postgraduate access and promote their workforce participation in fields in which minorities are under represented.

Paying for College

The economic returns to a college education have never been higher. But at a time when the dividends of a college education make college essential, the cost of education has been rising dramatically. In addition to helping every child prepare for college, this budget maintains the Administration's commitment to ensuring financial access to higher education by requesting significant increases for core student aid programs.

These programs augment the financial help already available through Hope Scholarships and Lifetime Learning Tax Credits proposed by the President and enacted in 1997. Hope

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Scholarships provide tax credits of up to \$1,500 for tuition and fees during the first two years of post secondary training. Under the Lifetime Learning Tax Credits, students beyond the first two years of college, or those taking classes part-time to improve or upgrade their job skills, receive a 20 percent tax credit for the first \$5,000 of tuition and fees each year through 2002, and for the first \$10,000 thereafter.

Pell Grants: The President proposes to increase the maximum Pell Grant by \$200 to \$3,500. Nearly four million needy undergraduates will receive Pell Grants in FY 2001. When President Clinton took office in 1993, the Pell Grant maximum award was \$2,300 – the same as it was when President Bush took office in 1989. Under President Clinton's leadership, the maximum award increased \$1,000, or 43 percent, by FY 2000. With the FY 2001 request, the Pell maximum award will have increased by 52 percent during this Administration.

Work-Study: The budget provides \$1.011 billion for Work-Study, an increase of \$77 million over FY 2000, to maintain the President's promise to give one million students the opportunity to work their way through college. Funding for Work-Study increased 51% from 1993 to 2000; this request would bring the increase since 1993 to 64%.

Supplemental Educational Opportunity Grants: The budget requests a total of \$691 million, \$60 million over 2000, for Supplemental Educational Opportunity Grants to provide more low-income undergraduate students with need-based grant aid.

Federal Student Loan Program: An estimated 6.2 million people will borrow approximately \$42 billion through the Federal student loan programs in FY 2001. In the Higher Education Amendments of 1998, the President's proposal to significantly lower interest rates for borrowers on student loans was adopted, easing the burden of repayment for borrowers. The budget also proposes net savings of \$3.8 billion over five years from reforms to the guaranteed loan system.

D.C. College Access: In response to the President's 2000 proposal, Congress approved a \$17 million initiative to equalize post secondary education opportunities for D.C. residents by providing tuition benefits to District residents attending public colleges in Maryland, Virginia, and other States under certain circumstances, and private colleges in the D.C. area. The Budget requests \$17 million for D.C. College Access in 2001.

Workforce Development

Building on accomplishments made since 1993, the Administration seeks to close the opportunity gap by ensuring that all workers have the opportunity to find and hold secure jobs with good wages, improve their skills, and work in safe and healthful places.

Closing the Workforce Opportunity Gap

Committed to ensuring that America's workforce has the education and training necessary to compete in the 21st Century, the Administration has been working to reform the Nation's workforce development system and increase education, training and job. Specifically, this Administration has accomplished the following:

- In 1998, the President signed the bipartisan Workforce Investment Act -- reforming America's job training system to empower individuals, streamline services through One Stop Career Centers, enhance accountability and increase flexibility.
- Tripled funding for dislocated workers -- more than tripling program enrollment.
- Established a 5-year funding path for a universal program that will help every displaced worker that wants and needs training or reemployment services.
- Increased the number of Job Corps centers from 109 to 122, increasing year-round training opportunities by over 10 percent.
- Developed and authorized the Youth Opportunity Grants program.

Increasing Opportunities for Youth

The budget provides enhanced support to help low-income, at-risk youth prepare for college and careers.

Youth Opportunity Grants: Youth Opportunity Grants address the special problems of out-of-school youth, especially in inner-cities and other areas with high jobless rates. This program is consistent with the Administration's "New Market" initiative to provide resources to communities with potential. The budget includes \$250 million for the third year of competitive grants to 25-30 high-poverty areas and the first year of competitive grants to 12-15 additional communities. Included in this funding is \$20 million for Rewarding Achievement in Youth, a program that provides comprehensive employment training, counseling and education services to over 9,000 academically high-achieving, low-income youth. The program encourages school completion by providing students who excel academically extended summer employment opportunities.

Job Corps: The Job Corps provides intensive vocational skills training, integrated with academic and social education, and support services to severely disadvantaged young people in a structured residential setting. The budget proposes \$1.4 billion, a \$35 million increase over the 2000 level.

Youth Activity Formula Grants: The WIA consolidated the funding streams of DOL's year-round and summer jobs programs -- providing increased flexibility to local Youth Councils and

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enabling them to develop pathways for career opportunities. Funded at \$1 billion, \$22 million above the 200 level, this program will continue to provide essential job and learning opportunities to roughly 612,000 disadvantaged youth.

Youthful Offenders. The budget includes \$75 million for a new DOL initiative to link youthful offenders under age 35 with essential services that can help make the difference to their choices in the future, such as education, training, job placement, drug counseling and mentoring. Through federal to local competitive grants, this program would establish partnerships between the criminal justice system and local workforce investment systems created under the WIA to reintegrate youthful offenders into the mainstream economy, complementing a similar program in the Department of Justice. To maximize the impact of these initiatives, the DOL funds will be targeted to the same communities and populations served by the DOJ initiative, while improving public safety. At the same time, DOJ also will earmark \$5 million of its funds to focus on aftercare programs for juvenile offenders to build on existing collaborations between the two departments. (QUESTION about policy: Do we really want to call a program that serves 34 and 35 year olds as "Youthful Offenders?" Reminds me of Henry Hyde's "Youthful Indiscretion") [*Pls consider: Can and should title be changed at this point?*] [Maybe "Youthful and First-Time Offenders"?]

Preparing Workers for the 21st Century

The budget provides resources to help workers succeed in a changing economy.

Reemployment Services for All Who Need Them: In 2000, the President proposed a major initiative to help working and laid-off Americans get the information and training they need to succeed in a rapidly changing labor market. The 2001 budget continues progress toward the goals of: providing all dislocated workers the resources to train for or find new jobs; expanding and improving the employment services available to all job seekers and enhancing them for individuals receiving Unemployment Insurance; and ensuring that One-Stop services are universally available. The budget includes increases totaling \$xxx million to build on last year's achievements toward the goal of a "universal system."

Dislocated Worker Training: The budget proposes \$1.8 billion--an increase of \$190 million and over three times the amount available when the President took office--to provide readjustment services, job search assistance, training, and related services to help dislocated workers find new jobs quickly. Among the workers assisted by the program, and the proposed increase, are those displaced by trade, technology, defense downsizing, and other causes.

Reemployment Services: The budget proposes \$53 million to expand services to ensure that

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Unemployment Insurance beneficiaries receive help finding new jobs. Total funding for grants to the State Employment Service, operating within the One-Stop system recently expanded in the WIA, is \$854 million.

One-Stop Career Centers: The budget includes \$173 million for new methods of providing employment and related information through America's Labor Market Information System and the One-Stop system. Efforts to improve access to One-Stop information and services include mobile service centers for sparsely populated areas, a toll-free number for easier access to information on services and locations, and enhanced technology for serving individuals with disabilities. Included in the proposal is \$10 million for the new America's Agricultural Labor Network, an information system that connects growers seeking workers with workers seeking employment. Also included is \$20 million to help individuals with disabilities return to work (discussed later in this chapter).

Incumbent Workers: To boost the skills and productivity of the U.S. workforce, the budget includes \$30 million for competitive grants to States to train and upgrade the skills of incumbent workers. Applicants would be required to provide non-Federal matching resources, and employers that received grant assistance would be expected to demonstrate that training increased participants' earnings.

Trade Adjustment Assistance (TAA): The budget proposes to consolidate, reform, and extend the TAA and NAFTA-Transitional Adjustment Assistance (NAFTA-TAA) programs for workers who lose their jobs due to trade policies. The proposal would expand eligibility for TAA benefits to cover workers who lose jobs when plants or production shifts abroad; raise the statutory cap on training expenses; and add a contingency provision to ensure that the Federal Government has sufficient funds to finance any unexpected increase in benefit costs for eligible workers. The budget proposes to increase funding for the TAA programs by \$31 million in 2001, for a total of \$459 million over five years. **(This policy in play...)**

Unemployment Insurance (UI): These programs are the major source of temporary income support for laid-off workers. An estimated 7.8 million people will draw benefits in 2001. A recent dialogue involving the States, employers, workers, and the Federal Government identified a number of possible system improvements. The Administration is committed to working with stakeholders and the Congress to develop a broader legislative proposal of system reforms, developed with the overarching goal of budget neutrality and based on the following principles: expanding coverage and eligibility for benefits, streamlining filing and reducing tax burden where possible, emphasizing reemployment, combating fraud and abuse, and improving administration.

Removing Barriers to Employment

To advance the ability of all people to reap the benefits of a growing economy, this budget builds on recent successes in providing enhanced work incentives, while proposing innovative ways to tap our Nation's human resources.

Helping Individuals Move from Welfare to Work

Welfare-To-Work: To help reach the Temporary Assistance for Needy Families program's employment goal for severely disadvantaged welfare recipients, the Administration sought, and Congress provided to DOL, a total of \$3 billion in 1998 and 1999. The budget provides for a two-year extension of the time period grantees have to spend their funds to continue their efforts and provide long-term recipients and non-custodial parents of children on welfare the work and employment services they need to help support their children.

Promoting the Employment of Individuals with Disabilities

Although unemployment is at a 29-year low, the unemployment rate among working-age adults with disabilities remains unacceptably high. The budget builds on the Administration's commitment to ensuring that individuals with disabilities have full opportunity to participate in, contribute to, and reap the benefits of a growing economy. The budget builds on recent achievements, establishing a new office for disability policy within the Department of Labor; improving individuals with disabilities' access to employment training programs; and building upon current programs for individuals with disabilities.

Ticket to Work and Work Incentives Improvement Act: In 1999, the President signed the Ticket to Work and Work Incentives Improvement Act, landmark legislation that eliminates the institutional barriers that have limited the employment opportunities of individuals with disabilities. The Act provides:

- **Health Insurance Protections for Working Disabled.** Disabled individuals who want to return to work may face the loss of Medicaid or Medicare coverage or incur prohibitive work-related costs, such as personal assistance and assistive technology. The Act seeks to remove these barriers by creating new options and incentives for States to offer a Medicaid buy-in for disabled workers and extending Medicare coverage for Disability Insurance beneficiaries who return to work.
- **Ticket-to-Work:** The Act establishes a new program to enhance employment-related services to help DI and Supplemental Security Income (SSI) disabled beneficiaries re-enter the workforce, giving individuals more choice in their selection of vocational rehabilitation

service providers.

Bureau of Disability Employment Policy: The Budget would reconstitute the President's Committee on Employment of People with Disabilities as the Bureau of Disability Employment Policy and elevate the head of that office to a Presidentially appointed, Senate-confirmed position. This new Bureau will bring a permanent focus to the significant employment obstacles faced by individuals with disabilities and provide a forum for addressing those obstacles. The Presidential Task Force on Employment of Adults with Disabilities will work with the Bureau to ensure interagency policy coordination.

Work Incentive Grants: The budget continues competitive grants enacted in fiscal year 2000 (totaling \$20 million a year) to be awarded to partnerships of organizations in every State, including organizations of people with disabilities, to help One-Stop Career Centers and Workforce Investment Boards provide a range of high-quality services to people with disabilities working or returning to work.

Tax Credit for Workers with Disabilities: The budget proposes a \$1,000 tax credit for workers with disabilities or their spouses to defray additional work-related costs such as personal assistance services.

In addition, the Budget continues to invest in other programs which help disabled individuals prepare for the workforce, including \$6.4 billion for special education programs, described earlier in this chapter, which serve individuals with disabilities up to age 21; and \$2.8 billion for Vocational Rehabilitation. The Budget also supports other important disability programs, including the Committee for Purchase From People Who are Blind or Severely Disabled, the National Technical Institute for the Deaf, and Gallaudet University.

Improving Labor Standards for All Workers

In addition to expanding employment opportunities, the budget affirms the Administration's commitment to improving labor standards for all workers. The Administration's commitment has helped to produce the lowest occupational fatality and injury and illness levels on record. This budget builds on these accomplishments by increasing funding for programs to eliminate abusive child labor, raise international labor standards, promote equal pay, and ensure safe workplace conditions.

Eliminating Exploitative and Abusive Child Labor: The budget continues the Administration's five-year initiative to provide a \$150 million investment to help reduce the incidence of exploitative and abusive child labor. The budget provides an additional \$15 million over 2000 for

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the Bureau of International Labor Affairs (ILAB) to enable the International Labor Organization's International Programme to Eliminate Child Labor (IPEC) to expand its work into more countries and industries. This level will expand IPEC's ability to respond to increasing requests for technical assistance and increase the number of child labor elimination projects. In addition, the budget includes a \$45 million increase for the School Works Program, for a total of \$55 million, to help developing countries with high levels of abusive child labor to enroll and retain these children in basic education, as part of a comprehensive strategy to eliminate child labor.

Domestic Child Labor Activities: The budget includes \$13 million for DOL, including \$8 million to help eliminate domestic violations of child labor laws, particularly in the agriculture sector, and \$5 million for demonstration programs to provide alternatives to field work for migrant youth. In addition, the budget proposes \$2 million for DOL to implement targeted enforcement tools, including "strike teams," in the agriculture and garment industries to increase compliance with labor standards, including child labor.

International Labor Standards: The budget sustains \$20 million to help the International Labor Organization (ILO) create a multilateral technical assistance program to help developing countries implement core labor standards and build their own social safety nets, and \$10 million for DOL to provide technical assistance on these issues in support of important U.S. bilateral relationships. The budget includes \$10 million for a new Global HIV/AIDS Workplace Initiative targeted at providing multilateral assistance to the ILO to support health education and HIV prevention in the workplace. The budget provides \$4.25 million for a joint DOL, EPA, and State monitoring initiative to address labor- and environment-related concerns about global economic integration through the development of better public information and technical assistance with respect to enforcement of domestic labor laws in developing countries. In addition, the budget provides \$1 million for an independent evaluation unit to assure that the array of DOL programs targeted at promoting core labor standards, increasing global AIDS awareness and eliminating the worst forms of child labor achieve their intended results.

Ensuring equal pay: The budget continues \$4 million for the President's Equal Pay Initiative, which will help employers assess and improve their pay policies and support public education efforts. In addition, the budget proposes a \$12 million enhancement to launch a public information campaign on wage issues, support research to identify and analyze workplace dissemination, implement industry partnerships, and increase outreach and education efforts. Outreach efforts will be designed to reach at least 20,000 individuals and groups representing the full range of workers. Lastly, the Administration will dedicate in each of fiscal years 2000 and 2001 \$10 million of the current revenue from H-1B nonimmigrant visa fees to train women for high-tech jobs and other skill shortage occupations.

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Workplace Safety and Health: The budget includes approximately \$660 million to promote safe and healthful conditions for over 100 million workers through DOL's Occupational Safety and Health Administration (OSHA) and Mine Safety and Health Administration (MSHA). Through a combination of enforcement, compliance assistance, and regulatory approaches, these agencies protect workers from illness, injury, and death caused by occupational exposure to hazardous substances and conditions.



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Domestic Policy Council

DATE: 1/11FACSIMILE FOR: Ruby ShamirFAX: 62878
PHONE:FACSIMILE FROM: Andrea Kane

FAX: 202-456-7431

PHONE: 202-456-5573

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The Changing American Family

For most of the 20th century, the typical American family was a married couple in which the wife did not work for pay. But this traditional breadwinner/homemaker family has been declining in importance for decades as more wives have entered the paid labor force and single-parent families have become more prevalent. At the beginning of the 21st century, only about a third of all families are married couples with wives who do not work outside the home, leading to different opportunities and different challenges from those faced by "traditional" families

Changes in the American family are dramatic when viewed over the span of the 20th century (Table 5-1). In 1900, for example, about 80 percent of children lived in a two-parent family with a mother or stepmother who worked on the farm or at home. Fewer than 10 percent of all persons lived in a one-parent family. The typical home had few of today's conveniences (only 8 percent of dwelling units had electricity in 1907), and many households still made their own soap, sewed their own clothes, and gave birth in the home rather than in a hospital. Women

Table 5-1 – *Contrasting American Families Then and Now*

Item	1900	1999
% of persons living in a one-parent family	8.5	27
% of households with 7 or more people	20.4	1.2
Age at Marriage of Women	21.9	25
Age at Marriage of Men	25.9	26.8
% of women aged 35-44 widowed	9	1.3g
% of women aged 35-44 divorced	1	14.7f
% of people born in current state of residence	78.2	61.8f
% of people born in current region of residence	90.8	73.3e
Infant Mortality Rate, percent	10.0b	0.7
Number of polio cases, per 100,000	5.5a	0
Life Expectancy of Women at birth	48.3	79.4e
Life Expectancy of Men at birth	46.3	73.6e
Labor force participation rate of women, percent	20	60.2

Notes: due to data availability, not all series range from 1900 to 1999 -- (a) 1912; (b) 1915; (d) 1990; (e) 1997;

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in 1900 married younger, had more children, and died younger than women today. Ten percent of children died as infants and the average life expectancy of men and women was less than 50 years. The average family had more than two children and a fifth of all households had 7 or more members. Job opportunities for women who did not live on farms were limited as much by custom and law as by physical demands: only a fifth of all women worked for pay, and those who did were mainly from poor and immigrant families.

Overall, families today enjoy many advantages compared with their counterparts a century ago. As discussed in earlier chapters, the material standard of living of the average family is substantially higher than it was then. People are also more likely to live longer and remain healthy into retirement. Partly as a result of these changes, however, families today face a different set of challenges from those faced by families a hundred years ago. In particular, the expansion of opportunities for women to work for pay has given greater prominence to the challenge of balancing the financial rewards from work against the needs and rewards of family time.

This chapter examines that challenge. It begins with an overview of some of the key trends that have created the modern American family: the rise in female labor force participation, changes in family formation and dissolution, and improvements in health and longevity. It then explores the economic implications of the emergence of a diverse set of family types focusing on differences in incomes and time spent at work. The remainder of the chapter explores the challenges these different kinds of families face and the policy implications of those challenges. This discussion is organized into two parts. The first discusses the "money crunch" (the financial constraints that many families still face despite the remarkable growth in the American standard of living, and a problem that is more likely to occur among single-mother families and one-earner couples than among two-earner couples). The second part discusses the

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"time crunch" stemming from an increased participation of parents, specifically mothers, in the paid labor market. This problem affects all families, including those for whom the money crunch is less pressing.

KEY TRENDS SHAPING THE AMERICAN FAMILY

Among the many trends that have affected the American family over the course of the century, three are particularly important in shaping the challenges discussed in this chapter. The first is the rise in female labor force participation over the course of the century as more opportunities have opened up for women to work and more women have taken advantage of those opportunities. The second is changes in how families form and dissolve that have contributed to the growing prevalence of single-parent families. The third is improvements in health and life expectancy that have made retirement and care for older relatives increasingly important issues for today's families. Space does not allow a full consideration of all the kinds of households that exist in America today or of all the challenges they face, hence the chapter focuses primarily on the challenges facing families with children.

Female Labor Force Participation

Women have always worked—whether on the family farm, in the home, or in the paid labor force. The notable trend in the 20th century has been the increase in the proportion of women who work for pay. In 1999 about three-fifths of the female population aged 16 and over were in the labor force (either employed or looking for work). This is three times higher than the female labor force participation rate in 1900. The labor force participation rate of women aged

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25 to 44--those most likely to be balancing work and child rearing--has increased from under 20 percent in 1900 to nearly 80 percent today (Chart 5-1).

Chart 5-1

Although the participation rate of women aged 25 to 44 with children under age 18 has been somewhat lower than the overall rate for that age group, it has still shown a similar pattern of increase. Over the past 25 years, the share of working mothers in this age group who were employed full-time has fluctuated between 68 and 74 percent. Numerous factors have contributed to this growth in women's participation in the paid labor market, including increases in female wages, the opening up of more opportunities for women to work, and changes in family structure. As a result of higher labor force participation rates and later marriages, a higher proportion of women than ever before experience a period of independent living and employment before marriage. This gives them greater attachment to the labor force and increases the chances that they will work after they marry and start a family.

Family Formation and Dissolution

Marriage has remained a fairly universal experience throughout the century. Only 6 percent of women aged 45-64 in 1998 and 12 percent of women aged 35-44 had never been married. However, individuals today are spending a smaller fraction of their adult lives married than their 1900 counterparts and a higher proportion of children are being born to unmarried mothers. As a result, the proportion of people living in a one-parent family increased from 8.5 percent in 1900 to 27 percent in 1999.

There are several reasons why Americans today spend a smaller fraction of their lives married. First, people are marrying slightly later. In 1900, the typical first marriage was

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between a woman of 22 and a man of 26; now the woman is 3 years older and the man nearly a year older. Second, divorce rates are much higher today than they were at the beginning of the century. In 1900 the death of a spouse was far more likely than divorce to be the reason why a marriage ended among those aged 35-54. Over the course of the century, the probability of being a widow in this age range has declined markedly, while the probability of being divorced has risen (Chart 5-2). The divorce rate, which jumped from less than 10 to over 20 per 1,000 married females per year between the mid-1960s and the mid-1970s has drifted down slightly since then but remains high. Nevertheless, the median duration of marriage (7.3 years in 1994) is close to its all-time high. However, people spend a larger fraction of their lives unmarried because life expectancy is long relative to the typical duration of a marriage. The net result of all these forces is that the percent of the population that is married today is 60 percent, down from 72 percent in 1970. This suggests that children are more likely to live in a single-parent household, although the aging of the population has contributed to part of this decline.

CHART 5-2: Percent of Population Widowed or Divorced, Aged 35-54

The increase in the prevalence of single-parent households is also related to the change in out-of-wedlock births. For unmarried women aged 15-44, the number of births per 1,000 women (the "birth-rate") increased dramatically from 7.1 in 1940 to 46.9 in 1994, but it has since stabilized and begun to decline, reaching 44 in 1997 (Chart 5-3). In contrast, the birth rate among married women has been dropping since the baby boom of the 1950s, though it remains nearly twice that of unmarried women. As a result of these trends, the percent of overall births that were to unmarried women of all ages increased eightfold, from 4 percent in 1950 to 32.4 percent in 1997. Some of this increase reflects lower marriage rates generally and some reflects the rapid increase in teen out-of-wedlock births until the 1990s. (Administration efforts to

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reduce teen pregnancy are discussed later in this chapter).

CHART 5-3: Birth Rates and Percent of Birth, by Marital Status

Life Expectancy and Health

The life expectancy and health of Americans has increased dramatically over the century. Major public health initiatives (such as immunization campaigns, better sewage systems, fluoridation of water, and education about hygiene) and medical advances (such as pacemakers, defibrillators, and prosthetic devices) have led to the virtual eradication of numerous diseases and conditions that earlier contributed to high death rates and low life expectancy. For example, technological innovations, better health and nutrition of mothers, greater access to prenatal care, and greater use of vaccines and antibiotics all contributed to tremendous improvements in infant and maternal health. The infant mortality rate dropped by more than 90 percent, from 100 per 1,000 live births in 1915 to 7.2 per 1,000 in 1997. Similarly, in 1915, 6 to 9 women died because of pregnancy-related complications for every 1,000 births. By 1997 this rate dropped to 0.1 deaths per 1,000 live births – more than a 98 percent decline. Advances also have been seen in other areas. The rate of death from coronary disease and stroke has declined by 51 percent since 1972, infectious diseases like typhoid and cholera have been nearly eradicated in the U.S. because of improved sanitation and living conditions, and the widespread use of vaccines has eliminated diseases like smallpox and polio.

These improvements have meant longer life spans for most Americans. Over the century, the average life span in the U.S. increased by more than 30 years, and one study attributes five-sixths of that increase to technological innovations in health care. Life expectancy at birth for a

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woman rose from 48.3 in 1900 to 79.4 by 1997. For men it rose over the same period from 46.3 to 73.6. Older Americans now have longer life expectancies as well. While men at age 65 on average could expect to live to almost to age 77 in 1900, by 1997 on average they could expect to live almost to age 81. Combined with the recent declines in fertility behavior, the changes in life expectancy have led to an increasing share of the population that is elderly--a trend that will continue as the baby boom generation ages.

INCREASING DIVERSITY ACROSS FAMILIES

Income and the time to enjoy it are two key components of economic well-being. The strong growth in productivity and the resulting growth in real wages over the past century described in Chapter One have allowed material standards of living to increase without necessarily requiring people to work longer hours. However, the substantial increase in female labor force participation and the increase in the proportion of households headed by single females means that there are more families with more women working more hours. This section provides background for the subsequent discussion of the "money crunch" and the "time crunch" by describing how family structures have become more diverse, how this diversity has been accompanied by greater diversity of incomes and hours of work across family types, and the importance of women's contribution to family income.

Diversity in Family Structure

The traditional breadwinner/homemaker married couple has been declining as a share of all families, from 67 percent in 1950 to 27 percent in 1998 (Chart 5-4). Rising female labor

force participation has increased the proportion of all families that are married couples with working wives, and these now account for roughly half of all families. Reflecting the trends in marriage and divorce discussed above, the share of all families headed by a single householder with no spouse present (predominantly single-parent families) increased from 13 to 23 percent. While most children living in single-parent families live with their mothers, the share of single-parent families headed by fathers has nearly doubled since 1980 and was 19 percent in 1998. Taking into account divorce as well, more than a third of children do not live with their biological fathers (Box 5-1).

Chart 5-4: Share of Families by Type of Family Structure

Box 5-1: The Importance of Fathers

Historically, the mother has been the custodial parent in single-parent families. For this reason and the higher incidence of poverty in female-headed families, the discussion of single-parent families in this chapter focuses on single mothers. Notwithstanding the rise in the proportion of single-parent families headed by fathers, mothers are still the predominant custodial parent. This has led researchers to study the link between children's wellbeing and the absence of the father.

More than one-third (36 percent) of American children live apart from their biological father; about 40 percent of these children have not seen their fathers in at least a year. Before they reach age 18, more than half of America's children are likely to spend at least a significant portion of their childhood living apart from their fathers.

Yet there is strong evidence suggesting that the presence of a father matters.

- Children who live apart from their fathers are five times more likely to be poor than children

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with both parents at home.

- Girls without a father in their life are two and a half times more likely to get pregnant and 53 percent more likely to commit suicide.
- Boys without a father in their life are 63 percent more likely to run away and 15 percent more likely to use drugs.
- Children without father involvement are twice as likely to drop out of school, twice as likely to abuse alcohol or drugs, twice as likely to end up in jail, and nearly four times more likely to have higher academic and behavioral problems than those with father involvement.

4. The absence of a father goes beyond effects on his own children and can affect communities as well. About 4.5 million children in 1990 resided in predominantly fatherless neighborhoods in which more than half of all families with children were headed by single mothers. Nearly 80 percent of these children were African-American.

While most fathers can afford to pay child support (85 percent of noncustodial fathers have income above the poverty level), about 2.7 million men are "dead broke" non-custodial fathers who are impoverished and do not pay child support. Administration efforts aimed at helping these latter fathers to work and support their children are detailed below.

Increasing life expectancy has also changed the structure of the family. For example, over 70 percent of adults aged 30-54 in the early 1990s had relatives that spanned three or more generations, and over 40 percent of adults aged 50-59 had living family members from four or more generations. In addition, nearly 2.4 million households now have more than two generations living under one roof. Longer life expectancy has meant that more grandparents are able to watch their grandchildren grow to adulthood. And younger generations are facing caregiving responsibilities for older relatives. A 1997 survey estimated, for example, that 25

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percent of all U.S. households provide care for an elderly person.

At the same time, grandparents have also become more important as caregivers—including primary caregivers. Over the last three decades, for example, the share of children under age 18 living in a household headed by a grandparent has risen by more than 70 percent (chart 5-5). The driving force in the 1990s has been an increase in the share of children living in households with neither parent present. Between 1980 and 1990, by contrast, the increase came from children living in grandparent-headed households with just a single parent present. The share of such households with a single father present, while small, continued to grow in the 1990s.

Chart 5-5: Grandchildren in Grandparents' Homes by Presence of Parents

Consistent with the aim of the chapter, this discussion has emphasized family types likely to have children. It is important at least to note, however, that American households cover a much wider range of diversity than this (Box 5-2)

Box 5-2: The Diversity of American Families

The Census Bureau defines families as two or more people related by birth, marriage, or adoption who reside together. Households, by contrast, are defined as all people who occupy a housing unit. Thus households include single people and groups of unrelated people who reside together.

In 1970, the percentage of households fitting the traditional definition of the family (a husband, wife, and their children) was 40 percent; by 1998, only 25 percent of households fit that

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The fraction of individuals choosing to live together outside of a formal marriage has risen dramatically in the latter half of this century. One study reports that only 3 percent of women aged 15 to 19 in 1944 had entered an official relationship by age 20, while for women aged 20 to 24, the figure had climbed to 14 percent. In fact, despite lower marriage rates and the rise in the age of first marriage, more evidence indicates that individuals are still forming coresidential relationships at about the same point in their lives.

The Diversity of Incomes and Hours of Work

An examination of income growth by family type reveals important differences among two-earner married couples, one-earner married couples, and single-parent families. To some extent these differences represent choices about how many hours to work and how many hours to leave free for other things. But they may also reflect underlying differences in education or other factors that affect earnings opportunities.

For the past 50 years, the median income of two-earner couples has been higher than that of one-earner couples, which in turn has been higher than that of single-parent families (Chart 5-

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6). Moreover, the gap between the income of two-earner couples and that of the other family types is larger than it used to be—both in absolute dollars and in percentage terms. Although the gap appears to have stopped rising in the past few years, the real median income of married couple families with wives not in the paid labor force is less than three-fifths that of married couple families with wives in the paid labor force. Recent increases have brought the real median income of single-head families in 1998 about back to where it was in 1971, though the level is only a little more than a third of the level of two-earner couples. To a major extent, of course, these differences reflect factors other than family type. For example, the wives in two-earner couples are likely to have greater earnings opportunities than those in single-earner couples. And single mothers are likely to be younger and less educated than married mothers, with the result that their wages and hours worked are likely to be lower as well.

Chart 5-6: Median Family Income by Family Structure

Medians provide one perspective on differences in income by family type, but they necessarily conceal the extent of variation within each family type. Focusing on families with children, there is considerable overlap between the distributions of income for each family type, particularly in the lower income ranges (Chart 5-7). At the same time, however, it is noteworthy that the distribution of female-headed families with children is the most concentrated in the lower income range.

Chart 5-7: Distribution of Income of Families with Children, by Family Structure

The income differences across families that are shown in Chart 5-7 are due largely to

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differences in earned income from employment, and not to differences in wealth or transfer payments (like welfare payments). In 1998, earnings represented 93 percent of the income of married-couple families with children and 72 percent of the income of female-headed families with children.

Differences in hours worked are a major factor accounting for differences in income across family types. Not surprisingly, dual-earner couples devote the largest number of hours to work, on average, and have the highest concentration of families in the high-hours portion of the distribution (Chart 5-8). Among single-earner family types, husbands in single-earner couples work more hours on average than single mothers.

Chart 5-8: Distribution of family hours of work, by family type, 1998.

Rising Earnings of Women with Children

The typical mother today is now contributing significantly more to family income than her counterpart several decades ago. In particular, the median earnings of single mothers with children rose from \$4,023 to \$11,800 between 1968 and 1998, and among working single mothers, the median rose from \$8,048 to \$15,00. The median earnings of all wives with children rose from 0 (more than half did not work) to \$10,000 during this same time period, and from \$7,323 to \$18,000 for working mothers. As a result, working mothers' earnings currently represent 29 percent of family income, compared with only 17 percent in 1968. In addition to raising average family income, mothers' earnings have dramatically increased the proportion of families who are well off. The share of working mothers earning \$20,000 or more rose from 14 to 43 percent between 1968 and 1998, and the percent of single mothers earning above \$20,000

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rose a lesser (though still sizable) amount, from 20 to 36 percent. For married couples, wives' earnings have had a big effect in increasing the percent of wealthy families: in 1998, only 20 percent of all men earned more than \$60,000, but when wives' earnings are included, 50 percent of all married couples with children had combined earnings above \$60,000. In contrast, for families headed by women, only 5 percent had incomes above \$60,000.

Thus, while most women now contribute to family income, there are pronounced differences across different types of families. These differences in mothers' contributions can be traced to differences in wages and in hours of work.

As discussed in Chapter Four, women's wages have risen over time, due in part to rising skill levels. But single mothers have experienced slower wage gains, and have considerably lower wage rates, on average than married mothers. The lower wages of single mothers are related to a large degree to their lower education levels relative to other mothers. Across all family types, about one-third of women have a high-school education. However, single mothers are much less likely than others to have a high-school diploma, though, as a group, they have made substantial strides raising educational attainment since 1968 (Table 5-2). Furthermore, a

Table 5-2--*Educational Distribution of Women*

	Less than High School		High School Degree		Some College or More	
	1968	1998	1968	1998	1968	1998
Single mothers	50%	20%	35%	36%	15%	44%
Married mothers not in paid labor force	33	21	47	32	20	47
Married mothers in paid labor force	32	8	46	32	22	60

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smaller share of single mothers than married mothers have at least some college—though the increase since 1968 is still large. In contrast, employed wives have strikingly higher levels of education than all others, so that a portion of the higher growth in median incomes for these families (displayed in Chart 5-6) is due to their higher and rising educational levels that feed into their higher wage rates.

The rising incomes of mothers are also a function of their rising hours of work, and here too single mothers differ from married mothers on average. Single mothers have always worked longer hours than married mothers, and thus their hours have risen less over time. For example, the share of single mothers working full-time rose 10 percentage points, to 65 percent, between 1976 and 1998 (Table 5-3), whereas the percent of married mothers working full-time rose 22 percentage points. The increase in full time work arose entirely from women entering the labor force in greater numbers, not from a switch from part-time to full-time work: single mothers increased their participation rates from 68 to 81 percent and married mothers increased their participation rates from 51 percent to 75 percent. (The percent of married mothers working part-time increased substantially less, from 17 percent in 1968 to 23 percent in 1998.) Married mothers have dramatically increased their hours of work, but continue to work somewhat less than single mothers.

Table 5-3—*Participation Rates by Education*

	Total		Less than High School		High School Degree		Some College		College Degree (or more)	
	1968	1998	1968	1998	1968	1998	1968	1998	1968	1998
Single mothers	68%	81%	62%	63%	74%	80%	76%	88%	81%	94%
Married mothers	51	75	50	51	50	75	50	77	56	81

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A portion of the higher average earnings growth for married mothers relative to single mothers arises from the positive correlation between education and hours of work: well-educated women work longer hours. Well-educated women have also increased their hours of work the most over time. From 1968 to 1998, all mothers with less than a high-school education increased their participation in the labor force from 55 percent to 57 percent. In contrast, all mothers with at least some college increased their participation rates from 56 percent to 81 percent. Several factors shape the decision to work for pay. On the one hand, high potential wages make work pay, and thus the well-educated should have greater incentive to work. On the other hand, higher wages and higher husband's income tend to lessen the desire to work—this "income effect" provides an incentive for women to consume more leisure or hometime with their children. Highly educated women tend to be married to a high-income man, and thus the husband's higher income induces the family to place a greater value on the wife's hometime relative to paid employment. Over time, however, the effect of husbands' incomes have on wives' hours has declined. Thus, highly educated women have increased their participation rates the most over time, and have the highest current participation rates. The outcome is that highly educated women, with high hours of work and wages, have contributed very significantly to the number of families in the upper tail of the income distribution. For these families, incomes are high, but so too are hours of work.

In sum, the growth of female hours of work and earnings has had a different effect on different family types. For married women, the strong wage and hours growth have been a primary source of family income growth over the last thirty years, even though on average married women today still contribute less than one-third of family income. For female-headed families, women's wages have not grown as rapidly over time, so that, despite high hours of work, their earnings lag behind those of married women.

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CHALLENGES FAMILIES FACE

Over this century, the American family has experienced many positive changes that have resulted in richer lives for parents and their children. In monetary terms, average family income has increased dramatically and poverty has decreased. In non-monetary terms, individuals live longer and are much healthier. Over the past few years, the gains from a strong labor market have been shared widely and fairly equally. Other favorable recent developments include a fall in teen pregnancy and out-of-wedlock birth rates and a stabilization of divorce rates. Despite this general prosperity, however, family income inequality remains high, and many families feel they are experiencing a "money crunch" that makes it difficult to meet basic family needs. While many of these families have incomes that fall below the poverty threshold, the experience of a "money crunch" is one that also affects families not officially classified as poor.

Perhaps an even greater number of families today are experiencing a "time crunch." With more women working more hours, the amount of family time devoted to work has increased, while that available for leisure and other family activities has declined. This time crunch affects families ranging from poor single mothers to prosperous two-earner couples.

This section explores the challenges facing American families as they deal with the money crunch and the time crunch. In each case, an analysis of the dimensions of the challenge and how it affects different kinds of families is followed by a discussion of policies that address the challenge.

The "Money Crunch"

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Despite the increases in female labor supply and earnings discussed above, a large number of families—both married and single-headed—could be considered the working poor. Using the distribution of incomes displayed in Chart 5-7, the families with incomes in the lower tail of this distribution are the most likely to suffer from the money crunch. In 1998, 8.1 percent of families with working wives, 28.7 percent of families without working wives, and 67.0 percent of single-headed families had income levels below \$25,000 (or about 1.5 times the poverty line for a family of four) is. These families, whose incomes have lagged behind, are the focus of the money crunch.

Although single-parent families tend to have fewer financial resources than other families, the number of children living in these families has grown substantially. The share of single-parent families has risen from 11.9 percent of all families in 1970 to 28 percent in 1997; the share of children less than 18 years of age living in such families rose from 7.8 percent in 1950 to 27 percent in 1997. About half of all African-American children under age 18 live in single mother households, up from 30 percent in 1970. The fraction of white children living in single mother households rose from 8 percent in 1970 to 17.3 percent in 1998. And, as discussed earlier, the percentage of children living with grandparents has also been increasing in recent decades.

Divorce and bearing a child out-of-wedlock are two events that contribute directly to lower incomes for female-headed families. It is estimated that 22 percent of women who get divorced experience a 50 percent or more decline in family income. Also, never-married mothers are much less likely to have a child support award than divorced mothers (44.1 percent versus 75.6 percent in 1995) and for those who received payments, the annual amount received by never-married mothers is much less than that received by divorced mothers (\$2,271 versus \$3,546 in 1995).

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Reflecting these low income levels, poverty rates for female-headed families are very high—the rate of poverty was 38.7 percent for this group in 1998, compared with a substantially lower 6.9 percent for married-couple families with children. These poverty rates are based on a definition of income that does not include the EITC, Medicaid, food stamps, and other non-cash income. The overall poverty rate for all families was 12.7 percent in 1998. Moving families out of poverty has been a particular goal in the policy initiatives of this Administration and since 1993, poverty rates have been declining.

Adequate income is certainly essential for families to develop a sense of economic well-being, but in addition, a family's well-being may be influenced by whether it can meet its consumption "needs." As technological change has lowered the relative cost of food and made other expenditures feasible over the course of the century, incomes have risen and consumption patterns have changed, resulting perhaps in a perception of increased consumption "needs." In 1950, the typical family spent 30 percent of its income on food and 9 percent on clothing. By 1995, those percentages had fallen to 14 and 5 percent, respectively. The typical family spends a greater share of its income on housing than in the past; moreover, entirely new forms of consumption have become standard. Today, over 80 percent of households have automobiles, up from roughly 50 percent in 1950, and the typical family has two automobiles and two television sets. Consumers have had the discretionary income to buy such goods as CD players, VCRs, and personal computers. It is estimated that in 1997, more than 33 percent of households owned a personal computer, 61 percent had a cordless phone, and 88 percent had a VCR.

In line with the health and demographic trends that have increased longevity, families increasingly face the possibility of having to care for their elderly parents. While life expectancy has risen and the elderly at any particular age are far healthier today than in the past, they are also much sicker towards the end of their lives and require more extensive care over more years, in part because

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they are living longer and because medical advances can maintain the very ill for longer. It is this care that often becomes the responsibility of their adult children.

The use of formal care for the elderly has increased substantially. From 1987 to 1996, the number of nursing homes increased 20 percent, and the size of the elderly nursing home population increased 29 percent from 1980 to 1990. Rising life expectancies have placed more elderly in formal care and the formal care population is becoming older and increasingly frail; the proportion of nursing home residents over age 85 increased by about 14 percent and the percent of residents with 3 or more ADL (Activities of Daily Living, a common measure of frailty) limitations rose from 72 percent in 1987 to 83 percent in 1996. It was estimated that in 1990 the probability of institutionalization sometime during one's remaining life was 43 percent. The average cost of a nursing home is now more than \$40,000 per year, and of those admitted to a nursing home at age 65 or older, the average length of stay is 26 months for women and 19 months for men. In fact, nearly 50 percent of the costs of long-term care are paid out-of-pocket by nursing home patients and their families, and most of the remaining costs are borne by Medicaid.

Thus, as the typical market basket affordable by most families changes, it may be appropriate to change our notion of family needs, from traditionally basic purchases such as food and clothing to the additional acquisition of standard consumption goods like automobiles and telephones. The crunch is even tighter when the rising costs of educating children and caring for elderly parents is factored in. When families feel they cannot afford these expenditures, they too may feel a money crunch.

Finally, the changing trends in the labor force participation of family members have given rise to increasing costs of working outside the home, such as child care, additional work expenses (e.g., purchased meals, services), and transportation costs. It is estimated that from

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1986 to 1993 direct expenditures on child care have risen from 6.3 to 7.3 percent of family income.

Increasing the Financial Resources of Families to Lessen the Money Crunch

A strong economy is a critical prerequisite to the economic well-being of families. As discussed in Chapter 2, the labor market performance has been excellent in recent years. Since 1993, in a period of economic expansion, families in each fifth of the income distribution have experienced solid and roughly equal percentage gains in income. Low-wage workers have also experienced steep declines in unemployment. In 1993, 11.1 percent of workers without a high school degree were unemployed; today that rate has fallen to 7.2 percent. Among high school graduates (with no college), the rate has fallen from 6.6 to 3.9 percent. Thus, the gains from this strong labor market are extending to low-wage workers, many of whom must balance work and family on a modest paycheck. However, the long period of decline in average wages of less skilled workers from the 1970s to the early 1990s made it hard for many low-income working families to make ends meet, and this Administration, besides pursuing sound macroeconomic and budget policies to foster the expansion, has pushed for policies that make work pay for lower wage working families facing a money crunch.

Expansion in the Earned Income Tax Credit

The Earned Income Tax Credit (EITC), a refundable tax credit for low-income workers, has been expanded substantially since 1993. The EITC is not currently included in the definition of money income used to compute the official poverty rate, but calculations based on an alternative income concept that does include the EITC show that it lifted more than 4.3 million

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Americans out of poverty in 1998—more than double the number in 1993. In 1998, the EITC lifted more than 2.2 million children out of poverty, and over half of the decline in child poverty (computed using the alternative income concept) between 1993 and 1997 can be explained by changes in tax relief, most importantly the EITC.

Increases in the Minimum Wage

The minimum wage was increased from \$4.25 in 1993 to \$5.15 in 1997, boosting the wages of 10 million workers. The combined effects of the minimum wage and the EITC have dramatically increased the returns to work for families with children. For example, between 1993 and 1998, families with one child and one earner who worked full-time at the minimum wage experienced a 14 percent (\$1,303) increase in their real income as a result of these two policies alone. Similar families with two children experienced a 27 percent (\$2,699) increase in their income. Given recent tight labor markets, the notable impact of the minimum wage on family incomes does not seem to have had a noticeable impact on aggregate employment.

Welfare Reform

The 1996 welfare reform law dramatically changed the nation's welfare system into one that requires work in exchange for time-limited assistance. The law contains strong work requirements, comprehensive child support enforcement, and support for families moving from welfare to work. To assist individuals in moving from welfare to work and to support low-income working families, the Administration addressed a range of logistical and financial challenges typically faced by such families.

Welfare-to-work grants help move long-term welfare recipients in the poorest areas into lasting, unsubsidized jobs, enabling them to work and support their families. Initially aimed at

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the vast majority of welfare recipients (mothers), more recent efforts have extended these benefits to low-income noncustodial fathers, many of whom may have previously wanted to contribute to support of their children but have not had the means to do so. To encourage hiring and retention of long-term welfare recipients, employers are eligible for a tax 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.

More housing vouchers help families move closer to a new job, reduce a long commute or secure more stable housing, and new transportation grants help communities and states develop flexible transportation alternatives for welfare recipients and other low-income workers. New guidance also makes it easier for low-income working families to own a car and still receive food stamps.

The 1996 Welfare Reform Law invested an additional \$4 billion over six years to provide more child care assistance for families moving from welfare to work and other low-income parents. (Additional discussion of child care can be found later in this chapter.) The creation of the Children's Health Insurance Program (CHIP) extends health care coverage to uninsured children, and new rules allow states to expand Medicaid to cover more low-income families who work, including more two-parent families.

Finally, Individual Development Accounts (IDAs) empower low-income families to save for a first home, post-secondary education, or to start a new business.

As a result of welfare reform, in June 1999 there were 6.9 million welfare recipients, a 50 percent decrease since 1993. The number of recipients represents 2.5 percent of the total US population, the lowest proportion since 1967. Twenty-seven states were awarded bonus funds for their superior results in reforming welfare, and a number of government studies found encouraging results. For example, more than 1.3 million welfare recipients nationwide went to

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work in the one-year period between October 1997 and September 1998. Retention rates are also promising: 80 percent of those who got jobs were still working three months later. States 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. All 50 states met the overall work participation requirements, and the percentage of all welfare recipients working has nearly quadrupled since 1992, from seven percent in 1992 to 27 percent in 1998, with the remainder fulfilling their participation requirements through job search, education and training.

Independent studies confirm these conclusions, finding that nearly 70 percent of recipients left welfare for work. When women move to paying jobs, they develop the skills needed to produce higher sustainable incomes over their lifetimes, and to reduce the inter-generational cycle of dependency. In addition, the Administration's initiative to reduce teen pregnancy (Box 5-3) also plays a role in breaking the cycle of dependency and increasing the well-being of families by reducing the number of children born to teen mothers.

Box 5-3: The National Strategy to Reduce Teen Pregnancy

From 1980 to 1990 the overall birth rate to teens aged 15-19 rose from 27.0 to 59.9 (per 1,000 teens). However, in more recent years these trends are improving. Overall teen births declined nationwide by 18 percent from 1991 to 1998, and have fallen in every state and across ethnic and racial groups. For a subset of this group, girls aged 15-17, the 1998 birth rate is at its lowest in four decades. In addition, teen pregnancy rates are at the lowest since 1976, the earliest year that data on this group is available. Despite these recent improvements, teen pregnancy remains a problem, since the financial resources and opportunities of unwed teens are significantly less than those of other families.

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Each year, more than 400,000 pregnancies occur among women ages 15 to 19. In addition, more than 10 percent of teen mothers and up to 10 percent of adolescent mothers have serious health problems, and an average adolescent mother is 70 percent more likely to become a teen mother again. Finally, teen sons of adolescent mothers are 40 percent more likely to become teen fathers themselves. On January 4, 1997, President Clinton announced a comprehensive effort to reduce teen pregnancy in this country. The new initiative led by the Department of Health and Human Services is closely coordinated with the President and the Congress for a national strategy to cut out-of-wedlock teen pregnancies and to improve the welfare of communities, assuring that at least 25 percent of communities in this country have teen pregnancy prevention programs in place.

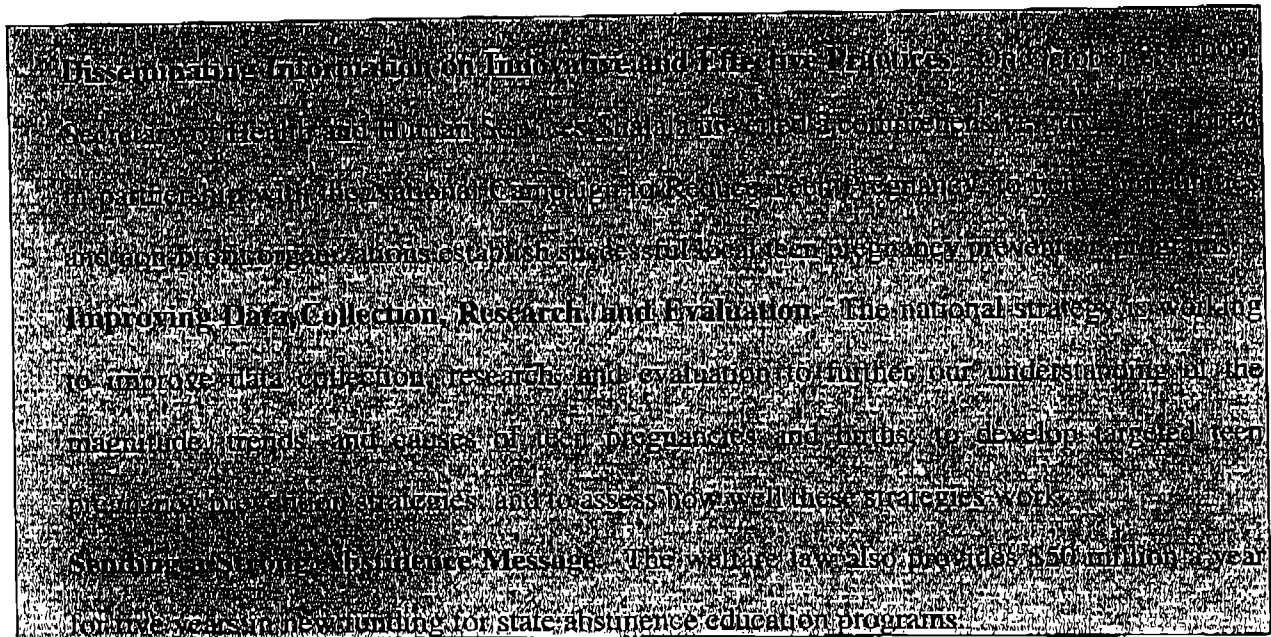
Implementing New Efforts Under Welfare Reform. Under the welfare reform law signed by President Clinton on August 22, 1996, unmarried minor parents are required to stay in school and live at home, or in an adult-supervised setting, in order to receive assistance. The law encourages the creation of Second Chance Homes, supportive and supervised living arrangements that provide teen parents with the skills they need to become good role models and providers for their children, giving them guidance in parenting and in avoiding repeat pregnancies.

Supporting Promising Approaches and Building Partnerships. The Clinton Administration continues to support innovative teen pregnancy prevention strategies tailored to the unique needs of communities. There are HHS-funded programs supporting teen pregnancy prevention in about 34 percent of the 4,752 Census-defined communities in the United States. In addition, HHS has built partnerships aimed at reducing teen pregnancies with national, state, and local organizations.

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Social Security and Medicare

Social Security is a key source of income for those over age 62: in 1996 it was the main source of income for 66 percent of beneficiaries; it represented over 90 percent of income for 30 percent of the beneficiaries and was the sole source of income for 18 percent of beneficiaries. These benefits provide 81 percent of the total income for those in the lowest fifth of the income distribution of the elderly and are the largest single source of income for all but the highest fifth. While nine percent of aged beneficiaries are poor, an additional 41 percent are kept out of poverty by their Social Security benefits – suggesting that the total poverty rate of this group would be 50 percent without Social Security. The President has proposed using the benefits of fiscal discipline and debt reduction to strengthen Social Security, extending its solvency from 2034 to at least 2050.

Medicare is the main source of health insurance for the elderly, insuring nearly 99 percent of those aged 65 and older. Nevertheless, rising health care costs mean that the

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percentage of enrollees' per capita income needed to cover out-of-pocket health care costs has increased. On June 29, 1999, President Clinton unveiled his plan to modernize and strengthen the Medicare program to prepare it for the health, demographic, and financing challenges it will face in the 21st Century. The plan proposed to (1) make Medicare more competitive and efficient; (2) modernize and reform Medicare's benefits, including cost sharing protections for preventive benefits; and (3) make an unprecedented long-term financing commitment to the program, and in doing so extend solvency of the Medicare Trust Fund until at least 2027. As part of Medicare modernization, a new prescription drug benefit was proposed that is affordable and available to all beneficiaries. [UPDATE WITH ANY BUDGET AND SOU PROPOSALS]

Assistance With Elderly Care

Home and community-based care requires substantial out-of-pocket expense, which is an important alternative to home-based care. The Administration has proposed four initiatives to help relieve the burden of families with members in need of long-term care:

A tax credit of up to \$1,000 for people of all ages with three or more limitations in activities of daily living (or a comparable cognitive impairment). Persons needing long-term care themselves, or their family members who care for and house them, can claim the credit, which would phase out at incomes of \$110,000 for couples and \$75,000 for unmarried taxpayers. The credit would provide financial support for about two million Americans, broadly expanding an existing set of tax allowances.

The National Family Caregiver Support Program. This would fund State initiatives establishing "one-stop shops" that assist families caring for elderly relatives through training,

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counseling, and arranging for respite care.

A national campaign to educate Medicare beneficiaries about the program's limited coverage of long-term care and help inform their care decisions. The need for information is great: nearly 60 percent of Medicare beneficiaries are unaware that Medicare does not cover most long-term care.

A proposal that the federal government serve as a model employer, by offering nonsubsidized, quality long-term care insurance to all Federal employees and using its market leverage to negotiate favorable group rates.

Millions of adults and a growing number of children have long-term care needs because of a health condition from birth or a chronic illness developed later in life. Moreover, with the number of Americans age 65 or older and 85 or older projected to double by 2030, long-term care is a need that will become more pressing in the 21st Century.

Other Policies to Help Families

In 1999, 27 million families with 45 million children received the \$500-per-child tax credit enacted in 1997. Tougher child support enforcement has helped to ease the economic burden on single mothers and enforces both parents' responsibility for the economic support of their children. In 1998, federal and state child support enforcement collected an estimated \$14.3 billion from non-custodial parents, a nearly 80 percent increase since 1992. 4.5 million families received child support in 1998, an increase of 59 percent since 1992.

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A primary means of reducing the money crunch is by providing more individuals with the skills and education needed to elevate their incomes. The Administration has placed an emphasis on policies to invest in skills, policies such as the substantial expansions in support for vocational education, community college, and skill development, including the creation of Hope Scholarships, increases in the maximum Pell Grant, and the passage of the Workforce Investment Act of 1998 were discussed in more detail in Chapter 4.

The "Time Crunch"

The dramatic entry of women into the labor force has resulted in higher incomes for families and significant job satisfaction for many women. It has also resulted in a significant jump in the aggregate hours that parents spend at work. By combining the hours of the husband and wife for married couples, typical parents working full-time would work at least 4,000 hours per year, or 2,000 hours per person. Using the annual hours of work displayed in Chart 5-8, the families with hours in the upper tail of this distribution are most likely to suffer from the time crunch. The percent of married couples with hours greater than 4000 per year rose from 32 to 48 percent between 1968 and 1998. As the sole support of their children, single parents working long hours also are likely to suffer from a time crunch: the percent of these families working more than 2000 hours rose from 55 percent to 65 percent from 1968 to 1998.

Thus, while the choice to enter the labor market provides more material goods for families, it also takes away from home time. Evidence that families are feeling a "time crunch" comes from a 1995 national survey asking individuals whether they "always feel rushed, even to do the things you have to do," in which 33 percent said yes, up from 24 percent in 1965. The

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analysis of evidence of changes in parents' allocation of time in this section provides a closer look at how patterns of family care have changed as women have entered the labor force.

Time Use and Child Care

Women are spending more time in the paid labor market and the share of families with a single parent is growing, thus families have less total time to devote to unpaid activities, including time with children. Using data from the Current Population Survey of individuals, Chart 5-9 shows the time parents potentially have available to spend with all their children, after subtracting time reported as spent at paid work and allowing eight hours per day for sleep. Note that this is only time potentially available in the home; there is no information in the CPS about how parents actually spend their time outside paid work. From 1968 to 1998, both married-couple and single-parent families experienced a decrease in time not spent on paid work. The overall decrease is greater than the decreases within either family type because the proportion of single-parent families increased over this period.

Chart 5-9: Available Time of Custodial Parents Outside Paid Work and Sleep

The best source of information on time use comes from a study that analyzes the time-use diary studies that have been conducted from 1965 to 1995. These surveys ask individuals to keep a daily record of how they spend their time during a specific day. Though rich in detail on time use, these studies survey a fairly small number of individuals and thus cannot be used to examine trends for subgroups of the population.

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This time diary data can be used to investigate the time crunch for working mothers. Employed women spend about one-third less time on child care and household tasks than do women who are not in paid employment. The primary change in time use for women in the paid labor force is that their increase in paid hours has been nearly equally offset by a reduction in time devoted to housework. Men also have increased their hours in housework by 5.0 hours per week (though the data do not separate fathers from all men). Nevertheless, despite the assistance of husbands and purchased inputs into home care, in aggregate, employed women still have 25 to 30 percent less free time today than in 1965, due to more women participating in the labor force.

These data display a sizable 44 percent reduction in home-based care for children when women move to market work. Women in the paid labor force spend an average of 6.7 hours per week on child care and women who do not work outside the home spend 12 hours per week. Within each of these two groups, the average weekly hours spent on child care has not changed from 1965 to 1995. Similarly, the husband's weekly hours spent on child care have remained constant over the last thirty years at 2.6 per week. But what has changed over time is the number of employed women, so as these numbers have risen, the average amount of time spent on child care in the home among all families has fallen from approximately 10 to 8 hours per week. However, it should be noted that these numbers refer only to time spent solely on child care—time spent on home activities that include the children is not counted here.

Undoubtedly the time crunch is worse for single-headed families (though our time use data cannot isolate data for this group). These families are typically lower-income and thus are less able to purchase substitutes for their time in the home, such as home-based child-care or cleaning services or products to ease home efforts. They also lack the assistance that a spouse

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provides. Alternatively, they may rely more on intergenerational care, and this can be an important alternative for them.

As a result of improvements in health and longevity, grandparents are increasingly a resource parents—whether single or married—can draw on for help with child care. Of grandparents caring for grandchildren in a non-custodial relationship, over 60 percent cited the employment of the grandchild's parents and/or the desire to help the grandchild's parents financially as reasons for providing care. In addition, in a sample of working mothers aged 19-26 with a youngest child under 5 years old, nearly 25 percent utilized grandmothers as the principal caregiver (this share rises to almost 39 percent among full-time working mothers aged 19-26). As discussed in the next section, however, responsibilities for taking care of older relatives may be more important in determining how severe a family's time crunch is likely to be.

Time Use and Parental Care

As noted above, Americans are now healthier and are living much longer lives, so the elderly are now a much more vital part of their families and are providing extensive assistance to their families. However, because the elderly are an increasing share of the population, it is also anticipated that there will be a greater demand for their care in the future. Already in 1996, more than 5 percent of households spent over 20 hours a week in caregiving for the elderly. And since nearly two-thirds of family caregivers are working, the need to balance work and family will likely increase in the next century. Caregivers of the elderly who are also in the paid labor force report making adjustments to work schedules, passing on transfers or relocations, and passing on promotions, training opportunities and new assignments. The Families and Work Institute reports

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survey evidence from a sample of 2,877 employees aged 18 years and over from the full-time wage and salaried workforce; about 42 percent of workers expect to provide "special attention to or care for someone 65 years or older" by 2002. Most of the discussion in this chapter has focused on the time costs and money costs of raising children and the stresses that families bear because of these costs. Layered on top of this is the generational crunch – the need to stretch resources further when families have multiple caregiving responsibilities to consider as they try to maintain a delicate balance between work and family. With parents living longer and their daughters who traditionally provide their care now in the paid labor force, the costs of parental care and hence the generational crunch are likely to become even more substantial in the 21st century. However, social security and other retirement benefits, as well as the availability of assisted living facilities, also permit more elderly to live independently for longer.

Over the last ten years, there has been an explosion of home-based care for the elderly, and this care has been provided largely by women. From 1987 to 1996, the number of US households that provided unpaid care to elderly adults more than tripled, from 7 million to 22.4 million (National Survey of Caregivers), or from 8 percent to 22 percent of households. The average caregiver, then and now, is a married middle-class woman in her 40s with a high school education, and the average care recipient is most likely her mother or mother-in-law. However, while more women are providing in-home care, each is spending somewhat less time on that care. Today the average caregiver spends fewer hours per week, is less likely to be co-resident, and is more likely to use paid services than caregivers a decade ago.

The explosion in caregiving responsibility for parents is contributing to the overall "time-crunch" that the American family is facing; 43 percent of surveyed caregivers for the elderly say their caregiving has caused them to have less time for other family members. These changes surely

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arise in part because today's average caregiver is balancing work and family, with half of all caregivers working full-time outside the home. Another study noted that 40.8 percent of daughters and 29.6 percent of sons involved in caregiving said that they had either quit their jobs or made work adjustments to accommodate care demands. Surveys of caregivers underestimate demands for parental care, however, because they cannot measure the frequency with which employed potential caregivers choose not to provide care.

In the future, the time and money commitments associated with parental care may become even more severe, given the trends identified above. The increase in the labor supply of women has raised their wages and thus raised the opportunity cost of their time. As employed women age and their parents require more care, women's higher wages may make them increasingly reluctant to curtail their market work—thus they will face a greater time crunch in the care of their parents. To the extent that these women have had children later in life, they also experience the generation crunch of caring for both children and parents. And among those women whose children are already adults, they may instead have grandchildren to care for. One estimate is that over 40 percent of individuals aged 50-59 were members of families with at least four generations (this includes in-laws for married people). For the next century, the increasing cost of elderly care will also fall on fewer children—the declining fertility rates of the baby boom generation will result in half as many children available to take care of their elderly parents. This anticipated increasing time crunch may result in more substitution towards formal care, as the greater wealth of the baby boom generation and their children may make such care more affordable; however, if the cost of that care continues to rise at above-average rates, these same individuals are likely to experience an increasing money crunch as well.

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The preceding section documents that while the care of elderly parents may exacerbate the time crunch and money crunch that many families now experience, the increasing health and longevity of the elderly suggest that the elderly may be a potential resource that can help families balance these other pressures. In recognition of the delicate balance that many American families are trying to maintain, the Administration has proposed a number of ways to help. Some of these are highlighted in the section below.

Increasing the Flexibility of Paid Work to Lessen the Time Crunch

In shifting from work in the home to work in the market, many women find themselves with less flexibility in responding to family needs. This shift has also called upon men to take a greater role in childcare and in helping with other family needs. The result is that flexibility on the job is becoming increasingly important to families.

The Family and Medical Leave Act

The Family and Medical Leave Act (FMLA) of 1993 requires employers with 50 employees or more to provide up to 12 weeks of unpaid, job-protected leave a year to eligible employees to care for a newborn, newly-adopted or foster child, a child, spouse or parent with a serious health condition, or for the serious health condition of the employee, including maternity-related disability. The FMLA also requires employers to continue health benefits during leave. Employees are eligible to take leave if they have worked for a covered employer for at least one year, and for 1,250 hours over the previous 12 months. Since 1993, millions of workers have taken advantage of the FMLA to spend necessary time with their families.

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The experiences of both employers and employees with the FMLA were documented in a national survey sponsored by the Department of Labor. The survey found that one-third of employers (and two-thirds of employers in larger worksites) believed that the FMLA had positive effects on employees' ability to care for their family members. Most employers also reported that compliance costs were small or negligible, and that there was no noticeable effect on either business or employee performance. Among employees, the survey found that the majority of those who took family or medical leave found it relatively easy to arrange, and few reported concerns about job-related consequences of taking leave. It also found that employees with annual family incomes under \$30,000 were more likely to take leave than employees with higher incomes, highlighting the importance of FMLA to lower-income workers. Today, 91 million workers are covered by the FMLA. The Act has emerged as a significant step in helping a larger cross-section of working Americans meet their medical and family caregiving needs while still maintaining their jobs and their economic security.

The President has further proposed expanding the Act to cover businesses with 25 employees or more – extending coverage to an additional 10 million workers. He has also proposed allowing FMLA-covered workers to receive up to 24 hours per year for parent-teacher conferences or to accompany a child, spouse, or elderly parent for routine medical and dental care.

Work Arrangements that Promote Flexibility

The desire for greater job flexibility by families is also leading to new work arrangements between private employers and their employees regarding when and where paid work is performed.

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An increasingly popular work arrangement is "flextime," which allows workers to vary the time they begin and end work. In 1997, 28 percent of full-time wage and salary workers had flexible work schedules. This was up sharply from 12 percent in 1985, the most recent previous year when data were collected. The Federal government has led by example in instituting flextime, allowing employees greater discretion in when they work. The President has proposed a flextime initiative that would allow *all* workers to take "time-and-a-half" overtime compensation in the form of compensatory time for family and medical leave purposes or vacation instead of cash.

Another approach to allowing greater flexibility on the job is working at home for pay. This arrangement is used by a small but growing share of workers. In 1997, for example, 3.3 percent of all wage and salary workers were working at home for pay, up from 1.9 percent in 1991. Another way parents share child care is by working different shifts. In order for shift work to make combining paid work and child care easier, however, the choice of shifts must be voluntary. In 1997, 83 percent of full-time wage and salary workers were on regular daytime schedules, 4.6 percent were on evening shifts, 3.9 percent were on employer-arranged irregular schedules, 3.5 percent were on night shifts, and 2.9 percent were on rotating shifts.

Improving Access to High-Quality, Affordable Child Care

Most parents adjust to an increase in their paid work time by increasing their use of nonparental child care providers. The availability, cost, and quality of child care are crucial to the well-being of our children and the ability of parents to balance adequately the needs of work and family. The primary child care arrangements for preschool-age children of employed

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mothers in the fall of 1994 were divided roughly equally among care in the child's home (by a relative or nonrelative), care in another home (by a relative or nonrelative), and care in an organized child care facility. Since comparable data were first collected in 1986, the recent trend shows a slight increase in the proportion of children receiving care in their own homes, relatively fewer children receiving care in another home, and relatively more children receiving care in an organized facility.

The Administration has consistently emphasized the importance of child care availability, affordability and quality. Since 1993, child care funding for low-income families has grown by over 100 percent. The budget for FY2000 just passed includes \$3.5 billion. In addition, the Administration's budget proposal for the fiscal year 2001 includes [update]...As discussed in Chapter 4, funding for Head Start has more than doubled during this Administration, and the program is well on its way to serving 1 million needy children by 2002.

After-school care for children is another concern of working parents. The percentage of married couples with both parents working full time, year round and school-age children almost doubled from 18.7 percent in 1970 to 34.5 percent in 1998. Today, over 28 million school-age children are in either married-couple families where both parents are employed or single-parent families where the single parent works outside the home. An additional 10 million children are in married-couple families where one parent is employed. This has led to a strong demand for quality programs to ensure that children are safe and learning in the hours in which they are not supervised by a parent. In fact, experts estimate that every day roughly 5 million school-age children are left unattended at home. This Administration has responded to this demand by increasing its investment in after-school programs from \$40 million in 1998 to \$453 million in

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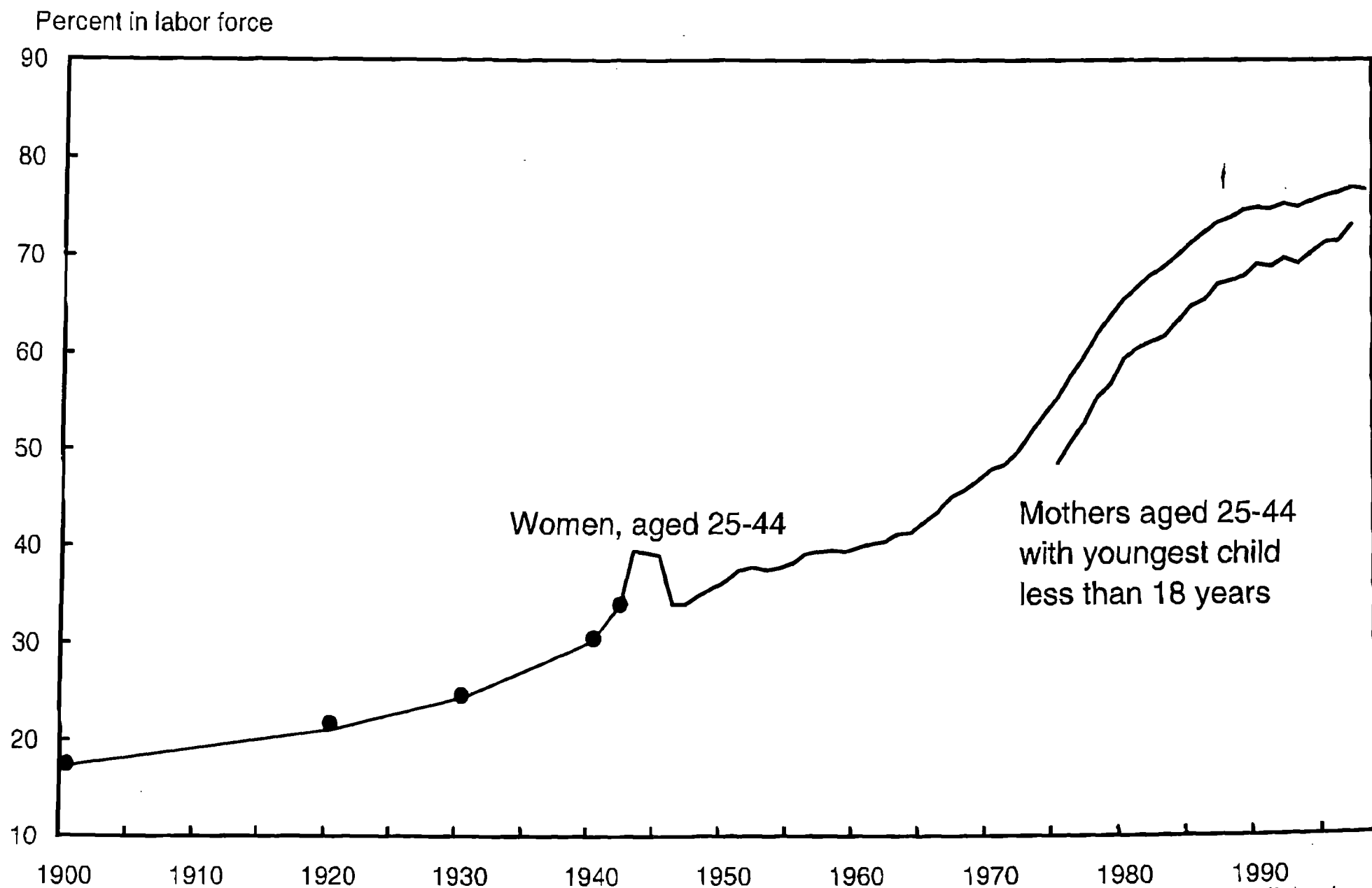
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the 2000 fiscal year, providing support for up to 675,000 students -- 375,000 more than last year.
[UPDATE WITH BUDGET AND SOU]

CONCLUSION

The American family in the 21st century faces a different world and a new set of challenges from its counterpart of a hundred years ago. It would be a mistake, however, to conclude that the general problems of too little time and too few resources are new. Thanks in part to greater paid employment, families today enjoy a much higher standard of living than families did a hundred years ago. But expectations appear to be different today. Great changes in the economy have opened up great opportunities, and people aspire to take advantage of those opportunities; well-designed Federal policies can help.

Chart 5-1 Labor Force Participation for Women



Source: *Historical Statistics of the United States: Colonial Times to 1970*, U.S. Bureau of the Census. Unpublished data, Bureau of Labor Statistics.

Note: Straight lines between dots indicates data are not available for intervening years.

Chart 5-2 Percent of Population Widowed or Divorced, Aged 35-

54

Percent

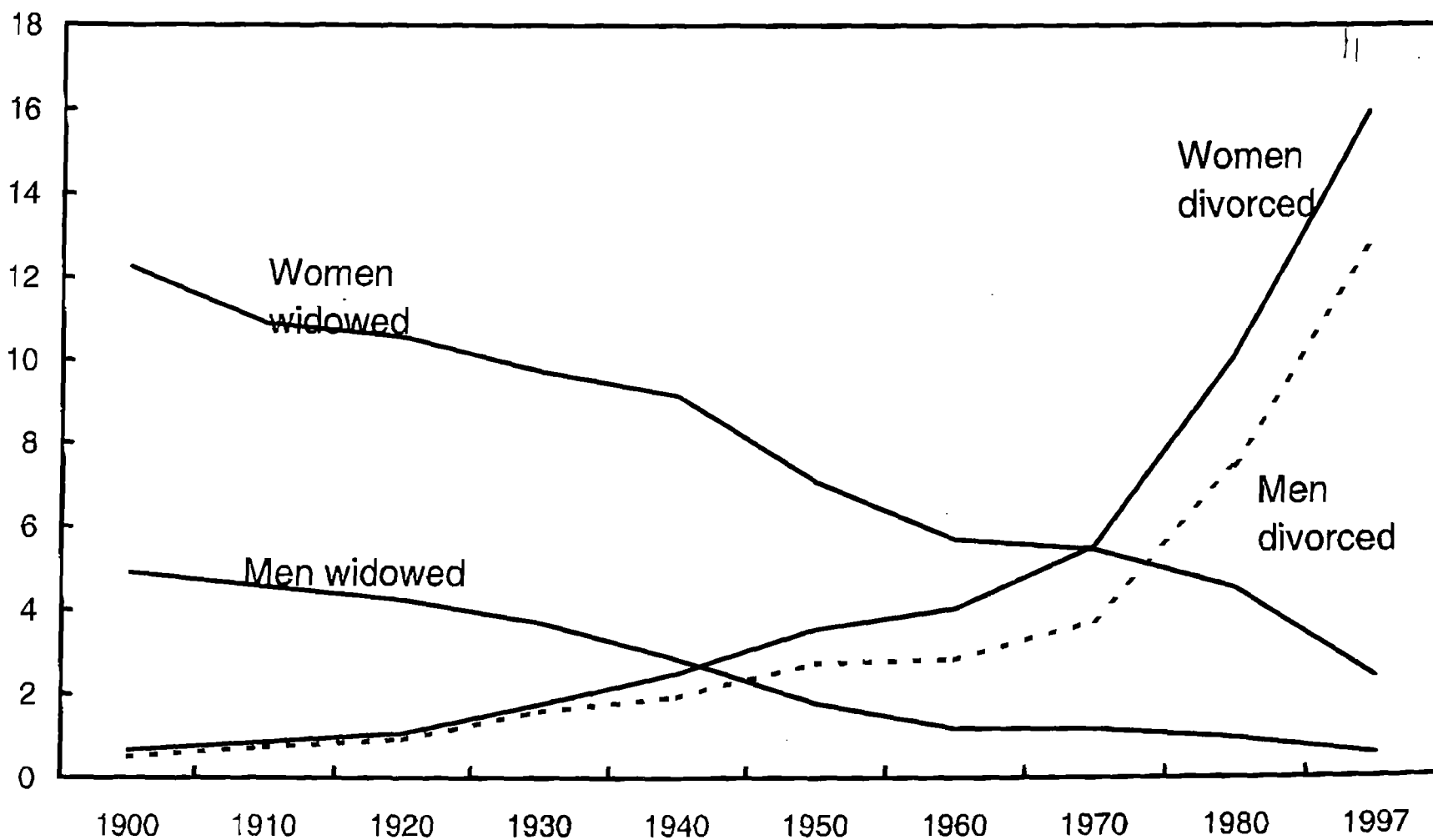
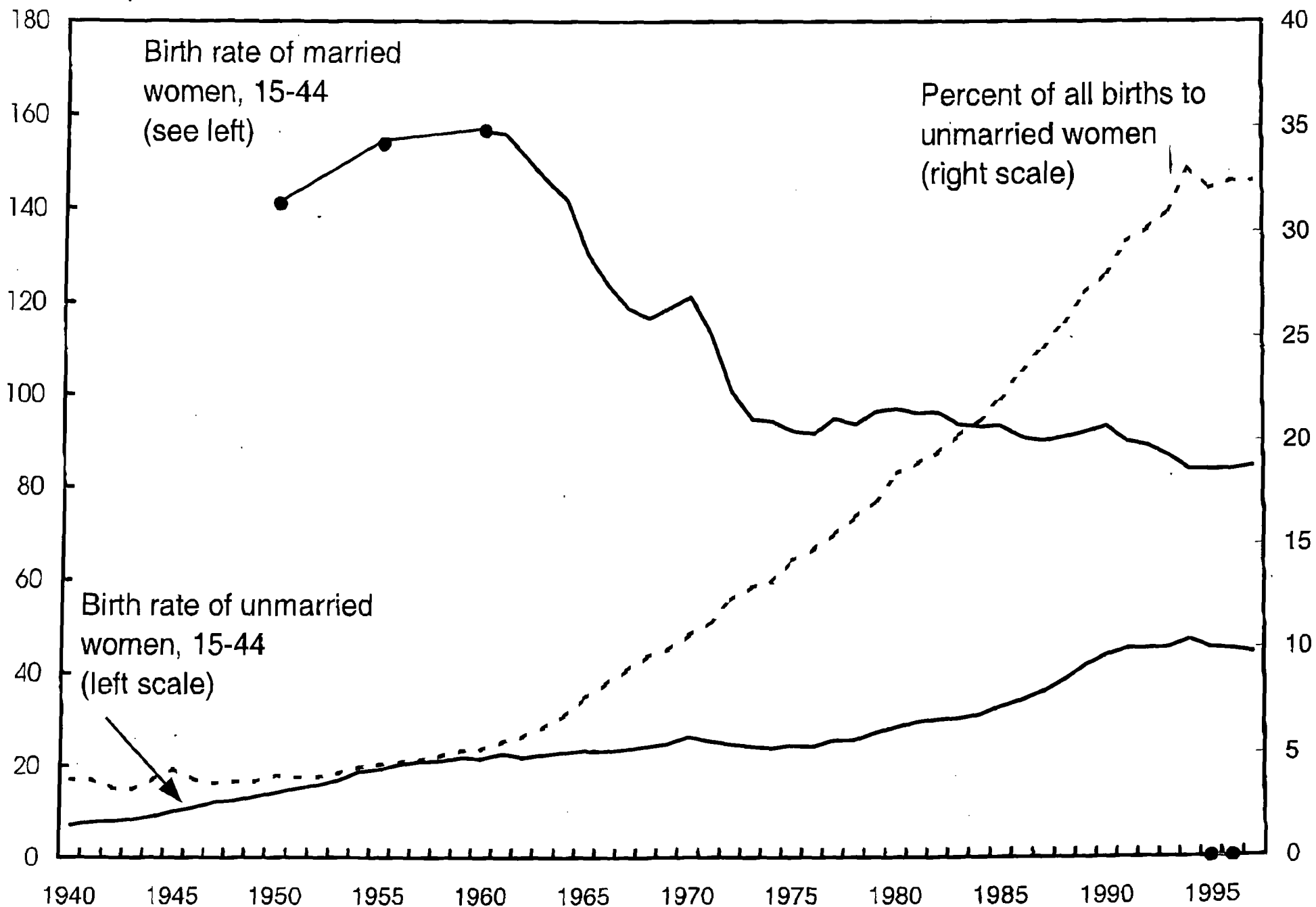


Chart 5-3 Birth Rates and Percent of Births by Marital Status

Live births per 1,000

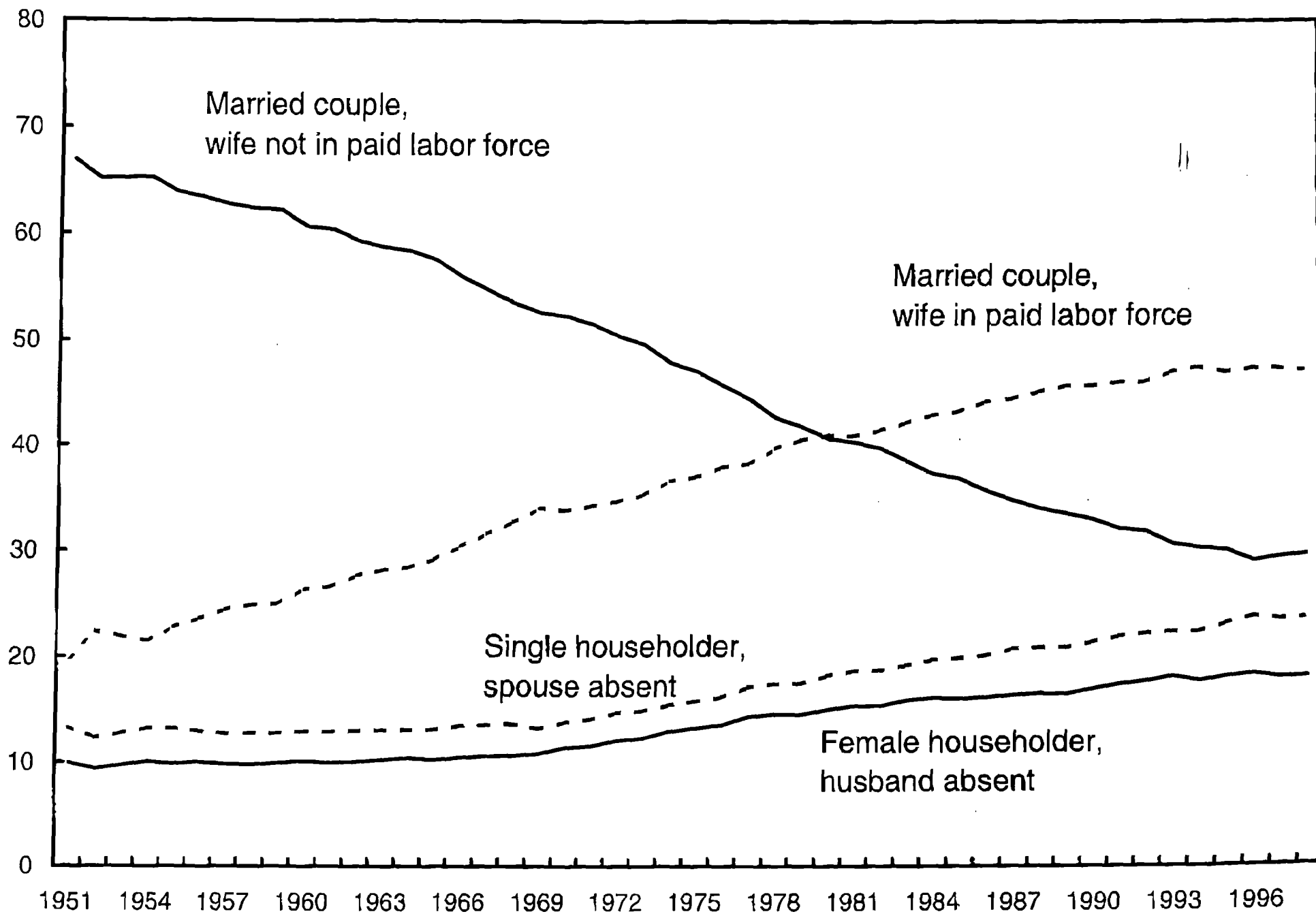
Percent of all births



Source: CDC/NCHS, National Vital Statistics System

Chart 5-4 Share of Families by Type of Family Structure

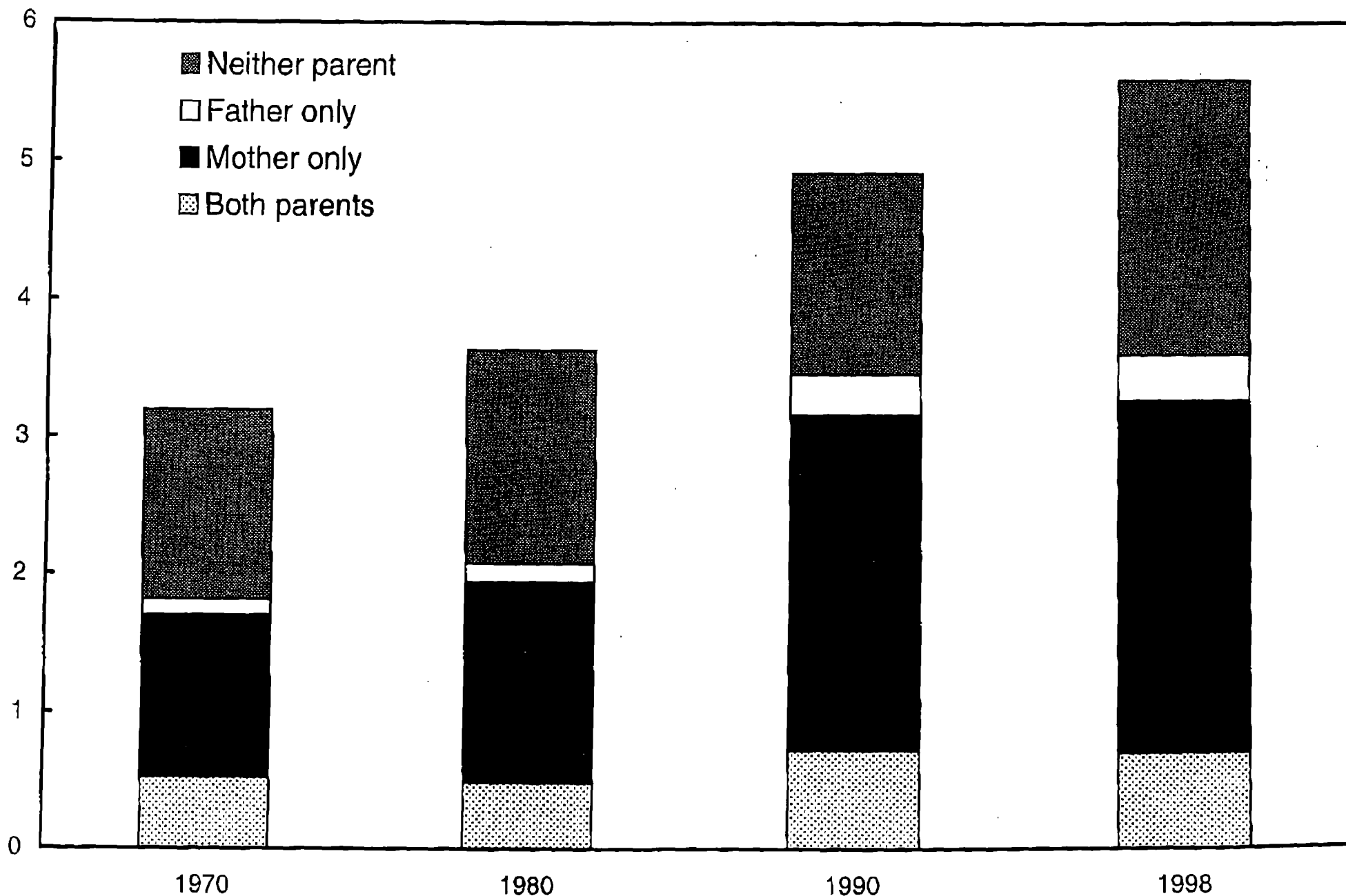
Percent of all families



Source: U.S. Bureau of the Census

Chart 5-5 Grandchildren in Grandparents' Homes by Presence of Parents

Percent of children under 18



Source: Current Population Survey, 1980 Census of Population, 1970 Census of Population, U.S. Census Bureau.

Chart 5-6 Median Family Income by Family Structure

1998 dollars

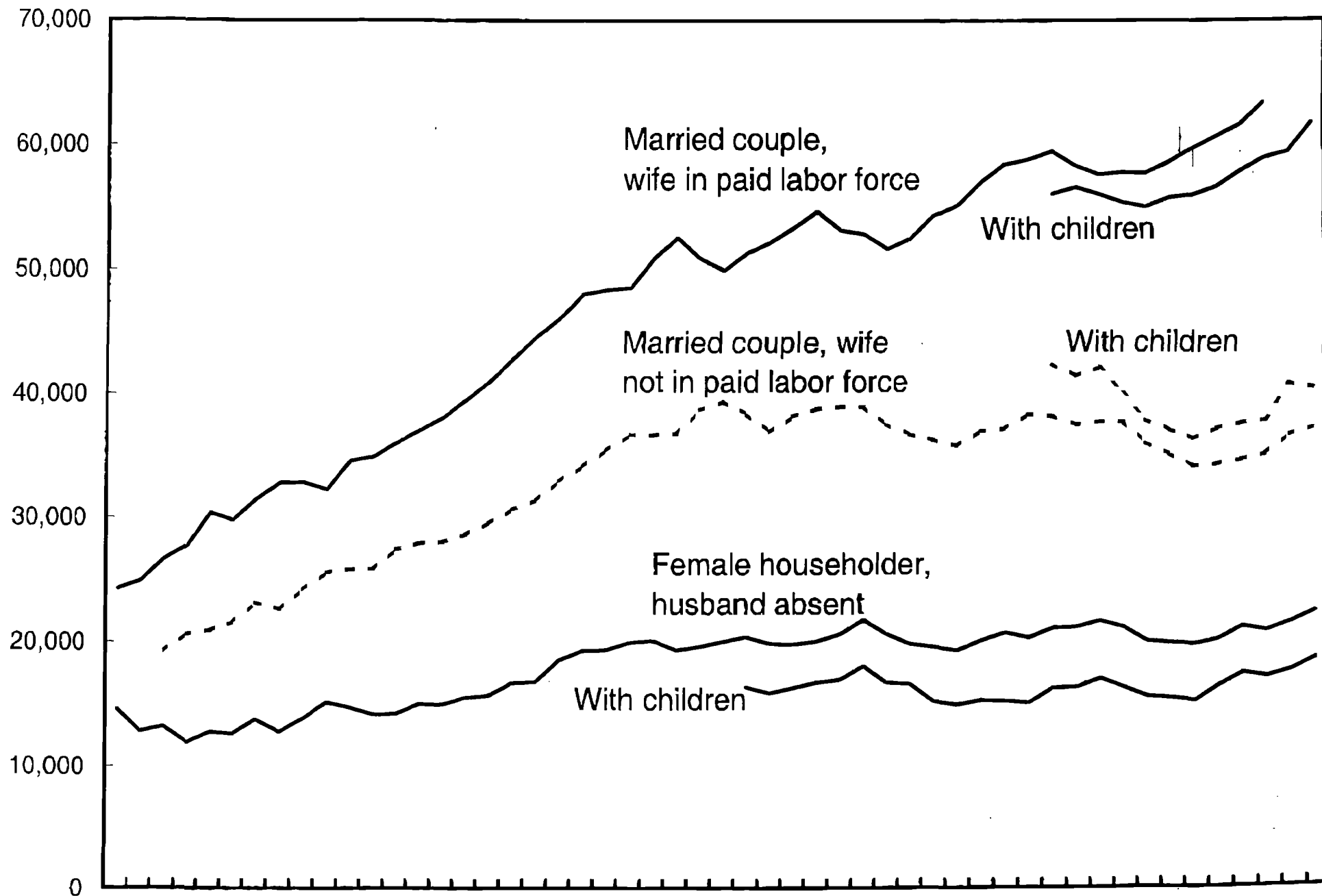


Chart 5-7 Distribution of Income of Families with Children, by Family Structure in 1998

Percent

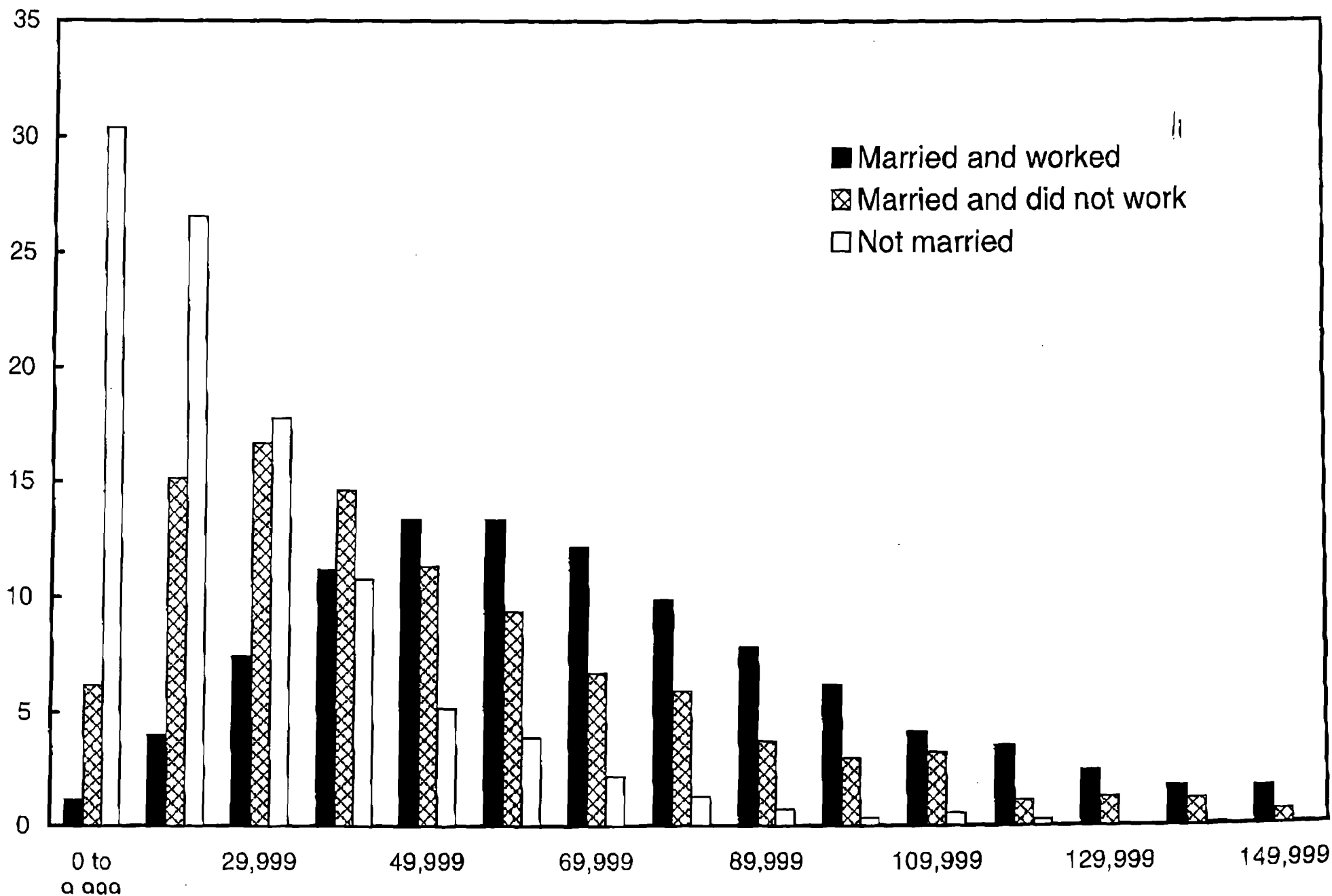
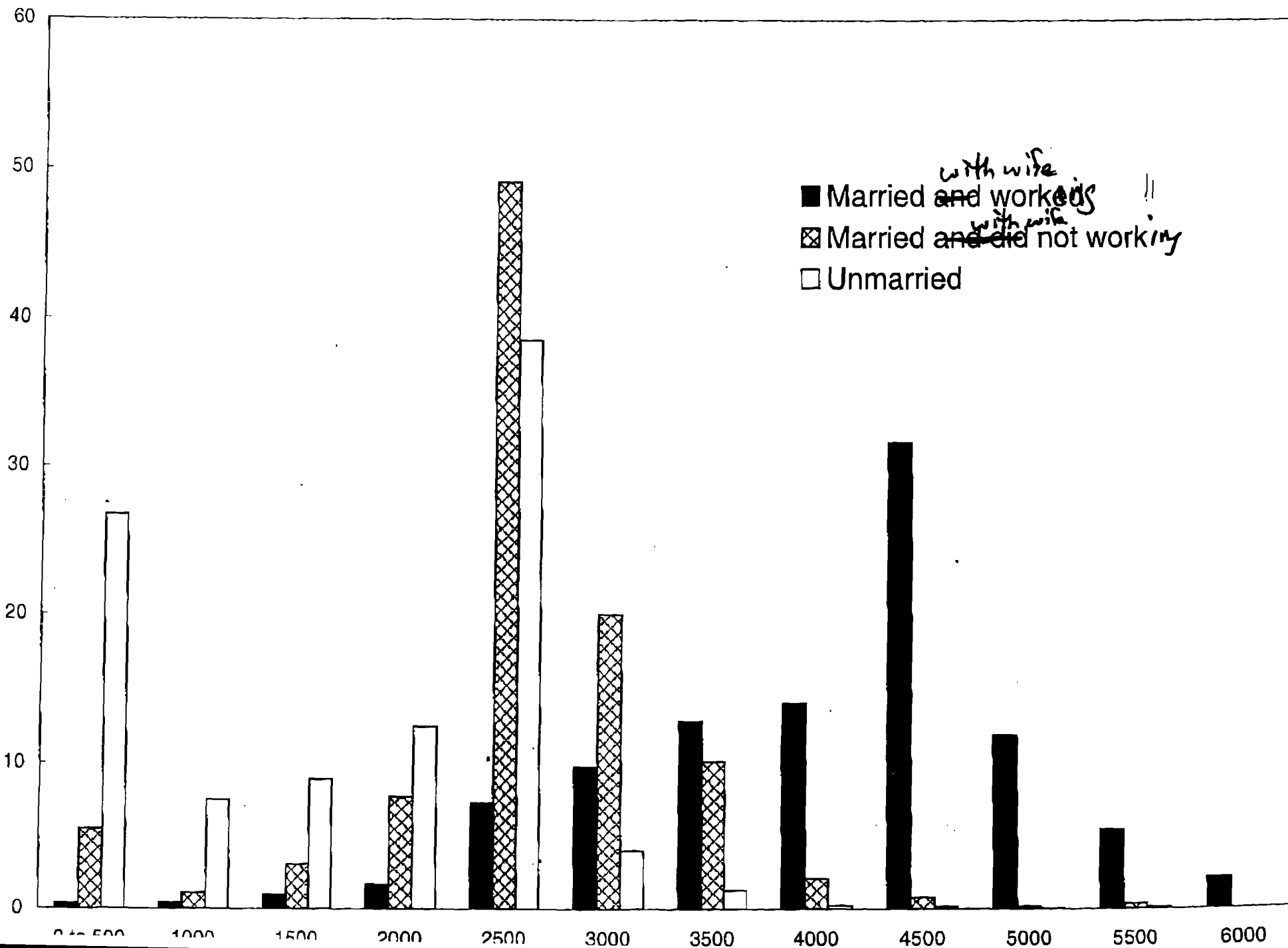
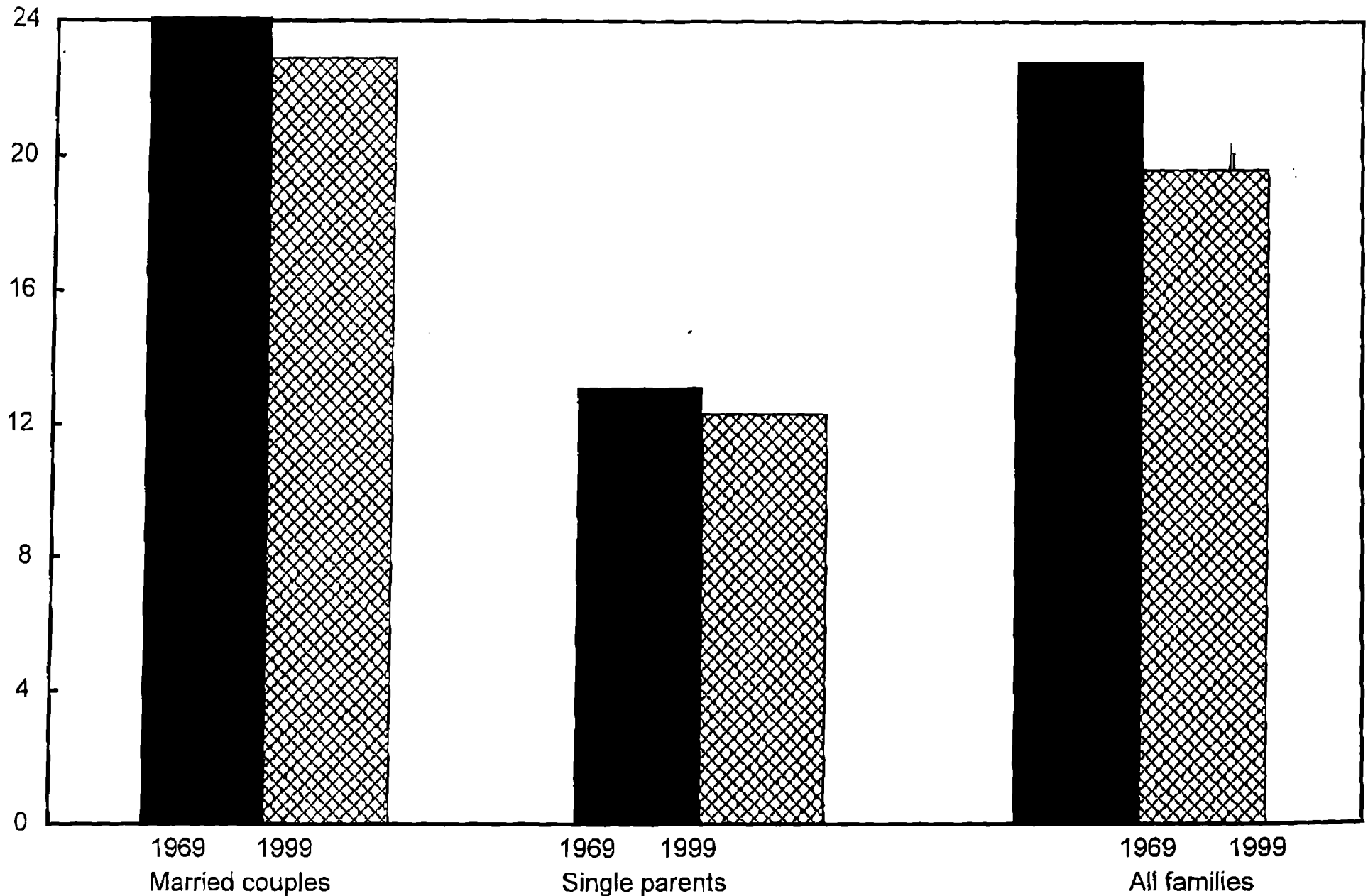


Chart 5-8 Distribution of Annual Hours Worked by Families with Children
Percent



9
Chart 5-11 Available Time of Custodial Parents Outside Paid Work and Sleep

Hours per day



Source: *Families and the Labor Market: 1969-1999*, Council of Economic Advisers.