FY 01 Budget Ideas: Children and Families

Children

(1) *Make the Child Care Tax Credit Refundable.* Today, the Child and Dependent Care Tax Credit (CDCTC) is not refundable, meaning that low-income families without tax liability are not helped by the credit. Analysis of the Child Care and Development Block Grant (CCDBG) demonstrates that only 10% of the low-income children eligible for a subsidey receive one. This suggests that many low-income families receive neither tax nor subsidy assistance with child care (analysis of income levels to come). Making the CDCTC refundable or partially refundable (targeted perhaps to those families not served by the CCDBG) would enable us to assist families struggling with child care costs. Make DCTC Refundable

(2) *Maintain Commitment to Boosting Child Care Subsidies*: The President's FY 99 and FY 00 budget requests have included $7.5 billion over five years in mandatory funds for the Child Care and Development Block Grant (CCDBG). We recommend moving our CCDBG increase request to the discretionary side of the budget (the CCDBG has mandatory and discretionary titles). The discretionary title is currently funded at $1.182 million. The CCDBG is a forward-funded program, but we recommend investing in the program for FY 01 by either (1) adding $818 million to title, reaching $2 billion to the title overall and serving an additional 200,000 low-income children with subsidies, or (2) adding $1 billion to the discretionary title (estimate of children TK).

(3) *Maintain Commitment to Improving Child Care Quality*: The President's FY 99 and FY 00 budget included $3 billion over five years to create a new Early Learning Fund to provide assistance to local communities in improving child care quality, through a variety of allowable activities including licensing, accreditation, parent education, etc. We recommend maintaining a request for new child care quality dollars, tying the program to specific benchmarks for states and localities to meet, such as numbers of child care facilities licensed, accredited, etc. (Specific proposal TK)

$1 billion more dollars

This opt: purpose to move to discretionary

(4) *Maintain Child Care Tax Credit for Businesses:* Maintain tax credit proposal from FYs 99 and 00 to provide tax relief to companies that offer child care services to their workers. (Cost: $500 million over five years).

(5) *Advance Early Childhood Professional Development Grants*: Fund this new proposal at $40 million to provide grants to partnerships between universities, child care providers, and school districts to offer training and professional development to child care providers around language and literacy.

(6) *Support Benefits for Alternative/Contingent Workers*: Alternative workers, including agency temps, part-time workers, and independent contractors, are less much likely than traditional workers to receive or be eligible for health insurance coverage and pension benefits from their employers. For example, seven percent of agency temporaries receive health insurance coverage from their employers, and only 24 percent are eligible; only four percent of

Add * Campus-based College $20 million & Headstart

agency temporaries participate in an employer retirement plan and only 10 percent are eligible to do so. We may consider developing tax credits that encourage non-profit organizations and/or unions to offer (health insurance and) pension/401-k benefits. We are meeting with Treasury to discuss tax vehicles to provide organizations with incentives to offer these benefits.

(7) *Offer a Tax Credit for Businesses to Provide Paid Leave*: Provide a tax incentive for employers to provide paid leave benefits to workers (NEC is exploring this idea).

(8) *Support Domestic Partners*: Recognize the changing nature of the American family and empower non-traditional families by calling for the inclusion of domestic partners in the Family and Medical Leave Act. Take leadership in the drive to include domestic partners as health care beneficiaries by putting forward an Executive Order calling for the inclusion of domestic partners in the Federal Employee Health Care Benefit plan.

(9) ***Advance an Agenda for Youth:*** Demonstrate an across the board increase and investment in young people from small high schools to national service to family support to healthy adolescent development. The package could be focused on four components (drawn from research): Family, School, Health, and Communities.

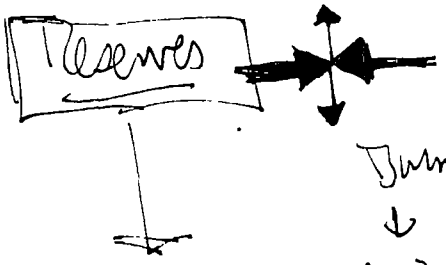
(10) ***Youth Empowerment Fellowships:*** Reward and support creativity by proving fellowships to young people that have developed innovative youth driven ideas ranging from engaging their peers in civic action to increasing academic achievement to improving their communities. The Fellowships could be modeled on programs such as the Echoing Green Fellowships which are targeted to post-college graduates to develop and implement their ideas. The awards would be selective (e.g. 100 per year), prestigious, and would represent a diverse set of young people and set of ideas for youth empowerment. The awardees would begin to develop a web of communication among each other and other young people on empowerment and action in their various communities.

(11) ***Caring Community Grants***: Many community-based organization feel dis-empowered and unrecognized by the Federal government due to the fact that many funding streams require that they receive their funds through a school district or other entity. These grants could be dedicated directly to community based organizations that demonstrated accountability for healthy and academic development of teenagers by engaging the entire community and holding the community accountable for its actions. (Needs further development, but the idea is to reward successful CBOs and recognize their role in educating and raising young people)

(12) ***Rewarding Youth Achievement:*** Re-invigorate the Rewarding Youth Achievement (RYA) proposal that was floated in the FY2000 budget. The goal of RYA is to increase the rate at which academically achieving, economically disadvantaged students graduate from high school and continue on to higher levels of education or training. RYA would provide longer term summer employment to youth who meet academic achievement and attendance standards. RYA participants would also be eligible to receive an end of the summer bonus if they perform well in their summer job.

In addition, RYA would provide career assessment and counseling, mentoring, tutoring and strive to place participants in career related employment.

(13) ***High School component for National Service*** – Challenge States and local communities to require all high school students in be an active member of their community by participating in community service. This call to action could strictly be a bully pulpit item or it could include grants to communities to start-up such initiatives. (Note: Thus far, we have been unsuccessful in adding any high school component to AmeriCorps).



Other ideas:

Citizen Drive / [illegible] Freedom [Your vote 2000 - [illegible] the vote]

[illegible] voting + political participation

Youth Summit

[illegible] [illegible]. youth summit

on youth [illegible] in politics

disengagement from politics

[illegible] [illegible] + [illegible] [illegible]

Teens
Cost
estimates
- [illegible] [illegible]
[illegible] [illegible]

Youth violence

Learn

[redacted]

Nicole R. Rabner

11/24/99 10:38:02 AM

Record Type: Record

To: Ann O'Leary/OPD/EOP@EOP

cc:
Subject: children's accounts

---------- Forwarded by Nicole R. Rabner/WHO/EOP on 11/24/99 10:38 AM ----------

Andrea Kane 11/23/99 08:51:19 PM

Record Type: Record

To: Nicole R. Rabner/WHO/EOP@EOP

cc:
Subject: children's accounts

we've set up a meeting with NEC staff at 10:30 Wednesday to talk about a number of '01 ideas, including children's savings accounts (which they've put on their very draft list). the meeting is in 231, but you could also join by conference call 757-2104 x 3939. I'll fax you a description of the concept.

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Bruce N. Reed
11/22/99 06:31:01 PM

Record Type: Record

To: Barbara Chow/OMB/EOP@EOP

cc: Andy Rotherham/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP
Subject: budget shopping list

Sorry to miss your meeting tomorrow. As we talked about on the phone, our priorities are:

EDUCATION

1. Class size: somewhere in the vicinity of 1.8-2.0b.
2. After school: 700-900m (I think 700m will get us to 1 million kids)
3. Charter schools: 180m (or whatever # gets us to Pres's goal of 3,000 schools)
4. ESEA reward and incentive fund: 50-100m in year 1 for states that comply with Title I requirements, begins to reward progress in student achievement in year 3.
5. Small schools: 170-200m
6. Title I: an increase along the lines of what you suggested, while raising the accountability earmark from 134m to 250m
7. Teacher quality: in addition to your idea of a high school ROTC for teachers, we'd like to spend 50m on a Denver-style teacher pay-for-performance demo in 10-15 districts. We'll get you more details.

-- We should also decide what level to fund our Goals-Eisenhower-Title VI block grant. It might make sense to put that at 1.2b -- or at least at 1b (which would be an increase of about 170m above the Goals/Ike total, right?)

8. Report cards: 50m for states to develop the new report cards called for in ESEA;
9. School leadership: 20m for principal academies
10. Schools of the Future fund: 50m for competitive grants (we'll get you more details)
11. Ed tech $ for distance learning
12. 10m for SAT/ACT test prep for minorities.
13. Some increase for character education/civics
14. School safety: let's discuss -- we should be creative
15. Other items you already mentioned: public school choice; troops to teachers;
    -- should we try again on teacher scholarships?

CHILD CARE

1. Move CCDBG to discretionary side, scale back to $5b over 5
2. Scale back Early Learning Fund if possible
3. An inexpensive paid leave demo
4. Whatever you recommend on SSBG

WELFARE/FOOD STAMPS/IMMIGRANTS

1. Child support enforcement/distribution rules/pass-through: 100m/yr (maybe more if we can come up with a good enforcement idea)
2. Competitive grants for welfare-to-work: 250-500m, with another 500-750m of formula grants in the out-years (and extend the 3-yr deadline for when they can spend down the $). We're looking at the VP's proposal for work requirements for fathers.
3. Cars-to-work: Raise the food stamps vehicle limit (1.6b over 5), plus perhaps a few other cheap bells and whistles

4. IDAs: 25m
5. Food stamp outreach: 10m (We're also looking at USDA's proposal on elderly nutrition)
6. Whatever you think we can get on immigrant benefits
7. Re-entry: DOL has proposed a training program for ex-offenders; we're also looking at a DOJ proposal on fathers leaving prison. Maybe we should combine all these fatherhood proposals together into a single package.

In the no-cost department, we'd like to expand charitable choice to whatever social services programs we can.

Literature Review

Degree Attainment and College Completion among Income Groups

According to a Department of Education analysis of the Beginning Postsecondary Students survey, of all students enrolled at four-year institutions, those from low-income families were more likely to drop out and less likely to earn a degree than students from high-income families. Of students whose family incomes were in the bottom quartile, 42% had earned a BA within five years, while 35% had dropped out. In contrast, of those with family incomes in the highest quartile, 62% had earned a BA within five years, while only 21% had dropped out. A slightly different analysis showed that of students seeking bachelor's degrees, 22% of those in the bottom quartile of socioeconomic status had earned a BA within six years, while 52% had left without any degree. For those in the top socioeconomic group, the figures were reversed: 53% had earned a BA, while only 22% had left without a degree.

In his 1997 paper "The Impact of Pell Grants on Student Persistence," John B. Lee finds that of college enrollees from families with incomes below $20,000, 37% received bachelor's degrees and 43% received any degree within five years, while of students from families earning $60,000 or more, 61% had earned bachelor's degrees and 68% had earned any degrees.

Frontloading

In his 1999 book "The Price of Admission: Rethinking How Americans Pay for College," Harvard University professor and former Council of Economic Advisors staff economist Tom Kane proposes frontloading the Pell Grant program as part of his package of reforms to the student financial aid system:

"...when college freshmen are more likely than college seniors to have their decisions changed by an extra dollar in aid, there are potential gains to be had from raising the amount of aid available to a college freshmen to an amount greater than the aid available to a college senior. For instance, rather that providing grants to students for all four years in college, the same funds could be used to offer larger grants to students in their first two years of college, essentially encouraging those who are uncertain of their college prospects to learn about their college potential by enrolling. Those who discover the benefits of a college training could then be expected to borrow a larger share of the costs during their final years of college."

David Brenneman, Dean of the University of Virginia's Curry School of Education, and Fred Galloway, Director of Federal Policy Analysis for the American Council on Education, were commissioned by the College Board to write an analysis of ways to maximize the effectiveness of the Pell Grant program in the face of budgetary constraints. Their 1996 paper, "Rethinking the Allocation of Pell Grants," analyzed the cost savings associated with different forms of frontloading Pell Grants: "The rationale for frontloading is that it would provide larger grant support for entering and second year students, for whom higher education represents substantial risk and uncertainty. For those students who succeed in their first two years, much of that risk and uncertainty is diminished, and it is reasonable to expect them to borrow more heavily for the final two years. In essence, this option would reduce borrowing for first and second year students and increase it for third and fourth year students, while providing larger grant support in the first two years. Such a policy change would encourage more students to try higher education,

while reducing loan defaults by students who start but do not complete a four-year degree."

In a 1995 letter report, "Restructuring Student Aid Could Reduce Low-Income Student Dropout Rate" (HEHS-95-48), GAO found that grant aid lowers the probability of low-income students' dropping out of college. A survey database sample showed that an additional $1,000 in grant aid for a low-income student reduced the dropout probability by 14% overall. GAO found that grant aid is relatively more effective during the first school year than in subsequent years: the effect of an additional $1,000 was to reduce the dropout probability by 23% in the first year and by 8% in the second year. In the third year, the additional grant aid had no statistically significant effect on dropout probabilities. GAO also studied a university program for high-need freshmen that included frontloaded grant aid. Those program participants were 39% less likely to drop out in a year than nonparticipants. For the lowest-income students, the program reduced the dropout probability by 64%. The report recommended that ED conduct a pilot program to evaluate the effects and costs of frontloading grants.

Lee states that "Researchers agree that student aid has a positive effect on student persistence to graduation" and summarizes various researchers' findings that "financial aid is effective because it helps equalize persistence across income categories." Lee's paper summarizes the findings of many researchers who have demonstrated the effectiveness of grant aid in improving persistence, especially in the early years of college. In his 1990 paper "Price Response in Persistence Decisions," E. St. John found that both grants and loans improved persistence, but that grants had a greater effect in the first year and loans were more effective in later years. In 1995, T. Murdock, L. Nix-Mayer, and P. Tsui also reported that grants in the first year were effective in promoting student retention. Lee recommends increasing the maximum Pell grant in the first year of enrollment both to improve persistence rates and to reduce the student loan default rate of students who drop out in their first year.

OMB '01 ED budget mtng.

Agency request 7B over '00 7 health, mims across board of base programs

bring approp in @ freeze

potentially target — Cuts in Title VI - Eliminate Stronger + to Impact aid

mandatory off-sets in Student Loans -

Cong. earm in FIE FIPSE

Voc ed cuts

Program increase —

Technology Literacy Fund → ↑100m
Class-size → 1.5b →
FWS → achieve + incentives
Charter Schools → 150m ↑
Head Start → 800m ↑
Americorps (100,000 programs)

After school
Hispanic Ed plan — work w/ for hispanic
Pell
Special Ed
TRIO

ED budget submission copy

problem VI + Accountability
legacy programs - ARC, Up-up, PTT, etc.

Core activities — ED Telecom

more youth violence sch

new ESEA: hiring school reform (obey), EC PD, OPTIONS,
principal leadership
low income college

+ also Local

New progs : TQ — Survey approach, SC - hiring program (Loth...)
minority serving institutions — HBCUs in Atlanta area
College completion
School construction

Childcare - OMB 12:30

1. Childcare
2. UTW
3. EITC
4. Immigrant benefits restore
5. Foodstamp ideas
6. SSBG
7. IDAs

→ CHILDCARE

→ discretionary side - Dodd amendt, FY 2001, move away from admin funding next year

targeted all. to subsidies → 2B + move again in over 2 years

Sen. Specter →

→ Early Learning Fund - community or 3 billion over 5

Scale back or maintain & CCDBG to meet objectives

→ discretionary fund (1??)

TANF ...

... DCTC

→ College Campus based

→ nontraditional hours

→ Early Childhood P.D.

→ Research fund

→

WTW

- addition [illegible] for education
  on-stops
  [illegible], [illegible]

- leverage TANF $ for one-stops) modelling [illegible]
  childcare, transportation, etc.

- Fathers proposal

-

II

Immigrants

- Support USA [illegible] proposal
- [illegible] w/ disabled immigrants [illegible] U.S.

Food Stamps — restore to all legal immigrants — bipartisan bill

Food Stamps

→ Cars, regs
  cost [illegible]

- Eligibility information — demo program, other [illegible]

WIC

participation level 7.5 goal, [illegible] increase + $109

SSBG

'99 level [illegible] Target funds child welfare → more research + [illegible]
above [illegible] 2008 — full level

[illegible]

Philanthropy - Non-Profit/Gov't Task Force

→ build ongoing consultative process w/ non-profits
  to discuss impact, etc.
- identify options

Shared interests, values, program design, etc.
?

WH Conf. on volunteerism — did work to prepare for [illegible]
  collaborative process — between non-profit & gov't
  inclusive of 12 models

→ recommendations — [illegible] program & policy [illegible], gov't-funded [illegible]
  [illegible] & service, [illegible] program [illegible] policy [illegible]

Call Shirley

[illegible] [illegible] re: Holiday

National [illegible] for [illegible] [illegible] w/ IRS
  [illegible] [illegible] communities

direct & non-direct lobbying > [illegible] w/ public [illegible]
  IRS rule

basic question about "what are non-profits" — how do they best provide services? role & democracy — ability to speak out, provide good info.
  understand basic [illegible]

Support [illegible] & "best practices" programs

be [illegible] as [illegible] as services

- [illegible] & [illegible] any [illegible]
→ - what policies can be [illegible] to [illegible] non-profit sector?

[illegible] what [illegible] & best-practices

Enabling non-profit [illegible] in [illegible], [illegible] in [illegible] & policy [illegible] & [illegible]

Childcare
Refundability meeting

Big Picture
pros - Subsidy
tax code - refundable credit
negatives - non credit tax welfare budget
Could be turning EITC
Crediting budget to be cut
Paying for childcare - unless others trying had ability
paid for it - not just for welfare

EITC defense - make argument that as [illegible]
- EITC off-sets federal taxes paid by these families
-
→ Do it through [illegible]

[illegible]

[illegible] getting subsidy & not getting DCTC
→ trying to target this group
Partial refundability - [illegible] & mechanical difficulties

EITC - delay phase out rate
→ assist larger families (3 or more kids)

barely scratching the surface to pay for poorest kids
TANF [illegible]

Panel

[illegible]
DC [illegible] → [illegible]
Childcare [illegible]
Lauren - [illegible]
Play [illegible]

Dec. 11
[illegible]

NEC/DPC

Childrens Savings Account — [PPI propose — [illegible]]

Ems [illegible] - Dalton -

Commerce Choice → GU.

[Social Venture Capital Fund]

- Seed capital for non-profits
- Seed $, T.A.
- [illegible] [illegible]
  innovation — [illegible] & [illegible] industries
  venture capital
  [illegible] [illegible]
- SBA-like assistance

CDCs & faith based orgs → funding

Need PP description on this proposal → [illegible]

Non-itemizer deduction

April 15th idea — Christmas year
Pledge // non-itemizer deduction
IRA (only 1st deduction $1)

[Childrens Savings Acct]

Achievement

like USAs — $1000 per child
USA for kids —

2500 in wages → USA [illegible]

Matched thru private funding ??

Long Term — college

file: FY2001

DRAFT

Testimony of

The Honorable Donna Shalala

U.S. Secretary of Health and Human Services

before the

Subcommittee on Labor, Health and Human Services, Education and Related Agencies

Committee on Appropriations

United States House of Representatives

February 8, 2000

Good morning, Chairman Porter, Congressmen Obey, and members of the Subcommittee. I am pleased to appear before you today to discuss the President's FY 2001 budget for the Department of Health and Human Services.

A PROUD HISTORY...

While I come here today to discuss our plans for confronting the challenges that lie ahead, I think it is important to first take a look back at where we have been. Over the past seven years, we have had a great deal of success in tackling some of the most pressing problems that confront the nation. I am proud to say that by working together to develop innovative solutions, we have been able to make great strides in improving the health and well being of all Americans. Let me note just a few of these accomplishments:

- Working together, we have expanded enrollment in Head Start from approximately 714,000 children in 1993 to an estimated 950,000 in this budget, while at the same time improving the quality of the program, thereby providing a strong foundation for success for hundreds of thousands of low-income children.
- We have increased the number of Research Project Grants funded by the National Institutes of Health by over 30 percent, from 23,952 in FY 1993 to 31,524 in this budget. This represents a dramatic expansion of our scientific knowledge base that will pave the way for biomedical advances in the years ahead.
- We have more than tripled the number of people receiving access to combination drug therapy under the Ryan White Care Act AIDS Drug Assistance Program (ADAP), going from almost 49,000 in 1994 to approximately 162,000 with this budget.
- We have improved the health of our seniors by increasing the number of healthy meals

served to older Americans under the Administration on Aging's Nutrition programs from 240 million in FY 1994 to 279 million in this budget year.

- Together with the states, we have undertaken the largest health care coverage initiative since Medicare, namely the State Children's Health Insurance Program. In just the two years since its enactment, this program has provided almost 2 million low-income children with health insurance.
- We created the Vaccines for Children Program, to finance immunizations for children without private health coverage. We have increased the overall national immunization coverage level for the basic series to 81 percent in 1998, the highest level ever reported in the United States for 2 year-olds.

We have also undertaken a number of new initiatives to target emerging threats and address long-standing problems. We have launched new initiatives to expand the safety net for those without access to health insurance, to promote research on disease prevention and health care quality, to improve the quality of nursing home care, to provide support for our nation's children's hospitals, and to increase the number of children adopted from our child welfare systems. To educate Medicare beneficiaries about their health care options, we have implemented the largest peacetime outreach campaign ever undertaken by the federal government. We have stepped up efforts to increase the availability of substance abuse treatment, to eliminate racial and ethnic health disparities, and to address the AIDS crisis in minority communities. And we have invested significant resources to prepare the nation to respond to the medical and public health consequences of chemical and bioterrorist attacks.

While we can all be proud to have played a role in these accomplishments, I think it is also appropriate that we pay special tribute to one member of this subcommittee, Chairman John

Edward Porter, who has played such an integral role in making these profound advancements possible. Chairman Porter's hard work and dedication to improving the lives of all Americans is renowned.

Chairman Porter came to Congress in 1979, and has served as Chairman of the Subcommittee on Labor, Health and Human Services and Education since 1995. He has been a strong advocate of biomedical research, consistently supporting the efforts of both the National Institutes of Health and the Centers for Disease Control and Prevention to combat life-threatening diseases such as diabetes, cancer, and AIDS. Under his leadership, the budget for the Centers for Disease Control and Prevention has increased by approximately 40 percent, and the budget for the National Institutes of Health has increased by approximately 50 percent. Chairman Porter has been a consistent supporter of family planning programs both at home and abroad, and these programs have helped to lower the teen pregnancy rate to its lowest level in 20 years. His bipartisanship and willingness to work togther to find solutions to tough problems has been a key element of the success we have been able to achieve over the last seven years.

Chairman Porter, with your departure the nation will soon lose a man who understands the true meaning of public service. We wish you a happy and healthy retirement and all the best in the years to come. Your leadership and commitment to improving the health and well being of the nation will truly be missed.

....A BOLD FUTURE

While we should be proud of past accomplishments, we must continue to address ongoing health and human services challenges. These include: improving access to quality health care and

extending protections to the uninsured and at-risk; supporting working families and bettering the lives of our nation's children; harnessing the knowledge of biomedical and scientific research; and making America a healthier and safer place to live.

Amidst our continued economic prosperity, we have a great opportunity to meet these challenges. In the last two years, thanks to the hard work and cooperation of the Congress and the Administration, we have recorded back-to-back surpluses for the first time since the 1950's. The combination of a strong economy, fiscal discipline, and unprecedented advances in our scientific knowledge give us the opportunity to make the investments needed to meet the challenges we face and to build on all of our achievements over the last seven years.

Mr. Chairman, the total HHS budget request for FY 2001 is $421.4 billion (Outlays). The amount before this subcommittee totals $207.7 billion (BA), of which $44.5 billion is discretionary. This discretionary component represents an increase of $4.4 billion over last year. Let me now highlight the main components of our FY 2001 budget request.

EXPANDED HEALTH CARE COVERAGE, ACCESS AND QUALITY

We live in an age of remarkable advances in the biomedical sciences. Yet too many of our citizens are denied the benefits of these advances because they lack access to quality, affordable health care. Throughout his Administration, President Clinton has made expanding access to health care one of his most important goals. Working with the Congress, we have had some notable successes, including enactment of the State Children's Health Insurance Program, which today covers nearly 2 million children; the Health Insurance Portability and Accountability Act,

which allows workers to keep health insurance coverage when they change jobs and limits the ability of insurers to deny coverage based on pre-existing conditions; and most recently, the Ticket to Work and Work Incentives and Improvement Act, which allows disabled Americans to return to work without losing their Medicare and Medicaid coverage.

But even with these successes, approximately one-seventh of the population still lacks health insurance. Our budget seeks to address these problems through a number of initiatives designed not only to expand access to care but to improve the quality of health care as well.

Expanding Coverage under Medicaid and SCHIP

The State Children's Health Insurance Program (SCHIP), enacted in 1997, now provides two million low-income, uninsured children with access to health insurance, preventive medicine, and immunizations. While the success of the SCHIP program has greatly enhanced the health of these children, many of their parents remain without health insurance. And there are still many children who are eligible for Medicaid and SCHIP who are not currently enrolled. With the country's resources growing, the economy booming, and the SCHIP program showing increasingly positive results, it makes sense to take advantage of this opportunity to implement new options for individuals without health insurance. The President's budget includes proposals to create a new "FamilyCare" program that expands coverage to the parents of children eligible for Medicaid and SCHIP, increase outreach efforts, and simplify the enrollment process.

Under FamilyCare, parents would be enrolled in the same programs as their children, and states would receive the higher SCHIP matching payments for expanding coverage to parents. To ensure that the original intent of the SCHIP program is met, states would be required to expand

eligibility for children up to 200 percent of poverty before accessing funds to cover parents. As is the case with children, priority in enrollment would be given to lower-income parents before covering higher-income parents.

If, after five years, some states have not expanded coverage of parents to at least 100 percent of poverty, they would then be required to do so. By 2006, all poor parents would be eligible for coverage just as their children are today. We believe that enrolling parents in SCHIP will not only improve their health, but will also make it easier for entire families to access insurance through one source, thereby increasing the number of children participating in the program. In addition to covering parents, states will also be given the option to extend Medicaid coverage to young people ages 19 and 20 up to the same poverty-related income levels as they use for younger children. If they do, they will also have the option to cover kids up to age 20 under SCHIP. This FamilyCare initiative is a practical, targeted approach to encouraging greater insurance coverage. Over eighty percent of parents of uninsured children within the SCHIP eligibility range are themselves uninsured, while nearly sixty percent of uninsured parents have children eligible for Medicaid or SCHIP. Our proposals would use existing state administrative and delivery systems and no new bureaucracies would be needed.

To further increase Medicaid and SCHIP enrollment, the President's budget supports new efforts to simplify eligibility and aggressively expand efforts to enroll eligible children through school lunch programs. To ensure that children do not fall through the cracks in States that have different rules and procedures for Medicaid and SCHIP, we also propose to require that States conform certain eligibility rules between Medicaid and SCHIP. Our budget also proposes $10 million in mandatory funding for competitive grants to States that develop innovative plans for outreach to the homeless and the coordination of services across their Medicaid, SCHIP,

TANF, Food Stamps, and Mental Health and Substance Abuse programs. Finally, our budget seeks to reverse some of the inequities that have resulted from the 1996 Welfare Reform legislation by giving states the option to provide Medicaid or SCHIP coverage to legal immigrant children and pregnant women, while making legal immigrants with disabilities who entered the United States after the enactment of welfare reform eligible for SSI and Medicaid. Parents of legal immigrant children would also be eligible for coverage under our SCHIP expansion proposal.

Modernizing and Strengthening Medicare

For the last thirty-five years, Medicare has been the cornerstone of our efforts to ensure that all seniors have access to the quality health care they need and deserve. However, since its enactment in 1965, much in the health care system has changed, not only in terms of the types of care provided and the setting in which these services are performed, but also in terms of the makeup of the population that receives Medicare. These changes have dramatically increased the financial strains on the Medicare program, and current actuarial projections show that by approximately 2015, just as the large baby-boom generation is becoming eligible, Medicare may be faced with insolvency.

The President's budget proposes a number of steps to modernize and strengthen Medicare so that it can continue to deliver high quality, affordable care in the 21st Century. These steps include establishing a prescription drug benefit, expanding access to preventive benefits, continuing efforts to improve the management of the Medicare program and to cut fraud, waste, and abuse, and allowing certain uninsured populations to buy into the Medicare program. The President's budget also dedicates $400 billion over ten years to Medicare to extend the solvency of the Trust

Fund until at least 2025 and to create a universal prescription drug benefit.

Over the last thirty-five years, the development of new prescription drugs to treat a variety of conditions has helped Americans live longer and higher quality lives. The centerpiece of the President's plan to modernize Medicare is an outpatient prescription drug benefit that would be affordable and accessible to all beneficiaries. This benefit, which would rely on market competition to obtain lower prices, would have no deductible, and would pay half of all costs up to $2,000 in FY 2003, increasing to $5,000 by FY 2009. The plan would fully subsidize costs for beneficiaries with incomes below 135 percent of the poverty level, and provide premium assistance for those with incomes between 135 and 150 percent of the poverty level, while providing financial incentives to employers to continue offering prescription drug benefits to current retirees.

The President's budget proposes much-needed incentives to increase the utilization of preventive services by Medicare beneficiaries. Our plan would eliminate existing coinsurance and deductibles for covered preventive benefits including colorectal and prostate cancer screenings, pelvic exams, mammographies, bone mass measurement, and diabetes self-management. The President is also proposing a three-year demonstration for smoking cessation services. By lowering the cost and expanding the availability of these services, we will not only save lives, but will minimize the need for more extensive, and expensive, treatments in the future.

While we work to strengthen Medicare to better serve current beneficiaries, our budget also includes proposals to expand Medicare to groups who would otherwise be denied health care due to lack of employer-provided health insurance. These proposals will allow Americans ages 62 to 65 to buy into Medicare by paying a premium, provide a similar buy-in option for displaced

workers ages 55 to 62 who have lost employer-provided health coverage, and provide COBRA coverage to retirees between the ages of 55 and 65 whose companies have reneged on their promise to provide health benefits. To make these buy-in options more affordable, the budget includes a proposal for tax credits, available to displaced workers over age 55 as well as all persons age 62-64, that would be equal to 25 percent of the buy-in premiums.

As important as our efforts to modernize the Medicare benefit package are, Medicare recipients will be able to realize the full benefits of these new services only when we give equal attention to strengthening and modernizing the management of our health programs. The President's budget continues efforts to improve the Health Care Financing Administration's (HCFA) management, building on the five-part reform plan advanced last year to increase flexibility while also increasing accountability. Our budget also maintains our commitment to fighting fraud and abuse, investing in a new Medicare contractor oversight initiative to address a number of concerns outlined in GAO reports last year. This initiative includes funding to improve evaluation of program operations, establish financial management controls at each contractor, develop an integrated general ledger accounting system that will ensure clean audit opinions into the future, and monitor and oversee these changes at all contractors.

These actions will augment our already successful efforts at combating fraud, waste, and abuse in the Medicare and Medicaid programs. As many of you may already be aware, the Department of Justice recently announced that, in conjunction with HHS, it had achieved a $486 million settlement with a national health provider that had been defrauding the Medicare program. This action is in addition to results reported in latest Health Care Fraud and Abuse Control account report that indicated that $490 million had been collected as a result of successful prosecutions in 1999. Of that amount, $369 million was returned to the Medicare trust funds. In addition, the

Medicare Integrity Program reported an increase of 25 percent in total overpayments prevented and identified in the first six months of FY 1999 compared to the same period the year before. These successful efforts are why the latest Medicare Trustees' Report included this Administration's fraud and abuse efforts as a contributing factor in slowing the rate of growth of the Medicare program.

Increasing Access to Health Care for Uninsured Individuals

Those who lack health insurance are often forced to rely on emergency rooms or ad-hoc networks of facilities and individual health professionals for whatever care they are able to receive, or to forgo any health care at all. Last year, the President's budget requested $25 million to launch a new initiative to help community health clinics, public hospitals, academic health centers, and other institutions serving the poor to create new systems of comprehensive and coordinated care that uninsured workers and their families could depend on, and this Committee responded by fully funding this request. To continue this effort, this year the President is proposing to increase funding for this initiative to $125 million. This increase will allow as many as 40 to 60 additional communities to receive grants to improve the capacity of safety-net providers. The President's budget also continues to provide strong support for the nation's Community Health Centers, which provide care to nearly 10 million low-income and uninsured individuals in rural and inner city areas. Our budget requests $1.1 billion to support Community Health Centers, an increase of $50 million over last year.

Ensuring Continued Educational Excellence in the Nation's Children's Hospitals

As we move to increase the number of children with health insurance, we must also continue our efforts to ensure that all children receive the highest quality care. Expertly trained pediatricians

are a critical ingredient in providing high quality care to children, and children's hospitals play an essential role in their education, training 25 percent of all pediatricians and the majority of pediatric specialists. Last year, the President proposed, and this committee funded, a new $40 million program to support the vital role children's hospitals play in training physicians. This year, our budget proposes to double this amount, providing $80 million to raise support for approximately 60 free-standing children's hospitals to a level more consistent with other teaching hospitals.

Advancing Innovative Treatments for Asthma

Approximately 5 million of our nation's children suffer with asthma, and children from low-income families are disproportionately affected. What makes this particularly disconcerting is that the number of children afflicted has doubled over the past 15 years, with the sharpest increases in rates among children under age 5. Asthma is a leading cause of school absenteeism, and children who suffer from asthma are often forced to limit their activities. To address this growing health problem, our budget proposes $100 million in demonstration grants to states to test innovative asthma disease management techniques for children enrolled in Medicaid. Through appropriate environmental and clinical disease management, these programs will attempt to reduce asthma related incidents and keep children with asthma out of emergency rooms and in school.

Long-Term Care

With more Americans now living longer than ever before, one of the most pressing demands we face is the increasing need for long-term care services. Studies show that the great majority of

individuals who need long-term care prefer to remain in their own homes and communities rather than receive care in institutional settings, but this places a heavy burden on the family members and friends who must provide supports for them. More than half of these caregivers are women, and one-third have full time jobs. Our budget seeks to address the pressing need for new long-term care solutions through a multi-faceted initiative designed to help both the millions of Americans who require long-term care and those who care for them.

Our budget invests $125 million to support family Caregiver activities in the Administration on Aging (AoA). This initiative will provide States and local communities with the flexibility to design and provide Caregiver support activities to approximately 250,000 families nationwide who are caring for elderly relatives with chronic diseases and disabilities. Services provided will include quality respite care, information about local services, counseling, and training for complex care needs.

The budget also proposes $140 million over five years to expand access to home and community-based care services under Medicaid through an option to equalize income eligibility standards for those who need institutional care but choose to live in the community. This long-term care initiative also includes proposals in other Departments, including a $3,000 tax credit to help offset the cost of long-term care services; an innovative housing initiative to integrate assisted living facilities and Medicaid home and community based care settings; and a program to provide Federal employees and their families with the opportunity to purchase private long-term care insurance though a group plan.

Nursing Home Quality Initiative

As we begin to develop a support system for those who choose to receive long term-care in home and community-based settings, we must also continue to ensure that nursing home residents are receiving the highest quality care possible. Our budget proposes an additional $6 million over last year for the President's Nursing Home Initiative, and also frees up $10 million in one-time funding to support new activities. Now in its third year, this initiative supports the efforts of states to strengthen enforcement and oversight of nursing home quality and to crack down on those who repeatedly violate program standards. Expanding on activities already underway, funding will support increased surveys of repeat offenders, improved training for surveyors, and enhanced legal services including resolution of the backlog of appeals.

RENEWED SUPPORT FOR CHILDREN AND FAMILIES

Mr. Chairman, the investments we propose to expand health care access and quality, improve our public health system, and broaden our scientific knowledge are all fundamental to making sure that the new century is a time of health and prosperity for all Americans. But just as we honor our commitments in the health arena, we also keep our commitments to improving the lives of the nation's children and families. The President's budget keeps our promise to work toward an America where every child, and every family, has the opportunity to succeed at work, at school, and at home.

Improving Access, Affordability, and Quality of Child Care

For the millions of American families in which parents must work to support their children, the availability of child care is often the difference between self-sufficiency and dependency. But even though funding for child care has doubled under the Clinton Administration, recent studies showed that in FY 1998 only ten percent of the children potentially eligible for federal child care subsidies received them. As we have said before, no parent should be forced to choose between the job they need and the child they love. We must take steps to close this gap and help all parents find child care that is safe, reliable, and affordable.

As we close this gap, we must also continue to improve child care quality. Study after study has shown that safe, quality child care is essential to the healthy development of our children. But the lack of quality care has forced too many parents to place their children in less than desireable settings, and even low quality care can place a heavy financial burden on low-income families. The President's budget builds on our ongoing efforts to remedy these deficiencies with a comprehensive initiative designed to not only make child care more affordable but also to improve the quality of care.

Our FY 2001 budget requests an additional $817 million, for a total of $2 billion, for the Child Care and Development Block Grant. This increase will provide child care subsidies to almost 150,000 additional low-income children. Also included in the $2 billion total is $223 million to improve the quality of care, of which $50 million is for infant and toddler quality care efforts; $19 million is for school-aged care and resource and referral activities; and $10 million is for ongoing research, demonstration, and evaluation programs. Our budget also proposes an increase of $3 billion in mandatory funding over five years, including $600 million in FY 2001, to establish an Early Learning Fund. This fund will provide money to states to offer community level challenge grants for programs that improve childhood development and school readiness

and the quality and safety of care. The President's Child Care Initiative also includes critical increases for activities in the Departments of Treasury and Education.

Enhancing Head Start

Since its enactment thirty-five years ago, the Head Start program has been one of our greatest success stories, ensuring that millions of low-income children start school ready to learn. In 1993, the Clinton Administration set the goal of enrolling one million children in Head Start by FY 2002. The President's $6.3 billion request for FY 2001, an increase of $1 billion, will keep us on track to realize this goal, increasing the number of children enrolled to nearly 950,000. A portion of these funds will be reserved for grants to unserved and under-served populations. Consistent with the focus of the 1998 reauthorization of Head Start to improve the quality of services, $418 million of the proposed increase will be targeted for reducing class size, improving facilities, staff training, and school readiness; obtaining safer and better equipment; and attracting and retaining top-quality staff. Finally, our Head Start budget request includes $564 million for the Early Head Start program, which will provide 54,000 infants and toddlers and their families with continuous and comprehensive child development and family support services.

Increasing Parental Responsibility through Child Support Enforcement

One of the key underpinnings of this Administration's support for working families is the idea of encouraging personal responsibility. Nowhere is this more evident than in our actions to step up child support enforcement. Child support collections have almost doubled since 1992, reaching an estimated level of $15.5 billion in FY 1999. Our package of child support enforcement

proposals is self-financing and it increases collections to families by more than $1.8 billion over five years. These proposals build on our success in the program through changes designed to give states new options to get more money to families and to improve enforcement tools to increase collections. Under one proposal, we would match State efforts to allow families still working their way off welfare to keep a portion of the child support they are owed, increasing payments to these families by $388 million over five years. A second proposal provides States the option to simplify their rules for distributing child support to a system where families that have left welfare will keep all the child support paid by the non-custodial parent, resulting in increased payments to families of $815 million over five years. Both of these proposals build on our Family First distribution policies. Our package also includes proposals for better enforcement techniques that will save the Federal government $361 million over five years while increasing payments to families by over $650 million.

Providing Heating and Cooling Assistance to Low-Income Families

While we are enjoying an unprecedented wave of economic prosperity, and on average the country has experienced a relatively warm winter season, one area of continuous concern has been the impact that heating and cooling costs have on the lives of the poor. The Low-Income Home Energy Assistance (LIHEAP) program helps protect the health of low-income families by providing assistance in meeting heating and cooling costs to approximately four million households each year. Those households receiving assistance include some of our most vulnerable populations: 35 percent include an elderly member; 28 percent include a person with a disability; and 48 percent include a child under age eighteen. Last year, the Congress recognized the importance of the LIHEAP program to low-income families and advanced appropriated $1.1 billion for FY 2001 for the program, and also provided $300 million in contingency funding to

meet unexpected needs due to unusually high or low temperatures or natural disasters. Our budget continues to support the LIHEAP program, requesting an advanced appropriation of $1.1 billion in FY 2002, as well as $300 million in contingent emergency funds.

GREATER SCIENTIFIC ADVANCEMENT

As we enter the new millennium, we stand on the cusp of an era of that promises unprecedented scientific advances. However, these breakthroughs will only be realized if we continue to make the necessary investments in biomedical research. Our budget continues along the path we set several years ago by investing in basic biomedical research as well as in research that will lead to improvements in the quality of care, thereby moving important scientific discoveries from the laboratory into our hospitals and clinics.

Investing in Biomedical Research

Biomedical research has been at the center of the unprecedented gains we have made in improving the health and quality of life for all Americans. Breakthroughs that were not thought possible only a few years ago are now within our reach, but it will require a sustained investment for these endeavors to bear fruit. Two years ago, the President committed to a sustained growth path that would dramatically increase funding for the National Institutes of Health, the world's largest and most distinguished organization for biomedical research. Since then, we have worked with the Congress to increase funding for NIH by $4.2 billion, an increase of over 30 percent in just two years. This year's budget increases total funding for NIH to almost $19 billion, an increase of $1 billion. This request will enable NIH to fund 31,524 research project grants, the highest total in history, and enhance activities in critical areas such as research on racial and ethnic health disparities, biomedical information and technology, clinical research, and genomics.

Using Science to Improve Quality of Care and Reduce Medical Errors

As we make new breakthroughs in biomedical research, we must also work to see that these scientific advances result in better quality health care. Even with all our scientific innovations, a recent study by the National Academy of Sciences' Institute of Medicine estimated that as many as 98,000 Americans die each year due to medical errors. To address this problem, the President's budget makes new investments in error prevention, patient safety research, and information technology.

Our budget invests $250 million in the Agency for Healthcare Research and Quality (AHRQ) to support research activities that will improve quality of care, reduce medical errors, and produce

better health outcomes. These resources will be used to step up research efforts on the uses and tools of health information technology; sponsor clinical prevention research and research to enhance patient safety and reduce medical errors; and expand research on issues of workers' safety. These activities will help us to learn how to best translate knowledge into daily practice and improve health care for all Americans.

Our budget also invests $20 million to implement a new Health Informatics Initiative designed to improve patient care and health outcomes through the efficient and effective use of data and information. This request will fund a set of cross-cutting and agency-specific investments in information systems and health data, thereby enabling HHS to assume a greater national leadership role in the establishment of health data standards while also strengthening the information base for decision-making, improving the uniformity and ease of transmission of health care data, and protecting the confidentiality of health information. In addition, our budget includes $45 million to enhance the Food and Drug Administration's post-market activities. This includes funds to expand their adverse-event reporting system and to allow FDA to investigate, identify and prosecute those selling prescription drugs over the Internet without proper certification.

CREATING A HEALTHIER AMERICA

Expanding access and improving the quality of health care are crucial steps toward ensuring that all Americans live long, healthy lives. But new threats to public health continue to emerge, and many long standing health problems still pose considerable risks. From AIDS prevention and treatment to food safety and the control of infectious disease, our FY 2001 budget continues our work to vigorously safeguard our public health.

HIV Prevention Initiative

As a nation, we have made substantial progress in our fight to prevent the spread of HIV and AIDS. Thanks to the use of combination anti-retroviral therapy, the AIDS death rates in the United States continue to decline. But in some parts of the world, and in some communities in the United States, the virus continues to spread rapidly. Domestically, the impact of HIV among certain segments of the population, especially minority communities, continues to be severe. In 1997, 47 percent of those newly diagnosed with HIV were African American and 20 percent were Hispanic. Globally, the AIDS pandemic continues to be a major threat, particularly in developing countries. In sub-Sahara Africa, for example, it is estimated that four million people each year are newly infected with HIV. To help stem the spread of this deadly disease, the President's budget includes major new investments in both global and domestic efforts to prevent HIV transmission.

Domestically, our budget request supports our ongoing initiative to reduce the spread of HIV and AIDS in minority communities. It includes an increase of $40 million for CDC's domestic prevention programs. These funds, combined with a reallocation of $10 million from other activities, will be directed to community based interventions designed to reduce the rates of HIV infections, with special emphasis on vulnerable populations including racial and ethnic minorities, women, injection drug users and their partners, and young gay men. Internationally, the President's budget includes $61 million for Centers for Disease Control and Prevention (CDC), an increase of $26 million, to continue the initiative undertaken last year to prevent the spread of HIV in developing nations.

Ryan White

Approximately one-third of the 750,000 Americans living with HIV are currently not in care. As we step up our efforts to prevent the spread of AIDS, we must also continue to help those who already suffer from this deadly disease. The President's budget keeps this commitment by providing $1.7 billion for the Ryan White Program, an increase of $125 million. These additional funds will support treatment grants to States and communities to provide clinical and supportive care to those living with HIV and AIDS. This includes an increase of $26 million for the AIDS Drug Assistance Program (ADAP), which will allow a total of approximately 141,000 individuals to receive combination drug therapy.

Reducing Racial Health Disparities

One of the long-standing priorities of this administration has been making sure that all people receive the highest quality health care, regardless of their race or ethnicity. Unfortunately, members of minority groups, including American Indians and Alaska Natives, continue to bear a disproportionate burden of the nation's disease and illness. The President's budget continues the effort to end these racial disparities in health status. A targeted response to this problem is the request of $35 million to expand CDC's program of demonstration projects in six identified areas of health disparities: infant mortality, cancer, heart disease, diabetes, HIV/AIDS, and immunizations. Funds will support the continuation of ongoing projects and the development of projects in two new communities. The budget also proposes increasing funding for the Office for Civil Rights by nine percent, including new program resources to ensure that our racial health disparities initiative has as strong civil rights nondiscrimination component. We also request an increase of $230 million for the Indian Health Service, the largest funding increase in two

decades, to implement a multi-pronged effort to improve the quality of care for Native Americans.

Improving Mental Health Services

The Surgeon General's Report on Mental Health, released in December 1999, has focused new attention on the plight of those who suffer from mental illness. While one in five Americans is living with a mental health disorder, many of them do not receive the treatment they need. To address this problem, the President's budget proposes an increase of $100 million for mental health services provided by the Substance Abuse and Mental Health Services Administration (SAMHSA). This includes increases of $60 million for the Mental Health Block Grant, to support state efforts to create comprehensive, community based systems of care for both adults and children. It also proposes to create a new $30 million Targeted Capacity Expansion Grant program to support the establishment of new prevention and early intervention services.

Expanding Substance Abuse Activities

Even with all our efforts over the last few years to expand the availability of services to those addicted to drugs and alcohol, there continues to be a significant gap between the need for substance abuse treatment and the capacity available to provide treatment. Estimates by the Office of National Drug Control Policy show that less than half of the five million individuals who need substance abuse treatment actually receive these services. To further close this gap, the President's budget includes over $2 billion to support SAMHSA's substance abuse prevention and treatment activities. Included in this request is an additional $54 million for Targeted Capacity Expansion grants to support rapid and strategic responses to emerging areas of need.

The request also includes an increase of $31 million for the Substance Abuse Block Grant, which will provide funding through the states for over 10,500 community-based treatment and prevention organizations. In all, our budget request will enable more than 16,000 additional individuals to access treatment services.

Family Planning

Support for family planning services has been a key factor in reducing the teen pregnancy rate to its lowest level in 20 years and in preventing over one million unintended pregnancies each year. Family Planning Clinics provide a range of valuable services including sexually transmitted disease and cancer screening and prevention; HIV prevention and education; and contraception services and counseling. Our FY 2001 budget request continues our strong commitment to family planning services, providing an increase of $35 million over FY 2000. These funds will support grants to family planning clinics which will enable approximately 5.75 million low-income clients to receive reproductive health services and clinical care.

Preventing Emerging Infectious Disease

Thanks to the extraordinary advances in transportation and other technologies and the expansion of international commerce, we truly live in a global community. While these advances have resulted in numerous economic and cultural benefits, they have also placed increasing strains on our public health system. Since 1970, more than 35 new infectious diseases have been identified. More recently, we have begun to see the emergence of drug-resistant bacteria and viruses, and the spread of older diseases to areas where they were previously unseen, such as the recent outbreak of West Nile encephalitis in the New York City area. To combat these threats, our

budget requests a total of $202 million to support infectious disease prevention activities at the Centers of Disease Control and Prevention. This includes an increase of $25 million to fight emerging infectious diseases, of which $20 million would be used to support the development of a national electronic disease surveillance system, which will enhance the ability of state and local health offices to respond to multi-state outbreaks of diseases and to share information, both among themselves and with CDC, about emerging infectious diseases.

Combating Bioterrorism

The recent arrests of suspected terrorists at the Canadian border has reminded us all of the serious threat that terrorism poses to the peace and prosperity of our nation. The threats posed by bioterrorism are particularly deadly because of their communicability and their ability to remain undetected for long periods of time. Continuing our efforts to prepare for and respond to the consequences of a bioterrorist event, the Department's budget includes $257 million for activities across agencies to mount a comprehensive public health effort to combat this deadly threat. This strategy includes four major components. First, our budget invests in strengthening critical components of our public health infrastructure, including our surveillance systems, epidemiological and laboratory capacity, and communications technology. Second, it funds the purchase of a stockpile of the pharmaceuticals needed to treat the most likely biological agents. Third, it provides funds for research, development, and regulatory review of new vaccines and new diagnostic screens for chemical agents. Finally, it would support the establishment of an additional 25 local area health care response teams, bringing the total number of teams of around the country to 97.

Food Safety

Enhancing our capabilities to conduct surveillance will also help us in our ongoing fight against the threat of foodborne diseases. Estimates show that food-related hazards are responsible for as many as 76 million illnesses, 325,000 hospitalizations, and 5,000 deaths each year. To combat these outbreaks, the budget seeks $40 million, a $10 million increase, for CDC's Food Safety programs. These funds will support enhanced public education efforts and the continued expansion of the PulseNet network of health labs. This award-winning network preforms DNA " fingerprinting" of disease causing bacteria, enabling public health agencies to identify and respond more rapidly to disease outbreaks. In addition, the Food and Drug Administration (FDA) is seeking $109 million, an increase of $30 million, for its food safety activities. These funds will be used to increase inspections so that all high risk food establishments are covered, expand the number of examinations of imported foods, increase laboratory capacity, broaden efforts to work with states and the industry to make standards more consistent, and in conjunction with the Department of Agriculture, begin to implement the Egg Safety Action Plan prepared by the President's Council on Food Safety.

Investing in HHS Laboratory Infrastructure

To successfully overcome the public health challenges of the 21st century, we must invest now to modernize the infrastructure that provides the foundation for our public health and biomedical research systems. Many of the laboratories at CDC and FDA are overcrowded and outdated, while at the National Institutes of Health (NIH) the fragmentation of laboratory space delays the pace at which new discoveries are made. Our budget requests substantial increases to solidify this foundation and construct state-of-the-art facilities. For CDC, we are requesting a total of $127 million, an increase of $70 million, for laboratory construction at three sites. First, our

budget includes $85 million in FY 2001 and additional funding in FY 2002 and FY 2003 to construct a laboratory to handle the most highly infectious and lethal pathogens studied at CDC, as well as housing important work on antibiotic resistant diseases, AIDS, sexually transmitted diseases, and tuberculosis . Second, we request $20 million to complete and equip the Edward R. Roybal infectious disease lab. Third, we request $4 million to design a facility to replace our antiquated environmental health laboratory. The remainder of the request will be used for security improvements and maintenance of existing facilities.

For NIH, we are requesting $149 million for intramural buildings and facilities. Intramural projects include $73 million to construct a new facility to house the new National Neuroscience Research Center, and $24 million to begin design and construction of a new centralized animal facility. Our budget also includes $20 million for new lab construction at FDA, as well as $65 million for health facilities construction in the Indian Health Service (IHS).

RIGOROUSLY EVALUATING PROGRAM PERFORMANCE

Our budget request for FY 2001 presents the annual performance information required by the Government Performance and Results Act (GPRA) of 1993. Notably, this includes the first GPRA performance report of HHS and its components, which compares FY 1999 results to the goals in our FY 1999 performance plan. Although GPRA reporting must mature before its full value will be realized, our performance report for this year shows improvements for critical HHS initiatives of the past few years. SAMHSA reports that retailers in more States have complied with rules prohibiting tobacco sales to youth than we had projected in our 1999 performance plan. HCFA achieved its 1999 goal for reductions in Medicare payment errors a year early, and pursues increasingly rigorous goals in FY 2001 and FY 2002. ACF and its program partners exceeded performance expectations when they moved 1.3 million welfare recipients into new

employment. Information like this demonstrates that GPRA can be a valuable tool that will enhance our efforts to improve programs that serve the American people. As our performance measures continue to mature and performance trends emerge, the GPRA data will serve as important program indicators to support the identification of strategies and objectives to continuously improve programs across HHS.

A ROAD MAP TO A BETTER AMERICA

Mr. Chairman, as I look back at the journey we have taken, I feel tremendous pride in all we have been able to accomplish. While there were occasional bumps in road and we did not reach every destination we set out for, we have made great advances in improving the nation's health and well being. Today I have placed before you a road map for the destinations we have charted – improving health care access, coverage, and quality; making America a healthier and safer place to live; expanding our scientific knowledge, and giving all our children and families the opportunity for success – and these are destinations I know we all wish to reach. Thanks to unprecedented strength of the economy, our fiscal discipline, and a new age of scientific breakthroughs, the conditions under which we set out on this road have never been more favorable.

Chairman Porter, Congressmen Obey, and members of the subcommittee: I would like to thank each of you for all of the hard work you have done to make everything we have accomplished a reality, and I look forward to working with all of you to meet the challenges before us in this budget. The journey is not ending, it is just beginning. I would be happy to address any questions you may have.