

Clean Energy for the 21st Century – A package of initiatives to further demonstrate the Administration's commitment to addressing climate change, both by reducing domestic emissions of greenhouse gases and by encouraging the adoption of clean energy technologies in developing countries:

Investing in Clean Power – A proposed rule, and proposed legislation, to reduce emissions from older coal-fired power plants, a major source of greenhouse pollution. Rule would tighten standards but provide companies new flexibility to meet. Legislation would set a cap on carbon emissions from utilities, and could include financial incentives to retire old plants or switch to cleaner fuels. Would have major public health benefits by reducing smog and other air pollutants.

Choosing Fuel Economy – Challenge automakers to voluntarily provide American consumers with more fuel efficient cars and SUVs (as they are doing in the European market) and pledge to raise fuel economy standards if they don't.

Clean Energy Abroad – A \$250 million program, based on the recommendations of the President's Council of Advisors on Science and Technology, to promote clean energy technologies in developing countries through research, development, and export incentives.

Lands Legacy – Launch a new package of initiatives, and a Lands Legacy tour, to build on the Administration's conservation accomplishments and protect additional lands across the country:

Protecting Natural and Historic Sites – Presidential designation of sites warranting additional protection.

Permanent Conservation Funding – Secure guaranteed funding of at least \$1 billion a year for federal, state, and local conservation efforts.

Encouraging Private Land Conservation – A package of tax incentives to preserve farms, forests and other private lands.

Expanding Refuges – Set a goal of 100 million acres in refuges 2003, the 100th anniversary of the national wildlife refuge system.

Clean Water Across America – Set a goal of making all our rivers, lakes and coastal waters clean enough to fish and swim in doubling our investment in clean water over the next 10 years. Would increase funding to Clean Water State Revolving Funds (\$1.35 billion in FY 2000) and make them available to help farmers and ranchers reduce polluted runoff. Also call on Congress to reauthorize a strengthened Clean Water Act.

Greening the Globe – A new initiative to promote forest conservation and reforestation around the world, particularly in tropical regions facing the gravest threat of biodiversity loss. Would increase funding to USAID and other agencies to provide technical assistance and training, and increase funding for debt-for-nature swaps. Could challenge other developed countries to take similar effort or join us in a multilateral effort.

THE WHITE HOUSE
WASHINGTON

November 23, 1999

MEMORANDUM FOR MARIA ECHAVESTE

FROM: NEAL LANE *Neal*
SUBJECT: State of the Union Messages

I appreciate this opportunity to provide input for the President's Year 2000 State of the Union message. Science and technology should figure prominently in the record of accomplishments that will be featured in the address as well as in the initiatives announced to ensure continued progress toward the Administration's goals.

Accomplishments

When the President remarks on the eight years of record peacetime expansion in the U.S. economy, he should – as Alan Greenspan has – credit science and technology for much of the outstanding performance. Innovations in science and technology had multiple and reinforcing effects on the economy that:

- have resulted in improved productivity, yielding increases in wages or increases in benefits without letting loose higher inflation;
- have led businesses to continue to invest in high-tech capital equipment, making our capital stock more productive and profitable; and
- have provided U.S. businesses with payoffs from technology's efficiencies and from greater education in school and on the job that U.S. workers have acquired to keep pace with the new technology.

I hope the President will also remark on the progress toward a goal he and the Vice President established in 1994 of bringing the total national R&D investment up to 3 percent of GDP. By current projections, total annual R&D expenditures in the United States have outpaced growth in the economy as a whole for three consecutive years, with R&D as a share of GDP reaching 2.79 percent in 1999 – the highest since 1967. In 2000 the U.S. R&D/GDP ratio could exceed the all-time high ratio of 2.87 percent in 1964. The President's policies that spurred economic growth also spurred growth in R&D investment, and those investments will, in turn, ensure continued economic growth.

Initiatives

Most of the growth in R&D investment has occurred in the private sector. Federal investment remains critically important, however, and I hope the President will take every opportunity to

ensure his vision – which has bipartisan support on Capitol Hill – endures. The SOTU address should reemphasize 4 objectives:

- World leadership in science and technology. The most tangible evidence of commitment to this goal would come in the form of a substantial increase in the 21st Century Research Fund. This fund represents the kind of pure investment that characterized the early strategy of this Administration, and might well be renamed the 21st Century Research Investment Fund for this occasion. I hope to see particular emphasis given to all of the peer-reviewed R&D programs.
- A balanced R&D portfolio. As the President stated in the Online Town Meeting, we need to see substantial growth in the physical sciences and engineering disciplines (e.g., chemistry, physics, astronomy and space sciences, mathematics, and geosciences), with particular emphasis on the R&D initiatives identified by my office and OMB. For example, initiatives in the following areas would support advances in a number of disciplines:
 - *Information Technology:* This initiative will deliver to every American in every community the power of instant knowledge and instant communication. It will yield a stronger economy, better jobs, and higher quality health care and education for all citizens.
 - *Nanotechnology:* This initiative will lead to the following potential applications: nanoparticles for improving drug delivery, minute sensors for earlier detection of cancer, computer chips capable of storing trillions of bits on information on a pin-head, advanced materials stronger than steel, and artificial photosynthesis for clean energy.
 - *Climate Change Technology:* This initiative promotes research aimed at technologies that lower carbon emissions, reduce greenhouse gas emissions, and increase the efficiency of energy and materials used in transportation, buildings and manufacturing. One illustration of the potential of this initiative is the Partnership for Advanced Technology in Housing (PATH) site in California where the heating/cooling costs of new homes are less than \$23/month, and construction costs are about \$40/square foot – roughly \$25/square foot cheaper than the average cost for a single family home.
- Research to solve critical national problems. The President has called for research and development to give us tools to address problems that will confront us as we enter the new millennium. We need to develop technologies to fight emerging security threats such as chemical and biological weapons, or attacks on our national information systems and other critical infrastructures.
- Preparation of the 21st century workforce. Substantial growth in university-based basic research, important in civilian and military research but particularly important for DOD (which has decreased its basic research spending by more than ten percent in real terms since the start of the first Clinton Administration), is the best way to ensure that this country is well positioned to prosper from advances in science and technology. It links education with scientific advance, which are both vital to the economy.

I look forward to discussing these ideas with you after Thanksgiving.

November 24, 1999

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed
Eric Liu

SUBJECT: State of the Union/Budget Ideas

Below is a brief overview of some of the ideas we are now developing for the budget and State of the Union. This list is by no means fixed. We've grouped the ideas by subject area, but many of them can and should be placed in a thematic framework of "next generation challenges."

Education

In addition to fortifying some key existing initiatives (teachers, accountability, after-school, charters), we would propose a slate of new proposals that focus on the future of public education.

- Class Size. We'll seek \$1.8-2.0 billion, at least \$500 million over what we won this year.
- Accountability Set-aside. Increase this year's \$134 million earmark to \$250 million.
- After-School. Our goal is at least 1 million kids in the program, at \$700-900 million.
- Charter Schools. To reach the President's goal of 3,000 schools, about \$180 million.
- Small Schools Initiative. New funding to reinvent the high school, enable smaller scale.
- Teacher Quality. Pay-for-performance demonstration, based on Denver's experiment.
- Principals Academies. Seed programs or fellowships to train public school principals.
- Test Prep for Disadvantaged Students. Help subsidize SAT/ACT prep for minorities.
- Distance Learning. Working with NEC to widen access to AP courses online.
- School Report Cards. Help states develop school report cards for parents.
- Achievement Incentive Fund. Bonuses for Title I schools that raise student achievement.
- Teacher Recruitment. We are developing a proposal on this.
- School Safety. Among other ideas, a national tipline to prevent violent incidents.
- Schools of the Future Fund. A pool of capital to finance local innovations in education.

Crime

- 21st Century Policing Initiative. \$1.275 billion request for the next installment in hiring up to 50,000 new officers; law enforcement technology; community prosecutors.
- National Gun Enforcement Project. Unprecedented resources in firearms enforcement:
 - *More ATF agents*. Fund 500 new ATF agents to investigate more gun trafficking cases.
 - *New ATF inspectors*. 100 new inspectors to ensure industry compliance with gun laws.
 - *1,000 new Federal gun prosecutors*. 1,000 new prosecutors to work with U.S. Attorneys.

- *Comprehensive tracing.* First step in an effort to trace every crime gun in America.
- *Expanded ballistics testing.* Help law enforcement catch more gun criminals.
- Re-entry Initiative. This focuses on the re-entry of released offenders into communities. It includes local supervision partnerships, re-entry courts, and more probation/parole officers.
- Police Gun Buybacks. This initiative would encourage state and local police to end the practice of re-selling used police guns and confiscated crime guns on the civilian market.

Health Care

- Medicare/Prescription Drugs. This would be our same plan, with several *potential* modifications to reflect likely higher drug cost estimates, reduced baseline spending, lessened appetite for provider payment reductions, and likely improved Medicare trust fund solvency: (1) drop BBA extenders – not credible in the wake of BBRA; (2) dedicate more surplus/tobacco tax to help pay for drug benefit; (3) dedicate less of surplus to solvency.
- Health Insurance Coverage Options. There is a range of proposals we are considering:
 - *Disability.* Removing arbitrary limit on Medicare coverage for Kennedy-Jeffords.
 - *Medicare.* Medicare buy-in for certain 55 to 65 year-olds.
 - *Parents.* Allowing states to cover of parents of children in Medicaid and CHIP.
 - *Outreach.* To enroll uninsured children in Medicaid/CHIP, with emphasis on schools.
 - *Immigrants.* Restoring state options to cover legal immigrants.
 - *Small Business.* Encouraging small businesses to offer health insurance.
 - *Individuals.* Tax credit for individual insurance to address current tax inequity.
 - *Self-insured.* Accelerating the tax deduction for the self-insured.
- Quality and Consumer Protections. There are three initiatives here. First, the Patients' Bill of Rights. Second, new privacy protections. Third, outcomes-oriented health care research.
- New Medical Technologies. To address both the promise and the peril, we 1) invest more in NIH and research; 2) address abuses, including inappropriate licensing of genetic material, insufficient protections for human subjects in clinical trials, Internet drug sales, bioterrorism.
- Family Support. Recast our long-term care proposal in a package of family policies.

Welfare and Poverty

- Child Support. A package to 1) collect more child support; 2) provide more reliable support for mothers and children; and 3) help low-income fathers get jobs to support their kids.
- Welfare-to-Work Grants. New investments to help both long-term welfare recipients (mostly mothers) and non-custodial parents (mostly fathers) get and keep jobs.
- Cars-to-Work. There are several ways we could help low income families get the transportation they need to get to work, including loan programs and targeted car leasing.
- Housing/Homeownership. More HUD vouchers, and other tools to boost homeownership.

- Individual Development Accounts. Also "child development accounts," to set aside savings for kids, as well as other tools to build assets for low-wealth families.
- Food Stamp Outreach. Additional efforts, as well as a proposal on elderly nutrition.
- Legal Immigrant Benefits. At a minimum, we would adopt last year's proposals.

Families/Youth

- Child Care Subsidies. We would move CCDBG from mandatory to discretionary.
- Child Care Quality. Target our Early Learning Fund more on licensing and quality.
- Paid Leave. We are developing a demonstration, and also exploring a tax credit incentive.
- Temp/Contingent Workers. We are looking at ways to address this booming sector.
- Youth Empowerment Fellowships. To identify and reward youth-driven social innovations.

Service/Philanthropy

- AmeriCorps Reserves. Modeled on Army Reserves, a way to tap former AmeriCorps volunteers in continuing service. Also, a substantial budget request for AmeriCorps itself.
- Nonprofit SBA. We are looking at creating an SBA-type entity to help nonprofits.
- Philanthropy. We are considering a range of tax incentives to encourage more giving.
- Social Venture Fund. To help bring entrepreneurial grass-roots ideas to scale.
- Community Coaches. In schools, to guide students in community service.

Immigration/Civil Rights

- ESL/Civics Initiative. We are also looking to streamline naturalization/citizenship.
- AgNet Registry. Our electronic job registry for growers and migrant workers.
- INS Financing Reforms. To ensure sufficient funds for immigration services.
- EEOC/Equal Pay. Increased funding for EEOC and funds for our equal pay initiative.
- Hate Crimes. We will continue to push for legislation. We are also developing an idea that would target funding to a network of U.S. Attorney-led local working groups on hate crimes.

Tobacco

- Farmers. Studying proposals to make settlement funds for tobacco farmers tax-exempt.
- Look-back Proposals. We are developing a number of variations, as well as our excise tax.
- Litigation. We will again propose funding for the Justice Department lawsuit.

Technology and Other Policy Ideas

- Digital Divide. A public-private initiative to increase access to the Internet for the poor.
- Civic Engagement. New ideas on voting, jury duty, civilian-military relations.
- Food Safety. We are developing a package of proposals that may include a single agency.
- Homeless Access. Help states make Medicaid, CHIP and other programs more accessible.
- Domestic Violence. In addition to VAWA II, a new "safe workplaces" initiative.
- Native Americans. We are putting together a package on education and other areas.

THE WHITE HOUSE

WASHINGTON

November 24, 1999

MEMORANDUM FOR MARIA ECHAVESTE

FROM: GENE B. SPERLING

SUBJECT: FY 2001 BUDGET IDEAS

This memorandum provides a brief description of new ideas we are considering for the 2001 budget.

Education

- *Stay in College:* To address the rising, especially among minorities, college drop out rate by increasing appropriations for grant programs and encouraging colleges to front-load grants (for example, award a student's 4-year eligibility for Pell Grants in the first 2 years.) To create partnerships with colleges and businesses, similar to the GEAR UP program that would help provide guidance on course selections for solid career tracks, internships, work-study and mentoring that would make transitioning into the work world easier

Children

- *Universal O-5 Preschool:* An initiative combining child care, early learning, Head Start and parenting education for a major and universal 0-5 initiative.

Poverty

- *Expand the Widow Benefit for Social Security to 75 Percent of the Couples' Benefit and Provide a Credit (\$10,000?) for up to Five Years Spent Raising Children:* The President could move further in endorsing a specific widow poverty option. He could also say that he would like us to get together and *do this option in a paid for manner that does not affect solvency.*

Taxes

- *Eliminate the Marriage Tax Penalty – for the EITC Also:* Make the standard deduction for married couples double that of single filers. An alternative proposal could be better targeted and thus provide more for those who pay a penalty. It could also be pitched as being pro working family. We could make a new deduction that would be a fraction of the lower earner's income – so that couples with only one earner would not get marriage penalty relief, but couples who paid the largest penalty (those who earned about the same amount) would get the largest bonus. EITC marriage tax relief would be an integral part of this proposal.

Banking Reform Financial Services

- *Financial Privacy*: Initiative to protect personal financial privacy as an overarching administration goal in the President's final year in office that would deal with consumer protection issues and fixing problems with the Financial Modernization bill.
- *America Saves Initiative/financial Literacy*: A Clinton initiative to encourage savings and financial literacy for all Americans with a separate New Markets focus.

New Markets/Economic Development

- *Propose New \$100 Million Broadband Deployment Initiative for New Market Areas*: Provides grants to states and local areas to plan for and install high-speed Internet access infrastructure to help attract new business and job opportunities in our Nation's under-served communities.
- *Internet Access for Rural America*: Fiber optic cable is replacing traditional copper and coax cable as the primary source of data transmission. In rural areas, however, the small numbers of users per mile make the cost of installing fiber optic cable prohibitively expensive. In the Pacific Northwest, the Department of Energy's Bonneville Power Administration (BPA) has installed fiber optic cable within its right-of-way to provide communications between its facilities. In order that it has room to expand its data transmission capacity in the future, BPA's fiber optic cable contains excess capacity which BPA's has begun leasing to public utility districts (PUD) so that they may offer data transmission access to internet providers and their rural customers. BPA simply provides the backbone of the system, and the PUDs have to pay for the cost of local interfaces. The President could propose expanding such a program to all of the Federal power administrations, bringing affordable Internet access to a much greater geographic area.
- *Digital Divide*: Launch a bold initiative to help close the digital divide, by:
 - Expanding support for Community Technology Centers (currently at \$32 million);
 - Providing tax incentives for broadband investment in distressed urban and rural communities;
 - Encouraging the development of content that will help empower low-income families (e.g. adult literacy, English as a Second Language, local information on child care, health care, transportation, information needed to start own micro-enterprise); and
 - Subsidizing PC and Internet access to the home for low-income households;
 - Encouraging the private sector to provide PCs and Internet access with a "telecommuting tax credit."
- *Native American/New Markets Initiative*:

Health

- *Encouraging Small Businesses To Offer Health Insurance*: Creating a new tax credit for small businesses who decide to offer coverage by joining coalitions; encouraging private foundations to support coalitions by allowing their contributions towards these organizations to be tax exempt; offering technical assistance to small business coalitions from the Office of Personnel Management. This proposal was in the President's FY 2000 budget. (Costs: \$100 million over 5 years).

- *\$1,000 Tax Credit for Workers with Disabilities:* Provide workers with significant disabilities with an annual \$1,000 tax credit to help cover the formal and informal costs that are associated with and even prerequisites for employment, such as special transportation and technology needs. (Costs: \$700 million over 5 years)
- *Expanding Assistive Technology:* This proposal would double the budget for assistive technologies that enable people with disabilities to work. (Cost: \$35 million for 2001)
- *Keeping Out of Institutions and Getting to Work:* Provide support staff for the disabled allowing more people with disabilities to live at home and to contribute to the workforce. Furthermore this would free up people who are now taking time out from their jobs to help out their disabled relatives.

Reinventing Government

- *Green Pages in the Phone Book – Government Service and Hotline Numbers:* Develop a Green Pages section in the phone book that would describe in plain English basic rights and regulations the Government enforces, and services it provides with 1-800 numbers to find out more.

Child Labor

- *Call for a New Global Effort To Educate Children to Avoid Child Labor:* Presidential appeal to the international community to provide resources to reduce child labor by extending primary education to all children in poor developing country – (Cost – UNICEF estimate: \$7 billion annual global)

Trade

- *Increased Trade Compliance in China:* Devote a small amount of money (e.g., \$5 million) to increase the number of people at ITA working to ensure that China is complying with our trade agreements (30 people). This could also meet the requests of the AFL-CIO and NAM, who have both asked for increased trade compliance funding. And it could help build support for China WTO.

Savings

- *Son of USAs:* Tax policies modeled on Universal Savings Account that are potentially less expensive that would provide SEED money to help families establish the habit of saving for retirement.

HighTech

- *Information Technology for the Twenty-First Century:* This is the second year of a multi-year effort to significantly expand our investment in information technology research in three areas (VP has called for doubling IT research over 5 years): (1) Fundamental IT research: (2) Scientific and other applications of IT: (3) Economic, ethical, legal and social implications of the Information Cost: Last year's request was an increase of \$366 million.
- *Internet for Economic Development Initiative:* To expand Internet and its applications in 11 developing countries. Elements of initiative include: policy reform (encouraging developing countries to adopt Internet and e-commerce friendly policies); training of people in developing countries; support for applications of Internet – including e-commerce for small and medium-sized enterprises, distance learning, and telemedicine. Cost: \$45 million.

Manufacturing

- *Manufacturing Initiative:* To strengthen the competitiveness of US Manufacturing. This preliminary list of proposed initiatives have been grouped as follows:
 - Incumbent worker training;
 - Increasing manufacturing exports;
 - Development and diffusion of technologies;
 - Sustainable manufacturing



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Date: 1 / 1

This Transmission consists of this cover plus 2 pages

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Son of ELF: some thoughts

The next step in the Administration's education agenda: improving the education of children before they enter school. [I think the initiative needs to be presented as primarily educational.]

What is the goal? To make sure as many kids as possible enter school ready to learn. Children who enter school more prepared do better years later (see, e.g., most recent Abecedarian results). Head Start is of course a great program, but it is a very intensive intervention appropriately focused on the most disadvantaged children. We need a broader-based school readiness program, to complement the Administration's K-12 initiatives -- class size, America Reads, GEAR-UP, etc.

How to translate this goal into a program? The goal of the program is make sure that as many kids as possible who are in out-of-home care are in settings that promote their cognitive development.

Ways for communities to do this:

- Increase the number of children in pre-K programs, including child care programs (hard to make the distinction, really, but people get more excited about the words pre-K or preschool) that are accredited/meet nationally recognized standards -- NAEYC, APHA, American Academy of Pediatrics, etc. This could be done by expanding the enrollment of accredited programs or helping programs become accredited, or both.
- Increase the number of children in pre-K programs that meet Head Start performance standards or (more controversial) expand Head Start and Early Head Start programs by, for example, adding above-poverty children. What, you ask, is the distinction b/w a pre-K program that meets Head Start standards and a Head Start program? I think the difference is that the latter is directly funded by and under the oversight of HHS (we monitor compliance with the standards).
- Converting accredited (or high-quality by another measure) part-day or part-year pre-K/preschool programs to full-day.

States would be required to demonstrate progress toward the goal of getting more children in high-quality settings. States that failed to do so would be required to enter into a corrective action plan and could face a loss of funding (eventually). For example, target numbers (preferably ranges) of additional children in high-quality settings could be arrived at through negotiations with HHS, which would then monitor progress toward the targets.

States could be allowed to use a percentage of the dollars for parent education, including center-based educational efforts as well as home visits. [I'm not sure this is necessary, given that the inclusion of parent education in the ELF didn't help us much with the opposing faction in the mommy wars -- or with anyone else for that matter.]

States could apply for permission to use a percentage of the dollars for efforts that are related to, but would not lead directly to, accreditation. For example, if a lower-income community has no pre-K programs that are even close to being accredited, it could devote funds to enhancing provider training or compensation, reducing child: staff ratios or group sizes, increasing the number of unannounced visits by inspectors, etc. The State would still need to document progress toward targets in those areas.

There could be, as in the ELF, a requirement that States distribute dollars to communities – it's hard to imagine what else States would do with the money anyway. The question is, would we specify the process by which the funds would be distributed (competitive vs. formula)? I think it depends on whether the ELF skeptics have a view on the question.

In order to receive the funds, States and communities would be required to set up bodies, representing a variety of constituencies, that would coordinate early childhood education efforts in the State or community – targeting geographical and programmatic areas (e.g., programs for infants and toddlers) of greatest need. Communities could use a very modest percentage (e.g., 5 percent) of the dollars to support the activities of these coordinating entities.

The dollars would be targeted in some way to less affluent communities (e.g., those with a median income below the State level) but we don't need to spend a lot of time on this issue now.

PRESIDENT CLINTON: TAKING NEW STEPS TO SUPPORT AMERICA'S PARENTS

November 30, 1999

"On the eve of the 21st century, we ought to set a goal that all working Americans can take time when they need it to care for their families without losing the income they need to support their families. Achieving that goal cannot come overnight and will require a significant shift in how our nation helps families to succeed at home and work. But it can make all the difference in your lives. It will demand thought and creativity, a willingness to experiment; it has to be done in a way that gives families flexibility and doesn't undermine our dynamic and growing economy."

--President Clinton, May 24, 1999

Today, President Clinton will announce a new rule that empowers states to develop ways of offering paid leave to parents following the birth or adoption of a child. Specifically, the proposed regulation will allow states to use their unemployment compensation systems to help offer paid leave to new parents. This innovative step builds on the President's longstanding efforts to support America's parents and strengthen America's working families.

MAKING PARENTAL LEAVE MORE AFFORDABLE. A 1996 study by the Commission on Family and Medical Leave found that the most significant reason why parents did not take advantage of unpaid leave after the birth or adoption of a child was the expected loss of income. Today, President Clinton will announce proposed regulations that will enable new parents, through the unemployment insurance system, to take leave without sacrificing the wages their families need. The rules respond to the President's Executive Memorandum of May 24, 1999, directing the Secretary of Labor to allow states the opportunity to experiment.

ENCOURAGING STATES TO CREATE MORE OPTIONS. Several states have asked the Administration whether they could have the authority to adapt their unemployment compensation systems for this purpose. This pilot program will be wholly voluntary for states, and states will have considerable flexibility in designing their own programs. The regulations will be published in the Federal Register for public comment and are also available for review on the Department of Labor's website at <http://www.dol.gov>.

HELPING PARENTS BALANCE RESPONSIBILITIES AT HOME AND AT WORK.

Throughout his Administration, President Clinton has fought to provide families with the tools they need to meet their responsibilities both at home and at work. The President has:

- Signed the Family and Medical Leave Act, providing workers with up to 12 weeks of unpaid, job-protected leave;
- Fought for and won dramatic expansions in after-school programs, including \$450 million in the FY 2000 budget agreement, more than doubling the program's size;
- Fought for and won significant increases in Head Start, including \$607 million in the FY 2000 budget agreement, helping low-income toddlers prepare for school;
- Proposed a new tax credit for families struggling with long-term care costs;
- Put forward an ambitious initiative to make child care better, safer, and more affordable for working families; and
- Proposed expanding the FMLA to cover more workers and allow leave for more parental activities, including parent-teacher conferences and routine doctor's visits.

BIRTH AND ADOPTION UNEMPLOYMENT COMPENSATION (UC)

Q&A

11/30/99

Q: What is the Birth and Adoption Unemployment Compensation (UC) initiative?

A: This effort responds to the President's Executive Memorandum issued May 24, 1999, directing the Secretary of Labor to allow States the opportunity to develop innovative ways of using UC to provide partial wage replacement to parents on leave following the birth or adoption of a child and to evaluate the effectiveness of using the UC system for these or related purposes. This regulation will permit interested States to experiment with methods for allowing the use of the UC program for this purpose.

Q: Will States be required to develop UC programs for new parents?

A: No. State participation is wholly voluntary.

Q: Who will be eligible to receive UC for the birth or adoption of a child?

A: This experiment extends only to parents on approved leave or who otherwise leave their employment to be with newborns or newly-adopted children. Time taken for personal illness or to care for other family members is not compensable under this proposal.

Q: Is the President exceeding his legal authority by proposing this change through regulation instead of in Congress?

A: No. The Department of Labor has the authority and responsibility to interpret Federal UC statutes and has done so in the past with the UC program's requirements in such areas as jury duty, temporary layoffs, illness, and training.

The Administration is proposing to exercise this authority to examine how the UC system could help provide benefits for workers who take leave after the birth or adoption of a child. This pilot program would be voluntary, and is simply part of the Administration's overall effort to help working parents both on the job and at home.

Q: Would this change unfairly impact unemployed workers by draining resources away from the unemployed to provide for parents taking leave?

A: No. Each state has the responsibility to assess the cost to its unemployment fund whenever coverage changes, benefit expansions, or tax changes are considered within its UC program. Consequently, we expect prudent state decision-makers to examine the state's solvency and projected taxes and benefit payments under current law before deciding to enact any birth and adoption UC legislation.

Q: Why is this initiative limited to parents of newborns and newly-adopted children?

A: Data from these State experiments will help evaluate the proposition that providing paid leave through UC to new parents will increase the parents' attachment to the labor force. The experimental program is limited to the parents of newborns and newly-adopted children because this class of employees is small and easily-defined. This can allow us to determine whether paid leave helps individuals maintain, or even improve upon, their connection to the workforce by enabling them to better meet parental and family needs.

States remain free to use other mechanisms, such as separate funds or a Temporary Disability program, to reach other populations.

Q: How much will this proposal cost?

A: The cost estimate, which is based on the voluntary nature of the experiment and the expressed interest of a small number of states, ranges from zero to \$76 million.

Q: How will the rule deal with such issues as benefit amounts and employer costs?

A: The guiding principle of this regulation is to allow for maximum State flexibility within the experiment's parameters, as States currently have in determining UC policies. Consequently, each State will establish its own eligibility requirements and benefit amounts. Although the model State legislation accompanying the proposed regulation socializes costs, each State will decide whether to spread costs broadly throughout the system or limit costs to the particular employers whose employees use this benefit.

BIRTH AND ADOPTION UNEMPLOYMENT COMPENSATION (UC)
QUESTIONS AND ANSWERS
Revised 11/29/99

1. What is the Birth and Adoption UC initiative?

This effort responds to the President's Executive Memorandum issued May 24, 1999, directing the Secretary of Labor to allow States the opportunity to develop innovative ways of using UC to provide partial wage replacement to parents on leave following the birth or adoption of a child and to evaluate the effectiveness of using the UC system for these or related purposes. This regulation will permit interested States to experiment with methods for allowing the use of the UC program for this purpose.

2. Will States be required to develop UC programs for parents of newborns and newly-adopted children?

No. State participation is wholly voluntary.

3. Who will be eligible to receive UC for the birth or adoption of a child?

This experiment extends only to parents on approved leave or who otherwise leave their employment to be with newborns or newly-adopted children. Time taken for personal illness or to care for other family members is not compensable under this proposed program.

4. When will parents be able to collect UC after the birth or adoption of a child?

It is difficult to predict when individuals will be able to collect UC to be with their newborns or newly-adopted children. The Department of Labor (Department) anticipates publication of a final regulation in early 2000. States may enact legislation authorizing a Birth and Adoption program based on this regulation. Each State's legislation would set the dates to begin operation of the program in its State.

5. How will the regulation deal with such things as benefit amounts and employer costs?

The guiding principle of this regulation is to allow for maximum State flexibility within the experiment's parameters, as States currently have in determining UC policies. Consequently, each State will establish its own eligibility requirements and benefit amounts. Although the model State legislation accompanying the proposed regulation socializes costs, each State will decide whether to spread costs broadly throughout the system or limit costs to the particular employers whose employees use this benefit.

6. Why use the UC program for this type of paid leave? Don't States have other resources available to them?

While States may have other options available to them, legislation was introduced in several States during 1999 and prior years to make individuals on various types of family and medical leave eligible for UC. The President's directive to the Department essentially requires that States be provided the flexibility -- on a voluntary basis -- to pay UC to parents who take approved leave or otherwise leave employment after the birth or adoption of a child.

The proposed regulations for this experiment, within certain parameters, leave the specifics of each State plan to its legislature, which will need to pass specific amendments to the State UC laws to authorize such payments.

7. Under what authority is the Department issuing these regulations to permit this use of UC funds? And why is the Department issuing regulations and not seeking legislation as some members of Congress have suggested?

The Department has the authority and responsibility to interpret Federal UC statutes and has done so in the past with respect to its interpretation of the UC program's requirements that beneficiaries be able to work and available for work in such areas as jury duty, temporary layoffs, illness, and training.

Therefore, in response to the President's Executive Memorandum, the Department is proposing to exercise this authority to implement an experimental program to examine the use of the UC system to provide benefits for workers who take approved leave or otherwise leave employment after the birth or adoption of a child.

8. Why is this initiative limited to parents of newborns and newly-adopted children?

In following the President's directive, the Department is seeking to assist States that may want to use their UC systems to enable more parents to be with their newborns or newly-adopted children as part of an overall interest in supporting policies which help Americans balance the responsibilities of family and work.

Data from these State experiments will help to evaluate the proposition that providing UC to the parents of newborns and newly-adopted children who take approved leave or who otherwise leave their employment will increase their attachment to the labor force. In order to gain information on the impact of adapting the UC program to address the needs of such employees, the Department is defining the experimental program to cover the parents of newborns and newly-adopted children. This class of employees is a small, easily-defined group that can be used to test whether compensating absences from employment will assist individuals in maintaining, or even improving upon, their connection to the workforce by enabling them to better meet their parental and family needs.

The Department believes the needs of parents in balancing work and family are an important area for experimentation. States will remain free to use other mechanisms, such as separate funds or a Temporary Disability program, to reach other populations.

9. **Some critics of the President's directive cite the Department's own concerns about State unemployment fund solvency as a reason not to allow States the flexibility to offer these benefits. Will these regulations undermine fund solvency?**

No. The Department expects that a State will not enact changes without assessing the effect on the solvency of its unemployment fund. Each State has the responsibility to assess the cost to its unemployment fund whenever coverage, benefit expansions, or tax changes are considered within its UC program. Consequently, the Department expects prudent State decision makers to examine the State's solvency and projected taxes and benefit payments under current law before deciding to enact Birth and Adoption UC legislation.

10. **In 1997 the Department of Labor, in response to a bill introduced in the Vermont legislature, stated that the UC program could not be used to pay leave taken under the Vermont family and parental leave program. Why has the Department changed its policy in this area?**

The Vermont bill would have permitted all individuals taking leave for a variety of reasons under its family and parental leave program to receive UC. The Department interprets Federal UC law to require, in general, that individuals be able to work and be available for work to be eligible for UC. In response to changes in the workforce and societal needs, the Department is considering expanding its interpretation of "able and available" to permit the payment of UC to provide partial wage replacement to employees who take approved leave or otherwise leave their employment to be with their newborns or newly-adopted children. Because this would be an expansion of the Department's earlier interpretation, as set forth in the response to the Vermont proposal, the Department is issuing a notice of proposed rulemaking to permit the public to comment on the

interpretation. The Department is proposing an experimental program, which would allow the Department to test whether providing parents with UC at this point in a child's life will help employees maintain, or even promote, their connection to the workforce.

11. **Massachusetts also introduced a bill that would pay UC to individuals on family and medical leave. The estimated costs of that bill were \$200 million. How does this compare with the Department's estimate?**

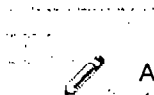
The Department's cost estimate which is based on the voluntary nature of the experiment coupled with the expressed interest of a small number of States and limited to those individuals who could be eligible for the birth and adoption experiment, ranges from zero to \$68 million. The Massachusetts cost estimate was based on a much broader group of potential recipients and includes costs for individuals who are on leave under the Family and Medical Leave Act and the State's maternity law, and others not covered by either law.

12. **How much could the average worker expect to receive in Birth and Adoption Unemployment Compensation benefits?**

States have a great deal of flexibility in the unemployment compensation program and those that choose to adopt Birth and Adoption UC can design their own programs. However, if a state chose to follow the model legislation, the worker could receive up to 12 weeks of Birth and Adoption UC benefits. The national average weekly unemployment benefit amount is about \$200, making the average total benefits \$2400.

13. **When will public comments on the proposed rule be due?**

The proposed regulation will be published on December 3; the deadline for the 45 day comment period will be January 17, 2000.



Ann O'Leary
11/24/99 12:59:47 PM

Record Type: Record

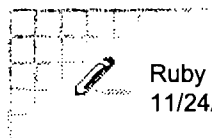
To: Ruby Shamir/OPD/EOP@EOP
cc: nicole r. rabner/who/eop@eop, katharine button/who/eop@eop, anna richter/opd/eop@eop
bcc:
Subject: Re: Ruby in NY

I'm in Maine:

Phone: 207-866-5518
email: AnnMOLeary@aol.com

Happy Turkey day to all!

Ruby Shamir



Ruby Shamir
11/24/99 12:57:42 PM

Record Type: Record

To: Nicole R. Rabner/WHO/EOP@EOP, Ann O'Leary/OPD/EOP@EOP, Katharine Button/WHO/EOP@EOP, Anna Richter/OPD/EOP@EOP
cc:
Subject: Ruby in NY

If anyone needs to reach me this weekend, I will be in NY:

phone/fax: 718-884-6875
email: Shamirn@aol.com

Signal will have the number. Happy Thanksgiving!!

Andrea Kane

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: NGA initiative on low-income working families

FYI, this may be a good source of emerging ideas from the states on supporting working families. May come in handy as we develop our '01 ideas.

News Release

NGA Home Page | News and Information | News Releases | 1999

October 13, 1999

Contact:

Terrell Halaska
202/624-5364

NGA ANNOUNCES NEW STATE POLICY ACADEMY

Seven States to Focus on Expanding Opportunities for Low Income Families

Washington, D.C.— To help states meet the challenges and opportunities posed by the New Economy, the National Governors' Association (NGA) announced today that seven states will take part in the NGA Center for Best Practices Academy on Expanding Opportunities for Low-Income Families to Advance in the New Economy. State teams from Colorado, Indiana, Kentucky, Michigan, Montana, Ohio, and Washington will develop comprehensive state strategies for helping low-income families achieve greater economic success. They will craft reforms in their workforce, welfare, health, child care, income support, and tax policies that will encourage individuals to assume greater responsibility for their economic futures. At the same time, these state teams will consider how government and business can best work together to develop and maintain a competitive workforce.

"These states are working on the cutting edge of welfare reform policy by focusing on issues related to the working poor," said NGA Executive Director Ray Scheppach.

"The new global economy is placing increased pressure on low-income workers to gain the skills and experience necessary to stay employed and to advance. States, working in partnership with employers, must find new ways of sustaining people's long-term attachment to work and helping them achieve greater economic security."

The academy is a highly interactive team-based process for crafting policy strategies and solutions to complex policy challenges. By working together, states can share best practices, learning from one another what works and what doesn't. Through this process:

Colorado will partner with several counties in its devolved welfare system to develop market-based, public-private approaches for addressing these challenges within the diverse economic conditions facing the state;

Indiana plans to reach consensus among state agencies and key stakeholders on policy objectives and benchmarks of success in improving the quality of life for limited income working families and will develop solid action steps to achieve this goal;

Kentucky will build on its success in reducing welfare caseloads by implementing more partnerships with the private sector, local government and community groups to support families by adapting existing services to be more responsive to their changing needs;

Michigan plans to reward work, help families become as self-sufficient as possible, and provide continued support for low-income working families through cross system efforts and state tax policy changes that are independent of the welfare system;

Montana plans to develop a comprehensive legislative and administrative strategy, including memoranda of understanding among stakeholders, to prevent recidivism, eliminate long-term welfare dependence and promote continual advancement from low-wage entry-level jobs into self-sustaining careers;

Ohio plans to create a new vision of a flexible workforce system that meets the needs of customers in the 21st century and develop operational models on local service delivery and state administration that support a continuum of services and benefits at the county level; and

Washington state intends to identify ways to make job retention and wage and skill progression services more cost effective and useful for employers and low-income parents, who must balance work and family responsibilities, and explore strategies for expanding health care, quality child care and other benefits that support low-income families.

For more information about the NGA Center for Best Practices Academy on Expanding Opportunities for Low-Income Families to Advance in the New Economy, please contact Evelyn Ganzglass at 202/624-5394 or Randy Desonia at 202/624-5319.

For state-specific information, please call team leaders at:

Colorado

Marva Livingston Hammons, Executive Director, Colorado State Department of Human Services at 303/866-5096

Indiana

Carlis Williams, Executive Assistant for Human Services, Office of the Governor at 317/232-1971

Kentucky

Sharon Perry, Principal Assistant, Cabinet for Families and Children at 502/564-7130

Michigan

Doug Howard, Director, Michigan Family Independence Agency at 517/373-2000

Montana

Wendy Keating, Administrator, Job Service Division, Montana Department of Labor and Industry, at 406/444-2648

Ohio

Jacqueline Romer-Sensky, Ohio Department of Human Services, Office of the

Director at 614/466-6282

Washington

Ken Miller, WorkFirst Performance Coordinator, Office of Financial Management at
360/902-0580

Related Links:

[More information on the new economy.](#)

[More information on welfare reform.](#)

[NGA Center for Best Practices](#)

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PRESIDENT CLINTON: TAKING NEW STEPS TO SUPPORT AMERICA'S PARENTS

November 30, 1999

"On the eve of the 21st century, we ought to set a goal that all working Americans can take time when they need it to care for their families without losing the income they need to support their families. Achieving that goal cannot come overnight and will require a significant shift in how our nation helps families to succeed at home and work. But it can make all the difference in your lives. It will demand thought and creativity, a willingness to experiment; it has to be done in a way that gives families flexibility and doesn't undermine our dynamic and growing economy."

--President Clinton, May 24, 1999

Today, President Clinton will announce new steps to help workers meet their responsibilities to their jobs, and their more important responsibilities to their families. He will announce a new proposed regulation to enable states to provide partial wage replacement for new parents. This step builds on the President's long-standing commitment to strengthening America's families and supporting parents.

Working to Make Parental Leave More Affordable. A 1996 study by the Commission on Family and Medical Leave found that loss of wages was the most significant barrier to parents taking advantage of unpaid leave following the birth or adoption of a child. Today, President Clinton will announce new proposed regulations by the Department of Labor that will enable states to use the Unemployment Insurance (UI) system to support parents taking leave to care for a newborn or adopted child. Several states have asked the Administration whether they could use the UI system for this purpose consistent with federal law. Once finalized, the new regulations will authorize this experimental expansion of the UI system, thereby allowing states that wish to use unemployment insurance to assist new parents to put their plans into effect. The experimental program is designed to test the proposition that providing Unemployment Compensation to parents after birth or adoption will increase their attachment to the labor force. This new program will be wholly voluntary for the states, and states will have considerable flexibility to design their own programs. [The regulations will be published in the Federal Register for public comment and are also available for review on the Department of Labor's web site at www.tk.gov.]

Advancing An Agenda To Help Parents Balance Their Responsibilities At Home And At Work. Throughout his Administration, President Clinton has fought to provide families with the tools they need to meet their responsibilities at home and at work. The President has:

- Signed the the Family and Medical Leave Act, providing workers with up to 12 weeks of unpaid, job-protected leave;
- Fought and won dramatic expansions in after-school programs, including \$450 million in the FY 2000 budget agreement, more than doubling the program's size;
- Fought for and won significant increases in Head Start, including \$607 million in the FY 2000 budget agreement, helping low-income toddlers prepare for school;
- Proposed a new tax credit for families struggling with long-term care costs; and
- Put forward an ambitious initiative to make child care better, safer, and more affordable for working families; and
- Proposed expanding the FMLA to cover more workers and allow leave for more parental activities, including parent-teacher conferences and routine doctor's visits.

BIRTH AND ADOPTION UNEMPLOYMENT COMPENSATION (UC)

Q&A

11/30/99 draft

Q: What is the Birth and Adoption UC initiative?

A: This effort responds to the President's Executive Memorandum issued May 24, 1999, directing the Secretary of Labor to allow States the opportunity to develop innovative ways of using UC to provide partial wage replacement to parents on leave following the birth or adoption of a child and to evaluate the effectiveness of using the UC system for these or related purposes. This regulation will permit interested States to experiment with methods for allowing the use of the UC program for this purpose.

Q: Will States be required to develop UC programs for parents of newborns and newly-adopted children?

A: No. State participation is wholly voluntary.

Q: Who will be eligible to receive UC for the birth or adoption of a child?

A: This experiment extends only to parents on approved leave or who otherwise leave their employment to be with newborns or newly-adopted children. Time taken for personal illness or to care for other family members is not compensable under this proposed program.

Q: When will parents be able to collect UC after the birth or adoption of a child?

A: It is difficult to predict when individuals will be able to collect UC to be with their newborns or newly-adopted children. The Department of Labor (Department) anticipates publication of a final regulation in early 2000. States may enact legislation authorizing a Birth and Adoption program based on this regulation. Each State's legislation would set the dates to begin operation of the program in its State.

Q: How will the regulation deal with such things as benefit amounts and employer costs?

A: The guiding principle of this regulation is to allow for maximum State flexibility within the experiment's parameters, as States currently have in determining UC policies. Consequently, each State will establish its own eligibility requirements and benefit

amounts. Although the model State legislation accompanying the proposed regulation socializes costs, each State will decide whether to spread costs broadly throughout the system or limit costs to the particular employers whose employees use this benefit.

Q: Why use the UC program for this type of paid leave? Don't States have other resources available to them?

A: While States may have other options available to them, legislation was introduced in several States during 1999 and prior years to make individuals on various types of family and medical leave eligible for UC. The President's directive to the Department essentially requires that States be provided the flexibility -- on a voluntary basis -- to pay UC to parents who take approved leave or otherwise leave employment after the birth or adoption of a child.

The proposed regulations for this experiment, within certain parameters, leave the specifics of each State plan to its legislature, which will need to pass specific amendments to the State UC laws to authorize such payments.

Q: Is the President exceeding his legal authority by proposing this change through regulation instead of in Congress?

A: No. The Department of Labor has the authority and responsibility to interpret Federal Unemployment Compensation (UC) statutes and has done so in the past with the UC program's requirements in such areas as jury duty, temporary layoffs, illness, and training.

The Administration is proposing to exercise this authority to examine how the UC system could help provide benefits for workers who take leave after the birth or adoption of a child. This pilot program would be voluntary, and is simply part of the Administration's overall effort to help working parents both on the job and at home.

Q: Why is this initiative limited to parents of newborns and newly-adopted children?

A: In following the President's directive, the Department is seeking to assist States that may want to use their UC systems to enable more parents to be with their newborns or newly-adopted children as part of an overall interest in supporting policies which help Americans balance the responsibilities of family and work.

Data from these State experiments will help to evaluate the proposition that providing UC to the parents of newborns and newly-adopted children who take approved leave or who otherwise leave their employment will increase their attachment to the labor force. In order to gain information on the impact of adapting the UC program to address the needs of such employees, the Department is defining the experimental program to cover the

parents of newborns and newly-adopted children. This class of employees is a small, easily-defined group that can be used to test whether compensating absences from employment will assist individuals in maintaining, or even improving upon, their connection to the workforce by enabling them to better meet their parental and family needs.

The Department believes the needs of parents in balancing work and family are an important area for experimentation. States will remain free to use other mechanisms, such as separate funds or a Temporary Disability program, to reach other populations.

Q: Would this change unfairly impact unemployed workers by draining resources away from the unemployed to provide for parents taking leave?

A: No. Each state has the responsibility to assess the cost to its unemployment fund whenever coverage changes, benefit expansions, or tax changes are considered within its UC program. Consequently, we expect prudent state decision-makers to examine the state's solvency and projected taxes and benefit payments under current law before deciding to enact any birth and adoption UC legislation.

Q: How much will this proposal cost?

A: The cost estimate, which is based on the voluntary nature of the experiment and the expressed interest of a small number of states, ranges from zero to \$76 million.

Q: Massachusetts also introduced a bill that would pay UC to individuals on family and medical leave. The estimated costs of that bill were \$200 million. How does this compare with the Department's estimate?

A: The Department's cost estimate which is based on the voluntary nature of the experiment coupled with the expressed interest of a small number of States and limited to those individuals who could be eligible for the birth and adoption experiment, ranges from zero to \$68 million. The Massachusetts cost estimate was based on a much broader group of potential recipients and includes costs for individuals who are on leave under the Family and Medical Leave Act and the State's maternity law, and others not covered by either law.

Q: In 1997 the Department of Labor, in response to a bill introduced in the Vermont legislature, stated that the UC program could not be used to pay leave taken under the Vermont family and parental leave program. Why has the Department changed its policy in this area?

A: The Vermont bill would have permitted all individuals taking leave for a variety of reasons under its family and parental leave program to receive UC. The Department interprets Federal UC law to require, in general, that individuals be able to work and be available for work to be eligible for UC. In response to changes in the workforce and societal needs, the Department is considering expanding its interpretation of "able and available" to permit the payment of UC to provide partial wage replacement to employees who take approved leave or otherwise leave their employment to be with their newborns or newly-adopted children. Because this would be an expansion of the Department's earlier interpretation, as set forth in the response to the Vermont proposal, the Department is issuing a notice of proposed rulemaking to permit the public to comment on the interpretation. The Department is proposing an experimental program, which would allow the Department to test whether providing parents with UC at this point in a child's life will help employees maintain, or even promote, their connection to the workforce.

Balancing work and family – toughest. There have been some states that have expressed interest in using the UI program to take a step to helping workers balance the needs of work and family. The DOL is using regulations to enable states to do this and in so doing to test whether or not this improves attachment to the labor force – to see if we have better workers because of programs of paid leave. To bond with parent, to develop stable child care systems – use these state experiments to test whether this is right. Are people more likely to maintain their labor force attachment.

**PRESIDENT WILLIAM J. CLINTON
DEPARTURE REMARKS
PARENTAL UNEMPLOYMENT PAY
THE WHITE HOUSE
NOVEMBER 30, 1999**

Good morning. Joining me here at the podium today are Katie Banks and her son, Collin of Fairfax, Virginia; and Jonathan and Teresa Graham of Baltimore. I will say a little more about them in a moment.

In a few minutes I am heading to Seattle where I will engage in a dialogue with America's trading partners from around the world about how we can best use the enormous potential of the global economy to not only grow our prosperity, but to also improve the everyday lives of citizens and working families. Before I go, I want to tell you how we are using the enormous potential of our strongest economy in years, to help American families balance the sometimes tremendous demands of work and family.

Surging technology and soaring prosperity define America at this moment. But those achievements don't come cheap. They require an enormous commitment of time and effort from America's workers, many of whom are being forced to make an unacceptable choice: between being good workers and being good parents. The truth is, in our 'round-the-world, 'round-the-clock economy there just don't seem to be enough hours in the day for parents to do everything they need to do. That is why my Administration has worked hard to help parents balance work and family.

Last May, I asked the Secretary of Labor to develop new ways to address this problem. Today, I am announcing a Labor Department rule that lets states use their unemployment insurance systems to offer paid leave to new parents. This initiative is totally voluntary for states, and it helps them empower more working parents like families that are standing with me today.

When little Collin was born, his mother, Katie was working as a waitress and his dad was working as the head electrical technician for a small company. Unfortunately, Collin was born ill and had to be in intensive care for several weeks. Katie took unpaid leave and eventually quit her job to be with her son. Collin's dad, Eric, wanted to take leave but couldn't afford it. Once Collin was well enough, Katie looked for and fortunately landed another job. But both Collin and her husband would have and should have been able to take paid leave to care for their son. That's what this parental leave initiative will do.

~~will~~ *could*
I believe that giving states the flexibility to experiment with paid leave is one of the best things we can do to strengthen our families and help new mothers and fathers meet their responsibilities both at home and at work. State flexibility and the voluntary nature of this effort are key. In this strong economy, we ~~expect a number of~~ *hope* states ~~to take advantage of this new option...~~ *and we believe* and those that do should have no trouble

balancing this new benefit with the imperative of maintaining a fiscally sound unemployment insurance program.

This effort builds on my Administration's commitment to giving working families more tools to help them adapt to the new demands of our growing economy -- from expanding the Earned Income Tax Credit, to our Welfare-to-Work efforts. From increased funding for child care to Hope Scholarships that are helping more young people get into college. In the budget bill I signed yesterday, we fought for and won a doubling of resources for after-school programs to give young people a safe place to study between the end of their school day and the end of their parents' work day.

And I am proud that the first bill I signed as President was the Family and Medical Leave Act. Since 1993, millions of Americans have used it to take up to 12 weeks of unpaid leave to care for a newborn or a sick relative without losing their jobs. The importance of this benefit has been confirmed by the testimony of experts and parents at the first-ever White House Conference on Early Childhood Development and Learning in 1997, and from groups like the American Academy of Pediatrics. They all reinforce what we already know from common sense: Giving parents and primary caregivers time to bond and nurture their children leads to healthy development, including boosting critical language and literacy skills.

But, the current law just meets a fraction of the need. And the number one reason families give for not taking advantage of the Family and Medical Leave is that they just can't afford to take the time off without a paycheck. The actions we are taking today will go a long way towards alleviating that burden. And I believe it will strengthen parents' bonds to both their children and the workforce.

As I have said, on the eve of the 21st century, we ought to set a goal that all working Americans can take time when they need it to care for their families without losing the income they need to support their families. This new state authority moves us in the right direction and gives us another tool in our national efforts to strengthen the American family and reward the dignity of work. with

Thank you.



Child Welfare League of America, Inc.

440 First Street, NW, Third Floor, Washington, DC 20001-2085 • 202/638-2952 • FAX 202/638-4004
Website: <http://www.cwla.org>

FAX TRANSMITTAL FORM

DATE:

11/29/99

TO:

Nicole Rabner

AGENCY:

FROM:

FX 202-456-2878

NUMBER OF PAGES, (INCLUDING THIS FORM): 4

Karabella (942-0261)

COMMENTS:

Per my voice mail

FOR FURTHER INFORMATION, PLEASE CONTACT CWLA AT THE
NUMBER INDICATED ON THE TOP OF THIS PAGE. FOR FURTHER
INFORMATION REGARDING CONFERENCES/INSTITUTES/TRAIN-
INGS. PLEASE VISIT OUR WEB PAGE AT: <http://www.cwla.org>

SAVE THE DATES!!

1999 CWLA

Conferences/Training

December 6-7, 1999

National Center for Consultation &
Professional Development and Managed Care
Institute Leadership Retreat: Mergers and
Strategic Affiliations
Sarasota, FL

December 8-10, 1999

Effective Supervision II training,
The Marist House,
Framingham, MA

February 28-29, 2000

Black Administrators in Child Welfare Annual
Symposium
Washington, DC

March 1-3, 2000

CWLA National Conference, Children 2000: Faces
of the Future
Washington, DC

May 10-12, 2000

Finding Better Ways 2000,
The Adam's Mark Hotel
Philadelphia, PA

August 2-4, 2000

Florence Crittenton Roundtable,
San Francisco, CA

September 27-29, 2000

Biennial Leadership Summit,
New Orleans, LA

October 23-25, 2000

Tools that Work 2000, The Renaissance
Atlanta Hotel, Atlanta GA

December ??-??, 2000

National Adoption Conference



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<http://www.cwla.org>

November 29, 1999

MEMORANDUM

TO: Nicole Rabner *KP*
FROM: Karabelle Pizzigati, Child Welfare League of America
RE: Foster Care Independent Living Event

We are very pleased that the White House is considering hosting an event to celebrate the passage of the Foster Care Independence Act of 1999 and to encourage speedy implementation. We want to thank you for all the Administration did throughout the year to make the legislation a reality. The First Lady and Mrs. Gore's public endorsement of the initiative at the event last January was instrumental in providing supporters with the high level recognition and boost they needed to motivate nationwide efforts on the legislation.

A list of suggested invitees is being forwarded under separate cover.

Purpose of Event:

1. Public recognition of the Administration and Congressional supporters for all their work.
2. The announcement by the President/First Lady/Secretary Shalala of the formation or the renewal of interagency collaborative work in the following areas:
 - a) Health care — Extension of benefits under Medicaid and CHIP
 - b) Housing — E.g., designation of two hundred Section 8 certificates
 - c) Employment — Workforce investment activities by Department of Labor with specific inclusion of emancipating foster youth for work opportunities as well as part of Youth Advisory Councils
 - d) Education — Coordination with school to work activities, 21st Century Schools and IDEA programs
 - e) Mentoring/ OJJDP—E.g., Expressed inclusion of foster youth in mentoring efforts.
3. The issuance of a challenge by the President/First Lady/Secretary Shalala to the states to implement the legislation thoughtfully and rapidly, with a strong focus on positive outcomes for youth.
4. The raising of public awareness about the issues surrounding foster care and the young people who "age out" of the system.

Messages:

- The Foster Care Independence Act takes a big step toward improving lives of young people transitioning into adulthood.
- The new John H. Chafee Foster Care Independent program will create opportunities for states to:
 - Customize independent living services to the needs of diverse foster youth.
 - Provide to those youth a stronger continuum of services, including health care, housing, and mentoring.
 - Support a more intensive level of preparation in critical life skills and employment.
 - Help connect youth in foster care to what they need to achieve successful adulthood.
 - Increase accountability so that young people in transition know they have somewhere to turn and that promises made will be kept.
- Our work has just begun! Now it is up to the states and many partners, including health professionals, educators, business and media leaders, to implement the legislation fully—to make it work
- The end of foster care is not the end of caring.

Suggested speakers:

President Clinton

The First Lady

Secretary Shalala

1-2 Former foster youths chosen from key states — CA, TX, MD, CT, ME, WV, RI, MS

1-2 Congressional supporters — Rep. Tom DeLay, Rep. Nancy Johnson, Rep. Ben Cardin, Sen. Jay Rockefeller, Sen. Lincoln Chafee, Sen. Susan Collins, Sen. Kit Bond

Governor from a key state that is actively moving forward with a health care, housing, and education agenda consistent with the new legislation — MO, MN, ME, MD, SC, CA, CT, AZ

Should be publicly recognized for work on legislation:

National Foster Parents Association

Child Welfare League of America

Children's Defense Fund

Adoption advocate — e.g., Joe Kroll

National Conference of State Legislators

National Conference of Juvenile and Family Court Judges

National CASA (Court-Appointed Special Advocates)

Should be publicly recognized for raising national awareness about the needs of young people who transition from care:

The Casey Family Program

The Annie E. Casey Foundation

Benton Foundation

The David and Lucile Packard Foundation

National Resource Center for Youth Services (federally funded center in Oklahoma)

National Foster Care Awareness Project

Carol Williams

Additional Spokespersons:

Former foster youth from Youth Involvement Project (23)—including California Youth Connection

**PRESIDENT WILLIAM J. CLINTON
DEPARTURE REMARKS
PARENTAL UNEMPLOYMENT PAY
THE WHITE HOUSE
NOVEMBER 30, 1999**

Good morning. Joining me here at the podium today are Katie Banks and her son, Collin of Fairfax, Virginia; and Jonathan and Teresa Graham of Baltimore. I will say a little more about them in a moment.

In a few minutes I am heading to Seattle where I will engage in a dialogue with America's trading partners from around the world about how we can best use the enormous potential of the global economy to not only grow our prosperity, but to also improve the everyday lives of citizens and working families. Before I go, I want to tell you how we are using the enormous potential of our strongest economy in years, to help American families balance the sometimes tremendous demands of work and family.

Surging technology and soaring prosperity define America at this moment. But those achievements don't come cheap. They require an enormous commitment of time and effort from America's workers, many of whom are being forced to make an unacceptable choice: between being good workers and being good parents. The truth is, in our 'round- the- world, 'round-the-clock economy there just don't seem to be enough hours in the day for parents to do everything they need to do. That is why my Administration has worked hard to help parents balance work and family.

Last May, I asked the Secretary of Labor to develop new ways to address this problem. Today, I am announcing a Labor Department rule that lets states use their unemployment insurance systems to offer paid leave to new parents. This initiative is totally voluntary for states, and it helps them empower more working parents like families that are standing with me today.

When little Collin was born, his mother, Katie was working as a waitress and his dad was working as the head electrical technician for a small company. Unfortunately, Collin was born ill and had to be in intensive care for several weeks. Katie took unpaid leave and eventually quit her job to be with her son. Collin's dad, Eric, wanted to take leave but couldn't afford it. Once Collin was well enough, Katie looked for and fortunately landed another job. But both Collin and her husband would have and should have been able to take paid leave to care for their son. That's what this parental leave initiative will do.

I believe that giving states the flexibility to experiment with paid leave is one of the best things we can do to strengthen our families and help new mothers and fathers meet their responsibilities both at home and at work. State flexibility and the voluntary nature of this effort are key. In this strong economy, we expect a number of states to take advantage of this new option...and those that do should have no trouble

will *win*
balancing this new benefit with the imperative of maintaining a fiscally sound unemployment insurance program.

This effort builds on my Administration's commitment to giving working families more tools to help them adapt to the new demands of our growing economy -- from expanding the Earned Income Tax Credit, to our Welfare-to-Work efforts. From increased funding for child care to Hope Scholarships that are helping more young people get into college. In the budget bill I signed yesterday, we fought for and won a doubling of resources for after-school programs to give young people a safe place to study between the end of their school day and the end of their parents' work day.

And I am proud that the first bill I signed as President was the Family and Medical Leave Act. Since 1993, millions of Americans have used it to take up to 12 weeks of unpaid leave to care for a newborn or a sick relative without losing their jobs. The importance of this benefit has been confirmed by the testimony of experts and parents at the first-ever White House Conference on Early Childhood Development and Learning in 1997, and from groups like the American Academy of Pediatrics. They all reinforce what we already know from common sense: Giving parents and primary caregivers time to bond and nurture their children leads to healthy development, including boosting critical language and literacy skills.

But, the current law just meets a fraction of the need. And the number one reason families give for not taking advantage of the Family and Medical Leave is that they just can't afford to take the time off without a paycheck. The actions we are taking today will go a long way towards alleviating that burden. And I believe it will strengthen parents' bonds to both their children and the workforce.

As I have said, on the eve of the 21st century, we ought to set a goal that all working Americans can take time when they need it to care for their families without losing the income they need to support their families. This new state authority moves us in the right direction and gives us another tool in our national efforts to strengthen the American family and reward the dignity of work.

Thank you.

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press
statement*

*Ferny Bergman
Suzannah
Valdez*

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ending*

** Paid Parental Leave
Initiative*

● Eugenia Chough

11/29/99 12:42:55 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: Cynthia A. Rice/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP

Subject: CEA chapter for review

CEA is circulating its 2000 Economic Report of the President for our review. Chapter 5, "The Changing American Family" examines issues related to our teams. I'll send a hard copy to Ruby and Devorah. I'd be happy to consolidate our comments and send back to CEA if you can get edits to me by COB Wednesday. Thanks.

Genie

Message Sent To:

Ruby Shamir/OPD/EOP@EOP
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The Changing American Family

Much about the American family has changed over the course of the century. Most children in 1900 lived in a two-parent rural family where the father was the breadwinner and the mother was a homemaker. Today, by contrast, almost half live in two-earner nonfarm families and more than a quarter live in single-parent families. Families today enjoy a much higher standard of living than their 1900 counterparts and their members are living longer and healthier lives. Nevertheless, the rise of the two-earner couple and the single-parent family has created a new set of challenges for American families as they try to balance the need to work and the rewards from work against the needs and rewards of family life that are measured more in time than in money.

This chapter examines these changes in the American family and the challenges these changes pose. It begins with an overview of a number of indicators of change over the century, paying particular attention to four key trends: increased female labor force participation, changes in marriage and divorce, increases in out-of-wedlock births, and increases in life expectancy and health. It then turns to the key challenge of balancing work and family. Notwithstanding substantial increases in living standards over the course of the century, American families continue to face substantial financial challenges. Most families are able to meet the basic needs of food, clothing, and shelter, but many find themselves strapped when it comes to meeting other needs like child care, education expenses, and, increasingly, care for older relatives. At the same time, families find themselves facing a "time crunch," as more family time is devoted to earning a living, leaving less for other family activities. For many single-parent households, the time

crunch is compounded by a "money crunch" as they struggle to find the resources to meet even basic necessities. The chapter concludes with a discussion of policies that this Administration has pursued over the past several years in an effort to address the challenges families face as they try to balance work and family in the 21st century.

KEY TRENDS SHAPING THE AMERICAN FAMILY

The past century has seen a number of changes that have helped shape the American family (see box 5-1). In 1900, a woman began her married life young—entering her first marriage at age 22—and typically married a man who was four years her senior. Families also had greater numbers of children, as infant mortality was near 10%. Life expectancy at birth was low, about 48 years for women and 46 years for men. Divorce rates were also low (less than 2% among women aged 35-54), but over 8 percent of women aged 35-44 and 17 percent of women aged 45-54 were widowed. And families tended to stay put -- over three-fourths of individuals lived in the state in which they were born. As we approach the 21st century, marriage remains a fairly universal experience, but the median age at first marriage for women has risen to 25. Life expectancy at birth has increased substantially, in part due to declines in infant mortality, with women and men having life expectancies of 79 and 73 years, respectively. In contrast to the nearly 17 percent of women aged 45-54 who were widowed in 1900, that same percentage today is divorced.

Box 5-1 – Contrasting American Families Then and Now		
	1900	1999
Labor force participation rate of women, percent	20.0	60.2
Age at Marriage of Mother	21.9	25
Age at Marriage of Father	25.9	26.8
Reason for Marital Dissolution, women age 35-44	Death	Divorce
Infant Mortality Rate, percent	9.99 ^b	2 ^d
Life Expectancy of Women at birth	48.3	79.0 ^f
Life Expectancy of Men at birth	46.3	73.0 ^f
Life Expectancy of Women at age 65	12.2	18.9 ^f
Life Expectancy of Men at age 65	11.5	15.7 ^f
Number of polio cases, per 100,000	5.5 ^a	0
% born in state of residence	78.2	61.8 ^e
% born in region of residence	90.8	73.3 ^e
Probability of being in a 7 or more person HH	20.4	5.1 ^d
Probability of being in a one-parent family	7 ^c	27
Median married Family Income (1998 \$)		\$54,180
Notes: (a) 1912; (b) 1915; (c) 1950; (d) 1970; (e) 1990; (f) 1996		

In addition to describing the four key trends that seem particularly important in shaping the American family over the course of the century, this section also suggests potential causes of these changes. It is important to recognize, however, that many of the underlying behaviors of these trends are interrelated and that there is often no simple direction of causation.

WOMEN IN THE WORK FORCE

The substantial increase in female labor force participation has been one of the most important economic changes to affect the American family over the past century. Marriage and work trends have combined so that a higher proportion of women than ever before experience a period of independent living and employment before marriage, leading to greater labor force

attachments that could conflict with family obligations. These increases have been pervasive across racial and ethnic groups and both within and across cohorts of women.

Today the portion of women in the labor force is three times what it was at the beginning of the century (see Chart 5-1). Women's labor force participation rose sharply after World War II, but the movement of women into the labor market was well underway prior to that point. By 1998, female labor force participation had reached 59.8 percent. While married women and women with children participated in the paid labor force at somewhat lower rates, these groups experienced a parallel dramatic increase (see Chart 5-1). The rate for women with children increased from 47.3 percent in 1975 to 72.3 percent in 1998. A myriad of factors have contributed to this growth in women's attachment to the paid labor market, including increases in female wages and changes in family structure.

CHART 5-1: Female Labor Force Participation 1900-1998

FAMILY FORMATION AND DISSOLUTION

A second major trend that has shaped the current state of American families is a change in family formation and dissolution. Today, individuals are spending a smaller fraction of their adult lives within marriage (Spain and Bianchi 1996, p. 25). This is not to suggest that marriage is less important or conveys fewer benefits to the participants than previously. Despite considerable changes in the institution over the past century and differences across racial and ethnic groups, marriage remains a fairly universal experience. Throughout the century, over 90 percent of all women aged 55-64 have been married at some point, and in 1997, that proportion

stood at 95.3%. (computed based on Coontz). In addition, the median duration of marriage rose modestly in the last half of the century (chart 5-2). Marriage is correlated with higher wages for men, longer and healthier lives for both men and women, and a greater overall level of economic security (Waite 1995).

Nonetheless, the patterns of family formation and dissolution are different now than in 1900. A number of factors have contributed to this change. One factor is a change in the way marriages end; for younger and middle-aged couples, the relative importance of divorce has increased while that of the death of a spouse has declined. While there is some evidence that the fraction widowed may have been over-reported early in the century because of social stigmas associated with being either unmarried or divorced, it was much more common for younger women to be widowed than divorced. In 1900, about 1 percent of women aged 35-44 reported being divorced, while about 8 percent reported being widowed. The two rates were almost the same in 1950 (just under 4 percent), and by 1997 the relative magnitude of the two groups was completely reversed from 100 years before. Whatever the source, however, the end of marriage tends to be associated with large declines in economic well-being, particularly for women and children as described below.

CHART 5-2: Fraction of Women who are Widowed and Divorced

An examination of divorce rates provides further perspective. Particularly notable are the sharp spike in the divorce rate immediately after World War II and the prolonged and significant increase in the rate between the mid-1960s and the early 1980s (see Chart 5-3). Since the 1980s the divorce rate has declined slightly but remains historically high. Explanations for the rise in

the divorce rate included the growing economic independence of women, as described in the previous section, which has both created tensions within marriage and made divorce economically possible. At the same time, however, the change in labor force participation may be a response to a greater chance of being divorced and having to survive on one's own. Another factor is changes in state divorce laws in the 1970s and 1980s, which include the famous movement from "fault" to "no-fault" divorce.

CHART 5-3: Divorce Rates and Median Marriage Duration

Two other changes in family formation are important. The first is an increase in the age at first marriage, which also contributes to individuals spending less time in marriage. In 1900 half of all women began their first marriage by age 22; by 1950 this had dropped to age 20 (chart 5-4). Starting in the 1950s and 1960s, however, the median age at first marriage for women increased and is now up to almost 25 years of age. Men have traditionally married at a later age than women but their median age at first marriage exhibits the same U-shaped pattern over the century.

CHART 5-4: Median Age at First Marriage for Males and Females

Second, 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 born between 1940 and 1944 had ever lived in a nonmarital cohabitation by age 25, while for women born 20 years later, 37 percent had cohabited by that same age (Bumpass and Sweet 1989). Thus despite the decreases in marriage rates and the increases in the age of first marriage

across cohorts, the evidence actually indicates that individuals are still forming coresidential relationships at about the same point in their lives (Bumpass, Sweet, and Cherlin 1991).

OUT-OF-WEDLOCK CHILDBEARING

Childbearing behavior and the increase in out-of-wedlock births represent a third set of changes that has shaped the American family over the century. Immediately after World War II the average number of children born to a woman over her lifetime began to increase – the start of the baby-boom. In 1945, the number of live births per 1000 women between ages 15-44 was 85.9. This number peaked in 1957 at 122.9. In more recent years, the number of births is down and women are having them later in the life-cycle. These large changes in fertility behavior and the corresponding changes in population have important implications for the U.S. economy and policies such as Social Security and Medicare.

CHART 5-5: Births per 1000 women – 1940-1998 (from Farley, p. 118)

An equally important change is the rise in out-of-wedlock births. The number of births per 1,000 unmarried women aged 15-44 increased from 7.1 in 1940 to 46.9 in 1994 (see Chart 5-5). The rate for black women aged 15-44 increased from 35.6 to 89.9 from 1940 to 1970, dipped to 82.9 in 1980, was back up to 93.9 in 1990 and has recently seen a decline to 75.9 in 1995. The rate for white women aged 15-44 increased most precipitously after 1980, rising from 17.6 to 37.5 in 1995 (Blau, et. al). The percent of births to unmarried women of all ages increased eightfold, from 4 percent in 1950 to 32.6 in 1994. Similar trends are evident for very young

women. The percent of births to unmarried teens rose from 31.9 percent to 75.5 percent over the period 1970-1994. From 1980 to 1990 the birth rate to teens aged 15-19 climbed from 53.0 to 59.9 (per 1,000 teens); the unmarried teen birth rate rose from 16.5 to 30.6 for whites and 87.9 to 106.0 for blacks over the same period (also per 1,000). While the rate of childbearing by young women may not have changed that dramatically prior to that point, the rate to unmarried teens had been increasing for decades. This is a particular problem since the resources of unwed teens is significantly less than those of other families. Administration efforts to address this problem are discussed later in this chapter.

Combined with the changes in family formation and dissolution already discussed, these trends in childbearing behavior have led to large increases in the percent of children growing up in single parent households. The share of one-parent families rose from 7 percent in 1950 to 27 percent in 1997 (Chart5-6). About half of all black 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 percent in 1990 (update).

LIFE EXPECTANCY AND HEALTH

The health and life expectancy of Americans has increased dramatically over the century. Major public health initiatives and medical advances have led to the virtual eradication of numerous diseases that at one time killed or severely impaired large fractions of the population. As a result of improvements in maternal and infant 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. Technological innovations, better health and nutrition of mothers, greater access to prenatal care, and greater use of vaccines and antibiotics all contributed to these tremendous improvements. A similar success story is found in the area of maternal health. In 1915, 6-9 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 – a 99 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 greatly reduced because of improved sanitation and living conditions, and the widespread use of vaccines has eliminated diseases like smallpox and polio.

These improvements have meant a longer lifetime for most Americans. Over the century, the average lifespan in the U.S. increased by more than 30 years with five-sixths of that increase being attributed to improvements in public health (MMWR 4/2/99). Life expectancy at birth for a woman rose from 48.3 in 1900 to 79 by 1996. For men it rose from 46.3 to 73 in 1996. Older Americans now have longer life expectancies as well. The life expectancy of men at age 65 rose from 11.5 years in 1900 to 15.9 years in 1997. Combined with the changes in fertility behavior over the century, 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 becomes old.

An important implication of increased life expectancy is a change in the extended family. Over 70 percent of adults aged 30-54 in the early 1990s had relatives that spanned three or more generations; over 40 percent of adults aged 50-59 were in four-or-more-generation families. In addition, greater numbers of family members from different generations live together; nearly 2.4

million households are now multi-generational. Longer life expectancy has meant that more grandparents are able to watch their grandchildren grow to adulthood. For example, in 1969, 22.7 percent of women aged 60-61 had living elderly parents; by 1992 this had increased to 28.1 percent.

These trends all point to an increasing need to balance work and family, as working individuals may face multiple caregiving responsibilities for elderly parents, infirm spouses, and grandchildren.

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 and poverty has decreased. In non-monetary terms, individuals live longer and are much healthier. However, while the average family has gained over this past century, the gains have not been evenly spread across all families. As the discussion of recent trends indicates, families that are single-headed households have risen dramatically (through out-of-wedlock births or divorce), and these families have benefited less from the overall economic growth of this century.

This section examines the ways in which the trends discussed above co-mingle to create challenges that families face today—we call these challenges the “money crunch” and the “time crunch.” While most women are working more and thus contributing to family income, a money crunch is most pronounced in single-headed households and less-educated households. In the case of the time crunch, while women are working more and contributing more to family income, these same women have less time for child care and home-care. In addition, working people may

need to spend more of their rising incomes on the costly care of their aging parents, or to use their non-employed hours for care of aging parents.

THE "MONEY CRUNCH"

In the post-war period, families have become wealthier—median family income rose from \$21,000 in 1950 to \$47,000 by 1998 in 1998 dollars. The ongoing expansion of the economy contributed significantly to this gain in recent years: median family income of \$41,500 in 1993 was about equal to what it was in 1973, at \$41,500, but by 1998 it had risen to \$46,700. However, while the recent prosperous years have produced earnings gains that are widespread across demographic groups, some continue to lag behind. The individuals in these groups are the focus of the money crunch. From the policy perspective, it is also these individuals who are the intended beneficiaries of recent policies, such as the expanded Earned Income Tax Credit, that are discussed at the end of this chapter.

The money crunch—or inadequate income to cover basic family needs—is felt by different family types for different reasons. Median family income differs substantially as a function of female labor supply and family structure (chart 5-7). For married couples with a wife not in the paid labor force, median family income in 1996 is approximately the same as the median level in 1971, despite a recent increase. Similarly, the median income of female-headed families has been nearly flat since the early 1970s, despite signs of improvement in the current economic expansion. In contrast, the median income for married couples with an employed wife has grown markedly since the early 1970s, with pronounced growth in recent years. Note

however that these measures of real income are computed using the historical CPIUX1 which can understate growth rates of income for all groups.

Chart 5-7: median family income by family structure

As we consider the earnings trends by family structure, we also must remember that more families are headed by single parents. Corresponding to the family groups in chart 5-7, the share of families that are headed by a single parent has increased very significantly over time—from xx percent in 1969 to 23 percent of all families (Census income book) in 1998 (see Chart 5-8). The share of all married couple families with an employed wife has risen from 20.5 to 52.3 from 1951 to 1998, while the share with a non-employed wife has declined from 69.2 to 28.8. Thus, though the overall share of families headed by couples has declined from 89.7 percent to 81.1 percent from 1951 to 1998, the composition within this group has shifted dramatically towards working women. Given these shifts in family composition and differential earnings patterns, each of these three demographic groups is considered in turn. But before doing so, we summarize two relevant issues— income distribution and family needs.

Chart 5-8: share of families by family structure

Income Distribution

After rising markedly in the 1970s and 1980s, income inequality has been declining since 1994, in the prosperous years of the current economic expansion; however, pronounced educational differences in wage levels remain. During the years of rising income inequality, wage levels for the well-educated rose substantially relative to those for the less-educated, as

discussed in Chapter 4. This widening wage gap continues to contribute to income disparities across demographic groups.

Rising Family "Needs"

As incomes have risen this century, consumption patterns have changed. 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. Moreover, entirely new forms of consumption have taken their place. Over 80 percent of households have cars, up from roughly 50 percent in 1950, and the typical family has two cars and two television sets. As technological change has lowered the relative cost of food and made other expenditures feasible, consumers have turned to more attractive goods, such 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.

Thus, we may need to change our notion of family needs, from traditionally basic purchases to the additional acquisition of standard consumption goods like automobiles, cars, TVs, and computers. When families feel they do not have access to such standard goods, they too may feel a money crunch.

Finally, a rising need for the working mother is child care, and these costs can be substantial. It is estimated that from 1986 to 1993 direct expenditures on child care have risen from 6.3 to 7.3 percent of family income. [add educational expenses?]

Female-Headed Families

The share of families that are headed by a single parent has increased very significantly over time, yet the percent of children in single parent households has increased more dramatically, from xx percent in 1969 to 23 percent in 1998 (chart 5-8). These children live in families headed largely by women—only 19.1 percent of single-headed households in 1998 are families. As described in the section above, this increase has arisen from a combination of rising non-marital child-bearing and rising divorce rates.

Female-headed families are the most likely to suffer from inadequate financial resources. Despite rising median hours of work from 1969 to 1998 (chart 5-9), median income for this group has not grown on average over the last thirty years (chart 5-7). As discussed later in this chapter, helping this group had been a priority of this Administration, via the Earned Income Tax Credit and minimum wage increases.

Chart 5-9: hours of work of women heading families

The effects of divorce and bearing a child out of wedlock contribute directly to income losses 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 less likely to have a child support award than divorced (44 percent versus 73 percent in 1993) and, if they actually received support, the amount of the award is much smaller (\$1,700 versus \$3,600 per year – Greenbook). Overall, roughly half of all women who are single parents receive public assistance.

/

Reflecting these poor earnings, poverty rates for female-headed families are very high—the rate of poverty was 38.7 percent for this group in 1998, compared to a substantially lower 6.9 percent for married-couple families with children (though these poverty rates are based on income that does not include support from public assistance). Given the higher incidence of poverty and lower-earnings levels of female-headed households, elevating the economic status of these families has been of particular concern in the policy initiatives of the 1990s, and in recent years, this rate has begun to decline. These initiatives are discussed at the end of this chapter.

Married-Couple Families

Largely due to the entry of women into the labor force, there has been a substantial increase in the economic well-being of families, but not all families have experienced equal growth of well-being. Many of these families allude to an increasing money crunch, which occurs when the increasing hours of work of wives has not produced sufficient income to keep pace with the perceived rising costs of family needs. Thus, the families who are most likely to feel this money crunch are those in the lower quintile of the income distribution, where median family income has grown by only xx percent over the last thirty years, despite gains from the current economic expansion of the 1990s. In contrast, for those families in the upper quintile of the income distribution, average income has grown by xx percent, though their expenses have also risen with the purchase of higher-quality child care and education. [get numbers]

Among those families with non-working wives, median annual income is only slightly more than half that of families with working wives. Thus, the families with non-employed wives are not the wealthier families, but are instead families from across the income spectrum. These

families are allocating the wife's time to child-care even though it can result in a "cash-poor" lifestyle. In contrast, the families with employed wives have considerably more disposable income on average, which in many cases is likely to remain higher even after subtracting the costs of working such as child care expenses.

THE "TIME CRUNCH"

Since 1950, female labor force participation rates have increased dramatically and wives' decisions to enter the labor market have resulted in a marked increase in median family incomes. While the choice to enter the labor market provides more material wealth for families, it also results in less home time. A 1995 national survey asked individuals whether they "always feel rushed, even to do the things you have to do," and 33 percent said yes, up from 24 percent in 1965. The increase in women in the labor force may have contributed to this feeling of time pressure. In this section, evidence on changes in parents' allocation of time is presented, to examine how patterns of family care have changed as women have entered the labor force.

The demands of maintaining a family while in the paid labor market can create tremendous strain on individuals' time—in both single-mother and married-couple families—which we refer to as the "time crunch." Because almost three-quarters of current caregivers in the home are women and because our data indicates that husbands have not increased their time in caregiving, the rise of women in the labor force has meant that the balance between work and family is especially pronounced for women. This section begins by looking at all working mothers before discussing special circumstances of female-headed families.

Time Use and Child Care

As women have shifted towards market work and contributed to rising family earnings, their rising hours of work have resulted in less time for home-based activities. Using data from the Current Population Survey of individuals, chart 5-10 shows the time parents potentially have available to spend with all their children, after subtracting time spent at paid work and allowing eight hours per day for sleep. All families experienced a decline from 1982 to 1995. Since the mean number of children in families has also declined over this time (from 2.78 in 1982 to 1.96 in 1995 for women aged 40-44), time per child may have declined less.

Chart 5-10: CPS derived residual time available for child care

Our best source of information on time use comes from a study that makes use of the Time-use Diaries 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.

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

This data also displays a modest reduction in home-based care for children. Employed women spend 6.7 hours per week for child care and women would 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 has 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 time spent directly 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. These families are 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. And finally, they lack the assistance that a spouse provides. Alternatively, they may rely more on intergenerational care, and this can be an important alternative for them. [see Box 5-2 on this.]

Time Use and Parental Care

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 (see Box 5-2). 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 (DOL book). And since nearly two-thirds of family caregivers are working, the need to balance work and family will likely increase

in the next century. The Families and Work Institute estimates that about 42 percent of workers will provide some form of elder care by 2002 (DOL book). In the discussion above, we have 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 time and money costs of eldercare that arise when families are already maintaining 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 the generational crunch are likely to become even more substantial in the 21st century.

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). 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.

While more families are providing in-home care for the elderly, the use of formal care has also increased substantially. From 1987 to 1996, the number of nursing homes increased 20 percent, and the size of the elderly nursing home population also increased 29 percent from 1980-1990. 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) limitations rose from 72 percent in 1987 to 83 percent in 1996. It was estimated that the lifetime risk of institutionalization for those reaching age 65 in 1990 is 43 percent.

Thus, while life expectancy has risen and the elderly are far healthier today than in the past, they are also much sicker towards the end of their lives and require more extensive care. It is this care that often becomes the responsibility of their adult children.

The explosion in caregiving responsibility for parents is contributing to the overall "time-crunch" that the American family is facing; 43 percent of elderly caregivers say their caregiving has caused them to have less time for other family members. These changes surely 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% of daughters and 29.6% of sons involved in caregiving had either quit their jobs or made work adjustments to accommodate care demands. Surveys of caregivers underestimate parental care needs, however, because they cannot measure the frequency with which employed potential caregivers choose not to provide care.

While the purchase of formal care may help to alleviate the time-crunch felt by families, it may instead contribute to a money-crunch. 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. The Administration's long-term care initiative attempts to address this crunch.

In the future, the time and money commitments associated with parental care may become even more severe, given the trends we have identified above. The increase in the labor supply of women has raised their wages and thus raised the opportunity cost of their time. Thus, 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 are stuck in the generation crunch of caring for both. And among those women who do not have children at home, they may instead have grandchildren to care for (see Box 5-2) — using data from 1992-94, it is estimated 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 continue to rise at above-average rates, these same individuals are likely to experience an increasing "money crunch" as well.

Box 5-2: The Role of Grandparents

Over the last three decades, the share of children under age 18 living in a household headed by a grandparent has risen by more than 70 percent (see chart 5-11). 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 in such households with the father as the single parent present, while small, continues to grow in the 1990s.

The rise in female labor force participation has created a greater overall demand for grandchild care that extends beyond living arrangements. 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).

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 elderly also suggest that 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.

SUPPORTING FAMILIES IN THEIR EFFORTS TO BALANCE WORK AND FAMILY

Changes in American families and work patterns have created new opportunities as well as significant policy challenges for private employers and government. To the extent that today's workers demand more flexible work conditions or other non-wage-related benefits, employers may have to comply with these demands in order to attract and retain the kind of high-quality work force they desire. But real world labor markets do not always respond instantly to changing

conditions. In addition to its responsibility for trying to maintain full employment, government can play a role in setting certain norms (such as the Family and Medical Leave Act) or providing an example (such as flextime, as discussed below).

INCREASING THE FINANCIAL RESOURCES OF FAMILIES

A strong economy is a critical prerequisite to the economic well-being of families. As discussed in Chapter 2, the labor market has performed excellently overall in recent years. Since 1993, families in each quintile 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, who 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 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.

Expansions 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 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 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 income, after inflation, as a result of these two policies alone. Similar families with two children experienced a 27 percent (\$2,699) increase in their income.

Welfare Reform

Legislation enacted in 1996 transformed the Nation's welfare system into one that is work-focused and time-limited. Although it may produce short term strains for some in balancing work and family, the new policy has the potential to increase the financial independence and long-term well-being of low-income families. The Administration's teen pregnancy initiative (box 5-2) could also play a supporting role by reducing the incidence of that particular source of strain.

Box 5-2 The National Strategy to Prevent Teen Pregnancy

Despite a consistent decline in the teen birth rate in recent years, teen pregnancy remains a significant problem. Each year, more than 900,000 pregnancies occur among American teenagers aged 15-19. The babies of these young women are often low birth weight and have disproportionately high infant mortality rates. On January 4, 1997, President Clinton announced a comprehensive effort to prevent teen pregnancy in this country. The new initiative, led by the Department of Health and Human Services, responded to a call from the President and Congress for a national strategy to prevent out-of-wedlock teen pregnancies and to a directive, under welfare reform, to assure 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 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 supports the creation of Second Chance Homes, which 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. The welfare law also provides \$50 million a year for five years in new funding for state abstinence education programs. The Balanced Budget Act of 1997 provides funding for a national evaluation of the program. Finally, the new welfare law includes tough child support enforcement measures which will send the strongest possible message to young girls and boys that they should not have children until they are ready to provide for them.

- **Supporting Promising Approaches.** The Clinton Administration continues to support innovative teen pregnancy prevention strategies tailored to the unique needs of communities. HHS-supported programs in this area already reach about 34 percent, or 1,616 communities in the United States.
- **Building Partnerships.** HHS has built partnerships with national, state, and local organizations.
- **Disseminating Information on Innovative and Effective Practices.** On October 25, 1999, Secretary Shalala unveiled a comprehensive guide, developed in partnership with the National Campaign to Prevent Teen Pregnancy, intended to help communities and non-profit organizations establish successful local teen pregnancy prevention programs.
- **Improving Data Collection, Research, and Evaluation.** The national strategy is working to improve data collection, research, and evaluation to further our understanding of the magnitude, trends, and causes of teen pregnancies and births; to develop targeted teen pregnancy prevention strategies; and to assess how well these strategies work.
- **Sending a Strong Abstinence Message.** The national strategy places a special emphasis on sending a strong abstinence message.

Recent policy changes designed to ease the welfare to work transition and support working low-wage families include a \$4 billion increase over six years in child care assistance to families moving from welfare to work; the creation of the Children's Health Insurance Program (CHIP) to extend health care coverage to uninsured children; new rules that allow states to expand Medicaid to cover more low-income families who work, including more two-parent families; and 60,000 new housing vouchers in 2000 for low-income families. The Welfare-to-Work Tax Credit, enacted in 1997, provides a credit equal to 35 percent of the first \$10,000 in wages in the first year of employment, and 50 percent of the first \$10,000 in wages in the second year, to encourage the hiring and retention of long-term welfare recipients. The credit

complements the Work Opportunity Tax Credit, which provides a credit of up to \$2,400 for the first year of wages for eight groups of job seekers.

Social Security and Medicare

The President has proposed to use the benefits of fiscal discipline and debt reduction to strengthen Social Security, extending its solvency from 2034 to 2050. Social security is a key source of income for those over age 62—it was the major source of income for 63% of beneficiaries in 1992, representing over 90% of income for 26% of the beneficiaries and the sole source of income for 14%. These benefits are an especially important component of income for households in the lower income brackets and are the largest single source of income for all but the highest income quintile of the elderly.

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 have meant that the percentage of enrollees' per capita income needed to cover such costs has increased. The Administration is exploring ways to ensure that Medicare continues to meet the needs of its beneficiaries.

Other Policies to Help Families

The Administration has addressed the money crunch facing middle class families as well. In 1999, 27 million families with 45 million children received the \$500-per-child tax credit

enacted in 1998. Tougher child support enforcement has helped to ease the economic burden on single mothers and enforce responsibility for economic support of children on both parents. In 1998, federal and state child support enforcement collected an estimated \$14.3 billion from non-custodial parents, nearly an 80 percent increase since 1992. The number of families that are receiving child support has increased to 4.5 million in 1998, an increase of 59 percent since 1992. There have also been 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. These are discussed in detail in the next chapter on Learning and Skills.

INCREASING THE FLEXIBILITY OF PAID WORK

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.

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 a 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 family incomes under \$30,000 per year 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 proposed expanding the Act to cover businesses with 25 employees or less – 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 need 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. An increasingly popular work arrangement is "flextime," which allows workers to vary the time they begin or 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 prior year when data were collected. The Federal government has led by example by instituting flextime, allowing employees some discretion in when they work their allotted hours. 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 doing work 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 doing work at home for pay, up from 1.9 percent in 1991. Also, 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 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 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 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 and quality. Since 1993, child care subsidies for low-income families have grown by 80 percent. In addition, the Administration's budget proposal [update] for the fiscal year 2000 includes a variety of proposals to help make child care more affordable and improve its quality, including an investment of \$7.5 billion over five years in the Child Care and Development Block Grant; combined with the funds provided in welfare reform, this new investment would enable the program to serve over one million additional children by fiscal 2004. Also, the President's

budget includes \$5.1 billion over five years to increase the Child and Dependent Care Tax Credit for three million families earning under \$60,000 a year, and \$3 billion over five years in a proposed Early Learning Fund to improve the quality of care children receive.

In addition, the Administration is addressing the need for after-school care for children. Since 1970 the percentage of married couples who work full time, year round and have school-age children has nearly doubled (from 18.7 percent in 1970 to 37.3 percent in 1997). Today, the parents of over 28 million school-age children work outside the home. 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 to 7 million children are left unattended at home. The Clinton Administration has responded to this demand by increasing its investment in after-school programs from \$40 million to \$200 million in the 1999 fiscal year, which is estimated to reach roughly 400,000 children this year. And the President's fiscal year 2000 budget [update] would triple the investment in these programs to \$600 million.

EASING THE BURDEN OF LONG-TERM CARE

Like Social Security and Medicare, long-term care will become a primary concern of baby-boomers as they approach retirement age. In 1994 an estimated 2.1 million elderly living in the community needed help because of problems with three or more activities of daily living (such as eating, bathing, dressing, or moving around) or because of a comparable cognitive

impairment. That number will rise as the population ages, and the fast-growing population of the "oldest old," those 85 and older, is at greatest risk.

Much long-term care today is provided informally: about 65 percent of elderly persons living in the community and needing long-term care assistance rely exclusively on unpaid sources, most often family and friends. Surveys have found that 8 of every 10 caregivers provide unpaid assistance averaging 4 hours a day, 7 days a week. For many, such assistance competes with the demands of paid employment. In addition, home and community-based care requires substantial out-of-pocket expense, totaling over \$5 billion in 1995.

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 phases out at incomes of \$110,000 for couples and \$75,000 for unmarried taxpayers. The credit would provide financial support for about 2 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, 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 and older and 85 or older projected to double by 2030, long-term care is a need that will grow in the 21st Century. The Administration is addressing this need.

CONCLUSION

The American family in the 21st century faces a completely different world and a new set of challenges from its counterpart of a hundred years ago. It would probably be a mistake, however, to conclude that the general problems of too little time and too little resources are new. Families today enjoy a much higher standard of living than families did a hundred years ago, and families back then certainly had to work long hard hours. 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.

Chart 5-1 Labor Force Participation for Women

Percent in Labor Force

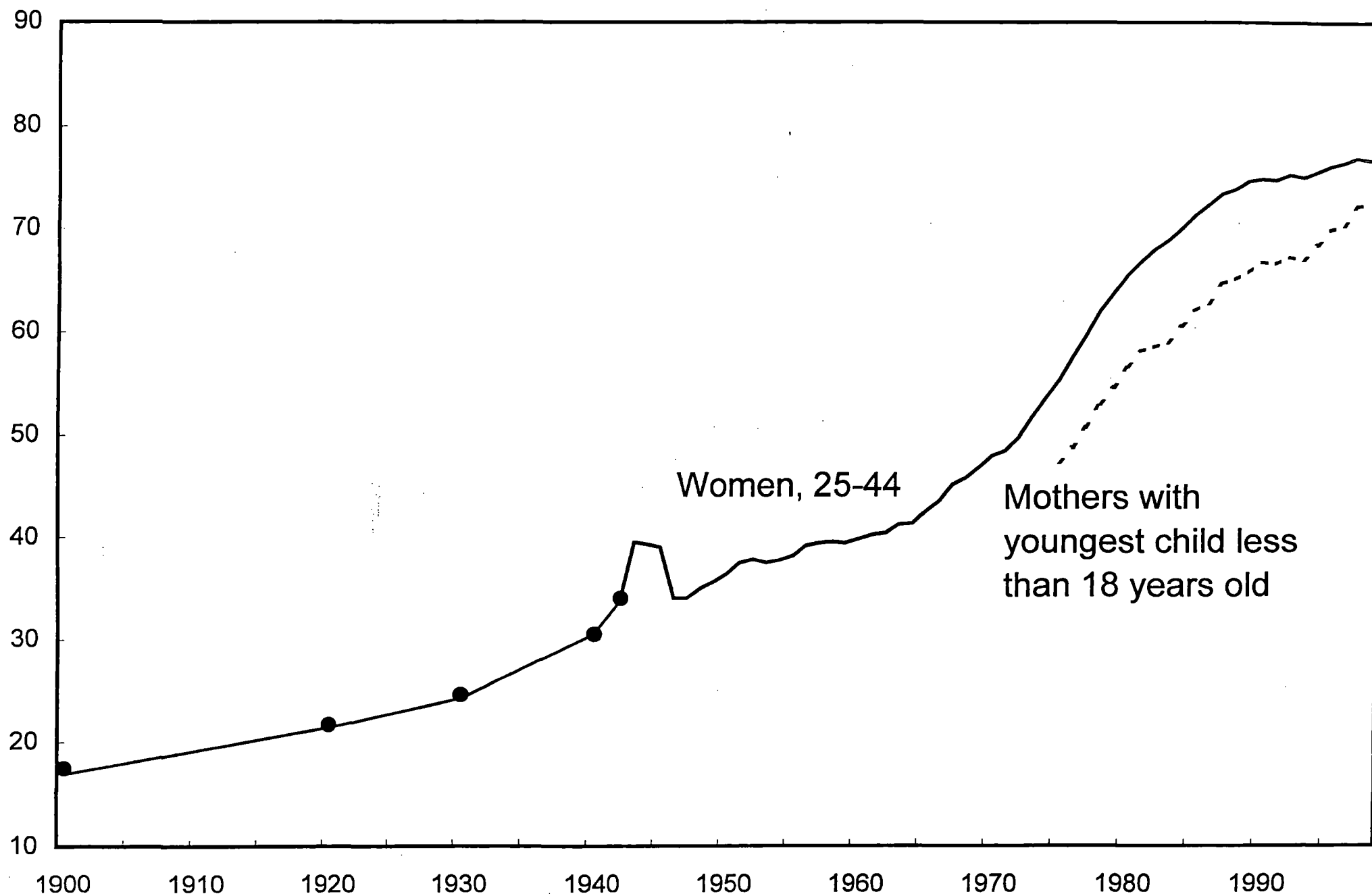


Chart 5-2 Percent Widowed or Divorced by Age Range

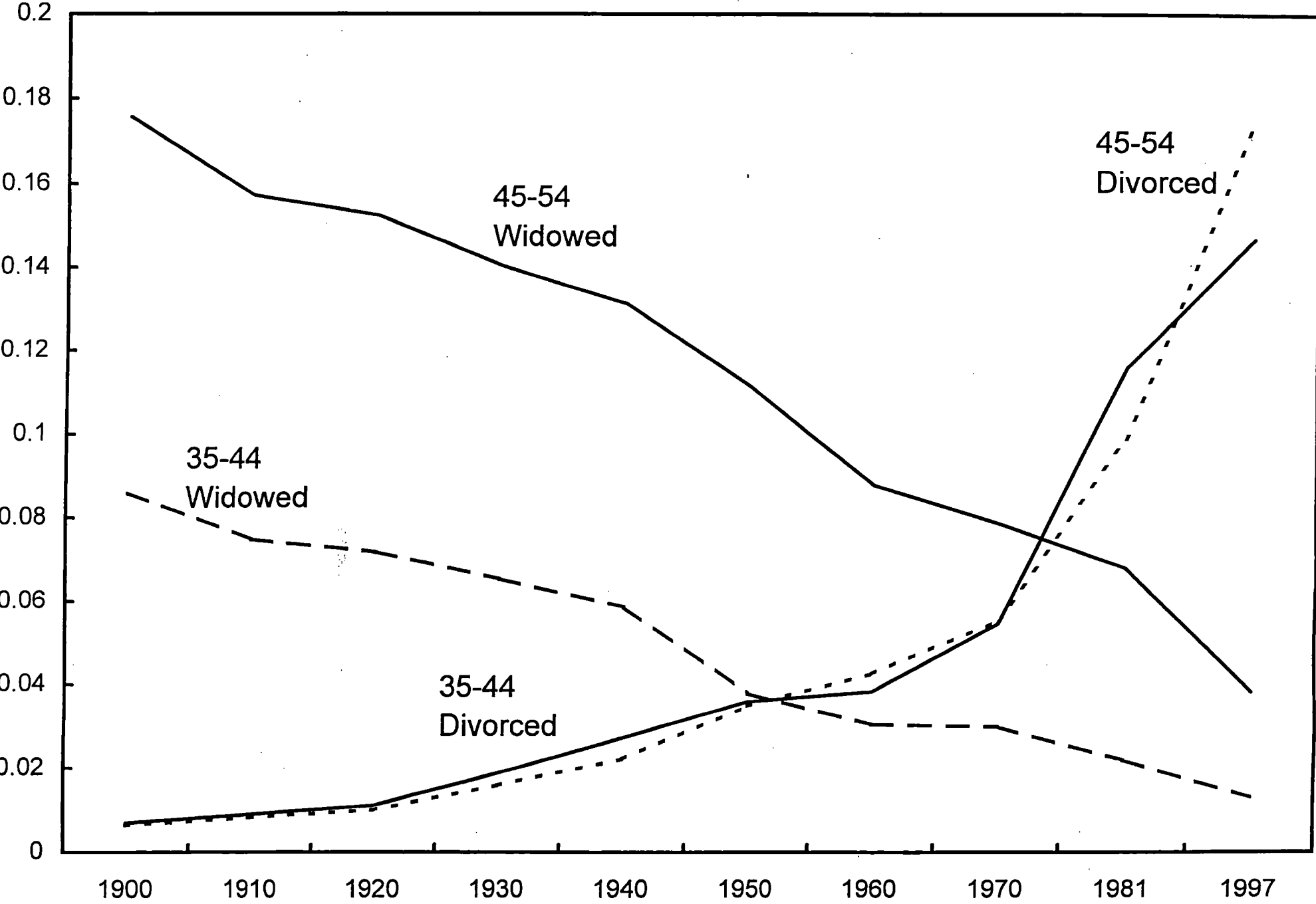


Chart 5-3 Divorce Rates and Median Marriage Duration

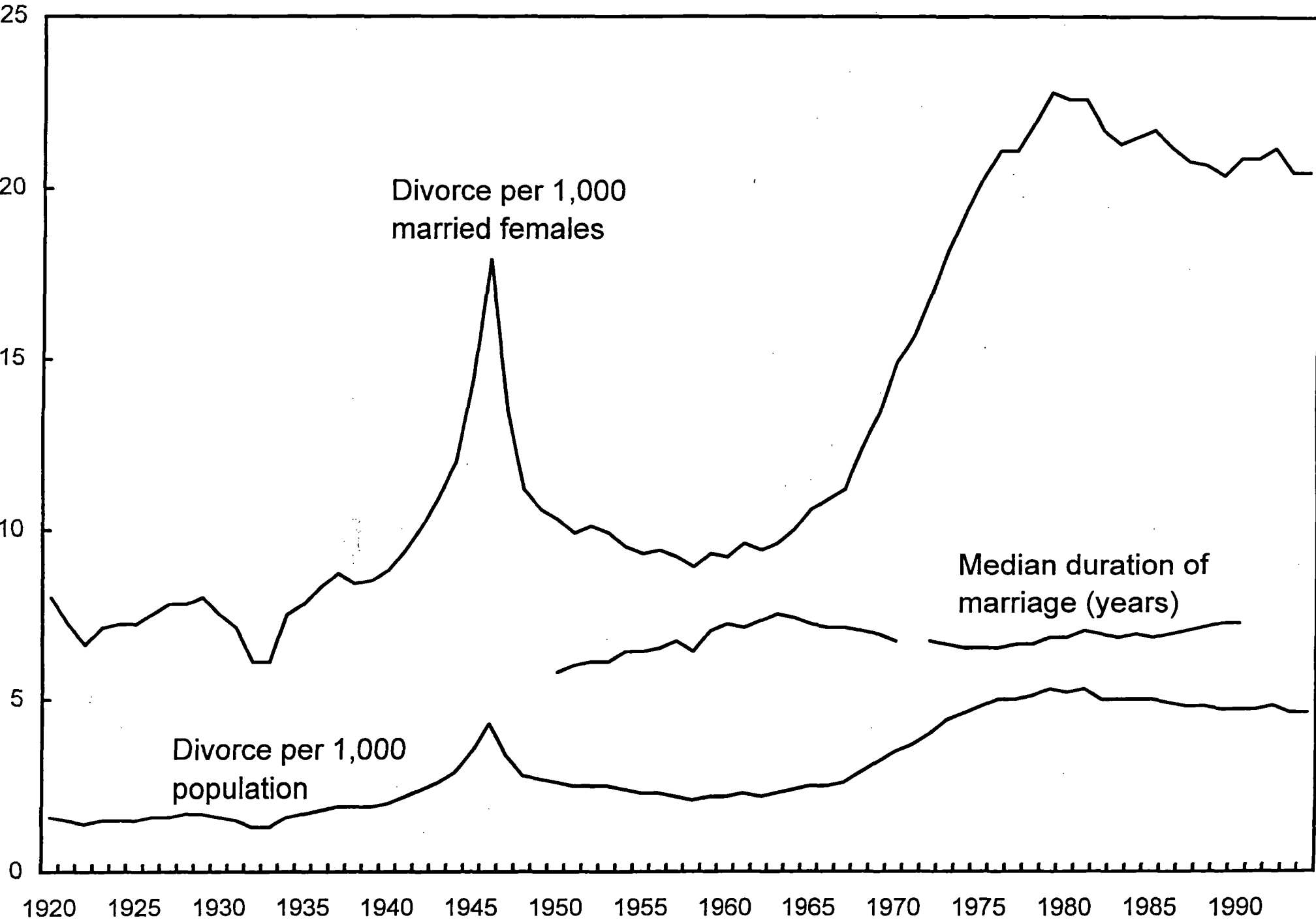


Chart 5-4 Median Age at First Marriage, 1900-1998

Age

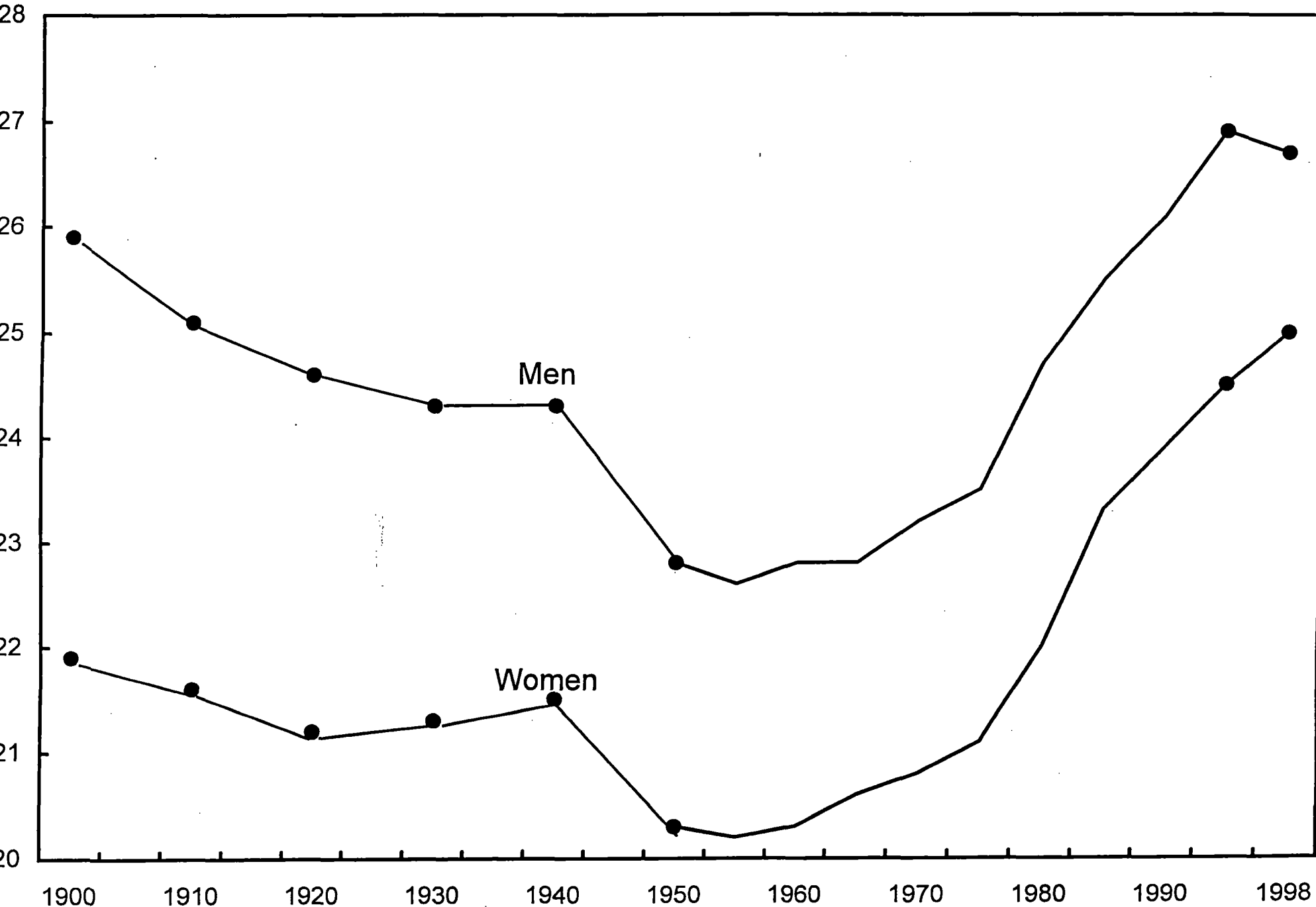


Chart 5-5 Birth Rates and Percent of Births by Marital Status

Live births per 1000

Percent of all births

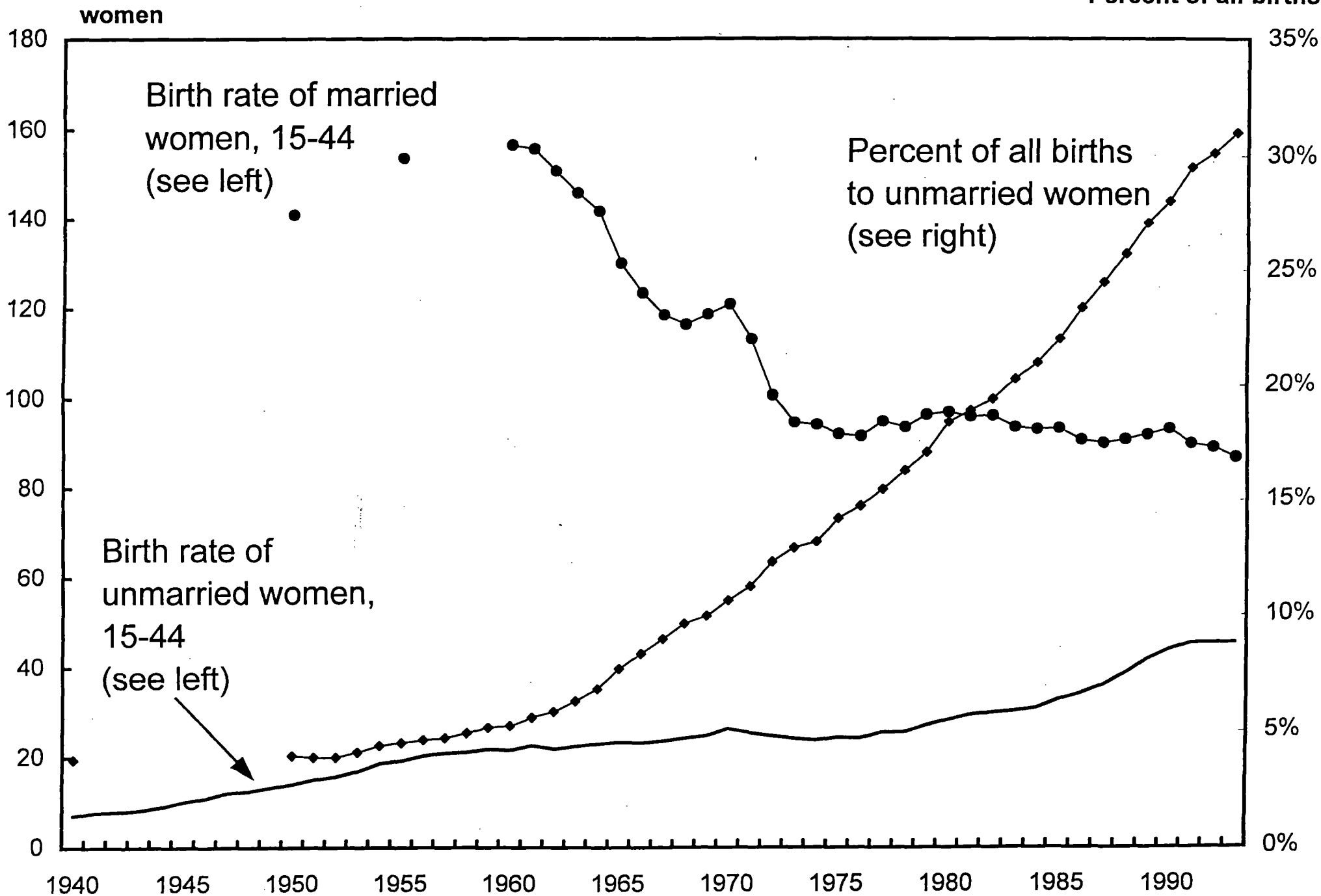


Chart 5-6 Percent of Children in Various Living Arrangements, by Race

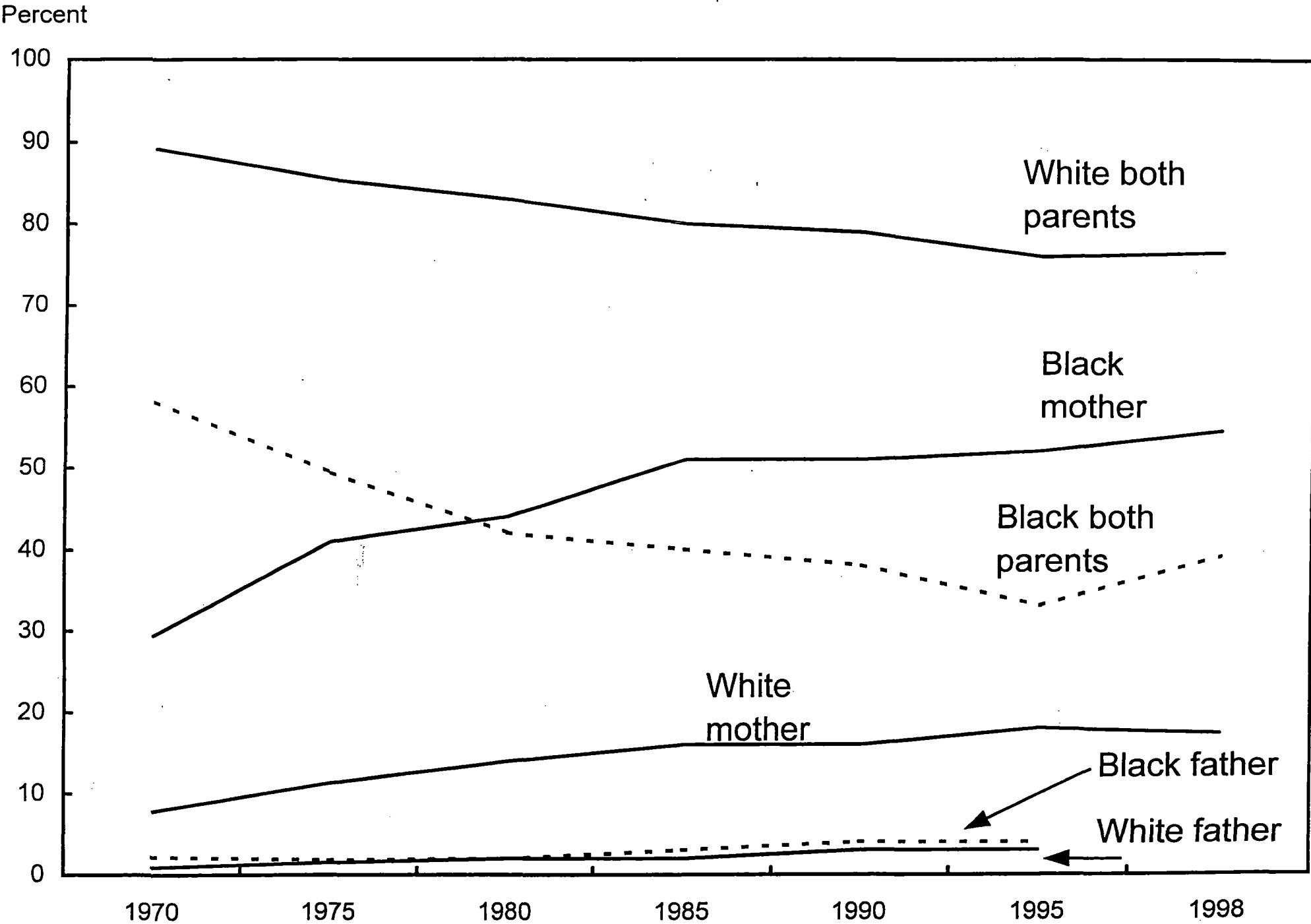


Chart 5-8 Type of Family Structure

Percent

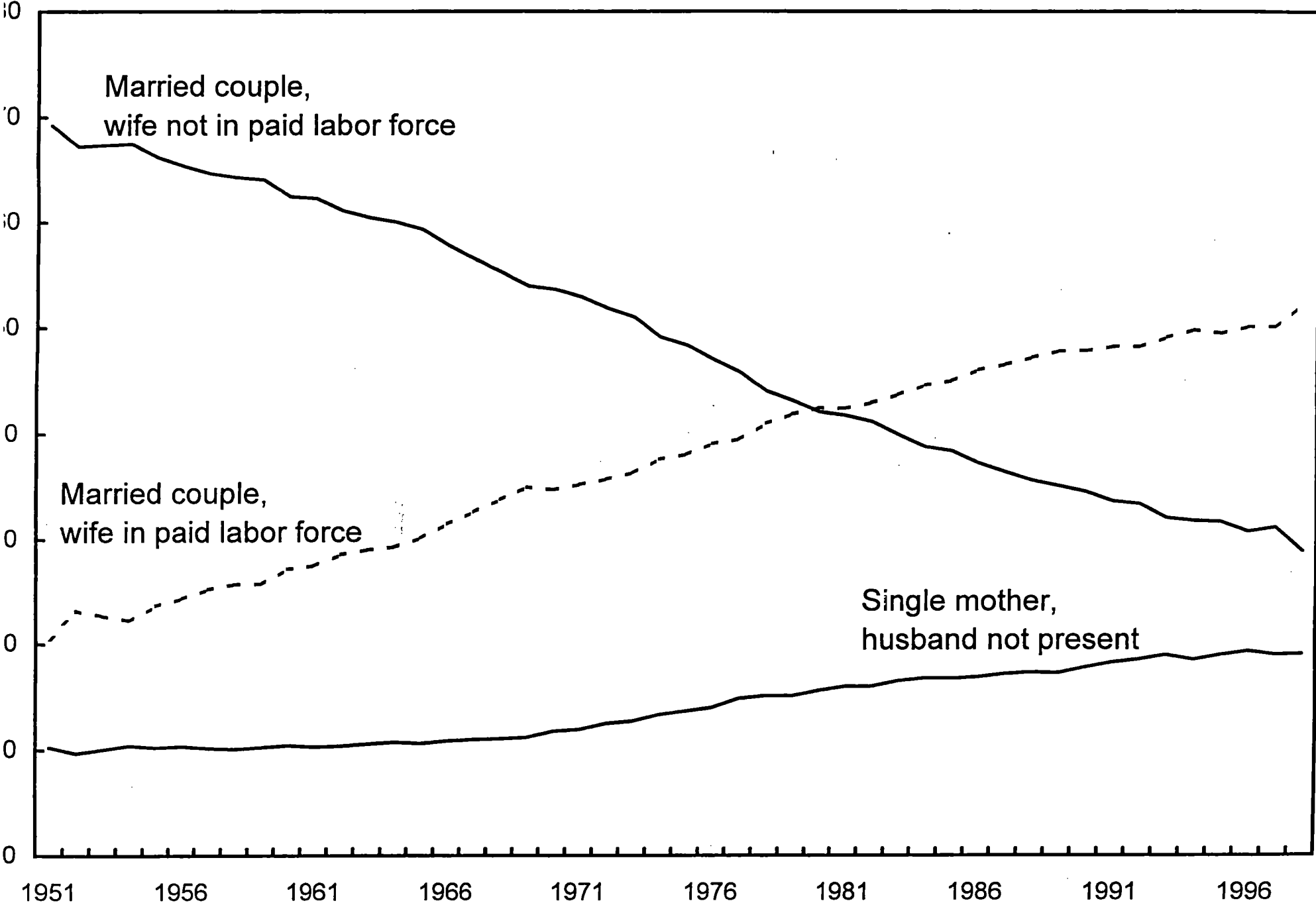


Chart 5-7 Median Family Income by Family Structure

1998 dollars

10,000

20,000

30,000

40,000

50,000

60,000

70,000

80,000

1947 1952 1957 1962 1967 1972 1977 1982 1987 1992 1997

Married couple,
wife in paid labor force

With children

Married couple, wife
not in paid labor force

With children

Female householder,
husband absent

With children

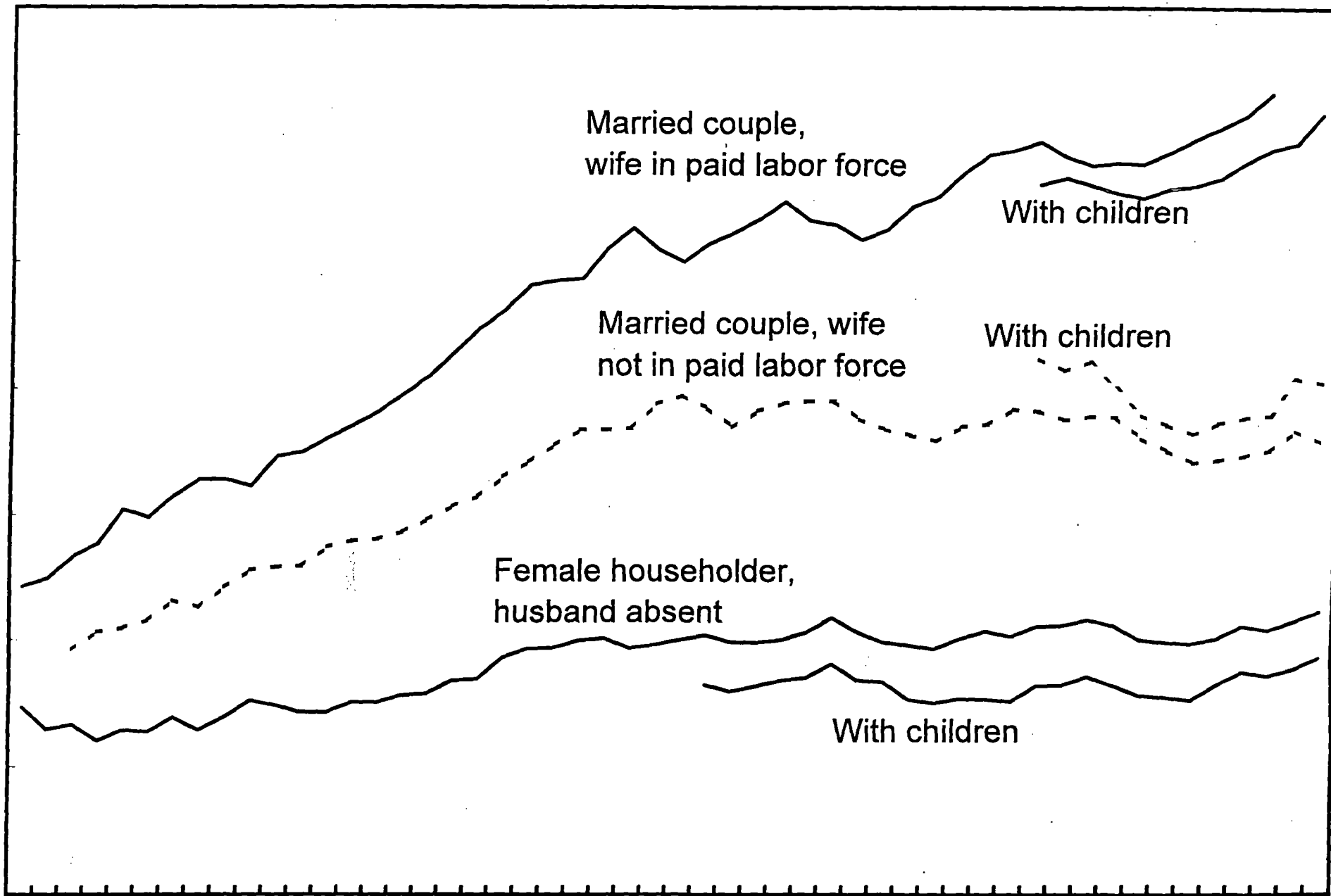


Chart 5-9 Annual Hours of Work by Single Parents

Hours per year

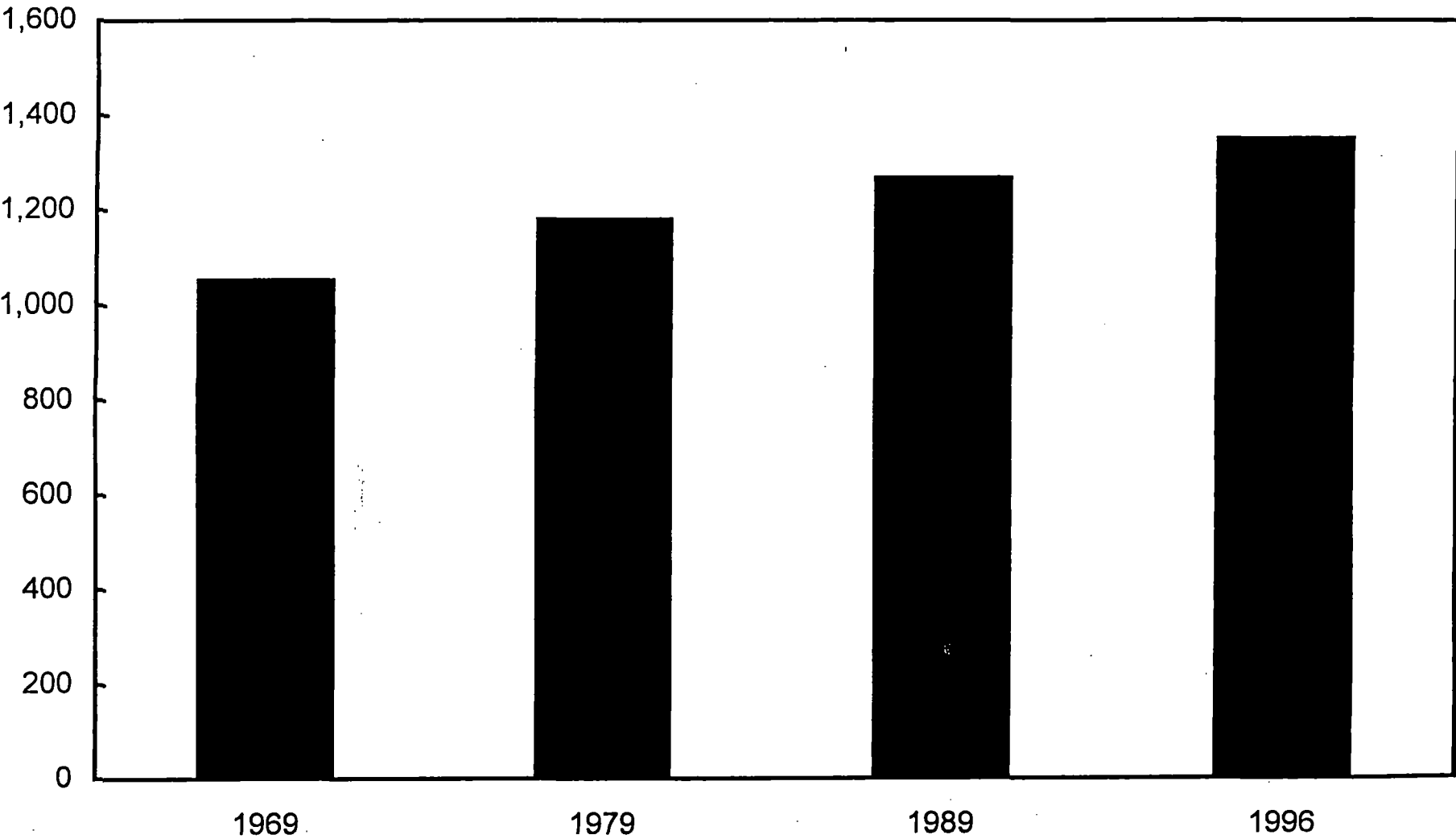


Chart 5-10 Available Time of Custodial Parents Outside Paid Work and Sleep

Hours per day

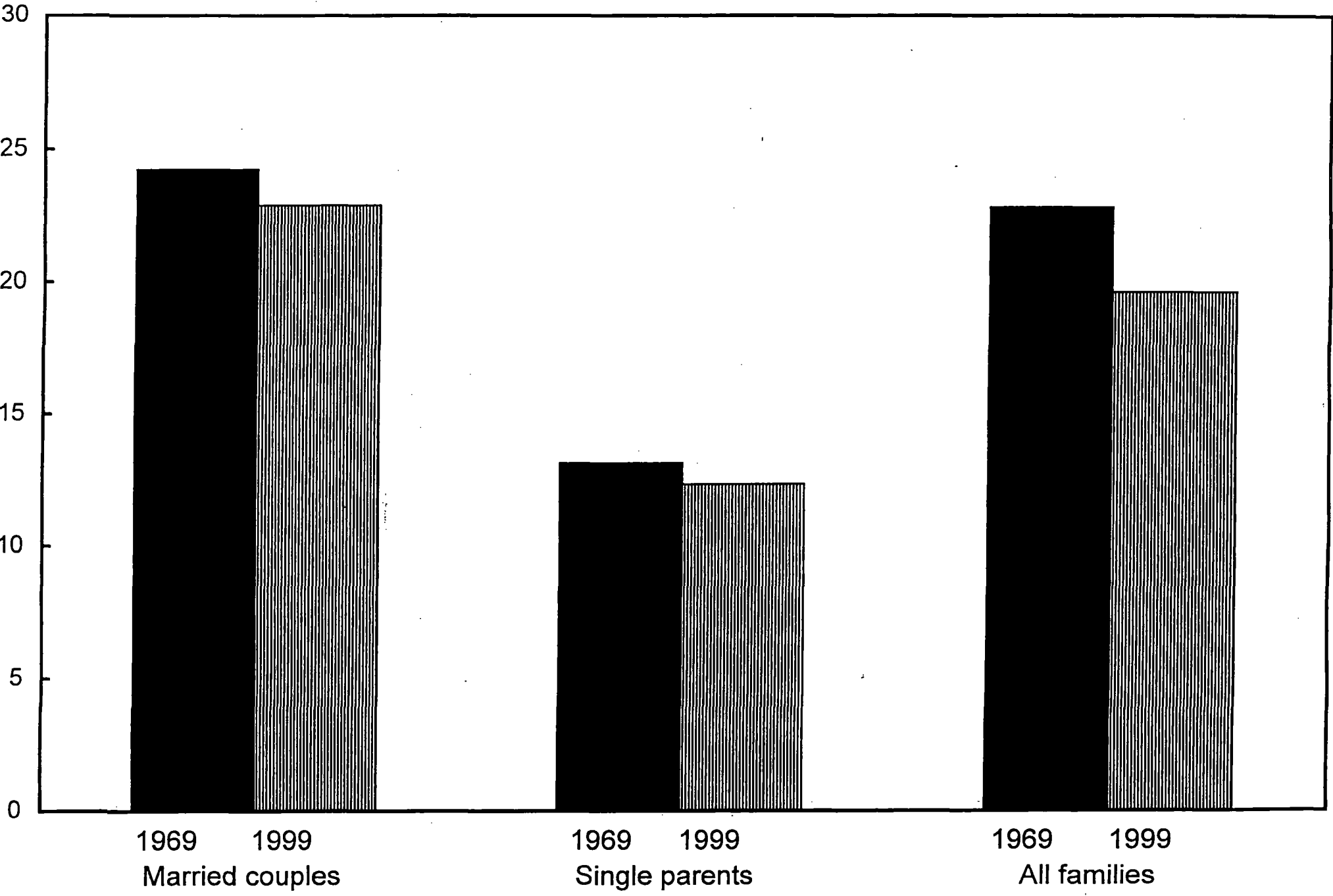
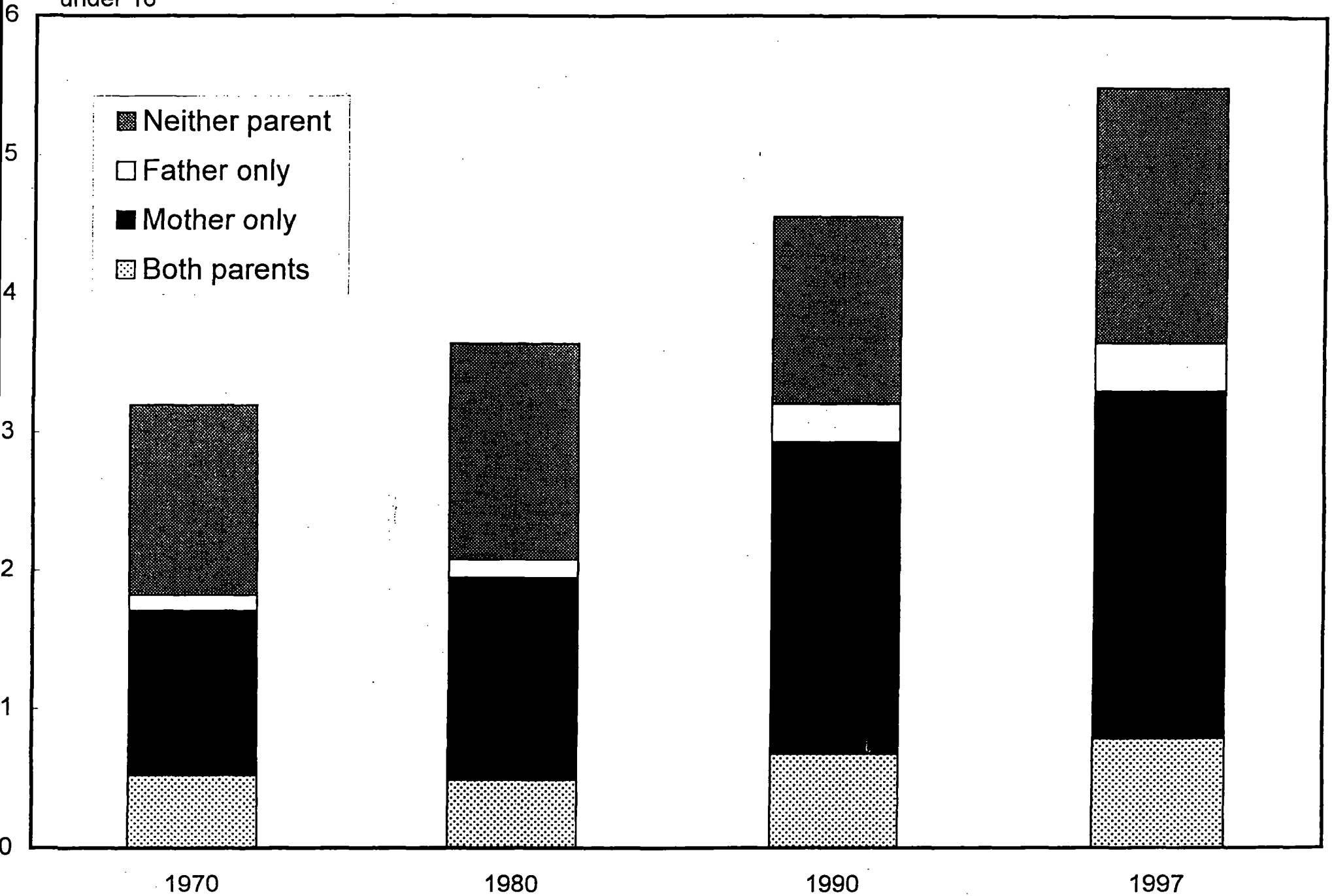


Chart 5-11 Grandchildren in Grandparents' Homes by Presence of Parents

Percent of children

under 18



PRESIDENT CLINTON: TAKING NEW STEPS TO SUPPORT AMERICA'S PARENTS

November 30, 1999

"On the eve of the 21st century, we ought to set a goal that all working Americans can take time when they need it to care for their families without losing the income they need to support their families. Achieving that goal cannot come overnight and will require a significant shift in how our nation helps families to succeed at home and work. But it can make all the difference in your lives. It will demand thought and creativity, a willingness to experiment; it has to be done in a way that gives families flexibility and doesn't undermine our dynamic and growing economy."

--President Clinton, May 24, 1999

Today, President Clinton will announce a new rule that empowers states to develop ways of offering paid leave to parents following the birth or adoption of a child. Specifically, the proposed regulation will allow states to use their unemployment compensation systems to help offer paid leave to new parents. This innovative step builds on the President's longstanding efforts to support America's parents and strengthen America's working families.

MAKING PARENTAL LEAVE MORE AFFORDABLE. A 1996 study by the Commission on Family and Medical Leave found that the most significant reason why parents did not take advantage of unpaid leave after the birth or adoption of a child was the expected loss of income. Today, President Clinton will announce proposed regulations that will enable new parents, through the unemployment insurance system, to take leave without sacrificing the wages their families need. The rules respond to the President's Executive Memorandum of May 24, 1999, directing the Secretary of Labor to allow states the opportunity to experiment.

ENCOURAGING STATES TO CREATE MORE OPTIONS. Several states have asked the Administration whether they could have the authority to adapt their unemployment compensation systems for this purpose. This pilot program will be wholly voluntary for states, and states will have considerable flexibility in designing their own programs. The regulations will be published in the Federal Register for public comment and are also available for review on the Department of Labor's website at www.tl.dol.gov.

HELPING PARENTS BALANCE RESPONSIBILITIES AT HOME AND AT WORK.

Throughout his Administration, President Clinton has fought to provide families with the tools they need to meet their responsibilities both at home and at work. The President has:

- Signed the Family and Medical Leave Act, providing workers with up to 12 weeks of unpaid, job-protected leave;
- Fought for and won dramatic expansions in after-school programs, including \$450 million in the FY 2000 budget agreement, more than doubling the program's size;
- Fought for and won significant increases in Head Start, including \$607 million in the FY 2000 budget agreement, helping low-income toddlers prepare for school;
- Proposed a new tax credit for families struggling with long-term care costs;
- Put forward an ambitious initiative to make child care better, safer, and more affordable for working families; and
- Proposed expanding the FMLA to cover more workers and allow leave for more parental activities, including parent-teacher conferences and routine doctor's visits.

BIRTH AND ADOPTION UNEMPLOYMENT COMPENSATION (UC)

Q&A

11/30/99

Q: What is the Birth and Adoption Unemployment Compensation (UC) initiative?

A: This effort responds to the President's Executive Memorandum issued May 24, 1999, directing the Secretary of Labor to allow States the opportunity to develop innovative ways of using UC to provide partial wage replacement to parents on leave following the birth or adoption of a child and to evaluate the effectiveness of using the UC system for these or related purposes. This regulation will permit interested States to experiment with methods for allowing the use of the UC program for this purpose.

Q: Will States be required to develop UC programs for new parents?

A: No. State participation is wholly voluntary.

Q: Who will be eligible to receive UC for the birth or adoption of a child?

A: This experiment extends only to parents on approved leave or who otherwise leave their employment to be with newborns or newly-adopted children. Time taken for personal illness or to care for other family members is not compensable under this proposal.

Q: Is the President exceeding his legal authority by proposing this change through regulation instead of in Congress?

A: No. The Department of Labor has the authority and responsibility to interpret Federal UC statutes and has done so in the past with the UC program's requirements in such areas as jury duty, temporary layoffs, illness, and training.

The Administration is proposing to exercise this authority to examine how the UC system could help provide benefits for workers who take leave after the birth or adoption of a child. This pilot program would be voluntary, and is simply part of the Administration's overall effort to help working parents both on the job and at home.

Q: Would this change unfairly impact unemployed workers by draining resources away from the unemployed to provide for parents taking leave?

A: No. Each state has the responsibility to assess the cost to its unemployment fund whenever coverage changes, benefit expansions, or tax changes are considered within its UC program. Consequently, we expect prudent state decision-makers to examine the state's solvency and projected taxes and benefit payments under current law before deciding to enact any birth and adoption UC legislation.

Q: Why is this initiative limited to parents of newborns and newly-adopted children?

A: Data from these State experiments will help evaluate the proposition that providing paid leave through UC to new parents will increase the parents' attachment to the labor force. The experimental program is limited to the parents of newborns and newly-adopted children because this class of employees is small and easily-defined. This can allow us to determine whether paid leave helps individuals maintain, or even improve upon, their connection to the workforce by enabling them to better meet parental and family needs.

States remain free to use other mechanisms, such as separate funds or a Temporary Disability program, to reach other populations.

Q: How much will this proposal cost?

A: The cost estimate, which is based on the voluntary nature of the experiment and the expressed interest of a small number of states, ranges from zero to \$76 million.

Q: How will the rule deal with such issues as benefit amounts and employer costs?

A: The guiding principle of this regulation is to allow for maximum State flexibility within the experiment's parameters, as States currently have in determining UC policies. Consequently, each State will establish its own eligibility requirements and benefit amounts. Although the model State legislation accompanying the proposed regulation socializes costs, each State will decide whether to spread costs broadly throughout the system or limit costs to the particular employers whose employees use this benefit.

draft

PRESIDENT CLINTON: TAKING NEW STEPS TO SUPPORT AMERICA'S PARENTS

November 30, 1999

Today, President Clinton will announce new steps to help workers meet their responsibilities to their jobs, and their more important responsibilities to their families. The President will announce new proposed regulations to enable states to provide partial wage replacement for new parents and an important new protection for parents in the federal workforce.

Making Parental Leave More Affordable. A 1996 study by the Commission on Family and Medical Leave found that loss of wages was the most significant barrier to parents taking advantage of unpaid leave following the birth or adoption of a child. Today, President Clinton will announce new proposed regulations from the Department of Labor that will enable states to use their Unemployment Insurance (UI) programs to support parents taking leave to care for a newborn or adopted child. Several states have asked the Administration whether they could use the UI program for this purpose consistent with federal law. Once finalized, these new regulations will authorize states that wish to use unemployment insurance to assist new parents to put their plans into effect. This experimental program is designed to test the proposition that providing Unemployment Compensation to parents after birth or adoption will increase their attachment to the labor force by, for instance, enabling new parents to find stable child care arrangements and bonding with their new child. This new program will be wholly voluntary for the states, and states will have considerable flexibility to design their own programs. [The regulations will be published in the Federal Register for public comment and are also available for review on the Department of Labor's web site at www.dol.gov.]

#5/24/99

- See Grambling speech for accomplishments -
you may want to tout Budget victories that
help parents balance work & family - e.g. more
than doubling \$ for after-school programs
and highlight areas still needing attention - child care, FMLA
expansion, etc.
- See Florence speech for wk/family
language

BIRTH AND ADOPTION UNEMPLOYMENT COMPENSATION (UC)

Q&A

11/30/99 draft

Q: What is the Birth and Adoption UC initiative?

A: This effort responds to the President's Executive Memorandum issued May 24, 1999, directing the Secretary of Labor to allow States the opportunity to develop innovative ways of using UC to provide partial wage replacement to parents on leave following the birth or adoption of a child and to evaluate the effectiveness of using the UC system for these or related purposes. This regulation will permit interested States to experiment with methods for allowing the use of the UC program for this purpose.

Q: Will States be required to develop UC programs for parents of newborns and newly-adopted children?

A: No. State participation is wholly voluntary.

Q: Who will be eligible to receive UC for the birth or adoption of a child?

A: This experiment extends only to parents on approved leave or who otherwise leave their employment to be with newborns or newly-adopted children. Time taken for personal illness or to care for other family members is not compensable under this proposed program.

Q: When will parents be able to collect UC after the birth or adoption of a child?

A: It is difficult to predict when individuals will be able to collect UC to be with their newborns or newly-adopted children. The Department of Labor (Department) anticipates publication of a final regulation in early 2000. States may enact legislation authorizing a Birth and Adoption program based on this regulation. Each State's legislation would set the dates to begin operation of the program in its State.

Q: How will the regulation deal with such things as benefit amounts and employer costs?

A: The guiding principle of this regulation is to allow for maximum State flexibility within the experiment's parameters, as States currently have in determining UC policies. Consequently, each State will establish its own eligibility requirements and benefit

amounts. Although the model State legislation accompanying the proposed regulation socializes costs, each State will decide whether to spread costs broadly throughout the system or limit costs to the particular employers whose employees use this benefit.

Q: Why use the UC program for this type of paid leave? Don't States have other resources available to them?

A: While States may have other options available to them, legislation was introduced in several States during 1999 and prior years to make individuals on various types of family and medical leave eligible for UC. The President's directive to the Department essentially requires that States be provided the flexibility -- on a voluntary basis -- to pay UC to parents who take approved leave or otherwise leave employment after the birth or adoption of a child.

The proposed regulations for this experiment, within certain parameters, leave the specifics of each State plan to its legislature, which will need to pass specific amendments to the State UC laws to authorize such payments.

Q: Is the President exceeding his legal authority by proposing this change through regulation instead of in Congress?

A: No. The Department of Labor has the authority and responsibility to interpret Federal Unemployment Compensation (UC) statutes and has done so in the past with the UC program's requirements in such areas as jury duty, temporary layoffs, illness, and training.

The Administration is proposing to exercise this authority to examine how the UC system could help provide benefits for workers who take leave after the birth or adoption of a child. This pilot program would be voluntary, and is simply part of the Administration's overall effort to help working parents both on the job and at home.

Q: Why is this initiative limited to parents of newborns and newly-adopted children?

A: In following the President's directive, the Department is seeking to assist States that may want to use their UC systems to enable more parents to be with their newborns or newly-adopted children as part of an overall interest in supporting policies which help Americans balance the responsibilities of family and work.

Data from these State experiments will help to evaluate the proposition that providing UC to the parents of newborns and newly-adopted children who take approved leave or who otherwise leave their employment will increase their attachment to the labor force. In order to gain information on the impact of adapting the UC program to address the needs of such employees, the Department is defining the experimental program to cover the

parents of newborns and newly-adopted children. This class of employees is a small, easily-defined group that can be used to test whether compensating absences from employment will assist individuals in maintaining, or even improving upon, their connection to the workforce by enabling them to better meet their parental and family needs.

The Department believes the needs of parents in balancing work and family are an important area for experimentation. States will remain free to use other mechanisms, such as separate funds or a Temporary Disability program, to reach other populations.

Q: Would this change unfairly impact unemployed workers by draining resources away from the unemployed to provide for parents taking leave?

A: No. Each state has the responsibility to assess the cost to its unemployment fund whenever coverage changes, benefit expansions, or tax changes are considered within its UC program. Consequently, we expect prudent state decision-makers to examine the state's solvency and projected taxes and benefit payments under current law before deciding to enact any birth and adoption UC legislation.

Q: How much will this proposal cost?

A: The cost estimate, which is based on the voluntary nature of the experiment and the expressed interest of a small number of states, ranges from zero to \$76 million.

Q: Massachusetts also introduced a bill that would pay UC to individuals on family and medical leave. The estimated costs of that bill were \$200 million. How does this compare with the Department's estimate?

A: The Department's cost estimate which is based on the voluntary nature of the experiment coupled with the expressed interest of a small number of States and limited to those individuals who could be eligible for the birth and adoption experiment, ranges from zero to \$68 million. The Massachusetts cost estimate was based on a much broader group of potential recipients and includes costs for individuals who are on leave under the Family and Medical Leave Act and the State's maternity law, and others not covered by either law.

Q: In 1997 the Department of Labor, in response to a bill introduced in the Vermont legislature, stated that the UC program could not be used to pay leave taken under the Vermont family and parental leave program. Why has the Department changed its policy in this area?

A: The Vermont bill would have permitted all individuals taking leave for a variety of reasons under its family and parental leave program to receive UC. The Department interprets Federal UC law to require, in general, that individuals be able to work and be available for work to be eligible for UC. In response to changes in the workforce and societal needs, the Department is considering expanding its interpretation of "able and available" to permit the payment of UC to provide partial wage replacement to employees who take approved leave or otherwise leave their employment to be with their newborns or newly-adopted children. Because this would be an expansion of the Department's earlier interpretation, as set forth in the response to the Vermont proposal, the Department is issuing a notice of proposed rulemaking to permit the public to comment on the interpretation. The Department is proposing an experimental program, which would allow the Department to test whether providing parents with UC at this point in a child's life will help employees maintain, or even promote, their connection to the workforce.

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HEADLINE: Dispute Over Plan To Use Jobless Aid For Parental Leave

BYLINE: By ROBERT PEAR

DATELINE: WASHINGTON, Nov. 7

BODY:

A bitter struggle has erupted over a plan by President Clinton to allow states to pay unemployment benefits to workers who take time off to care for newborn infants.

White House officials said the change in policy, subsidizing unpaid leave for parents of newborns, could help millions of people struggling to balance the demands of work and family.

But employers and many state officials said Mr. Clinton was exceeding his legal authority, circumventing Congress and reversing six decades of government policy, which has held that people can get jobless benefits only if they are actively seeking work.

Just two years ago, the Labor Department told states they could not use the federal unemployment insurance trust fund to pay for maternity and paternity leave. Now, the administration is preparing new regulations that would allow the states to do so if they chose.

Employers said the president's policy would take money meant for jobless workers and give it to people who had jobs but chose to leave them temporarily.

Government data suggests that more than 650,000 people a year take parental leave under a 1993 law, the Family and Medical Leave Act. But the potential demand is much greater. The Labor Department says that 1.9 million working women have children under the age of 1.

Patrick J. Cleary, vice president of the National Association of Manufacturers, said of the president's plan: "This is the nuttiest idea we've seen in a long time. The administration is looking for a pile of cash to fulfill a political promise, and they found it in the unemployment trust fund. But that's an insurance fund, not a slush fund. It's for unemployed people. Workers on family leave are employed, not unemployed. We'll see bad times again some day, and when we go back to the trust fund, it'll be bust."

Legislators in several states, including Vermont and Massachusetts, have introduced bills to provide unemployment insurance to workers taking family leave. But officials who run the state programs are generally cool to the idea, fearing that it would change the focus of unemployment insurance and harm the trust fund.

James E. Finch, the unemployment insurance director in Utah, said: "President Clinton's plan represents a very substantial change in the bedrock core principles of the unemployment insurance program as it has been operated for 60 years. The foundation of the program is that benefits are paid to people who are unemployed through no fault of their own and who are actively seeking full-time work."

Under the 1993 law, people who work for a company with 50 or more employees are generally entitled to 12 weeks of unpaid leave to care for newborn children or sick relatives or to tend to medical problems of their own. Workers who take leave are legally entitled to return to their jobs or to equivalent positions with equivalent pay.

Jobless benefits vary from state to state, but average \$200 a week. Under the current system, state officials said, the cost of any additional benefit payments would be passed on to employers because they pay the taxes that finance the unemployment insurance program.

State officials estimate that paid leave for new parents could increase their unemployment insurance costs by 15 percent to 20 percent, depending on how many people seek benefits.

Advocates of paid family leave said the cost would be much lower. Moreover, they said, paid leave would benefit the economy by reducing absenteeism and the need for new parents to go on welfare.

Senior Republicans in Congress said the president should not make such a momentous change in policy by unilateral action. And they have sent letters to the White House urging him to reconsider.

In one such letter, Representative Bill Archer of Texas, the chairman of the Ways and Means Committee, and Representative Nancy L. Johnson of Connecticut told the president, "Your decision allowing states to use unemployment compensation to provide paid family leave pits out-of-work Americans against their neighbors who have jobs."

Mr. Clinton signaled his intention to rewrite federal policy in May, in a commencement address at Grambling State University in Louisiana, but he gave no details. Now the administration is preparing to announce the details, many of which have become known to experts in the field as the Labor Department writes new rules for the unemployment insurance program.

In announcing the rules, White House officials said, Mr. Clinton will present himself as the champion of a popular political cause, helping hard-pressed families while Congress sits on the sidelines.

Mr. Clinton is relying on an expansive view of executive authority. An analysis by the nonpartisan Congressional Research Service raises questions about that authority. Under federal law, it says, money withdrawn from the trust fund must be used "solely in the payment of unemployment compensation." Conceivably, it says, states could define "unemployment compensation" to include family leave, but that would conflict with the "legislative history and historical interpretation" of the program.

Business groups said they would challenge the new policy in court if the president formally adopted it.

The federal unemployment insurance program was created in 1935 as part of the Social Security Act. Under longstanding interpretations of the law, people are eligible for jobless benefits only if they are involuntarily unemployed, able to work and available for work.

The Labor Department's Web site describes who is eligible: "You must be available for work. This means that you are ready to start a job immediately. It also means you have transportation and do not have to remain at home to care for children."

Supporters of paid family leave like Maurice Emsellem, a lawyer at the National Employment Law Project, said states could make exceptions to this requirement. Within the framework of federal law, those supporters said, states have wide latitude in setting eligibility standards, benefit levels and tax rates. Moreover, they said, since the New Deal, states have been allowed and even encouraged to experiment with unemployment compensation.

Senator Christopher J. Dodd, an author of the 1993 family leave law, said it had been a boon to millions of new parents, allowing them to bond with their children before returning to work. But Mr. Dodd, Democrat of Connecticut, said that many people who needed family leave did not take it because they could not afford to go without a paycheck.

Low-wage workers who take unpaid leave often "wind up on public assistance," he said.

Labor unions and women's groups, led by the National Partnership for Women and Families, are lobbying state legislators to provide some type of income, subsidies or tax breaks for workers who take family leave. The new federal policy clears the way for such state action.

Richard A. Hobbie of the Interstate Conference of Employment Security Agencies, a national organization of state labor officials, said: "In general, our members have been opposed to the president's proposal, not because they oppose the concept of paid family leave, but because they believe it's inappropriate to use the unemployment insurance system for that purpose. State officials would argue that workers on family leave ought to be able to get benefits under some other government program or from employers."

Thomas W. Douse, the unemployment insurance director for Vermont, said that paying jobless benefits to new parents "would lead to an automatic increase in employer taxes" because benefit payments in the state would probably increase by 20 percent, or \$9 million a year.

"To be sure," Mr. Douse said, "we have a strong trust fund right now, but the whole purpose of the trust fund is that you raise money in good times so it will be available in bad economic times."

Employers said the president's proposal could deplete the trust fund. But Mr. Emsellem, from the National Employment Law Project, said that with the jobless rate at a 29-year low, many states had healthy surpluses in their trust fund accounts and could afford to expand unemployment insurance.

"Businesses criticize the president's proposal as a raid on the trust fund, even as they lobby successfully for cuts in state unemployment insurance taxes," Mr. Emsellem said. "That's hypocritical."

Thomas S. Whitaker, deputy chairman of the North Carolina Employment Security Commission, said he liked Mr. Clinton's initiative because it allowed states to decide for themselves whether to pay unemployment compensation to workers taking parental leave.

"If states don't want to do it, they don't have to," Mr. Whitaker said. "I hope the Labor Department takes that approach on other issues."

<http://www.nytimes.com>



Donna Lenhoff <dlenhoff@nationalpartnership.org>
11/09/99 06:09:13 PM

Record Type: Record

To: Nicole R. Rabner/WHO/EOP

cc:

Subject: yesterday's NY Times piece on using UI for family-leave income

As many of you know, yesterday the Times published a piece by Robert Pear, "Dispute Over Plan to Use Jobless Aid for Parental Leave." I thought you'd be interested in seeing the letter to the editor that we sent today in response:

To: Letters to the Editor, The New York Times (fax 212/556-3622)
From: Judith L. Lichtman, President, National Partnership for Women & Families
Date: November 9, 1999
Re: Response to November 8 article,
ADispute Over Plan to Use Jobless Aid for Parental Leave@

In "Dispute Over Plan to Use Jobless Aid for Parental Leave" (Robert Pear, November 8), several employers and state officials insisted that letting working Americans collect unemployment insurance while on unpaid family leave would jeopardize the unemployment system. These knee-jerk scare tactics needlessly pit people temporarily out of work against each other, and they deliberately ignore the urgent need for income during family leave, the economic reality of state unemployment trust funds, and the weight of public opinion.

Although the unpaid leave provided by the Family and Medical Leave Act has helped many Americans, cost is the main reason why people who need leave do not take it. Nearly one in ten of those who take unpaid leave must resort to public assistance to make ends meet.

Meanwhile, many state unemployment funds are flush enough to cover not only unemployment in a recession, but also the cost of this small expansion --with no additional levies on employers. In Massachusetts, using unemployment insurance to provide some income during both family and medical leave is estimated to cost a mere \$1.25 per covered worker per week. In fact, unemployment tax cuts sought by Massachusetts business interests could cover the entire cost.

No wonder most Americans --79% --support giving states the chance to extend unemployment or temporary disability insurance to workers on unpaid family leave. Given the strength of our economy and our unemployment system, there is no reason why so many working women and men must still "choose" between their families and financial crisis.

contact information: Judith L. Lichtman, President
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Ellen Goodman

Why Not Paid Leave?

It's the sort of move we have come to associate with the Commander in Chief of Incrementalism. President Clinton doesn't stride into policymaking—he minces. He takes one teeny step at a time, extending a bit of health coverage for kids here, a touch of child care there.

In return, the Democratic Party has been rewarded—overrewarded—with the terminal gratitude of women and a reputation as the party that cares about working families.

Now the president is at it again. He's trying to come through on a laudable promise to help parents who work take care of their newborn children. He's trying to change the rules to allow states to pay unemployment compensation for maternity and paternity leave.

Paid parental leave—can we drop the gender-neutral language for a moment and call it what it is, maternity leave?—is one of those ideas whose time has come to virtually every advanced economy. But not to our own.

It took Congress an entire eight years just to get family and medical leave. That gave half the workers in the country the right to 90 days of unpaid leave to care for newborns, for critically ill family members and even themselves, without losing their jobs. Every time supporters try to extend this measly coverage, a Republican majority in Congress starts foaming at the Capitol Dome.

Today some 650,000 parents a year—nearly all of them moms—take parental leave. But the reason most go back to work before their leave is up is obvious: They can't afford it.

In a way, the Family and Medical Leave Act describes the Family and Medical Limbo of new mothers; the women who use it are neither exactly employed nor exactly unemployed. If these women were still on the job, they'd still get paychecks. If, on the other hand, these women lost their jobs, they'd be eligible for unemployment compensation.

What the Clinton plan would do is allow states to treat them as if they were laid off from the very jobs they will go back to.

I confess that I'm in favor of getting paid leave any way we can. I cringe when Jerry Jasinowski, president of the National Association of Manufacturers, describes new parents as "voluntarily stepping out of the work force." Having children is cast as a personal, if quirky, choice, sort of like leaving work for a while to learn the Japanese tea ceremony.

But I am uncomfortable with the end run around this issue. Treating the care of newborns as unemployment, treating maternity leave as a layoff, not only stretches the meaning of the unemployment trust fund; it allows us to play let's pretend. We can once again avoid looking at the reality of family caregiving as an essential, continuing part of every life. It doesn't begin or end with the layette. We turn away from "seeing" the whole picture: the collapse of the caretaking system.

As Mona Harrington writes in "Care and Equality": "We don't see a collapsing care system because we don't see care as a system to begin with. We see individuals making private decisions about who takes care of the children or helps an arthritis-plagued elderly parent."

Until the last 30 years, the "system" depended on the unseen, unpaid labor of women. It was supported by a family wage and an ideology. Now women are in the workplace, and we haven't figured out a replacement.

The problem, the enormous problem for Americans in the 1990s, writes Harrington, "is that we have not devised any equality-respected system to replace the full-time caretaking labor force of women at home. . . .

The other piece of the story is that women's remaining caretaking responsibilities undermine their equal opportunity in the work force."

We look at all the problems of family in a kind of piecemeal way: child care, elder care, disabled care. We look at women's problems as private, the act of a generation torn between the expectations as mother and employee.

Labeling parental leave as "unemployment" is a nice little sleight of hand or mouth. Using the workers' compensation fund to pay for family caregiving is a clever temporary strategy.

But it makes caretaking seem like one of those knee scrapes that requires a Band-Aid for a week. In fact, it requires life support.

The Commander in Chief of Incrementalism thinks we can take one small step at a time. He calls that progress. But all those small steps leave us standing in the same place.

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Birth and Adoption Unemployment Compensation (NPRM) SUMMARY

Overview of Regulation: The regulation creates an opportunity for State agencies that administer the Unemployment Compensation (UC) programs to pay, under a voluntary experimental program, UC to parents who take time off from employment after the birth or placement for adoption of a child. State participation is wholly voluntary and will require States to enact enabling legislation to participate. This effort responds to the President's Executive Memorandum issued May 24, 1999, directing the Secretary of Labor to allow States the opportunity to develop innovative ways of using UC to support parents taking leave to be with their newborns or newly-adopted children and to evaluate the effectiveness of using the UC system for these or related purposes.

Congressional Interest: There is a great deal of congressional interest in this issue. Senators Kennedy and Dodd are strong advocates for compensating individuals who leave work to meet family obligations. They believe that DOL should reinterpret Federal law to allow States to compensate leave through the UC program, but are likely to find this NPRM too narrow in scope in that it provides compensation only for those leaving employment to be with newborns and newly-adopted children. They support programs which are broader, essentially providing compensation to those eligible under the Family and Medical Leave Act. In this regard, Senator Dodd introduced S. 1355 (with co-sponsors Kennedy, Leahy, Murray) which would establish demonstration projects to provide income to respond to significant family transitions. On the other hand, Representatives Archer, Ballenger, Goodling, and Johnson have written the President indicating their strong opposition; they raise such issues as implementing the program through regulations rather than legislation and using UC funds for family leave benefits, thereby pitting jobless workers against those taking voluntary leave from employment.

Summary of the Regulation

The Federal-State UC System: States collect State UC taxes used to pay compensation. The Federal government collects taxes, used for grants for State UC administration, under the Federal Unemployment Tax Act (FUTA).

Able and Available: DOL has long interpreted Federal UC law to require that claimants be able to and available for work. DOL previously exercised its authority to interpret the able and available requirements in the areas of training, illness, jury duty, and temporary layoffs. Based on this precedent, DOL interprets "able and available" to allow the an experimental the UC program where workers taking leave during the first year following birth or placement for adoption of a child are provided UC.

Experimental Program: DOL chose to proceed with an experimental rather than a permanent program in order to test the proposition that providing UC to the parents of newborns and newly-adopted children who wish to take approved leave or otherwise leave their employment will increase their attachment to the workforce. The DOL will begin collecting administrative data immediately upon implementation of the program. DOL will evaluate each State individually,

but a comprehensive evaluation will not be completed until four States have implemented legislation and operated a BAA-UC program for a minimum of three years. The Federal evaluation methodology has not yet been completed

Implementation at the State Level: States may enact legislation and begin operation of a BAA-UC program any time after the effective date of the Final Rule. States can enact legislation prior to completion of the rulemaking process, but would need a contingency provision in their legislation allowing for any necessary changes to comply with Federal regulations prior to implementation of their program. Model legislation is provided, but is optional and is for the convenience of States that choose to implement a BAA-UC program.

Legislation has been introduced in five States— Maryland, Massachusetts, New York, Vermont, and Washington – during this and prior years to provide UC to workers on some form of leave to meet family obligations. In Massachusetts and New York the bills remain in committee, while the legislatures adjourned without action in the other States. Note that legislators in New York are also considering using the Temporary Disability Insurance Program (TDI) instead of UC. Worker advocates in these States and others strongly support permitting States to use the UC program for such purposes.

Parameters in the Rule: States have wide latitude in implementing the program, but certain parameters apply:

- **Eligibility.** Only parents of newborns or newly-adopted children are included in the experiment. Also, states are prohibited from introducing eligibility factors unrelated to the fact or cause of unemployment, such as industry, employer size or whether the spouse of a UC recipient also receives (or has received) UC. Finally, all individuals covered by the State's UC law must also be covered for Birth and Adoption unemployment compensation.

- **Timing.** The first compensable week is the week in which birth or placement for adoption takes place. Weeks preceding the week of the birth or placement and weeks following the end of the one-year period are not compensable.

- **Definition of "Newborns" and Newly Adopted Children:** *Newborns* means children up to one-year old, and *Newly-adopted children* means children, regardless of age, who have been placed within the previous 12 calendar months with an adoptive parent(s). Placement occurs at the time a parent becomes legally responsible for a child pending adoption

Suggested Parameters in the Model Legislation and Q's and A's: DOL provides non-binding guidance on how states can set up there programs.

Model Legislation:

- **Timing.** UC can only be provided for a maximum of 12 weeks. (Model Leg.)
- **Deductions in UC.** UC paid to the parent is deducted by payments from the employer resulting from a birth or adoption described and payments from a disability insurance plan contributed to by an employer, in proportion to the employer's contribution to such plan.

- Non-charging. Compensation paid under this section shall not be charged to the account of the individual employer.

- State self evaluation. State agency shall issue a report to the governor and the legislature evaluating the effectiveness of the program.

Q's and A's:

- Payment for other Types of Leave. Payment of UC for other types of family leave is inconsistent with the program.

- Exhausting other Paid Leave. All employer-paid leave need not be exhausted before US is available.

- Solvency. While solvency not required, decision makers should examine the State's solvency position and projected taxes and benefit payments under current law before deciding to enact BAA-UC legislation.

- Both Parents. Both parent may receive UC and they may receive it at the same time. A State may not prohibit payment of BAA-UC simply because the other parent is taking leave for the same purpose.

- Eligibility. Eligibility under this program should not be based on whether an employer is required to grant the leave, but on the parent's reason for wanting to take the leave. Also, eligibility may be conditioned on whether the individual gave notice to the employer and on whether the individual chooses not to return to work.

**PRESIDENT CLINTON: HELPING PARENTS
MEET THEIR RESPONSIBILITIES AT HOME AND AT WORK**

May 23, 1999

Today, in a commencement speech at Grambling State University, President Clinton will announce new steps to help workers meet their responsibilities to their jobs, and their more important responsibilities to their families. The President will put forward two new proposals to make leave more affordable for American workers. In addition, he will release a new report that examines the "time crunch" that parents increasingly feel as they struggle to balance their responsibilities at home and at work.

Working to Make Parental Leave More Affordable. A 1996 study by the Commission on Family and Medical Leave found that loss of wages was the most significant barrier to parents taking advantage of unpaid leave following the birth or adoption of a child. Today, President Clinton will direct the Secretary of Labor to propose new regulations and model state legislation to enable states to develop innovative ways of using the Unemployment Insurance (UI) system to support parents taking leave to care for a newborn or adopted child. Several States recently have asked the Administration whether they could use the UI system for this purpose consistent with federal law. The new regulations will authorize this expansion of the UI system, thereby allowing states that wish to use unemployment insurance to assist new parents to put their plans into effect.

Enabling Federal Workers to Take Paid Leave to Care for Sick Family Members. In an effort to set an example for all employers, President Clinton also today will direct the Office of Personnel Management (OPM) to revise its government-wide regulations to allow federal employees to use up to 12 weeks of accrued sick leave each year to care for a spouse, son, daughter, or parent with a "serious health condition," as that term is defined for the purpose of applying the Family and Medical Leave Act. Currently, the amount of sick leave that can be used to care for a family member who is ill is limited to 13 days each year for most federal employees. By enabling federal workers to use more of the sick leave they have earned, according to conditions established by the FMLA, this measure will remove a significant barrier to caring for an ill family member. The President also has directed the OPM to establish an Interagency Family Friendly Workplace Working Group to develop, promote, and evaluate federal family-friendly workplace initiatives. The President previously has taken other actions to ensure that federal government is a model employer, including: allowing federal employees to donate annual leave to other employees; expanding flexible family-friendly work arrangements, such as job sharing, career part-time employment, alternative work schedules, telecommuting, and satellite work locations; and directing improvements in the quality of federally sponsored child care.

A New Study on the Amount of Time Available for Families. The President will release a report by his Council of Economic Advisers (CEA) today that details the factors that have led to decreased amounts of time available for parents to spend with their children. The report, *Families and the Labor Market, 1969-1999: Analyzing the "Time Crunch,"* demonstrates that the increase in hours mothers spend in paid work, combined with the shift toward single-parent families, has resulted in families experiencing an average decrease of 22 hours a week (14

percent) in time that parents spend with their children. The report concludes that the increased time at work among parents requires policy-makers to seek new ways to promote strong families, including greater flexibility in paid work hours, more affordable child care, better support for families with low-wage earning parents, and methods for encouraging two-parent families to form and stay together.

Advancing An Agenda To Help Parents Balance Their Responsibilities At Home And At Work. In his balanced budget request, the President put forward a bold agenda to provide families with greater tools to meet their responsibilities at home and at work. This agenda includes: an historic initiative to make child care better, safer, and more affordable for working families; a tripling of our investment in after-school programs through the 21st Century Community Learning Center program; a new tax credit to help Americans struggling with long-term care costs; and proposals to expand the Family and Medical Leave law to cover more workers and allow leave for more parental activities, including parent-teacher conferences and routine doctor's visits.

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11/19/99 08:37:29 PM

Record Type: Record

To: Nicole R. Rabner/WHO/EOP
cc: Bingham Barbara <bingham-barbara@dol.gov>
Subject: baby ui

Yes, I'm here. This is what I've pulled together so far. Is any of it on track?

Back in May there was a fact sheet put together that said:

"... [i]n 1998, 3.3 million women had children under the age of one and 58 percent of those mothers were in the workforce. In addition to working mothers, working fathers may also wish to take leave to care for their newborn or newly adopted child and may be able to receive UI benefits." So this would give us an approximate upper bound on who would benefit.

← Harold Hoge, BLS
606-6378

Used in WH statement of 5/23/99: "A 1996 study by the Commission on Family and Medical Leave found that loss of wages was the most significant barrier to parents taking advantage of unpaid leave following the birth or adoption of a child."

According to the Commission Report:

Of all leave takers (FMLA covered and other), "About a quarter of leave is taken by relatively young parents to care for their children at birth, adoption or during a serious illness." p. xx

*

"Many infants are born into homes where both parents work. The American Academy of Pediatrics notes that infants (whether biological, adopted or foster children) are particularly vulnerable during the first few months of life, and require the active involvement of a parent or primary caregiver in the nurturing process. An infant's physical, cognitive and social development depend on establishing a strong attachment to its parents or primary caregiver. For parents to fulfill these important developmental needs, time off from work is often needed." p. 9.

"Without the availability of leave from work to give birth or to take care for family responsibilities, employess -- primarily women -- are faced with the choice of returning to work prematurely or giving up their jobs. The economic cost of such a break in employment can be high. For example, in one study, employment breaks for childbirth and adoptions were estimated to cost women approximately \$31 billion in foregone wages annually." p. 11 [1990 study so more money now -- Heidi Hartman part of this study so possibly could update]

Call Heidi to
update

[Bill Parks 606-7807
Sp. Ant. to Commissioner]

For the years 1992 to 1993, the EBS [Employee Benefits Survey] combined information on all employees in private and public sector establishments of all sizes. At that time, 37 percent of all employees had access to unpaid maternity leave and 28 percent had paternity leave. Paid parental leave was very rare, with only two percent of employees having access to paid maternity leave, and only one percent having access to paid paternity leave." [see p. 37 for breakdown by employer size]

[Parental leave is where there is tremendous need for paid leave.] "The Employee Benefits Survey shows that paid sick leave was much more common than paid parental leave. According to the 1992-93 data for all private and public sector employees, 56 percent of all employees had access to paid sick leave." p36

"To the extent that it is possible to generalize across the public and private sectors, it appears that paid maternity leave was more available to employees with relatively high levels of skills and income." p. 43 [So those that would need the income the most, low paid workers, wouldn't be those ones who would get it so baby ui would help them.] See p. 42 for more maternity/paternity leave stats.

[May extend the time low-income workers spend with their children; mix evidence but in support is RI's experience with TDI.] "But in Rhode Island, which also provided partial wage replacement, the proportion of women in low-income households who took less than six weeks of leave fell to zero percent after enactment of the legislation in July 1990, compared with 19 percent of lower-income women who took less than six weeks in the other three states studied." pp. 48-49

Random thoughts:

Infant care for those less than 12 weeks very difficult to find so almost forced to take the time off whether or not it's affordable.

From:
Nicole_R._Rabner@who.eop.gov[SMTP:Nicole_R._Rabner@who.eop.gov]
Sent: Thursday, November 18, 1999 5:20 PM
To: Stuart Lisa
Subject: Sorry... minor edit to press paper

<<File: ui1pager.052399.doc>>

(See attached file: ui1pager.052399.doc)

EBS

has been
updated
some

Next Comp. Serv. 606-6220

to get EBS

data updated.

med & large

270



Bergman Terry <bergman-terry@dol.gov>
11/23/99 05:24:15 PM

h 244-9736

Record Type: Record

To: Nicole R. Rabner/WHO/EOP, Heyman Stephen <heyman-stephen@dol.gov>
cc: See the distribution list at the bottom of this message
Subject: BAA-UC regulations contact list

Here's the best contact list I can give you for the remainder of the week. I'm cc-ing everyone on the list so that you will also have their e-mail addresses. Don't panic at the length of this list... our OCIA Deputy, Steve Heyman, will be in both days and can help you coordinate, as can Darlyne in the UI office. Darlyne's number is below. Steve can be reached at our main number -- 693-4600. frankly, the list was a good chance for us all to know how to reach each other if we need to move fast.

1. If the small chance that we will need to post the document on Saturday, our Policy Shop needs to be notified....hopefully tomorrow (Wednesday). If we're talking about a Tuesday departure statement, all these calls can wait until Monday and I will make them.

Barbara Bingham -- will be at home, but has e-mail there and can be reached at (703) 912-7537.

Dave Dickerson is the the lead technical person. He will be here both days and uses a cell phone -- (703) 582-3189. He will be able to arrange for our volunteer, Jennifer Schlosser (pager 202-605-0605), to post the document Saturday, but they really would like some lead time!

2. On overall content of any statement and other coordination, the lead people in UI will be working both Wednesday and Friday. They are:

erry Hildebrand -- 219-5200 ext 391
arlyne Bryant -- 219-5201 ext 366

cey Grundman in the policy shop is also familiar with the message contents, although she leaving at 11:30 on Wednesday. Her number is 219-6197 175. Her number for Thursday and Friday is 914-967-1129.

be arriving in NY by 3PM (with luck) and will be at my parents all end. The number there is (914) 235-5649. The FAX is (914) 235-8374, if want me to review anything.

With Kramer in the Solicitor's office is also available on Wednesday iday. her number is 693-5261.

press office contact on this issue is Chung Seto at 693-4661.

page 800-455-4690

5. Our liaison to the Federal Register (the more notice the better) is Marshall Deutsch. Darlyne can coordinate with him, but just in case, his number is 219-8065, ext 121, and he will be in on Friday.

I guess the question is "How may DOL staff does it take to...." . Everyone have a nice Thanksgiving.

Message Copied To:

BRYANT DARLYNE W-ETA <DBRYANT@DOLETA.GOV>
"Hildebrand, Gerard W" <GHILDEBRAND@DOLETA.GOV>
Grundman Stacey <grundman-stacey@dol.gov>
Bingham Barbara <bingham-barbara@dol.gov>
Dickerson David <dickerson-david@dol.gov>
Kramer Judith <kramer-judith@dol.gov>
Seto Chung <seto-chung@dol.gov>
Deutsch Marshall <deutsch-marshall@dol.gov>
Schlosser Jennifer <Schlosser-Jennifer@dol.gov>



Bergman Terry <bergman-terry@dol.gov>
11/23/99 05:48:17 PM

Record Type: Record

To: Nicole R. Rabner/WHO/EOP
cc: Heyman Stephen <heyman-stephen@dol.gov>
Subject: just in case

Steve wanted me to make sure you also had his pager number --
its 800-662-4151.



McGavock D. Reed
11/23/99 06:00:44 PM

Record Type: Record

To: Nicole R. Rabner/WHO/EOP@EOP
cc: Edward W. Correia/WHO/EOP@EOP
Subject: Re: EO 

Nicole and Ed. So far the only comments that I have received on the Parental Discrimination order are as follows:

1. NASA (358-2031) - no comment, but they would like the legal rational for addition clearly stated.
2. Education (Randy Hansen/401-6267) - no comment
3. EEOC (Ellen Vargas/663-4637) - no comment, but be aware that the amendment could require record keeping.
4. OPM (Harry Wolf/606-1424) - no comment
5. Justice (Rosemary Hart/514-2027) - no comment

I'll send you more as they come in. See you tomorrow at 3:00 and Nicole, thank you for arranging the room, Mac



Bergman Terry <bergman-terry@dol.gov>
11/23/99 06:24:29 PM

Record Type: Record

To: Nicole R. Rabner/WHO/EOP
cc: Heyman Stephen <heyman-stephen@dol.gov>
Subject: home phone

I left this for you on voice mail, but my home phone is 202-244-9736. I'm catching my ride to NY at 9:45 tomorrow, but will be there til then.

Hopefully there won't be that much to do until Monday, but there are a lot of folks on stand-by to help if there are things to be done before then.

Have a happy holiday.

A Flash Into The Future

Back in 1999, when times were good, some people thought good times would last forever. Then they raided the Unemployment Insurance fund to pay for the Family and Medical Leave Act. Now we're paying the price . . .

After 18 years pouring foundations, I'm **out of work — downsized**. ... Real estate market bottomed out. ... All I know is my little girl starts college in the Fall and I don't know where next month's mortgage is coming from. Sure, my employer paid in to unemployment insurance for me for years, but the money's **all gone** — spent on paid personal leave. People getting paid for taking off work and using **my unemployment insurance money** to pay for it. That was **my money** — spent on other people's paid personal leave. Money I worked **hard** for, and that my boss set aside — just like social security — so that I'd have it for a rainy day.

Well, it's raining now! And the money's gone!

That was MY
money! It's
just not
fair!

The Department of Labor is issuing regulations to allow Unemployment Insurance Trust Funds to be misdirected for NEW benefits under the Family and Medical Leave Act. Raiding UI funds would severely jeopardize the future security of America's workers.

Help Save Unemployment Insurance!

CONTACT US TODAY.

Eric Oxfeld
oxfelde@UWCstrategy.org
(202) 682-1515

Deanna Gelak
workfuture@aol.com
(703) 256-0829

The UI Working Group Members

UWC — Strategic Services on Unemployment & Workers' Compensation
FMLA Technical Corrections Coalition
Society for Human Resource Management
National Association of Manufacturers
U.S. Chamber of Commerce
American Society for Healthcare Human Resources Administration
Michigan Health and Hospital Association
National Federation of Independent Business
Printing Industries of America
International Mass Retail Association

www.UWCstrategy.org

THE UNEMPLOYMENT INSURANCE WORKING GROUP

A coalition committed to stopping proposals which misdirect unemployment insurance (UI) funds by taking money reserved for the unemployed to provide paid family leave.

**UI-BAC Notice of Proposed Rule-Making
CONTACT LIST**

Geri Palast, DOL Leg Affairs

Ph: 202-693-4601

Email: palast-geri@dol.gov

Grace Kilbane, DOL UI program director

Ph: 202-219-7831

Email: GKILBANE@doleta.gov

Donna Lenhoff, National Partnership for Women and Families

Ph: 202-986-2600 (ext 3023)

202-362-5916 (h)

Email: dlenhoff@nationalpartnership.org

Holly Fechner, Sen. Kennedy's office

Ph: 202-224-5441

Email: holly_fechner@labor.senate.gov

Suzann Day, Sen. Dodd's office

Ph: 202-224-0207

Email: suzanne_day@labor.senate.gov

► Daniel I. Werfel
10/20/99 03:21:22 PM

.....

Record Type: Record

To: Nicole R. Rabner/WHO/EOP@EOP
cc: Carole Kitti/OMB/EOP@EOP, Debra J. Bond/OMB/EOP@EOP, Stuart Shapiro/OMB/EOP@EOP, Larry R. Matlack/OMB/EOP@EOP
Subject: BAA-UC

FYI, to give you a sense of the timing of publishing in the Fed Reg.

The Federal Register will most likely need 4 working days from the time they get the final document. Thus, if we get it to them tomorrow AM, then the earliest publication date would be Tuesday, Oct. 26.

► Daniel I. Werfel
10/15/99 10:40:33 AM

.....

Record Type: Record

To: Debra J. Bond/OMB/EOP@EOP, Carole Kitti/OMB/EOP@EOP, Nicole R. Rabner/WHO/EOP@EOP
cc: Larry R. Matlack/OMB/EOP@EOP, John F. Morrall III/OMB/EOP@EOP, Stuart Shapiro/OMB/EOP@EOP
Subject: more on progress on BAA-UC regs

I agree with Nicole that to the extent we can use the momentum gained to resolve all issues, we should. Below are DOL's latest proposals on the 2 policy issues.

----- Forwarded by Daniel I. Werfel/OMB/EOP on 10/15/99 10:39 AM -----



Bergman Terry <bergman-terry@dol.gov>
10/15/99 10:26:34 AM

Record Type: Record

To: Daniel I. Werfel/OMB/EOP
cc: Carole Kitti/OMB/EOP
Subject: more on progress on BAA-UC regs

As I indicated in my conversation this morning, we have our UI staff working on a document which reflects both our September 17 response and subsequent conversations about language. We believe this should facilitate the finalizing of language for the NPRM and will get you something as early today as possible.

On the two policy questions still on the table, we have looked at the legislative schedule of the States, and assuming that the interested legislatures will work off the NPRM, we believe that a 45-day comment period is possible. We suggest the use of 45 days with some language that the shorter comment period is to facilitate the consideration of State laws in legislatures in their next sessions. The interaction of the 60 day period and the holiday season would not provide states with any certainty on the final rule and would pose a problem.

On the other issue we have discussed, we continue to have problems with any model legislation provision which includes a solvency trigger and firmly believe that states should -- and will -- look at solvency before adopting this program. We cannot see how adding an additional state to the cost estimate has any relevance to this argument (in fact, it seems to run counter to the position that states with questionable solvency will adopt the program) and the UI staff believes that the current cost estimate is our best assessment of expected behavior of the States. In fact, if we go to 60

days, we may argue that WA and MD should be dropped from the calculations, since they will not reasonably have the benefit of a final rule prior to adjournment.

However, we do believe that additional language on solvency is prudent and I have made some changes to the Commentary Q and A which we suggested in our Sept 17 response.

Q. Will these regulations undermine fund solvency?

A. No. Experience shows that The Department expects that States will not enact changes without assessing the effect on its unemployment fund's solvency. Each State has the responsibility to assess the cost to the State's unemployment fund whenever coverage, benefit expansions, or tax changes are considered within the State's Unemployment Compensation program.

Alternatively, we could use language suggested by OMB in recent conversations --

Q. Does this regulation impose any solvency requirements upon the States before they enact BAA-UC?

A. No. The DOL has no authority to impose a solvency standard on the States. However, the DOL believes prudent decision makers in State will examine the State's solvency position and projected taxes and benefit payments under current programs prior to a decision to adopt BAA-UC legislation. Adoption of BAA-UC should not jeopardize the ability of a State to pay benefits to those eligible under current law.

Neither of these have legal force, but neither does a provision in model legislation. Either, or some combination of the two, would reflect our belief -- and state practice -- in assessing solvency prior to adopting new provisions. If you want to try some combination of these, I will run any language by our UI folks and I'm sure we can agree on something.

As I mentioned, Grace, Jerry and I are on the Hill this morning, but we have staff working on the document...we may need to discuss some type of concurrent review by our attorneys and OMB if we are to have a chance of finalizing today.

► Daniel I. Werfel

10/14/99 05:50:41 PM

.....

Record Type: Record

To: John Spotila/OMB/EOP@EOP, Barbara Chow/OMB/EOP@EOP

cc: See the distribution list at the bottom of this message

Subject: Need for Policy Level Meeting on Birth and Adoption Unemployment Compensation

Following discussions between OIRA, EIML, WH staff and DOL on the draft proposed rule on Birth and Adoption Unemployment Compensation (BAA-UC), we have two remaining issues that may need to be settled at the policy level:

- Period for Public Comment. DOL has requested 30 days; OMB staff has proposed 60 days.
- Language on Solvency. OMB staff has proposed a specific solvency provision in the model legislation, which DOL strongly objects to. DOL has agreed to add a discussion of solvency to the Q's and A's in the Commentary on Model State Legislation.

Analysis on each of these issues is provided below. Please let us know if you want to pursue these issues and we will set up a policy level meeting next week to resolve. The meeting would include Geri Palast (Assistant Secretary for the Office of Congressional and Intergovernmental Affairs) and Grace Kilbane (Director of the Unemployment Insurance Service) from DOL.

Public Comment

Consistent with Executive Order 12866, most NPRMs allow for a 60 day public comment period. We have asked DOL to provide compelling evidence for cutting the 60 days to 30 days. None has been provided to date.

When we first raised this issue, DOL stated that a 30 day time frame was needed if we were going to get the rule out before the end of the calendar year. At that time, DOL could not provide a compelling rationale for publishing within this time-frame (i.e. there is no statutory deadline). Now, even if we agreed to a 30 day comment period, it is likely we would not get the rule published by 12/31/99.

In light of the importance of this issue, and the attention it has received on the Hill (see letter to POTUS from Goodling and Ballenger), we believe it critical to allow for the full 60 day comment period. If any compromise is offered we would recommend 45 days.

Solvency

EIML has been emphasizing the need for a solvency provision in the NPRM. While DOL does not have the authority to put such a requirement in the regulation, they can exhort the States to take solvency into account in their decision whether or not to adopt this program.

We proposed to DOL an explicit solvency provision in the model State legislation. The provision we added would suspend any BAA-UC program adopted by a State when that State's Average High Cost Multiple (AHCM, a DOL measure of ability to pay recession-level benefits) is greater than 0.9. This level would exclude New York, which DOL has wanted to exclude from the cost estimates because they believe New York wants to do this through its temporary disability program, not UI.

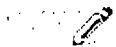
As expected, DOL opposes such an explicit provision. They presented several objections: -

- DOL does not want to encourage States to exclude UI claimants when States are facing solvency problems. This could send a signal to the States about their core UI programs. DOL would much prefer that States revisit their tax structures, instead of restricting benefits as States have done in the past when there were solvency concerns.
- Use of an AHCM of 0.9 would look like a new standard for solvency. This would undercut the Administration's efforts (e.g., the UI solvency incentive proposed in the Budgets for FYs 1999 and 2000) to press States toward an AHCM of 1.0. However, use of a 1.0 level in the EIML solvency provision would eliminate Maryland and possibly Massachusetts, which DOL does not want to do.
- The AHCM is a lagging indicator and may not capture steps that States are taking to improve their solvency.

Based on other discussions with DOL staff, they clearly support improved solvency. However, in terms of the NPRM, they would hope that a State's solvency debate takes place before a BAA-UC program is designed and adopted, not to use solvency to suspend the program after it is adopted. Furthermore, the provision under question is only in the model legislation; DOL has no authority to impose solvency requirements in the regulation.

Message Copied To:

Amy Squires/OMB/EOP@EOP
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Larry R. Matlack/OMB/EOP@EOP
Debra J. Bond/OMB/EOP@EOP
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Donald R. Arbuckle/OMB/EOP@EOP
John F. Morrall III/OMB/EOP@EOP
Stuart Shapiro/OMB/EOP@EOP
Nicole R. Rabner/WHO/EOP@EOP



Ann O'Leary
11/09/99 11:27:07 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP, Karin Kullman/OPD/EOP@EOP, Nicole R. Rabner/WHO/EOP@EOP

cc:

Subject: FW: yesterday's NY Times piece on using UI for family-leave income

FYI - Judy Lichtman's letter to the NYT editor in response to the Pear article is below.

Also - I spoke with DOL and asked them to hold off on publishing the NPRM in the Federal Register for a radio address or some type of POUTS announcement. They will do so, but are urging us to do an event ASAP so that they can get the NPRM into the Federal Register very soon. Once they publish it in the Federal Register it will take a minimum of 105 days to get out a Final Rule (45 days for comment, 30 days for DOL revision, 30 Days for OPM to finalize = 105 days total = approximately 3 1/2 months).

As you know, the proposed regulation requires States wishing to participate in the program, to enact legislation after the effective date of the Final Rule. If the States enact it prior to the Final Rule, they must include a contingency provision in the legislation allowing State agencies to make changes necessary to comply with the Final Rule.

In reality, the only two States that are waiting to act are Massachusetts and Vermont. Their legislatures adjourn in April/May. If we put out the NPRM next week, the earliest States will be able to act is March. DOL wants to ensure that the State legislatures have enough time to take advantage of the reg.

If we could push for a radio address in the next several weeks that would be very helpful. Let me know if you need additional information.

Thank you.

----- Forwarded by Ann O'Leary/OPD/EOP on 11/09/99 08:42 PM -----



Bergman Terry <bergman-terry@dol.gov>
11/09/99 06:30:57 PM

Record Type: Record

To: Seto Chung <seto-chung@dol.gov>, KILBANE GRACE A-ETA <GKILBANE@DOLETA.GOV>, "Hildebrand, Gerard W" <GHILDEBRAND@DOLETA.GOV>, Ann O'Leary/OPD/EOP

cc:

Subject: FW: yesterday's NY Times piece on using UI for family-leave income

FYI...

From: Donna Lenhoff[SMTP:dlenhoff@nationalpartnership.org]
Sent: Tuesday, November 09, 1999 6:09 PM
To: Bergman Terry; Green Susan; Palast Geri; Ross Lisa;
saltz-david@dol.gov
Subject: yesterday's NY Times piece on using UI for family-leave
income

As many of you know, yesterday the Times published a piece by Robert Pear, "Dispute Over Plan to Use Jobless Aid for Parental Leave." I thought you'd be interested in seeing the letter to the editor that we sent today in response:

To: Letters to the Editor, The New York Times (fax 212/556-3622)
From: Judith L. Lichtman, President, National Partnership for Women & Families
Date: November 9, 1999
Re: Response to November 8 article,
ADispute Over Plan to Use Jobless Aid for Parental Leave@

In "Dispute Over Plan to Use Jobless Aid for Parental Leave" (Robert Pear, November 8), several employers and state officials insisted that letting working Americans collect unemployment insurance while on unpaid family leave would jeopardize the unemployment system. These knee-jerk scare tactics needlessly pit people temporarily out of work against each other, and they deliberately ignore the urgent need for income during family leave, the economic reality of state unemployment trust funds, and the weight of public opinion.

Although the unpaid leave provided by the Family and Medical Leave Act has helped many Americans, cost is the main reason why people who need leave do not take it. Nearly one in ten of those who take unpaid leave must resort to public assistance to make ends meet.

Meanwhile, many state unemployment funds are flush enough to cover not only unemployment in a recession, but also the cost of this small expansion --with no additional levies on employers. In Massachusetts, using unemployment insurance to provide some income during both family and medical leave is estimated to cost a mere \$1.25 per covered worker per week. In fact, unemployment tax cuts sought by Massachusetts business interests could cover the entire cost.

No wonder most Americans --79% --support giving states the chance to extend unemployment or temporary disability insurance to workers on unpaid family leave. Given the strength of our economy and our unemployment system, there is no reason why so many working women and men must still "choose" between their families and financial crisis.

contact information: Judith L. Lichtman, President
National Partnership for Women & Families

1875 Connecticut Ave., NW, Suite 710
Washington, DC 20009
(o) 202/986-2600, (h) 202/686-9448



Carole Kitt

11/12/99 10:11:00 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: DOL Developing Plan to Allow States to Use Unemployment Funds to Back Family Leave

----- Forwarded by Carole Kitt/OMB/EOP on 11/12/99 10:11 AM -----

BNA, Inc.

Daily Report for Executives

No. 218

Friday November 12, 1999

ISSN 1523-567X

Page A-32

Regulation, Law & Economics

Employment

DOL Developing Plan to Allow States to Use Unemployment Funds to Back Family Leave

The Labor Department is poised to propose regulations aimed at encouraging states to develop ways of using their unemployment insurance systems to support parents taking leave to care for newborns or newly adopted children.

The proposed regulations, which will be published in the "near future," would permit states to adopt legislation establishing a "demonstration-kind" of program to determine if providing unemployment insurance to otherwise eligible individuals who have given birth to or adopted a child "strengthens their connection to the workforce," Henry L. Solano, solicitor of labor, told BNA Nov. 10. The unemployment insurance program has been deemed by President Clinton as an "appropriate vehicle within which to test" this currently "unresolved matter," Solano explained.

President Clinton first outlined the plan for making family and medical leave more affordable for employees in a May 23 commencement speech at Grambling State University in Grambling, La., issuing an executive memorandum a day later directing Labor Secretary Alexis M. Herman to issue a rule to allow states to use their unemployment insurance systems to offer paid leave to new mothers and fathers. Clinton also directed the Labor Department to develop model state legislation that states can follow.

Business Opposition

The plan immediately was greeted by opposition from the business community, which maintains that allowing workers who are on family or medical leave to collect unemployment insurance would undermine the federal/state unemployment program. House Republicans joined in criticizing the plan, with both Reps. William Goodling (R-Pa.), chairman of the Education and the Workforce Committee, and Bill Archer (R-Texas), chairman of the Ways and Means Committee, complaining that the proposal would pit the unemployed against those workers that have jobs.

The business community "will litigate any proposal by the Department of Labor to change the fundamental purpose" of the unemployment insurance system by allowing those who are not able and willing to work to collect benefits, Eric J. Oxfeld, president of UWC-Strategic Services on Unemployment & Workers' Compensation, a business advocacy group, told BNA Nov. 10. Describing the pending proposal as both contrary to the Federal Unemployment Tax Act and the Family and Medical Leave Act, Oxfeld argued that "allowing the misuse" of unemployment compensation benefits for family and medical leave will "shred the safety net" the UI system is intended to provide.

"Grafting onto the unemployment insurance system the wholly alien responsibility to finance and deliver paid family and medical leave to workers who by definition have jobs and are not available for employment will financially and administratively burden the UI system and those whom it sustains," Oxfeld maintained during an oversight hearing on the FMLA last July. Similar concerns have been raised by the nonpartisan Congressional Research Service, which last June questioned whether the Labor Department has the authority to allow states to offer unemployment compensation to applicants who fail to meet the requirement that UI recipients be "able and available for work."

The authority of the secretary of labor "to allow the use of UI for FMLA workers will likely depend on whether courts will look solely" to the relevant statutory language or whether the UI program's "legislative history and historical interpretation will be considered," the June 15 CRS memorandum said. The memorandum pointed out that the language of the unemployment compensation statutes--the Social Security Act and the Federal Unemployment Tax Act--does "not appear to answer the question of inclusion of FMLA coverage in state programs."

Past DOL Interpretation at Odds

If, however, "the legislative history is considered, and the historical interpretation of the UI program by the Department of Labor followed, it may be difficult to show that a worker on FMLA leave meets the requirements of being involuntarily unemployed and willing and able to work," according to CRS. In such a case, CRS said, Clinton's proposal "could arguably be seen as violative of the scope and purpose of the UI program, particularly the FUTA provision that the UI fund be used solely for unemployment compensation."

The Labor Department has published numerous interpretations directing state unemployment agencies to deny unemployment compensation to workers who are voluntarily unemployed or who are unwilling and unavailable for work, according to CRS, and most state laws provide unemployment compensation to those workers who involuntarily lose their employment for reasons other than misconduct and who are willing and available to work. "The objection to allowing UI for workers on FMLA leave is that they are voluntarily, not involuntarily unemployed, and not willing and available to work when they are on FMLA leave," according to the CRS memorandum.

Solano, however, argued that there is "no connection" between the upcoming UI proposal and the FMLA, a 1993 law that requires employers of 50 or more employees to provide up to 12 weeks of unpaid leave a year for the care of seriously ill family members, the birth or adoption of a child, or an employee's own serious health problem. The Labor Department proposal, the solicitor explained, would allow states the flexibility to determine that employees who are not available and able to work due to the birth or adoption of a child are eligible for UI benefits.

State Legislation Necessary

This flexibility could only be offered "pursuant to substantive legislation adopted at the state level," Solano emphasized. Consistent with the general structure of the federal-state UI program, the proposal leaves it up to individual states to determine if they want to participate in the demonstration project, Solano said. This is "not a mandate," he said. Massachusetts, Vermont, Maryland, and Washington have explored legislative proposals similar to the one coming from DOL.

Solano likened the upcoming proposal to a situation in the mid-1960s when the Labor Department allowed states to adopt programs permitting individuals participating in "state sanctioned training" programs to receive unemployment insurance benefits. The latest proposal "can be a very parallel program," he said,

The business community "will litigate any proposal by the Department of Labor to change the fundamental purpose" of the unemployment insurance system by allowing those who are not able and willing to work to collect benefits, Eric J. Oxfeld, president of UWC-Strategic Services on Unemployment & Workers' Compensation, a business advocacy group, told BNA Nov. 10. Describing the pending proposal as both contrary to the Federal Unemployment Tax Act and the Family and Medical Leave Act, Oxfeld argued that "allowing the misuse" of unemployment compensation benefits for family and medical leave will "shred the safety net" the UI system is intended to provide.

"Grafting onto the unemployment insurance system the wholly alien responsibility to finance and deliver paid family and medical leave to workers who by definition have jobs and are not available for employment will financially and administratively burden the UI system and those whom it sustains," Oxfeld maintained during an oversight hearing on the FMLA last July. Similar concerns have been raised by the nonpartisan Congressional Research Service, which last June questioned whether the Labor Department has the authority to allow states to offer unemployment compensation to applicants who fail to meet the requirement that UI recipients be "able and available for work."

The authority of the secretary of labor "to allow the use of UI for FMLA workers will likely depend on whether courts will look solely" to the relevant statutory language or whether the UI program's "legislative history and historical interpretation will be considered," the June 15 CRS memorandum said. The memorandum pointed out that the language of the unemployment compensation statutes--the Social Security Act and the Federal Unemployment Tax Act--does "not appear to answer the question of inclusion of FMLA coverage in state programs."

Past DOL Interpretation at Odds

If, however, "the legislative history is considered, and the historical interpretation of the UI program by the Department of Labor followed, it may be difficult to show that a worker on FMLA leave meets the requirements of being involuntarily unemployed and willing and able to work," according to CRS. In such a case, CRS said, Clinton's proposal "could arguably be seen as violative of the scope and purpose of the UI program, particularly the FUTA provision that the UI fund be used solely for unemployment compensation."

The Labor Department has published numerous interpretations directing state unemployment agencies to deny unemployment compensation to workers who are voluntarily unemployed or who are unwilling and unavailable for work, according to CRS, and most state laws provide unemployment compensation to those workers who involuntarily lose their employment for reasons other than misconduct and who are willing and available to work. "The objection to allowing UI for workers on FMLA leave is that they are voluntarily, not involuntarily unemployed, and not willing and available to work when they are on FMLA leave," according to the CRS memorandum.

Solano, however, argued that there is "no connection" between the upcoming UI proposal and the FMLA, a 1993 law that requires employers of 50 or more employees to provide up to 12 weeks of unpaid leave a year for the care of seriously ill family members, the birth or adoption of a child, or an employee's own serious health problem. The Labor Department proposal, the solicitor explained, would allow states the flexibility to determine that employees who are not available and able to work due to the birth or adoption of a child are eligible for UI benefits.

State Legislation Necessary

This flexibility could only be offered "pursuant to substantive legislation adopted at the state level," Solano emphasized. Consistent with the general structure of the federal-state UI program, the proposal leaves it up to individual states to determine if they want to participate in the demonstration project, Solano said. This is "not a mandate," he said. Massachusetts, Vermont, Maryland, and Washington have explored legislative proposals similar to the one coming from DOL.

Solano likened the upcoming proposal to a situation in the mid-1960s when the Labor Department allowed states to adopt programs permitting individuals participating in "state sanctioned training" programs to receive unemployment insurance benefits. The latest proposal "can be a very parallel program," he said,

observing that Congress ultimately codified changes allowing a link between participation in training and receipt of UI benefits. ↵

By Deborah Billings

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BIRTH AND ADOPTION UNEMPLOYMENT COMPENSATION (UC)
QUESTIONS AND ANSWERS
Revised 11/04/99

1. What is the Birth and Adoption UC initiative?

This effort responds to the President's Executive Memorandum issued May 24, 1999, directing the Secretary of Labor to allow States the opportunity to develop innovative ways of using UC to provide partial wage replacement to parents on leave following the birth or adoption of a child and to evaluate the effectiveness of using the UC system for these or related purposes. This regulation will permit interested States to experiment with methods for allowing the use of the UC program for this purpose.

2. Will States be required to develop UC programs for parents of newborns and newly-adopted children?

No. State participation is wholly voluntary.

3. Who will be eligible to receive UC for the birth or adoption of a child?

This experiment extends only to parents on approved leave or who otherwise leave their employment to be with newborns or newly-adopted children. Time taken for personal illness or to care for other family members is not compensable under this proposed program.

4. When will parents be able to collect UC after the birth or adoption of a child?

It is difficult to predict when individuals will be able to collect UC to be with their newborns or newly-adopted children. The Department of Labor (Department) anticipates publication of a final regulation in early 2000. States may enact legislation authorizing a Birth and Adoption program based on this regulation. Each State's legislation would set the dates to begin operation of the program in its State.

5. How will the regulation deal with such things as benefit amounts and employer costs?

The guiding principle of this regulation is to allow for maximum State flexibility within the experiment's parameters, as States currently have in determining UC policies. Consequently, each State will establish its own eligibility requirements and benefit amounts. Although the model State legislation accompanying the proposed regulation socializes costs, each State will decide whether to spread costs broadly throughout the system or limit costs to the particular employers whose employees use this benefit.

6. Why use the UC program for this type of paid leave? Don't States have other resources available to them?

While States may have other options available to them, legislation was introduced in several States during 1999 and prior years to make individuals on various types of family and medical leave eligible for UC. The President's directive to the Department essentially requires that States be provided the flexibility -- on a voluntary basis -- to pay UC to parents who take approved leave or otherwise leave employment after the birth or adoption of a child.

The proposed regulations for this experiment, within certain parameters, leave the specifics of each State plan to its legislature, which will need to pass specific amendments to the State UC laws to authorize such payments.

7. Under what authority is the Department issuing these regulations to permit this use of UC funds? And why is the Department issuing regulations and not seeking legislation as some members of Congress have suggested?

The Department has the authority and responsibility to interpret Federal UC statutes and has done so in the past with respect to its interpretation of the UC program's requirements that beneficiaries be able to work and available for work in such areas as jury duty, temporary layoffs, illness, and training.

Therefore, in response to the President's Executive Memorandum, the Department is proposing to exercise this authority to implement an experimental program to examine the use of the UC system to provide benefits for workers who take approved leave or otherwise leave employment after the birth or adoption of a child.

8. Why is this initiative limited to parents of newborns and newly-adopted children?

In following the President's directive, the Department is seeking to assist States that may want to use their UC systems to enable more parents to be with their newborns or newly-adopted children as part of an overall interest in supporting policies which help Americans balance the responsibilities of family and work.

Data from these State experiments will help to evaluate the proposition that providing UC to the parents of newborns and newly-adopted children who take approved leave or who otherwise leave their employment will increase their attachment to the labor force. In order to gain information on the impact of adapting the UC program to address the needs of such employees, the Department is defining the experimental program to cover the parents of newborns and newly-adopted children. This class of employees is a small, easily-defined group that can be used to test whether compensating absences from employment will assist individuals in maintaining, or even improving upon, their connection to the workforce by enabling them to better meet their parental and family needs.

The Department believes the needs of parents in balancing work and family are an important area for experimentation. States will remain free to use other mechanisms, such as separate funds or a Temporary Disability program, to reach other populations.

- 9. Some critics of the President's directive cite the Department's own concerns about State unemployment fund solvency as a reason not to allow States the flexibility to offer these benefits. Will these regulations undermine fund solvency?**

No. The Department expects that a State will not enact changes without assessing the effect on the solvency of its unemployment fund. Each State has the responsibility to assess the cost to its unemployment fund whenever coverage, benefit expansions, or tax changes are considered within its UC program. Consequently, the Department expects prudent State decision makers to examine the State's solvency and projected taxes and benefit payments under current law before deciding to enact Birth and Adoption UC legislation.

- 10. In 1997 the Department of Labor, in response to a bill introduced in the Vermont legislature, stated that the UC program could not be used to pay leave taken under the Vermont family and parental leave program. Why has the Department changed its policy in this area?**

The Vermont bill would have permitted all individuals taking leave for a variety of reasons under its family and parental leave program to receive UC. The Department interprets Federal UC law to require, in general, that individuals be able to work and be available for work to be eligible for UC. In response to changes in the workforce and societal needs, the Department is considering expanding its interpretation of "able and available" to permit the payment of UC to provide partial wage replacement to employees who take approved leave or otherwise leave their employment to be with their newborns or newly-adopted children. Because this would be an expansion of the Department's earlier interpretation, as set forth in the response to the Vermont proposal, the Department is issuing a notice of proposed rulemaking to permit the public to comment on the

interpretation. The Department is proposing an experimental program, which would allow the Department to test whether providing parents with UC at this point in a child's life will help employees maintain, or even promote, their connection to the workforce.

11. **Massachusetts also introduced a bill that would pay UC to individuals on family and medical leave. The estimated costs of that bill were \$200 million. How does this compare with the Department's estimate?**

The Department's cost estimate which is based on the voluntary nature of the experiment coupled with the expressed interest of a small number of States and limited to those individuals who could be eligible for the birth and adoption experiment, ranges from zero to \$68 million. The Massachusetts cost estimate was based on a much broader group of potential recipients and includes costs for individuals who are on leave under the Family and Medical Leave Act and the State's maternity law, and others not covered by either law.

**Parental Leave
Q&A
November 8, 1999**

Q: Is the President exceeding his legal authority by proposing this change through regulation instead of in Congress?

A: No. The Department of Labor has the authority and responsibility to interpret Federal Unemployment Compensation (UC) statutes and has done so in the past with the UC program's requirements in such areas as jury duty, temporary layoffs, illness, and training.

The Administration is proposing to exercise this authority to examine how the UC system could help provide benefits for workers who take leave after the birth or adoption of a child. This pilot program would be voluntary, and is simply part of the Administration's overall effort to help working parents both on the job and at home.

Q: Would this change unfairly impact unemployed workers by draining resources away from the unemployed to provide for parents taking leave?

A: No. Each state has the responsibility to assess the cost to its unemployment fund whenever coverage changes, benefit expansions, or tax changes are considered within its UC program. Consequently, we expect prudent state decision-makers to examine the state's solvency and projected taxes and benefit payments under current law before deciding to enact any birth and adoption UC legislation.

Q: How much will it cost?

A: The cost estimate, which is based on the voluntary nature of the experiment and the expressed interest of a small number of states, ranges from zero to \$76 million. [Note: OMB is still determining how this program will be funded.]

**Legislative sessions of States which have expressed interest in and potentially may enact
Birth and Adoption Unemployment Compensation legislation:**

<u>State</u>	<u>Convenes</u>	<u>Adjourns</u>
Vermont	Jan. 5	Early May
Washington	Jan. 10	March 9
Maryland	Jan. 12	April 10
Mass	Jan. 5	No set date

FAX to Nicole Rabner (2pp)
456-2878

I wanted to alert you to a development. UI staff have notified me that the ETA Boston Regional Office apparently received a message from a Vermont state official that Robert Pear, of the NY Times Washington Bureau, called for a copy of the letter which the Department sent to Vermont in March of 1997. This was the letter where we stated that the State could not use their UI program to pay for family leave as it would violate our long-standing interpretation of the "able and available" principle.

This is essentially the position which the President directed us to re-interpret in May of this year, and the subject of the "Birth and Adoption" regulations now pending at OMB.

Yesterday a group of business organizations places a large ad in Roll Call opposing the new policy, and it seems that they are shopping the story.

Of course, we have another side to this story, and there are a number of advocacy organizations, as well as members of Congress (Kennedy and Dodd in the forefront) who might also present a more balanced view. I don't know whether Pear has reached out to them or to us, but wanted to flag this for you.

The Roll Call Ad follows (didn't have your FAX # yesterday, but thought you would want to see this)

Teri Bergman at OCIA/DOL
693-4600



email_update-return-9-9394508@listbot.com
11/23/99 03:23:00 PM

Record Type: Record

To: Nicole R. Rabner@eop

cc:

Subject: SPECIAL ALERT

NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES

<http://www.nationalpartnership.org>

November 23, 1999

** Special Email Update Alert ** Special Email Update Alert **

LOG ON AND SUPPORT USING UNEMPLOYMENT INSURANCE!!

The National Partnership wants to alert you to two online surveys (on www.vote.com and www.womeconnect.com) that are asking Americans whether they support letting states use Unemployment Insurance to provide some income to people on unpaid Family Leave. Please take a minute to log on and show your support for helping families avert financial disaster when caregiving must come first.

The two surveys can quickly be found at

<http://www.vote.com/vote/379332>

**and **

<http://www.womenconnect.com>

The same business interests that opposed the Family and Medical Leave Act (which provides only unpaid leave) are mobilizing to prevent states from even having the option of extending unemployment insurance to working people on unpaid family leave. While these online surveys aren't representative of the entire country's views, they are often cited, so it's important to make your voice heard.

As we've reported in previous Email Updates, the National Partnership for Women & Families launched a campaign to explore innovative ways to give Americans some income when they take unpaid time off to care for new babies or sick family members. You can easily read about our Campaign for Family Leave Income at http://www.nationalpartnership.org/workandfamily/fmleave/expansion/fli_launchmain.htm

Thanks for joining our Email Update list. Please pass this information on to interested family and friends and have a safe and happy holiday!

To unsubscribe, write to email_update-unsubscribe@listbot.com

On May 24, 1999, the President directed the Secretary of Labor to develop regulations to allow States the opportunity to develop innovative ways of using the unemployment compensation (UC) program to provide partial wage replacement to parents on leave following the birth or adoption of a child. As part of this effort, the Department of Labor will evaluate the effectiveness of using the UC system for this or related purposes. A Notice of Proposed Rulemaking is being issued as the first step toward permitting interested States to experiment with methods for allowing the use of the UC program for this purpose.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 10, 1999

MEMORANDUM FOR THE CHIEF OF STAFF

THROUGH: Jacob Lew

FROM: Dan Mendelson
Don Arbuckle

SUBJECT: Definition of "Family" in OPM's notice of proposed rulemaking on expanded sick leave

On May 24, 1999, the President issued a memorandum directing OPM to propose government-wide regulations allowing Federal employees to use up to 12 weeks of paid sick leave each year for family care purposes. (Presidential memorandum attached.) OPM is now finalizing a notice of proposed rulemaking (NPRM) for publication in the Federal Register to solicit public comments. This memo, reflecting consensus of OPM, OMB, DPC, OPL, and WHC, recommends that we adopt a permissive definition of "family" in the upcoming NPRM. However, you need to be aware that this may generate criticism and might be seen as contradicting the executive memorandum.

Currently at issue is the definition of "family" used in the regulation. In the area of Federal employee leave policy, two different definitions of family are used. Under current sick leave policy, Federal employees are entitled to use a total of up to 13 days of paid sick leave each year to care for an ill family member. In this instance, "family member" is defined by OPM as any of the following relatives of the employee: spouse, and parents thereof; children, including adopted children and spouses thereof; parents; brothers and sisters, and spouses thereof; and any individual related by blood or *affinity* whose close association with the employee is the equivalent of a family relationship. Under this broad regulatory boundary, agency managers are given discretion for determining who is a "family member" - e.g., domestic partner.

By contrast, the Family and Medical Leave Act (FMLA) uses a more restricted definition of family. Under FMLA, Federal employees are entitled to a total of up to 12 workweeks of unpaid leave per year for (i) birth of a child, (ii) adoption/foster care, or (iii) a serious health condition of the employee or his or her spouse, son or daughter, or parent. In implementing FMLA, OPM must use the definition of spouse specified in the Defense of Marriage Act (DOMA). According to the DOMA, "spouse" is an individual in a marriage that is a legal union between one man and one woman.

OPM, OMB, DPC and WH staff believe that the new sick leave policy extending the number of available days an employee can take off for family care should use the same broad definition of family as in current sick leave policy. The broad definition of family would benefit

all types of families and various family members. It is also more consistent with the President's broader sexual orientation non-discrimination policies. Moreover, sticking with the broad definition would send a strong signal that the Administration remains committed to helping all types of families and family members.

There is some potential risk to using the broad definition. It might invite Congress to attempt to pass legislation that will deny or limit any new or existing leave (e.g., prohibiting the now-common practice of using donated leave for any family member). Second, using the broad definition might open a public controversy over the definition of family. Third, the broad definition might be criticized as less consistent with the executive memorandum, which implied specific family members -- spouse, son or daughter, or parent -- as beneficiaries.

While recognizing potential risks, the EOP offices and OPM involved in this discussion agree that the Administration should use the broad definition of family in the upcoming NPRM. We believe that it is a defensible interpretation of the executive memorandum, which builds on current sick leave policy. It is also consistent with the President's broader goal of eliminating "a significant barrier to caring for a family member with a serious health condition," as stated in the executive memorandum. Further, we believe that this approach is consistent with the Administration's non-discrimination policies. Finally, we believe that it is preferable to be proactive in supporting this policy, rather than being in a position where we need to respond to critical comments on a rule containing the more restrictive definition.

Please let us know if you disagree with this assessment.

Attachment

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 24, 1999

May 24, 1999

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: New Tools to Help Parents Balance Work and Family

Since I became President, my Administration has worked hard to make sure that parents have the tools they need to meet their obligations at home and at work. I am proud that the very first bill I signed into law was the Family and Medical Leave Act (FMLA). Since 1993, the FMLA has allowed millions of Americans to take up to 12 weeks of unpaid leave -- without fear of losing their jobs -- to care for a newborn or adopted child, to attend to their own serious health needs, or to care for a seriously ill parent, son, daughter, or spouse. Too many American workers, however, have been unable to take the leave they need because they simply cannot afford to go without a paycheck.

Therefore, I am taking new steps toward enabling workers to take the leave they need.

First, I hereby direct the Secretary of Labor to propose regulations that enable States to develop innovative ways of using the Unemployment Insurance (UI) system to support parents on leave following the birth or adoption of a child. In addition, I direct the Secretary to develop model State legislation that States could use in following these regulations. In this effort, the Department of Labor is to evaluate the effectiveness of using the UI system for these or related purposes. In a 1996 study conducted by the Commission on Family and Medical Leave, lost pay was the most significant barrier to parents taking advantage of unpaid leave after the birth or adoption of a child. This new step will help to give States the ability to eliminate a significant barrier that parents face in taking leave.

Second, I direct the Director of the Office of Personnel Management to propose government-wide regulations to allow Federal employees to use up to 12 weeks of accrued sick leave each year to care for a spouse, son, daughter, or parent with a "serious health condition," as that term is defined for the purpose of applying the FMLA. Currently, the amount of sick leave that can be used to care for a family member who is ill is limited to 13 days each year for most Federal employees. By enabling Federal workers to use the sick leave they have earned, we will eliminate a significant barrier to caring for a family member with a serious health condition. The use of paid sick leave under this policy will be subject to the same conditions as the use of unpaid leave for these purposes under the FMLA. In particular, the same notification and certification requirements that govern the use of unpaid leave to care for a spouse, son, daughter, or parent under the FMLA will apply to Federal employees who use paid sick leave for this purpose. I believe the Federal Government has an important role to play in setting an example for the Nation.

Finally, I direct the Director of the Office of Personnel Management to establish an Interagency Family Friendly Workplace Working Group within 90 days to promote, evaluate, and exchange information on Federal family-friendly workplace initiatives. I also direct the head of each executive department and agency to appoint a family-friendly work/life coordinator to serve as a member of this Working Group. Working Group representatives will be responsible for making sure that Federal employees are aware of the full range of options available to them to meet their personal and family responsibilities (such as alternative work schedules, telecommuting, part-time employment, and job sharing). The coordinators also will provide employees with information about child and elder care resources currently available in their communities, and establish and promote parent support groups, elder care support groups, and on-site nursing mothers' programs.

WILLIAM J. CLINTON

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