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001. paper	re: Welfare-To-Work Success Stories [partial] (2 pages)	n.d.	b(6)
002. bio	re: Welfare panel (1 page)	06/14/1996	b(6)
003. letter	Bill Clinton to Bil Bly (1 page)	07/31/1986	b(6)
004. paper	re: Welfare-To-Work Success Stories [partial] (2 pages)	n.d.	b(6)

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Initiatives August 16, 1996 - August 30, 1996

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RESTRICTION CODES

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- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

President Clinton's “America Reads” Challenge

PROPOSAL BACKGROUND

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WHY A READING INITIATIVE?

READING IS A FUNDAMENTAL SKILL FOR LEARNING AND MANY AMERICAN SCHOOL CHILDREN HAVE TROUBLE LEARNING HOW TO READ

- **In 1994, 40% of 4th grade students failed to attain the basic level of reading on the National Assessment of Educational Progress. 70% did not attain the proficient level.** [Source: NAEP 1994 Reading Report Card for the Nation and the States]
- **Although reading problems are particularly severe for disadvantaged students, they are not limited to this population.** 32% of fourth-graders whose parents graduated from college are reading at or below the basic level. Students who have difficulty reading represent a cross-section of American children. [Source: NAEP 1994 Reading Report Card for the Nation and the States]
- **If a child can't read well by 3rd grade, chances for later success are significantly diminished.** A focus on reading also can reduce the numbers of children in special education (many of whom have reading difficulties) and provide critical additional help for the 2.8 million limited English proficient students. Reading forms the strong foundation needed for school learning, self-sufficiency, responsible citizenship, and productive employment. [Source: Learning to Read Reading to Learn, National Center to Improve the Tools of Educators, U.S. Department of Education, Office of Special Education and Rehabilitative Services, Office of Special Education Programs.]
- **Students who are not reading at grade-level are very unlikely to graduate from high school.** As noted by Madden et al., "Disadvantaged third graders who have failed a grade or who are reading significantly below grade level are very unlikely to graduate from high school... and will experience difficulties throughout their school careers." [Source: Madden et al, Success For All: Longitudinal Effects of a Restructuring Program for Inner-City Elementary Schools, *American Education Research Journal*, 1993]
- **All children can learn to read at grade-level by the end of the third grade.** According to a study by George Farkas, et al., *all* children with the capability to learn -- judged to be over 95 percent of the student population -- can learn to read at grade-level by the end of the third grade. [Source: George Farkas, Jim Fischer, Keven Vicknair, Ralph Doshier, *Can All Children Learn To Read At Grade-Level By The End of Third Grade?*, September 20, 1995]
- **A focus on reading can pay off.** Our nation's 15-year emphasis on students taking higher level math and science courses is paying off in ongoing improvements in math scores. Average math SAT scores are up 7 points since 1992, to their highest level in nearly 25 years. More attention to reading can stimulate similar reading gains. [Source: NAEP 1992- Trends in Academic Progress, and College Board, 8/22/96]

EVERY AMERICAN HAS AN IMPORTANT ROLE IN HELPING ALL CHILDREN TO READ.

The evidence is clear: everyone in a young child's life has an important role in helping young children learn how to read.

- **Every parent can help --and must assume the responsibility for helping -- their children read, for example, by reading with their child 30 minutes a day.** Evidence shows that greater parental support for their child's literacy success makes a significant difference. According to a new study, *Reading Literacy in the United States*, fourth-grade average reading scores were 46 points below the national average where principals judged parental involvement to be low, but 28 points above the national average where parental involvement was high -- a difference of 74 points. Even when other factors such as parents' education were taken into account, the phenomenon remained. [Source: *Reading Literacy in the United States*, U.S. Department of Education, Office of Educational Research and Improvement, NCES-96-258]
- **One-on-one tutoring is a key component of bringing students up to reading grade-level.**

Only when a tutor provides one-to-one instruction can the level of instruction be customized to the student's current performance. Only within this format does the student receive the customized eye contact, warmth, and positive encouragement and feedback capable of providing the work incentive and concentrated time-on-task necessary to overcome the fear of failure and low self-esteem that is typical in students who are performing below grade level. [Source: George Farkas, Jim Fischer, Keven Vicknair, Ralph Doshier, *Can All Children Learn To Read At Grade-Level By The End of Third Grade?*, September 20, 1995]

- **Pre-school preparation and family involvement is widely recognized to improve student performance.** Preparing children to learn, both through parent involvement and through pre-school preparation, plays a crucial role in preventing students from falling behind. [Source: Arthur Reynolds, 1992. "Mediating Effects of Preschool Intervention." *Early Education and Development* 3:157-170.]
- **Schools can teach to high standards** and ensure that no child receives a watered-down curriculum regardless of who they are or where they live. This is particularly important in high poverty schools and why the Clinton Administration dramatically restructured the Title I program in 1994 to support the efforts of states and communities to develop effective schoolwide programs geared to high standards. In addition to improving their regular programs, schools can be supportive of a national reading effort by working with the broader community, offering facilities after school and during the summer and encouraging all of their teachers to participate.
- **Communities, public libraries, businesses, civics clubs, religious institutions, seniors, and national organizations too can play an essential role in helping reach the reading goal.** This role can include harnessing available resources, establishing connections between all members of the community, and ensuring that every parent has the information and support they need to become involved with their children. Everyone -- young and old -- also can be a reading tutor.

EVIDENCE THAT TUTORING WORKS

Research has found that tutoring results in improvements in reading comprehension, word recognition, and student attitudes towards reading.

- An analysis—conducted by Cohen, Kulik and Kulik—of 65 published studies using random assignment found significant positive effects of specific tutoring programs on targeted students. The analysis relied on measurable results, and did not take into account anecdotal reports. [Cohen, P.A., Kulik, J.A., & Kulik, C.L.C. (1982). Educational outcomes of tutoring: A meta-analysis of findings. *American Educational Research Journal*, 19, 237-248.]
- Studies have shown that the number of tutoring sessions is directly correlated with the average grade level gains associated with tutoring for first through third graders. [Farkas, G., Fischer, G., Vicknair, K., & Doshier, R. (1995). *Can All Children Learn To Read At Grade-Level By the End of Third Grade?*]
- Studies of early tutoring have concluded that the attention and feedback of one-on-one tutoring helps students overcome the psychological blocks, such as fear of failure and low self-esteem, that are associated with below grade-level reading performance. [Wasik, B. & Slavin, R. (1989). Preventing Early Reading Failure With One-on-One Tutoring: A Review of Five Programs." *Reading Research Quarterly* 28:179-200.]
- Surveys of targeted groups of students who are tutored in reading, have shown significant improvement in students' motivation to read, their self confidence as readers, and their views of their control over their reading abilities. [Lepper, M.R., & Chabay, R.W. (1988). *Socializing the intelligent tutor: Bringing empathy to computer tutors*. New York: Springer-Verlag; Topping, K., & Whitely, M. (1990). Participant evaluation of parent-tutored and peer-tutored projects in reading. *Educational Research*, 32(1), 14-32; Merrill, D.C., et al. (1995). Tutoring: Guided learning by doing. *Cognition and Instruction*, 13(3), 315-372.]
- A major British study of tutoring—conducted by Topping and Whiteley—examined the progress of 2,372 elementary and junior high students who were tutored for an average of 8.6 weeks by a mixture of parent volunteers, same-age students, and cross-age students. Learners improved at *4.4 times the normal rate in reading comprehension* and *3.3 times the normal rate in word recognition*. Four months after the end of tutoring, the average student was still improving at twice the normal rate in both comprehension and word recognition. [Topping, K., & Whiteley, M. (1990). Participant evaluation of parent-tutored and peer-tutored projects in reading. *Educational Research*, 32(1), 14-32.]
- An Ohio State Study of 10-12 Reading Recovery classes—serving students in the early grades—across a variety of schools using various strategies and training methods found that one-on-one tutoring produced more effective results than small group classes. [Reading Recovery: Learning how to make a difference. In D. DeFord, C.A. Lyons, & G.S. Pinnell (Eds.), *Bridges to literacy: Learning from Reading Recovery* (pp. 11-35). Portsmouth, NH: Heinemann.]
- In Canada, Brailsford conducted a similar study of poor reading students in grades 2-6 who received tutoring 10 minutes each day, five days a week, for 10 weeks. He found that tutored students improved at roughly three times the normal rate in both reading comprehension and word recognition. [Brailsford, A. (1991). *Paired Reading: Positive reading practice*. Kelowna, British Columbia: Filmwest Associates.]

PARENTS AS FIRST TEACHERS PROGRAMS HELP KIDS LEARN MORE

BACKGROUND: Thirty years of research show that greater parent involvement in children's learning is a critical link to achieving a high quality education for every student. Parent involvement can make a positive difference in children's learning when parents do more. Indeed, controllable home factors account for almost all the differences in average student achievement across states (Paul Barton & Richard Coley, 1992). Sometimes, however, parents don't know they have the power to influence their child's learning. For these parents, the availability of effective parent training programs is key.

Family Literacy. Recent research has demonstrated significant effects of family literacy programs during the time when families are enrolled and during the years following enrollment. Among the findings in studies conducted for the National Center for Family Literacy (July 1996):

- Families stay enrolled in the programs longer than in most adult-focused programs, and the attendance rate is higher while enrolled;
- Adults make both important and statistically-significant gains in language and math;
- Children make gains in developmental areas that are at least three times greater than expected as a result of normal maturation, and the gains are as high or higher than made by children in child-focused programs;
- The amount of literacy in the home increases;
- Children are ready to enter kindergarten as indicated by judgements of their teachers, and
- A higher percentage of adults achieve GED or high school certification than in adult-focused programs.

Parents as Teachers (PAT) was launched in 1981 as a public school system-operated program in Missouri and has been replicated in 43 other states. The program's key features include home visits, group meetings for parents, regular monitoring of children's health and developmental status, and referral to social service and other agencies when necessary. Three evaluations of PAT have shown positive results for both parents and children.

Evidence. A 1989 follow-up investigation found that at the end of first grade PAT children scored significantly higher than the comparison group on both measures of standardized reading achievement and math achievement. Sixty-three percent of parents of PAT children versus 37 percent of comparison group children requested parent-teacher conferences.

A 1991 evaluation of the PAT program that examined the impact of the program on 400 randomly selected families in 37 districts found that on measures of parents participation and children outcomes:

- Mothers with less than a high school education attended significantly more group meetings;
- Child performance at age 3 was significantly higher than national norms on measures of achievement and language ability;
- More than one-half of children with observed developmental delays overcame them by age 3.

Home Instruction Program of Preschool Youngsters (HIPPY USA) is a home-based program for parents of children four and five years old that provides parents with a two-year curriculum, lesson plans, and materials to help them teach school readiness skills to their children. HIPPY is designed to increase the parents' self-esteem and to improve their children's cognitive ability.

Evidence. Today there are 43 HIPPY sites operating in 16 states. Arkansas is deeply committed to the HIPPY program where 31 sites serve 6,000 families. The core HIPPY Program consists of home visits every other week by a paraprofessional. On alternate weeks home visits are supplemented by group meetings at a local elementary school. Parents meet together for discussions of lesson topics and parenting issues.

The MegaSkills program was adopted at Sarah Scott Middle School in Terre Haute, Indiana, as part of a broad

strategy to strengthen family members' roles in children's learning. Sarah Scott Middle School is one of two schools from among more than 100,000 public, private, and parochial schools that were invited to participate in the "Strong Families, Strong Schools Most Promising Practices" competition sponsored by Scholastic, Inc., the National Education Goals Panel and Apple Computer, Inc. The school is located in an area of moderate to low income family dwellings, and is regarded as a "safe place" by families whose children attend the school.

Evidence. Each class of 150 students was organized around the family concept. Families share a common area in the building as well as activities and an interdisciplinary core of teachers. Groups of 15-20 students were assigned to each advisory led by a caring advisors to help resolve academic and developmental concerns. The MegaSkills programs was thus introduced as a lead program with the support from the business community, school staff, and parents as a means of sustaining family involvement in children's learning, complementing other efforts undertaken by the school.

James P. Comer's program to include massive parent involvement as a means of achieving dramatic lasting gains in student academic success. In 1968, Comer and his colleagues at the Yale Child Study Center launched a long term collaboration with two New Haven schools that were 99 percent African American and almost entirely low income.

Evidence. During the first five years, both schools attained the best attendance records in the city and near grade-level performance. At the same time student behavior problems were reduced significantly. By 1984, fourth graders in the two schools scored third and fourth highest on the Iowa Test of Basic Skills.

Joyce Epstein conducted a study of student achievement of 293 third and fifth grade students in 14 classrooms in Baltimore who took the California Achievement Test in the fall and spring of the 1980-81 school year.

Evidence. Epstein found that "teacher leadership in parent involvement in learning activities at home positively and significantly influences change in reading achievement." (Epstein 1991.) Epstein also found that parents learned more about their child's instructional programs as a result of improved communications with the teacher and this had a positive influence on their children's reading achievement.

EXPANDING HEAD START TO ONE MILLION THREE AND FOUR YEAR OLDS

- **Head Start Helps Children Get Ready to Learn and Ready to Read.** For more than 30 years, Head Start has been one of our nation's best investments in helping low-income parents be their children's first teacher, and in making sure that children start school ready to read and ready to learn. Head Start provides three and four year old children cognitive, social and language development, comprehensive health services and healthy meals and nutrition. Head Start offers parents seeking to improve their circumstances and their children's chances of success parenting skills, support, education and training.
- **President Clinton's Balanced Budget Expands Head Start Participation to 1 Million Three and Four Year Olds.** Today, only 750,000 low-income children and their families -- less than half of those who are eligible -- have a chance to benefit from Head Start. Under the President's budget plan, by the year 2002, 1 million of this nation's most disadvantaged children and families will have the chance for a Head Start.

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Funding (\$ bn)	\$3.98	\$4.30	\$4.63	\$4.97	\$5.31	\$5.67
Enrollment	796,500	834,000	877,000	920,000	960,000	1,000,000

- **Head Start Works.** Research findings overwhelmingly show that Head Start works. Last year, a Packard Foundation study reviewed nearly 150 separate studies of the Head Start program and concluded that not only had the immediate impact of raising reading scores, it had the lasting effect of making students less likely to be held back a grade, less likely to be placed in special education classes, and more likely to graduate from high school. Even later in life, former participants were less likely to go on welfare or enter the criminal justice system.

The Packard Foundation: "Head Start Works.... The 144 Studies of Head Start that are reviewed in the Packard Journal point to one unassailable conclusion: Head Start -- and other early childhood programs that provide stimulating environments for learning, involve parents and link health, education and social services -- improve poor children's chances." ["The Future of Children," The Packard Foundation, 1995]

- **Parent involvement is the bedrock of Head Start.** Last year more than 800,000 Head Start parents demonstrated their commitment by volunteering in their local program. And they get a great deal in return: Head Start staff work closely with parents to help them build their skills, not only to become better parents but also to become contributing members of their community. Parents are taught the importance of reading to their children. When parents have difficulty reading, Head Start programs work with them to improve their literacy skills.
- **Family Literacy is a new priority in Head Start.** Under new standards developed by the Clinton Administration, family literacy is a new priority in Head Start -- all parents will be offered training to help them be involved in their children's education and to help them be their children's first teacher.
- **America's Reading Challenge will build on the strong foundation provided by Head Start.** After-school and summer tutoring for young school-age children and for their older siblings and parents builds on what Head Start begins. Through the Head Start Transition Initiative, Head Start programs will dedicate at least one part-time staff person to work with local school systems, parents, child care providers and other members of the community to make sure children successfully make the transition from Head Start to public school.

EXAMPLES OF CHILD LITERACY AND READING TUTORING PROGRAMS

AMERICORPS SLICE CORPS, SIMPSON COUNTY, KENTUCKY

Mike Houston, Project Director (502) 586-2804

In this program, 25 AmeriCorps members provided intensive tutoring in reading to 128 second graders. Over nine months, the students improved their reading comprehension by an average of 2.8 grade levels. One-third of the students improved by more than three grade levels. Members visit each student's home every other week to show parents their children's reading materials, update them on the child's academic progress and offer tips on how to help their children read. The key is consistency. AmeriCorps SLICE members tutor students for the entire school year.

Regarding a second grade student who entered the program as a non-reader, the classroom teacher said: "[The student] is in his second year of being tutored by a SLICE Corps member. Last year he was very shy and withdrawn. He was very adept verbally but not so at reading and writing. This year his reading is better and he really enjoys writing. He's a real worker and seems to enjoy school much more. [The student's] parents are very interested in his school progress. They are willing to come whenever you call them and they spend time working with him on his school work. He has thrived on the individual attention that only a SLICE Corps member could give him."

HILLIARD ELEMENTARY SCHOOL, HOUSTON, TEXAS

Rufus Allen, Principal (713) 635-3085

Hilliard -- a very high poverty, predominantly African American, urban school -- runs an intensive after school, weekend and summer school program. And it works. For four afternoons each week throughout the school year, six teachers and six to eight parent volunteers work with students on their reading skills -- emphasizing hands-on activities to reinforce what students learn during the day. The parent volunteers work closely with and receive training from classroom teachers. Eight Saturday mornings during the year, 125 students also participate in reading classes led by a team of teachers and parents. The students who participate in these programs also take advantage of a summer school program centered around thematic units. One special project is the creation of storybooks by and for the students.

This approach has resulted in improved reading scores for the school over the past five years. In the spring of 1995, 80 percent of Hilliard third graders met the state's expectations on the state assessment in reading, an increase from 20 percent five years prior.

BELMONT COMMUNITY SCHOOL, WORCHESTER, MASSACHUSETTS

John Monfredo, Principal (508) 799-3588

According to Principal John Nonfredo, Belmont Community School is a reading school. "We sell a product at our school and that product is reading." The school, 95% of whose students receive free or reduced lunch, has instituted a schoolwide reading initiative -- Books and Beyond -- intended to build the skills and the desire of every child to read. From the morning announcements to the after school program, it does what it can to make sure this happens.

For example, sixty students attend an after school program that runs three days a week with the help of college student volunteer tutors. Special workshops introduce the parents to children's literature and to the school library, where they are welcome to check out books to read with their children at home. A school staff member also works with the parents on how to read with their children. The school participates in the Books and Beyond kick-off rally and an end-of-the-year celebration that emphasize the parent partnership. Every Friday, volunteers from all walks of life--parents, business people, police officers, fire fighters--come to the school to read to the students. The school holds a family literacy night, a Read-A-Thon, where students, sometimes in their pajamas, gather with their families in the school courtyard to read. Since the launching of this initiative, reading scores at the school have continued to improved. So too has parental involvement and volunteer participation. Most important, reading has become fun.

READING ONE-ONE, RISD ACADEMY, RICHARDSON, TEXAS

George Farkas, University of Texas (214) 883-2937

Through a partnership with the University of Texas at Dallas, RISD Academy offers a one-on-one tutoring program to its at-risk students in grades 2-6, many of whom are limited English proficient. The tutors -- college students and community volunteers -- are carefully trained in the tutoring curriculum and closely supervised by on-site tutor coordinators. They engage students in a variety of activities during their forty-minute sessions. The program stresses consistency: each student works with no more than two tutors three to four times a week during the school year.

Students make very large positive gains through the program -- on average, one grade level in reading ability over the course of a semester of tutoring through this program. In fact, survey results of teachers and parents showed that 88% of the teachers and 95% of the parents thought reading skills had indeed increased. 95% of parents thought their child's interest in reading had increased and 97% thought their child's interest in attending school had increased. As one 4th grade teacher remarked "I'm very impressed with the program. I am so impressed with one student's turn around, I withdrew his referral to Special Education testing... My students love going and more want to go!"

REACH OUT AND READ PROGRAM, BOSTON CITY HOSPITAL, BOSTON, MASSACHUSETTS

Kathleen Fitzgerald Rice, Co-Director (617) 534-4765 or
Perri Klass, Co-Director (617) 534-5701

Physicians at Boston City Hospital saw both the need and the opportunity to work on literacy with their patients, namely young children from impoverished families. In 1989 they launched the Reach Out and Read Program to meet those needs by integrating literacy development into regular pediatric care for children ages 6 months to 6 years. The Reach Out and Read Program is co-directed by a pediatrician and early childhood educators and has three components. In the clinic waiting room, community volunteers read to the children, engaging their interest while modeling book-related interactions for the parents. In the examining room, the doctor looks at a book with the child, assessing the child's developmental progress and sharing it with the parent present. At the end of the visit, the child receives a new book to take home. This gift conveys the importance of reading to both the child and the parent. ROR has big plans to expand their project, first to 10 other Boston area neighborhood health centers and then nationwide. A parent commented on the program's effect on her daughter: "I know that by keeping her nose in books, she's going to be a reader. If she's a reader, she could be a writer. She could be a doctor. She could be anything!"

CABRINI-GREEN TUTORING PROGRAM, CABRINI-GREEN HOUSING DEVELOPMENT, CHICAGO, ILLINOIS

Phoebe Zoe Kessler, Program Coordinator (312) 467-4980

The only one-to-one scholastic tutoring organization working with young kids in the Cabrini-Green area, it serves 500 kids a week and has 480 volunteer tutors. The program operates three nights each week from 5:30-7pm. Kids are tutored for grades K-6, then graduate and can become Junior Assistants who help volunteers and program staff, peer-tutor younger kids, and help run the library, art, and resource areas. All tutors are volunteers and most are professionals who work in nearby downtown Chicago. Parents also volunteer in the program. All tutors go through a training and orientation session, take a tour of the program, speak with program coordinators and veteran tutors before beginning work, and attend three additional workshops each year. Through its 2-year relationship with Reading is Fundamental, the program distributes books for the kids, tailored to their individual tastes, to take home and to keep. Books are also distributed in conjunction with other events. The program is 31 years old, and its participants often bridge generations of the same families.

All funding is private and the program relies heavily upon donations. Last year, for example, Scottie Pippen of the Chicago Bulls ran a RIF fund-raiser for the program which raised \$40,000 that is paying for 2 new computers and a library up-grade. The program has only two paid staff members, with the rest of the costs arising from school supplies, buses for field trips, nightly snacks, and other needed materials.

JACKSON, TENNESSEE TUTORING PROGRAM

Jim England (901) 427-9666

In Jackson, Tennessee, 10 churches have already joined forces with 11 public housing projects to ensure the reading success of the city's children. Currently, 250 church members tutor 350 children, mostly elementary students, throughout the city. While the churches design their own programs in accord with their talents and physical facilities, all of the students have progress charts that follow them from church to church as they move. Volunteers use the local district's "Lesson Line" to communicate with teachers, parents, and other tutors and coordinate with the school during the school year. Among those pitching in are local supermarkets and businesses who have shown their support by donating food for the program. According to one of the organizers, the program is entirely volunteer and the cost is negligible. Many students and families report that this tutoring program has made a major difference in their lives. Because of the project's initial success, 12 other churches are joining the project in the coming year.

PILOT TUTORING PROGRAMS, CAMBRIDGE, MASSACHUSETTS

Jerome Kagan, Professor, Harvard University (617) 495-3870

In this pilot tutoring program, senior citizen volunteers, many of them former teachers, tutor at-risk first graders three times a week in forty-five minute sessions -- with significant results. Paid, early childhood educators provided tutors with training, prior to and during their service. Through daily tutor logs, training sessions, and tutor observation, the educator trainers worked closely with the tutors. Tutors made a special effort to assess initially the skills, needs, and talents of their students, a diverse group of African Americans, Whites, Haitians, and Asians. One of the student's classroom teacher remarked: "[The student's] frustration level changed, he learned to focus, how to handle a book, felt he was a reader, learned he is an okay kid, learned beginning skills and to like books." The program showed significant results on the reading of both words and text. Sixty three percent of the tutored students showed major gains in reading text compared with only 30 percent of the control group; 63 percent of the tutored students gained in a major way in reading words compared with 10 percent of the control groups. The program was equally effective for children who spoke English as their first language and bilingual children learning to read English.

EARLY IDENTIFICATION PROGRAM, READING COMMUNITY CITY SCHOOL DISTRICT, READING, OHIO

Bob Stark, Coordinator of Special Services, Cincinnati, Ohio (513) 483-6739

51 trained parent volunteers work one-on-one with 79 kindergarteners, over half of the kindergarteners in the district, who enter the program based on measurements of their pre-literacy skills as well as the recommendations of their teachers and parents. During the 1995-1996 school year, scores of students participating in the program increased 29.8 points in visual perception, 19.2 points in fine motor skills, and 19.3 points in basic language concepts. In contrast, students not participating in the program had gains of 5.4 in visual perception, .3 in fine motor skills, and 7.4 in basic language concepts. Since its inception in 1987, the program has served 871 children with 9,425 hours of volunteer service. Tutors and students meet four times a week in personal sessions that make use of a variety of methods intended to build pre-literacy skills. This program seeks to set the foundations for literacy before these at-risk students fall behind in their reading skills. Teachers note that by the end of the kindergarten year, the academic performance of program participants nearly matches that of the children who did not participate in the program.

URBAN LEAGUE, DETROIT

Angela Eason, Director (313) 863-0300 Ext. 241

125 children, ages 5-10, participated in this summer Read*Write*Now program which focused on improving computer and literacy skills. High school students received a stipend to mentor the younger kids who got prizes (i.e. Pizza Hut coupons, etc) for meeting their reading goals. Participants were pre- and post-tested and scores improved significantly

Tabulated test stats and description of program information should be here by Monday. this seems to be a very promising design.

GROWING TOGETHER, WASHINGTON, D.C.

Teresa Knudson, Executive Director (202) 882-5359

100 students, referred by twelve area schools, receive tutoring six days a week after school and during the summer. 90 percent of the students show substantial improvement and an increased rate of learning. After tutor training, community volunteers work one-on-one with students under the expertise of an experienced teacher/tutor. Through the program, parents also may get counseling on how to best help their children. While tutors work with the students on reading skills, they also help students set their own academic goals. The program boasts widespread community support and involvement. One local elementary school principal praised the program as follows: "... our children benefited tremendously from your program. Academic progress is quite evident. Our teachers, parents and counselors commend your effort and dedication. Growing Together is definitely a valuable asset to the community."

PARENTS AS FIRST TEACHERS EXAMPLES

MISSOURI PARTNERSHIP FOR PARENTING ASSISTANCE LITERACY INVESTMENT FOR TOMORROW (LIFT), ST. LOUIS, MISSOURI

Diana S. Schmidt, Executive Director, LIFT, (314) 421-1970

The Missouri Partnership for Parenting Assistance (MPPA) is a broad based statewide parent education and assistance program that includes an early childhood component under Missouri's Parents as First Teachers Program, a school-age component under Parent Link and a family literacy component under the auspices of LIFT (Literacy Investment for Tomorrow). Launched in 1981 in Missouri and now replicated in 43 states nationwide, the key features of Missouri's Parents as First Teachers (PAT) Program include home visits, group meetings for parents, regular monitoring of children's health and developmental status, and referral to social service and other agencies when necessary. To enhance parents' ability to nurture and teach their children, PAT services are expanding, with a special focus on reaching more high need families, expand the program to 3-5 year olds in addition to those ages 0-3, and assisting families whose children move from preschool to school. Three evaluations of PAT has shown positive results for both parents and children. In addition to expanding its Parents as First Teachers Program, the MPPA is also establishing two new Family literacy centers to offer adult education, parenting classes, and Parent as Teacher services. Parents across the state will also have greater access to parenting materials, resources and curricula through the expansion of Parentlink and the 1-800 information line.

MEGASKILLS TEACHING PROGRAM, HOLYOKE, MASSACHUSETTS.

Pauline Carriere, Director, (413)534-2011

Parents meet one evening each week for eight weeks (one session in the Fall, one session in the Spring) to receive instruction in the Megaskills teaching program developed by Dorothy Rich of the Home and School Institute, Inc. Childcare is provided and sessions are conducted in English and Spanish by four Megaskills-certified instructors. Sessions usually serve 20-30 parents (enrollment peaks in the Fall). One half hour of each one hour session is devoted to small group discussions led by the instructors. The goal is to improve the parent's own literacy skills and to provide them with the means and the confidence to supplement their children's learning at home. Parents are given books and activities to take home and use with their children. For many parents this will be their first experience working alongside their children. The program is widely praised by parents and their evaluations of the program which they complete after each session are very positive.

MILWAUKEE AREA WRITING PROJECT, MILWAUKEE, WISCONSIN

Director, James Vopat, (414)547-1211

Responding to the thirty years of research showing the importance of parental involvement both at home and at school in a child's school success, the goal of the Milwaukee Area Writing Project is clear: increasing parental involvement, building a bridge between parents and teachers, and focusing on improving the achievement of children. The program -- begun 8 years ago with a grant from the Joyce Foundation -- is now in 8 schools in the Milwaukee area and 10 schools in the Chicago. Teachers and Parents meet in weekly workshops where they discuss the literacy work being focused on during the school day and develop a home "application" that parents can use to work with their children at home. The parents try to use the application (ie., journals etc..) during the week and discuss its success in the workshop the following week. Groups meet weekly for 6 weeks, then monthly. The program tries to identify and recruit committed parents who can serve as group co-leaders.

The Program has been able to document its impact through data on attendance, referrals, and performance on state-testing. In Beloit, Wisconsin, for example, by the end of the first year of the program, parent involvement had increased 128%. In the Hi-Mount Elementary School, Dr. Jerome Blakemore of the University of Wisconsin-Milwaukee found that there was a 66% reduction in school suspensions for children of project parents and an 82% reduction in behavioral problem referrals. Tardiness reports for children whose parents were involved in the program declined almost 400% (from 110 during the first marking period to 28 during the final marking period).

PARENTS FIRST, NASHVILLEREAD, NASHVILLE, TENNESSEE

Marilyn Tucker, (615) 255-4982

The success of NashvilleREAD's mission comes from its mobilization of the public and private sectors in support of greater literacy services for parents and adult, workplace, and family-based education. For example, the Parents First project, part of the overall effort, has brought together the Nashville Metropolitan Public Schools, the United Way of Middle Tennessee and the corporate sector, as well as a dozen of other partners, to serve families in metropolitan Nashville and Davidson County as well as the four rural middle Tennessee counties of Robertson, Dickson, Wilson, and Rutherford. The project provides parents with information and materials that enhance their efforts to teach and nurture their children and facilitates parent-to-parent communications through computers statewide, the 1-800 HELP LINE, newspaper articles, and parenting fairs. The project also provides training and support for parents that increase their parenting skills and ability to engage their children in home-based learning activities, and provides training for educational personnel in Head Start, Family Literacy, and compensatory education programs. Nashville Reads serves as a Goals 2000 Parent Information and Resource Center.

TWILIGHT SCHOOLS, ELK GROVE UNIFIED SCHOOL DISTRICT, CALIFORNIA

The Twilight program -- based in four Elk Grove elementary schools located in high poverty urban and rural neighborhoods in Sacramento (CA) County (where over 50 languages are spoken) -- focuses on the entire family to improve students academic achievement. The program provides after-school workshop training and learning programs for parents as well as their children ages pre-K through 12 grade. The program is three nights each week and three hours a night. 700 children attend the program each night. Key academic components include a preschool program and a homework tutoring center. Parents receive training in family literacy, GED preparation, and English as a second language, and child development. In addition, parent workshops are offered on topics such as nutrition for your child, parenting skills, the job search, reading strategies for the home, family math, and car and bicycle safety. They also serve as volunteers in the Twilight program's preschool component. All parents who participate in the twilight program report improvement in their students' work. CAT-S scores also have improved.

EVEN START FAMILY LITERACY PROGRAM, SALEM, OREGON

Laurie Cardle, (503) 399-4678

Located at the Family Resource Center at Chemeketa Community College, Salem-Keizer's Even Start program serves families with children from birth to age 8. As other Even Start programs, the program has three interrelated goals, to help parents become full partners in the education of their children, to assist children in reaching their full potential as learners, and to provide key literacy training for parents. To meet these goals, Salem-Keizer's Even Start offers participants a variety of workshops, parenting and parent education classes, support groups and child care. From Monday to Thursday every week, for example, participating mothers and their children attend 26 hours of classes; 18 hours of ABE classes at the college, four hours of parent education/parent support in the resource room, and four hours of PACT Time during which parents and children engage in interactive learning activities together. The instructors work to prepare parents to move into other education and training programs and make referrals to the college's job search center. In the first national evaluation of Even Start, children in this Even Start program showed gains that exceeded national norms on the "required two child testings" and parents also made gains on the GED math and reading tests. Parents also had considerable success in reaching the goals they established for themselves.

PRESIDENT CLINTON'S WELFARE-TO-WORK JOBS CHALLENGE

Providing Opportunity For All, Demanding Responsibility From All

"This is not the end of welfare reform, this is the beginning. And we have to all assume responsibility. Now that we are saying with this bill we expect work, we have to make sure the people have a chance to go to work."

-- President Bill Clinton

PRESIDENT CLINTON BEGINS THE PROCESS OF MOVING PEOPLE FROM WELFARE TO WORK.

The goal of welfare reform is to move people from welfare to work and President Clinton is committed to ensuring that there are job opportunities for welfare recipients. President Clinton is proposing a Welfare-To-Work Jobs Challenge -- a three-pronged \$3.4 billion initiative to create job opportunities for the hardest-to-employ welfare recipients. This initiative is fully paid for with the elimination of corporate subsidies: not one penny of this challenge is paid for with savings from welfare reform. The three components of the Welfare-To-Work Jobs Challenge are:

1. **TARGETED WELFARE-TO-WORK TAX CREDIT.** Building off of the Work Opportunity Tax Credit (WOTC) -- signed into law by President Clinton on August 20, 1996 -
- President Clinton proposes a targeted Welfare-To-Work Tax Credit to create new job opportunities for long-term welfare recipients. This proposal costs \$383 million.
 - **New Tax Credit To Help Move People From Welfare To Work.** The targeted Welfare-to-Work Tax Credit would enable employers to claim a 50 percent credit on the first \$10,000 of wages for long-term welfare recipients, claim this tax credit for up to two years, and treat employer-provided education and training assistance, health care, and dependent care spending as wages.
 - **Expanded Work Opportunity Tax Credit.** The Work Opportunity Tax Credit -- which is currently funded through the end of September 1997 -- would be expanded to include adults age 18 to 50 who are no longer eligible for food stamps because they did not satisfy the work requirements under the welfare reform bill.
2. **TAX INCENTIVES TO INCREASE INVESTMENT IN DISTRESSED AREAS.**
President Clinton has a comprehensive strategy to increase investment in distressed communities. Today, President Clinton expands on his strategy to propose a new tax credit to investors in qualified community financial institutions and venture capital funds.
 - **CDFI Initiative.** The Community Development Banking and Financial Institutions Act of 1994 created a Federal CDFI Fund to provide grants, loans, and technical assistance to qualifying lenders. Today, President Clinton proposes to provide nonrefundable tax credits to equity investors in qualified CDFIs. This proposal will cost \$48 million between FY 97 and FY 2002. Currently, the CDFI Fund has \$45 million in assistance to provide to various qualified institutions. President Clinton's balanced budget proposes to expand the CDFI Fund to \$125 million next year, and continue to increase it each year thereafter.

- **Empowerment Zones/Enterprise Communities.** In his current balanced budget, President Clinton proposed a second round of Empowerment Zones (EZs)/Enterprise Communities (ECs) that would designate 20 additional EZs (15 urban, 5 rural or Indian nation) and 80 ECs (50 urban, 30 rural or Indian nation). For EZs, the Federal government provides tax benefits for businesses that set up shop, and grants to community groups for job training, day care, and other purposes. For ECs, the Government provides grants to community groups for the same array of purposes. EZs and ECs both can apply for waivers from Federal regulations, enabling them to better address their local needs.
- **Brownfields Initiative.** Yesterday, the President called for an expansion of the Brownfields initiative by increasing EPA grants to communities for site assessment and redevelopment planning, and support for revolving loans to finance brownfields cleanup efforts at the local level. In his 1996 State of the Union, President Clinton challenged Congress to enact a Brownfields tax incentive which would provide incentives to businesses to clean up abandoned, contaminated industrial properties in distressed communities.

3. **WELFARE-TO-WORK JOBS INITIATIVE.** President Clinton's Welfare-To-Work Jobs Initiative is designed to help communities move one million of the hardest-to-employ welfare recipients into jobs by the year 2000. This proposal will cost \$3 billion over three years.

- **Targeting Long-Term Recipients.** Funds will be targeted to areas with the basis of hard-to-employ welfare recipients. Funds will flow through state governments, but the proportionate share of the funds will flow automatically to the 100-150 cities -- and where appropriate counties -- with the largest number of long-term welfare recipients. These cities (and counties) would be required to coordinate their plans with the States. States will receive and directly administer funds for all other cities and localities.
- **Flexibility.** The emphasis of this initiative is to provide assistance to help create new job opportunities in the private and non-profit sectors for long-term welfare recipients. State and localities, however, would be granted maximum flexibility to develop job creation strategies -- including, where appropriate, in the public-sector. There will be strict anti-displacement provisions and all jobs would be covered by the Fair Labor Standards Act and all other relevant labor laws.
- **Performance and Accountability.** This initiative will *only* provide full funding upon a showing of successful placements of the target population into jobs lasting at least nine months. The funds used by states and localities would go to assist employers -- who would also be eligible for using the targeted Welfare-to-Work Tax Credit -- to create lasting job opportunities for long-term welfare recipients. And the states or localities, working with employers, would have to show that for each \$3,000 they receive one long-term welfare recipient is being placed in a new job that lasts at least nine months. To ensure accountability, 25 percent of the funds will be withheld until there is a substantial showing that the new job opportunities promised are being delivered.
- **Building On What Works.** This initiative relies on proven job creation/job placement models, such as the San Jose Center for Employment and Training (CET), which provides highly structured basic education, skill training and work experience leading to job placement in the private sector; America Works, a successful private job placement firm for hard-to-place recipients in New York, Indiana, and Connecticut; and the welfare-to-work program in Riverside, California, which provides intensive job search and private sector job placement to move recipients into jobs as quickly as possible. Local communities could also focus on creating jobs through cleaning up the environment such as under Brownfields programs and rebuilding communities through housing redevelopment programs such as YouthBuild, or expanding child care opportunities so there are new jobs for welfare recipients and a place for their children if they find other work.

THE TARGETED WELFARE-TO-WORK TAX CREDIT

TARGETED WELFARE-TO-WORK TAX CREDIT -- EXPANDING NEW JOB

OPPORTUNITIES. Building off of the Work Opportunity Tax Credit (WOTC) -- signed into law by President Clinton on August 20, 1996 -- President Clinton proposes a targeted Welfare-To-Work Tax Credit to create new job opportunities for those on welfare for at least 18 months.

- **A \$5,000 Tax Credit For Businesses That Create New Jobs For The Hardest-To-Employ Welfare Recipients.** The targeted Welfare-to-Work Tax Credit would enable employers to claim a 50 percent credit on the first \$10,000 of annual wages paid to long-term welfare recipients. The business could claim this tax credit for up to two years, and would be able to treat education and training assistance, health care, and dependent care expenditures as eligible wages.
- Long-term welfare recipients are defined as (1) members of families that have received family assistance (AFDC or its successor program) for at least 18 consecutive months ending on the hiring date; (2) members of families that have received family assistance for at least 18 months after the date of enactment and who are hired within two years of the time the 18-month total is reached; and (3) members of families who are no longer eligible for family assistance because of Federal or state time limits and who are hired within two years of the date that they become ineligible for family assistance.
- **President Clinton Proposes To Expand The Work Opportunity Tax Credit.** When President Clinton signed the minimum wage increase into law, he also signed into law a reformed tax credit to encourage businesses to hire economically disadvantaged workers -- the Work Opportunity Tax Credit. President Clinton proposes to expand this tax credit to adults age 18 to 50 who are no longer eligible for food stamps under the new welfare reform bill.
- **The Work Opportunity Tax Credit.** The Work Opportunity Tax Credit will enable employers to claim a 35 percent credit on up to \$6,000 of first-year wages paid to a qualifying individual. This credit is effective October 1, 1996 and expires on September 30, 1997. Members of families receiving welfare assistance for more than 9 months; qualified veterans; qualified ex-felons; 18-24 year olds who live in an Empowerment Zone or Enterprise Community; vocational rehabilitation referrals; qualified food stamp recipient who are 18 to 24 years old and a member of a family receiving food stamps for a six-month period; and qualified summer youth employees.
- **President Clinton Proposes To Expand The Work Opportunity Tax Credit -- To Create More Opportunity And More Jobs.** President Clinton's proposal would expand the Work Opportunity Tax Credit to include adults age 18 to 50 who are no longer eligible for food stamps because they did not satisfy the minimum work requirements under the Welfare Reform Act of 1996.

TAX INCENTIVES FOR COMMUNITY DEVELOPMENT: PRESIDENT CLINTON'S CDFI INVESTMENT INITIATIVE

PRESIDENT CLINTON ANNOUNCES NEW TAX INCENTIVES TO INCREASE INVESTMENT IN DISTRESSED AREAS. In his current balanced budget, President Clinton proposes to more than double than the current Community Development Financial Institution (CDFI) Fund. Today, President Clinton announces a new tax credit to investors who are investing in community development institutions and venture capital funds. These initiatives -- along with the second round of Empowerment Zones and Enterprise Communities and President Clinton's Brownfields initiative -- should help leverage billions of dollars of private-sector investment in community development and distressed areas.

- **Expand The CDFI Fund to \$125 Million Next Year.** Currently, the CDFI Fund has allocated \$45 million in assistance to qualified community development institutions, even though it received applications for over \$300 million this year. Now, President Clinton proposes to nearly triple the CDFI Fund next year, increasing it to \$125 million as part of the FY 1997 Budget.
- **Create Tax Incentives to Increase Investment in Distressed Areas.** This initiative will provide \$100 million in nonrefundable tax credits that would be made available to the CDFI fund to be allocated among equity investors in community development banks and venture capital funds..
 - **Allocation.** The allocation of credits would be determined by the CDFI Fund using a competitive process similar to the one used to allocate the \$45 million in assistance. The maximum amount of credit allocable to a particular investment would be 25% of the amount invested, though a lower percentage could be negotiated. The full credit would be available the year the investment is made.
 - **How Does It Work?** The investor's tax basis in the equity interest would then be reduced by the amount of the credit -- having the effect of increasing any capital gain, or reducing any capital loss -- in the event the investor sells the interest in the CDFI. In order to ensure long-term investments, the credit would be recaptured if the investment is sold or redeemed within 5 years.

PRESIDENT CLINTON'S CDFI INITIATIVE IS DESIGNED TO EXPAND THE AVAILABILITY OF CREDIT, INVESTMENT CAPITAL, AND FINANCIAL AND OTHER DEVELOPMENT SERVICES IN DISTRESSED URBAN AND RURAL COMMUNITIES.

- The President's historic reform of the Community Reinvestment Act has already focussed the nation's major banks and thrifts on performance rather than paperwork and thereby unleashed billions of dollars in private capital to help rebuild low and moderate-income communities throughout the country.
- In 1994, President Clinton signed the Community Development Banking & Financial Institutions Act which created the CDFI Fund. The Fund is designed to expand the availability of credit, investment capital, financial services, and other development services in distressed urban and rural communities. The CDFI Fund provides grants, loans, and technical assistance to qualifying financial institutions.
- CDFIs include a wide range of financial institutions -- community development banks, and venture capital funds, community development credit unions, community development loan funds, and microenterprise loan funds. CDFIs provide such services as mortgages for first-time homebuyers, commercial loans and investments to start or expand small businesses, loans to rehabilitate rental housing, and basic financial services.
- In July, out of nearly 270 applications, 31 community development organizations were chosen to receive \$35.5 million in financial and technical assistance. These funds are expected to leverage at least \$350 million in private lending and investment in distressed communities.

WELFARE-TO-WORK SUCCESS STORIES

THE CENTER FOR EMPLOYMENT TRAINING -- San Jose, CA

- Founded in 1968, the Center for Employment Training (CET) provides 3-6 months of occupational skill training to disadvantaged adults and youth.
- Two separate studies have confirmed that *CET dramatically raises participants earnings* -- the Minority Female Single Parent demonstration, conducted by Mathematica Policy Research and the JOBSTART demonstration, conducted by the Manpower Demonstration Research Corporation (MDRC).
 - ▶ The Mathematica study concluded that by the fourth quarter after program entry, *CET had large positive impacts on the proportion of participants who were working, their monthly earnings, and their hourly wages*. Five years after beginning the program, women who had enrolled in the program earned 16% more than a control group.
 - ▶ The MDRC study concluded that *CET's impacts on earnings totaled more than \$6,000 in the final two years of follow-up*. [George Cave et. al., "Jobstart: Final Report on a Program for High School Dropouts," MDRC, Oct. 1993.]
- CET is exceptional in its strong ties to the private sector. Instructors all have private sector experience in the fields they are teaching; training is conducted as if it were a private sector workplace; and all training is geared toward private sector placement. An industrial advisory board consisting of area employers is set up to assist in the selection of skills in which training will be offered and review curricula.
- Training is in medium-paying technical jobs such as shipping and receiving, building maintenance and automated office work. Participants start occupational training immediately on entering the program. Since there are no entry requirements, some CET entrants have difficulty with reading or math. They receive individual assistance in conjunction with their occupational skills training.
- Because of its strong record, CET has become the model for the Department of Labor's efforts to restructure job training programs for out-of-school youth. Currently, CET has been replicated with the Department's support in ten cities across the country (New Haven, CT; Chicago, IL; Baltimore, MD; Piedmont, NC; Orlando and Ft. Lauderdale, FL; Newark and Camden, NJ; Newport News, VA; and New York, NY). Replication will soon begin in five other cities.

Contact: Max Martinez
800-533-2514, 408-287-7924
701 Vine Street
San Jose, California 95110

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RIVERSIDE GAIN PROGRAM -- Riverside, CA

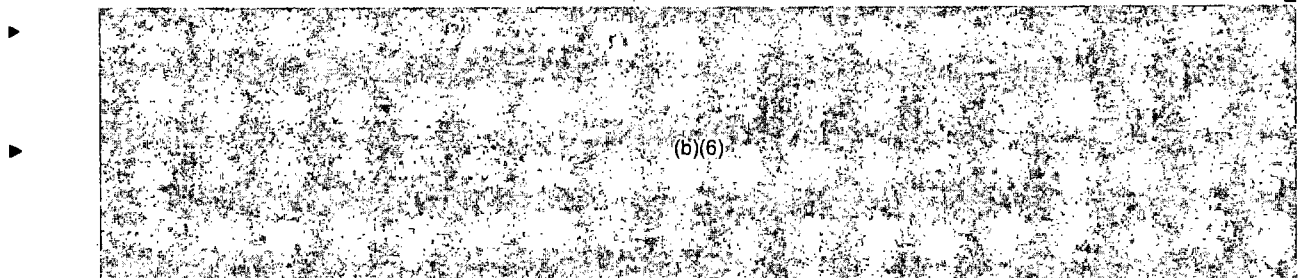
- Participants in the Riverside GAIN program -- long-term welfare recipients -- *increased their annual earnings by over 40%*, according to a study by the Manpower Demonstration Research Corporation. The program returned \$2.84 for every dollar spent on it. [James Ricco et. al., "GAIN: Benefits, Costs and 3-year Impacts of a Welfare-to-Work Program," MDRC, 1994.]
 - ▶ Key factors in Riverside's success include a strong emphasis on finding employment, a balance between basic education and job search assistance, and sufficient resources and community support to extend participation to all eligible welfare recipients.
- While Riverside was the most successful program, the five other California GAIN program sites studied also produced gains in earnings and employment for long term welfare recipients, although their results were more modest.
- Riverside is a large county in southern California encompassing both urban and rural areas. The program enrolls a broad cross-section of the county's welfare population. Over 60 percent of enrollees are in need of basic education. Most are minorities.
- Riverside emphasizes job placement. In part this is achieved by assigning case managers job placement standards. Supervisory units and district offices are assigned job placement goals as well, culminating in a county wide goal. Job placement effectiveness is an important factor in staff evaluations.

Contact: Larry Townsend
County Welfare Director
909-275-3300 (GAIN)
909-358-3000

WOMEN'S SELF-EMPLOYMENT FUND (WSEP) -- Chicago, IL

- The Women's Self-Employment Fund (WSEP) is a non-profit financial services and entrepreneurial training program that helps low and moderate-income women become economically independent through self-employment.
- WSEP offers women twelve weeks of entrepreneurial training during which they must produce a realistic business plan to begin a small or micro business, also called a microenterprise. Following training, the "graduates" have access to a revolving loan fund offering \$100 to \$25,000 in capital to actually begin their micro businesses. Women's welfare benefits are not reduced until they earn enough money from their business to move off of welfare. The fund has distributed over \$1 million in small, short-term loans and provided business tools and information to over 5,000 women.

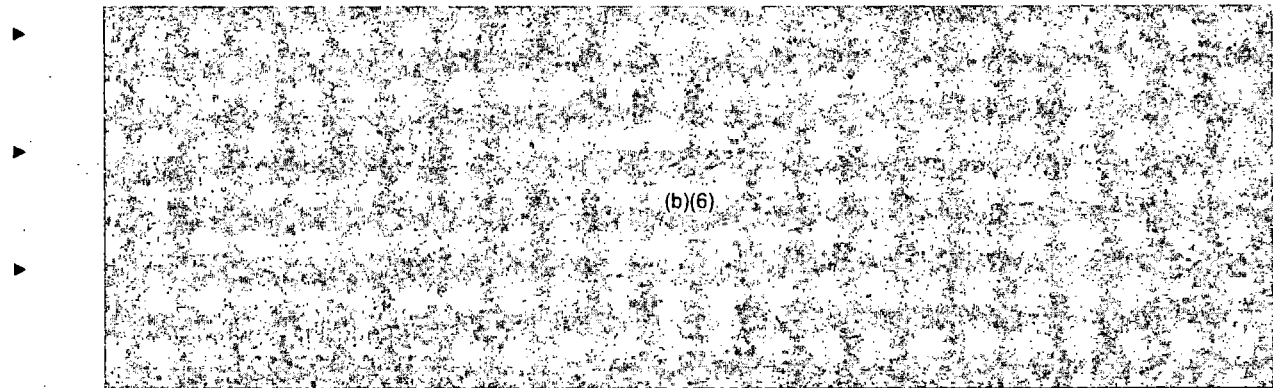
Goodwill Job Connection Success Stories



AMERICA WORKS – New York, NY, Indianapolis, IN, & CT

- America Works is a for-profit placement and support organization that has placed more than 10,000 welfare recipients in full-time private sector jobs. Recipients are placed in permanent jobs, at an average wage of \$16,000 per year, including health benefits.
- America Works typically charges a state about \$5,400 per placement, and is paid in full only once a recipient is placed and remains in an unsubsidized job for seven months. The state of New York found that 81 percent of those placed by America Works are still off the rolls after two years.
- Prof.'s Steven Cohen and William Eimicke of Columbia University confirmed the program's effectiveness in their study, "Assessing the Cost Effectiveness of Welfare to Work Programs: A Comparison of America Works and Other Job Training Partnership Act Programs".

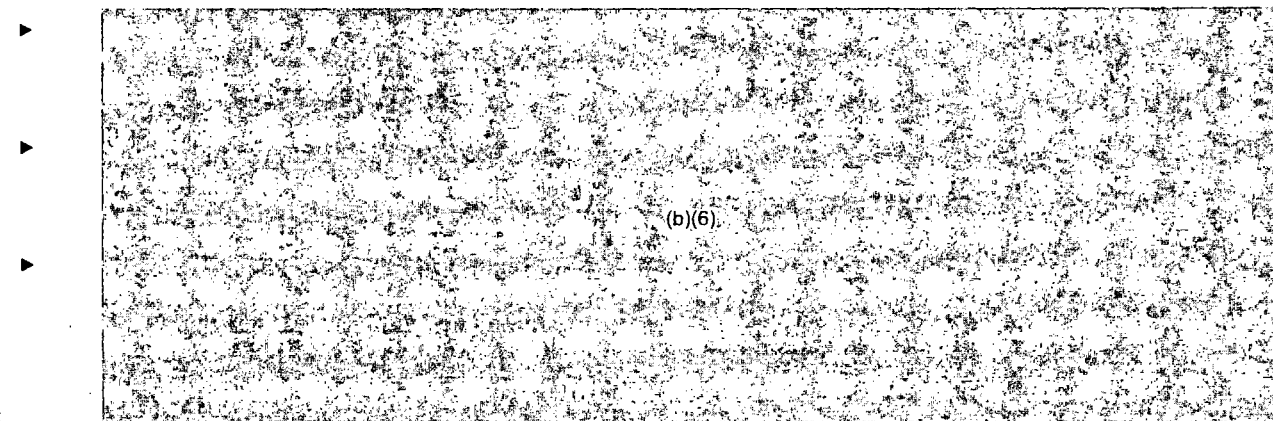
America Works Success Stories



THE GOODWILL JOB CONNECTION – Sarasota, FL & Lafayette, LA

- Founded in 1987, the Goodwill Job Connection offers job placement and support services to chronically unemployed members of the Sarasota and Lafayette communities.
- The Goodwill Job Connection spends about \$1,500 per job placement. In its nine years, it has placed more than 1,000 people in jobs. Goodwill works to build relationships with local employers and, after providing its clients with basic job readiness and on-the-job work skills, places them permanently into unsubsidized jobs and offers follow-up support to make sure they stay employed.

Goodwill Job Connection Success Stories



PRESIDENT CLINTON'S NEW TARGETED HOME OWNERSHIP TAX CUT

Current Law:

- Home sales are subject to the capital gains tax, but the gain can be deferred through the purchase of a new home of equal or greater value.
- Taxpayers over 55 can take a 1-time exclusion of up to \$125,000 of gain from the sale of their home.
- Thus, under current law, home owners must maintain records of the cost of their home and any improvements they make in order to compute their gain when the home is sold. In addition, they generally must buy more expensive homes to avoid incurring income tax liability on the sale.

President's Proposal:

- **Excludes up to \$500,000 in gain from the sale of a home from the capital gains tax.** (Single taxpayers could exclude up to \$250,000.) The \$500,000/\$250,000 exclusion would replace both the exclusion for taxpayers over 55 and the deferral for purchasing a more expensive home, and would be available once every two years. The change would be effective January 1, 1997.
- **Exempts over 99% of home sales from the capital gains tax, dramatically simplifying taxes and record keeping for more than 60 million home owners.** Among those who will benefit are:
 - Older couples selling their home for retirement income or to move to a smaller apartment with a gain exceeding the current \$125,000 1-time exclusion because they owned their home for years.
 - Middle class families changing jobs and moving to communities with lower housing costs.
 - Inner city and rural communities with low housing costs, which will now be more attractive.
- **Costs \$1.4 billion from FY96-2002, and is completely paid for within the President's CBO-certified balanced budget plan with savings from the specific new offsets proposed on 8/27/96.**

Examples of Families Benefiting from the President's Proposal

	Family Moving to Lower Cost Area	Older Couple Moving to an Apartment
House Sale Price	\$180,000	\$220,000
Cost of House & Improvements	\$150,000	\$45,000
Gain Realized	\$30,000	\$175,000
Cost of Replacement House	\$140,000	NA
1-Time Exclusion for Over Age 55	NA	\$125,000
Gain Recognized	\$30,000	\$50,000
Capital Gains Tax Owed Under Current Law (at 28% rate)	\$8,400	\$14,000
President's Proposal: Capital Gains Tax Owed	\$0	\$0

PRESIDENT CLINTON IS MAKING THE DREAM OF HOME OWNERSHIP A REALITY

President Clinton has put forward a comprehensive strategy to expand home ownership and reach the goal of enabling 8 million more families to become home owners by the year 2000:

1. Made Homes More Affordable With Lower Mortgage Rates and a Stronger Economy.

Experts agree that President Clinton's 1993 Deficit Reduction Plan has helped make homeownership more affordable by strengthening the economy and lowering interest and mortgage rates. The home-building community looks to the job formation rate in planning housing production levels, and President Clinton has a better job creation record than any Republican President since the 1920s.

- **Lowest Mortgage Rates in 30 Years.** Mortgage rates have averaged just 7.9% under President Clinton -- lower than Reagan (12.8%), Bush (9.5%), or any Administration since Lyndon Johnson was President. [Source: Department of Treasury, Office of Economic Policy.]
- **10 Million Homeowners Refinanced Their Mortgages -- Saving As Much As \$25 Billion:** "Clinton's biggest gift to consumers was the sharp drop in interest rates in 1993....In all, the rate rollback allowed some 10 million homeowners to save as much as \$25 billion by refinancing their loans, according to David Lereah, the chief economist at the Mortgage Bankers Association." [Source: *Money Magazine*, August 1996]
- **Homes More Affordable.** According to the National Association of Realtors, homes have been more affordable during the Clinton Administration than during any other Administration since Richard Nixon was President, including Ronald Reagan's terms in office. [National Association of Realtors, August 1996]
- **Home Ownership At Its Highest Level in 15 Years.** After home ownership fell during both the Reagan and Bush Administrations, it is up since President Clinton took office. In 1995, the home ownership rate reached its highest level since 1981. Home ownership is up across the country, across age groups, races, and incomes. [Source: Bureau of the Census]
- **A Record 4.4 Million More Home Owners.** Since President Clinton took office, 4.4 million Americans became home owners -- more than in any comparable time on record. [Census Bureau]

2. Proposal to Allow Penalty-Free IRA Withdrawals for the Purchase of a First Home. The President's balanced budget plan contains a proposal to expand IRAs to allow penalty-free withdrawals for first time home purchases, education, and major medical expenses as well as retirement, and to double the current income limits to make another 20 million Americans eligible for tax-deductible IRAs.

3. National Home Ownership Strategy. In 1995, at the request of President Clinton, Secretary Cisneros formed the National Partners in Homeownership, an unprecedented public-private partnership among 58 major private and non-profit housing sector leaders. The partners have taken dozens of steps to lower financing and production costs, educate potential homebuyers, and make home ownership possible for more Americans.

Selected Clinton Administration Actions to Make Homeownership Easier and More Affordable

- **National Home Ownership Strategy.** A 58-partner coalition of the major private and non-profit housing sector leaders. The partners have taken dozens of steps to lower financing and production costs, educate potential homebuyers, and make home ownership possible for more Americans.
- **Lowering Closing Costs for Qualified First-Time Home Buyers.** The Federal Housing Administration is offering any first-time home buyer who successfully completes an accredited home-buyer education course an 11% (or 25 basis point) reduction in the up-front mortgage insurance premium -- on top of the reduction offered in 1994. This new reduction is expected to help 100,000 new home buyers, and is worth \$200 for the typical FHA first-time home-buyer financing an \$80,000 mortgage.
- **Making It Easier to Qualify for Mortgage Loans.** The FHA has eliminated unnecessary and overly strict requirements under its loan program that made it difficult for many families to qualify for mortgage loans. It has also given lenders greater flexibility to make homeownership possible for more nontraditional borrowers, and has clarified certain underwriting requirements so they are not applied in a discriminatory manner. With these improvements, thousands more families are eligible for FHA-insured home loans.
- **Streamlined HOME Program to Help Home Buyers.** HUD has streamlined the HOME program, helping an additional 23,000 families become home owners in the last 12 months. The HOME program allocates funds to local jurisdictions and is an important resource for potential first-time home buyers who may need down payment assistance or help carrying the full cost of a mortgage.
- **Helping Localities Convert Abandoned Properties into Homes for Low-income Families.** HUD redesigned its Single Family Home Sales program to allow pre-approved nonprofit organizations and government entities to purchase abandoned HUD-owned properties at discounted prices. Since the program was created in 1993, more than 6,200 properties have been sold to non-profits and localities.
- **Reinventing HUD and the FHA.** The FHA has automated its functions, using new technology and streamlining to serve lenders and home owners more efficiently. Staff savings from this process have already exceeded \$2.4 million, allowing HUD to function more efficiently with lower costs. The FHA has also cut from 6-8 weeks to a matter of hours, the length of time it takes to issue mortgage insurance, and has increased by more than 50% the number of home repair and improvement loans to low- and moderate-income homeowners.

OFFSETS TO PAY FOR NEW INITIATIVES WITHIN PRESIDENT CLINTON'S CBO-CERTIFIED BALANCED BUDGET

Offsets	Savings
Increase Hart Scott Rodino merger filing fees based on firm size	\$0.420 billion
Corporate Subsidies: Replace Sales Source Rules with activity-based rule	\$5.300 billion
Tighten the Substantial Understatement Penalty	\$0.200 billion
Replace Single-Family Loan Limit with Freddie Mac Limit	\$0.200 billion
Relax the Restriction on FHA Multifamily Property	\$0.080 billion
Charge vendors for cost of making payments by paper check	\$0.070 billion
Reduce corporate jet subsidies	\$0.541 billion
Deny dividends-received deduction (DRD) for portfolio preferred stock	\$0.200 billion
Synthetic Fuel Production Credit	\$0.475 billion
Repeal Medicare/Medicaid Fraud Loopholes	\$0.470 billion
New Spectrum	\$0.500 billion
Total	\$8.456 billion

OFFSETS

1. INCREASE HART SCOTT RODINO MERGER FILING FEES

Revenues: \$420 million over 6 years

Description: The FTC and DOJ's Antitrust Division share about \$120 million/year in fees that are paid by firms filing for merger under the Hart Scott Rodino Act; the rest of their budgets are funded through appropriations. Firms that are now required to file pre-merger notification are assessed a flat fee of \$45,000. This increase would restructure the fees to: \$25,000 for entities with total assets of under \$100 million (i.e., a reduced fee for small mergers); \$55,000 for entities with total assets of between \$100 million and \$500 million; and \$95,000 for entities with total assets of over \$500 million. The fees now offset discretionary appropriations, but an increase could produce mandatory savings.

This would ensure that users fully pay for the Government's costs of Hart Scott Rodino activities. Thus, general taxpayers would no longer subsidize the Federal review of mergers.

2. Replace Sales Source Rules with Activity-Based Rule

Revenues: \$5.3 billion over 6 years

Description: The President's new proposal would limit the ability of multinational corporations to deplete their U.S. tax liability inappropriately, by reducing the amount of export sales income that they may treat as derived from foreign sources. Under current law, the sales source rule generally permits multinational corporations that also export U.S. products to treat half of their export profits as income from sales activities, and therefore as foreign source income, even though the economic activity that produced the export profits may have occurred entirely within the United States.

The proposal eliminates the 50-50 default rule for allocating export income between domestic production and foreign sales activities. Under the proposal, the allocation will be based on actual economic activity. In addition, the proposal does not affect the special tax rules that generally apply to the export of natural resource property.

3. Tighten the Substantial Understatement Penalty

Revenues: \$200 million over 6 years

Description: Currently, taxpayers may be penalized for erroneous, but non-negligent, return positions if the amount of the understatement is "substantial" and the taxpayer did not disclose the position in a statement with the return. "Substantial" is defined as 10 percent of the taxpayer's total current tax liability, but this can be a very large amount even for very large corporate taxpayers. This has led some large corporations to take aggressive reporting positions where huge amounts of potential tax liability are at stake -- in effect playing the audit lottery -- without any downside risk of penalties if they are caught, because the potential tax still would not exceed 10 percent of the company's total tax liability. To discourage such aggressive tax planning, the proposal would consider any deficiency greater than \$10 million to be "substantial" for purposes of the substantial understatement penalty, whether or not it exceeds 10 percent of the taxpayer's liability. The proposal would thus affect only taxpayers that have tax liabilities of \$100 million or more.

4. Replace Single-Family Loan Limits with Freddie Mac Limit

Revenue: \$200 million over 6 years

Description: Currently, the Federal Housing Administration (FHA) is authorized to insure mortgages that are not more than 95 percent of the area median house price, subject to a \$155,250 ceiling and a \$73,000 floor. This would replace these limits with the \$207,000 Freddie Mac loan limit, allowing FHA to compete for business that the private market now services.

In most places, FHA insures mortgages that are below 95 percent of the area median house price. Raising the limit to the Freddie Mac level would increase homeownership opportunities for homebuyers who are now constrained by the FHA mortgage limits and often cannot meet the higher downpayment requirements for a conventional mortgage. A higher limit also would increase FHA's guaranteed loan volume and the amount of receipts generated from fees.

5. Relax the Restriction on FHA Multifamily Property Disposition and Loan Sales

Revenues: \$80 million over 6 years

Description: FHA faces various restrictions when it tries to sell properties or mortgages. For example, states and localities have the right to veto property sales and arrange to buy the properties themselves. Also, with limited exceptions, subsidized housing projects must continue in their configuration. These restrictions complicate the disposition and sales process, delaying receipts and creating large holding costs (\$400 per unit per month) while HUD owns properties.

Allowing FHA to relax selected restrictions creates a more flexible and expedited process (the savings estimate assumes that all sales are accelerated by one year). In all cases, HUD will protect the interests of currently assisted low-income tenants by continuing their assistance or providing portable vouchers. This provision was included in the 1996 VA/HUD 1996 Appropriations bill

6. Charge Vendors for the Cost of Making Payments by Paper Check

Revenues: \$70 million over 6 years

Description: This option would require the Secretary of the Treasury to charge a fee to vendors for the continued receipt of payment by paper check.

The Federal Government makes over 40 million check payments to vendors a year. The Debt Collection Improvement Act of 1996 requires a mandatory phase-in of electronic payment for all federal payments by 1999, with the exception of tax refunds. Electronic funds transfer offers a more rapid and secure form of payment. However, for those vendors who would prefer to continue to receive payment by check, this option institutes a fee of \$1 per transaction that would be charged for continued receipt of payment by check. This fee would be collected centrally by the check disbursing agencies, principally Treasury and DOD (eliminating any administrative burden to other agencies for collection of the fee). Vendors with existing multi-year contracts will be unaffected by this proposal.

7. Corporate Jets. Charge Business Jets for the Costs They Impose on the FAA

Revenues: \$541 million over 6 years

Description: Corporate and business turbine aircraft (turbo jets and turbo props) have historically paid a 17.5 cent/gallon excise tax on non-commercial jet fuel. The receipts have covered only 25% of the fully-allocated costs of air traffic services that the FAA provides to these users. Commercial airlines have historically covered the full costs of FAA services through the 10% tax on airline tickets. This proposal would reduce by 50% the subsidy provided to commercial and private corporate turbine aircraft by the year 1999. This new charge would be phased in over three years. Revenue from this charge would be deposited in the airport and airway trust fund. This proposal would charge business and corporate turbine aircraft a \$225 per-flight fee.

8. Dividends-Received Deduction.

Revenues: \$200 million.

Description: Under current law, a 70% dividends received deduction (DRD) is available for U.S. corporations. This percentage deduction is generally increased to 80% if the taxpayer owns at least 20% of the stock of the issuing corporation. (The DRD does not apply to individuals, pension funds, or most mutual funds.) In addition, because closely related corporations are part of the same economic family, a 100% deduction generally applies to dividends from 80% owned subsidiaries.

Under this proposal, the 70% and 80% DRD for certain debt-like preferred stock would be eliminated, effective for stock issued after the date of enactment.

9. Eliminate Extension of the Credit For Producing Alternative Fuels from Biomass Gas or From Coal Facilities (section 29)

Revenues: \$475 million.

Description. Currently, section 29 provides a tax credit for the production of nonconventional fuels, e.g., fuels produced from biomass or coal gasification facilities. This credit applied to such facilities placed in service before 1997 pursuant to a binding contract entered into before 1996. The small business bill extended the credit for property placed in service before July 1, 1998 pursuant to a binding contract entered into before 1997. This proposal would not pull back on the binding contract extension (through this year) but would pull back the placed in service requirement by one year, to June 30, 1997.

10. Repeal Medicare/Medicaid Fraud Loopholes.

Revenues: \$280 Million

Description. Repeal Section 205 -- Health Care Advisory Opinions which requires HHS and DoJ to issue advisory opinions to providers on whether or not a proposed business venture violates the Medicare and Medicaid anti-kickback statute. The provision leads to costs because it seriously hinders the ability of the HHS Inspector General and the Department of Justice to prosecute providers who have obtained advisory opinions and who actually end up violating the anti-kickback statute (e.g., providers might obtain an advisory opinion under false pretext and then hide behind it to defraud the Medicare program.)

Repeal Section 216 -- Anti-Kickback Exception for Managed Care Plans which creates and exception to the Medicare and Medicaid anti-kickback statute for risk-sharing arrangements (i.e. managed care plans). The classic kickback situation is where a specialist pays a physician for patient referrals. The provision is a coster because the exception is somewhat subject to interpretation, making it possible that "sham" risk sharing arrangement will meet the exception and thereby be able to continue offering kickbacks for referrals.

Repeal Section 231(d) -- Clarification of Level of Knowledge (The "Should Know" versus "Deliberate Ignorance" Standard). Makes it more difficult to impose a civil monetary penalty (CMP) in the Medicare program by increasing the government's burden of proof in CMP cases. The provision leads to costs because anticipated CMP recoveries assumed in the baseline will not be achieved in certain cases where the government cannot meet the new burden of proof.

11. Auction 18 Ghz Spectrum.

Revenues. \$500 Million.

Description. A portion of the spectrum in the 18 gigahertz band would be auctioned for wireless subscription-based services. This portion of the spectrum could be used to provide wireless services such as high-speed Internet access, voice and data transmissions, and possibly video conferencing services. This spectrum could also be used for personal communications services such as Sprint Spectrum or digital cellular phones. Until recent technological advances, this spectrum had not been commercially valuable. One company active in this band of spectrum has just signed a deal with a major manufacturer to provide the equipment to be able to use this spectrum commercially. The FCC has received hundreds of applications for licenses for this spectrum, and they have recently paused the application process. The FCC is considering an auction to allocate this spectrum.

DPC Staff —

attached are

Geno's briefs on the

4 initiatives +

offsets. All

material is public

— Elizabeth

President Clinton's “America Reads” Challenge

August 27, 1996

President Clinton's “America Reads” Challenge

PROPOSAL DESCRIPTION

I.	1-Page New Initiative Summary	<u>Page</u> 1
II.	4-Page Detailed Background on the New Initiative	2-5

PRESIDENT CLINTON'S "AMERICA READS" CHALLENGE

August 27, 1996

"AMERICA READS" CHALLENGE: TO MAKE SURE THAT EVERY CHILD IS LITERATE BY THE END OF THE 3RD GRADE. *Parental Responsibility and Community Responsibility will be the Backbone of this Effort.* Only with a strong, nationwide effort by all Americans -- parents, community groups, religious organizations, teachers, principals, and private sector leadership, will America be able to mobilize the national effort necessary to make sure that all children are reading independently by the end of the 3rd grade. To help catalyze these efforts, and help community leaders, parents, and educators across the country, the President is proposing the \$2.75 billion "America Reads" Challenge.

Four Main Components of President Clinton's "America Reads" Challenge:

- I. Parents As First Teachers Challenge Grants.** The President proposes a *Parents as First Teachers Challenge Grant Fund* that invests in success by supporting effective, proven efforts that provide assistance to parents who want to help their children become successful readers by the end of 3rd grade. \$300 million in grants will be available over 5 years to national and regional groups as well as local communities and organizations. (\$300 million FY98 - FY2002).
- II. America's Reading Corps: Individualized After-School and Summer Tutoring for More Than 3 Million Children in Grades K-3 Who Want and Need It.** The President's proposal provides \$2.450 billion to support tutoring efforts. \$1.45 billion in net new investments over 5 years, in addition to \$1 billion already specified in President Clinton's balanced budget for National Service participants will be directed specifically to this reading challenge.
 - **30,000 Reading Specialists and Volunteer Coordinators would be funded to help Communities provide extra reading help before and after school and during the summers for the 20,000 schools with the greatest need -- reaching more than 3 million children.**
 - **National Goal To Mobilize 1 Million Tutors.** Study after study shows that individualized tutoring can work to raise reading level -- particularly when combined with effective in-school teaching and family involvement. Only if all sectors of our national community rise to the challenge will we be able to mobilize the 1 million tutors needed to provide individual attention to all young children who need reading assistance. With the help of 30,000 coordinators and reading specialists, along with college work study students and RSVP Senior Volunteers, the President hopes to move the nation towards this goals.
 - **Building on the Success of Thousands of Community Programs and National Service.** This initiative builds on the success of community tutoring programs and National Service programs like AmeriCorps and RSVP Senior volunteers in developing and coordinating effective tutoring program. 11,000 AmeriCorps members will work in local communities as tutor coordinators to assist communities in their locally-designed reading efforts.
- III. Providing 1 Million 3 and 4 year-olds with a Head Start.** President Clinton's balanced budget includes a major expansion of Head Start so that it can reach 1 million pre-school children in 2002.
- IV. Challenge to Private Sector.** This national effort will only be successful if those in the private and non-profit sector return to the President's "America Reads" challenge. This new "America Reads" initiative builds on Clinton Administration efforts to work with the Private Sector in helping our children learn how to read, such as the "Partnership for Family Involvement in Education" and "Read*Write*Now."

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August 27, 1996

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<i>Four Main Components of President Clinton's "America Reads" Challenge:</i>
I. Parents As First Teachers Challenge Grants
II. <i>America's Reading Corps: Individualized After-School and Summer Help for More Than 3 Million Children in Grades K-3 Who Want and Need It.</i>
III. Providing One Million 3 and 4 year olds with a Head Start.
IV. Challenge to Private Sector.

I. PARENTS AS FIRST TEACHERS CHALLENGE GRANTS: From their infants' earliest days of life, parents can play a major role as their child's first teacher by talking to them, reading to them, working with them on reading skills and providing a supportive environment for reading. To empower parents with information and assistance in teaching their children, the President proposes a *Parents as First Teachers Challenge Grant Fund* that invests in success by supporting effective, proven efforts that provide assistance to parents who want to help their children become successful readers by the end of 3rd grade. (\$300 Million, FY98-2002)

- **Two Types of Grant Winners:**

(1). National and Regional Networks to Share Information on Helping Children Read -- Spurring Activities to Support Parents. Many organizations such as the PTA, Urban League, ASPIRA, Girl Scouts, and the American Library Association are already working to support parents' efforts to help their children become successful readers. These groups and others like them have the capacity to develop national and regional networks to share information on how parents can help their children read better.

Criteria: Grants would be provided to develop such networks to applicants that:

- (1) Have a proven track record of working with parents of young children,
- (2) Can demonstrate the likelihood of substantial regional or national impact,
- (3) Show the cost-effectiveness of their proposal, and
- (4) Coordinate with the private sector and state and local programs that also provide support for parents.

In addition, efforts such as developing the best research about how children learn, developing high quality reading materials for young readers, and public television programs that help young children learn to read would be supported.

- 2). **Replicating and Expanding Successful Local Parent as Teacher Efforts:** Across the nation there are many local efforts, often run by non-profits, that have shown success in helping even the most educationally-disadvantaged parents be good first teachers to their children and help them to attain language skills while helping them with their reading. This portion of the challenge grant fund could go to any state, locality, community group, or non-profit that has a comprehensive plan to expand or replicate successful models -- such as the Home Instruction Program for Preschool Youngsters (HIPPY) or the Parents as First Teachers (PAT) program in Missouri.

Criteria. Investing in proven success, the President's new initiative would support similar local efforts intended to help parents help their children learn to read by the end of third grade. Grants would be provided to applicants that:

- (1) Have a proven track record of working with parents on improving their children's reading; or
- (2) Plan to use a model shown to be effective.
- (3) Applicants must also demonstrate evidence of community support from the private sector, schools, and others for their effort; show the cost-effectiveness of their proposal; and coordinate with state and local programs that also provide support for parents.

II. **AMERICA'S READING CORPS: INDIVIDUALIZED AFTER-SCHOOL AND SUMMER HELP FOR MORE THAN 3 MILLION CHILDREN IN GRADES K-3 WHO WANT AND NEED IT.**

The President's proposal provides \$2.450 billion to support volunteer tutoring efforts. \$1.425 billion in net new costs over 5 years along with \$1 billion already specified in President Clinton's balanced budget for National Service participants will support these tutoring efforts.

- **30,000 Specialists and Volunteer Coordinators.** 30,000 Reading Specialists and Volunteer Coordinators would be funded to help Communities provide extra reading help after school and during the summers for the 20,000 schools with the greatest need -- reaching more than 3 million children. Federal support will fund trained reading specialists and tutor coordinators to provide instruction, organize school and community-based reading programs, and recruit and train volunteers. (\$1.200 Billion)
- **National Goal To Mobilize 1 Million Tutors.** Study after study shows that individualized tutoring can work to raise reading levels -- particularly when combined with effective in-school teaching and family involvement. The President challenges communities to mobilize 1 million tutors to provide individualized attention to more than 3 million children who are behind in reading. Our nation's schools, libraries, religious organizations, colleges, and businesses all play a role in this. 30,000 volunteer coordinators and reading specialists, along with college work study students and RSVP Senior Volunteers, will help mobilize this effort.
- **Building on the Success of National Service.** This initiative builds on the success of National Service programs like AmeriCorps and RSVP Senior volunteers in developing and coordinating effective tutoring program. It would make available approximately 11,000 AmeriCorps members to work in local communities as tutor coordinators to assist communities in their locally-designed reading efforts. In addition, thousands more Foster Grandparents, RSVP Senior Volunteers and national service college participants would be available to assist in coordinating tutoring programs or provide individualized tutoring. (\$1 Billion)

- **Process and Criteria:** Funds would be provided to States based on their population of children aged 5-8 as well as poverty. A portion of the funds would be provided the existing independent bi-partisan State Commissions of Community and National Service. States and the Commissions will work together to provide communities the resources to promote reading success by the end of 3rd grade.

Communities would have broad flexibility in how they design their programs, but they will have to demonstrate to the state that their efforts:

- (1) Target funding to communities and schools in which young students are furthest behind in reading;
- (2) Focus on providing individualized tutoring after school, weekend or in the summer through trained and supervised volunteers and other community resources;
- (3) Relate to the in-school reading program; and
- (4) Provide information to the public about their strategies for ensuring that children doing least well in reading would make progress.

Only Applicants with Strong Community Support Need Apply: The assistance of reading specialist and volunteer coordinators can provide critical help to communities that have decided they want to have a strong individualized tutoring efforts, and where parents and teachers and the private sector are willing and ready to participate. Only with such strong community involvement will awards be granted. States and communities must do their part by showing their commitment to enhancing their reading programs during the regular school day in support of universal literacy and providing the funding necessary to keep schools or other locations open after-school, weekends and summers for the tutoring program and transporting students to and from programs, when appropriate.

Communities will develop their tutoring efforts to best meet their local needs and concerns. It will be up to each community to determine for itself what sort of reading instruction and materials best meets the needs of its students and where the tutoring should take place -- at a school, a library, a community center or other location. While most tutoring will be done after-school and in the summers in order to extend rather than replace learning time, communities may conduct other kinds of reading programs where they can show a proven track record of success.

ACCOUNTABILITY FOR RESULTS. Every two years the National Assessment of Education Progress (NAEP) will measure the reading performance of 4th graders, showing the nation's and each state's progress toward meeting the challenge. States will publish their reading scores. Those that fail to show improvement in reading scores over time will be required to review and improve their reading programs, and, ultimately, would lose funding if progress is not made. (\$25 million)

III. PROVIDING ONE MILLION 3 AND 4 YEAR OLDS WITH A HEAD START. Studies stress that literacy problems are best averted with the earliest intervention possible -- including pre-school. President Clinton's balanced budget includes a major expansion of Head Start so that it reaches 1 million pre-school children in 2002.

- **Head Start Works.** For more than 30 years, Head Start has been one of our nation's best investments in helping low-income parents be their children's first teacher, and in making sure that children start school ready to read and ready to learn. Head Start provides three and four year old children cognitive, social and language development, comprehensive health services and healthy meals and nutrition. Head Start also offers parents seeking to improve their circumstances and their children's chances of success parenting skills, support, education and training. *A Packard Foundation study released this year found that children exposed to early childhood education programs such as Head Start have higher reading scores, are less likely to be placed into expensive special education classes, and are more likely to graduate from high school.*
- **Parent Involvement is the Bedrock of Head Start.** Last year more than 800,000 Head Start parents volunteered in their local program. Head Start staff work closely with parents to help them build their skills, not only to become better parents but also to become contributing members of their community. Parents are taught the importance of reading to their children. When parents have difficulty reading, Head Start programs work with them to improve their literacy skills.
- **Family Literacy is a New Priority in Head Start.** Under new standards developed by the Clinton Administration, family literacy is a new priority in Head Start -- parents will be encouraged even more to understand what happens in the classroom and to recreate this learning environment at home.
- **America's Child Literacy Challenge Builds on the Strong Foundation Provided by Head Start.** Through the Head Start Transition Initiative, Head Start programs will dedicate at least one part-time staff person to work with local school systems, parents, child care providers and other members of the community to make sure children successfully make the transition from Head Start to public school.

IV. CHALLENGE TO PRIVATE SECTOR. This national effort will only be successful if those in the private and non-profit sector return to the President's "America Reads" challenge.

- **The new "America Reads" initiative builds on Clinton Administration efforts to work with the Private Sector.**
 - **Partnership for Family Involvement in Education.** Over 700 family, school, community, employer and religious have joined with Secretary of Education Richard Riley to create the Partnership for Family Involvement in Education. Religious organizations representing 75% of all religiously affiliated Americans and businesses ranging from giants like John Hancock, IBM, Marriott and the U.S. Army to small businesses and local chambers of commerce. The Partnership's activities include strengthening at-home activities that encourage reading, promoting and adopting family-friendly business practices such as providing leave time to attend parent-teacher conferences and volunteer in schools, and supporting learning communities through organized before- and after-school and summer activities.
 - **Read*Write*Now.** About 40 businesses, reading associations, community and religious groups have banded together with Secretary of Education Richard Riley to create *Read*Write*Now* which provided summer reading partners and materials for almost one million children. And, a growing number of states and communities have started their own initiatives to promote children's reading success, including Texas, California, Charlotte, N.C., Spokane, WA, Rochester, NY, Orlando, FL, Boston, MA, Baltimore, MD, and New York, N.Y.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

20-Aug-1996 08:26pm

TO: (See Below)

FROM: Carol H. Rasco
 Domestic Policy Council

SUBJECT: Decisions

I know that many of you as policy staff have been very hard at work in recent days finalizing proposals to be presented to the President. I know also the process at times seems haphazard and crazy....and it is...always has been, always will be. However, when it comes to keeping the President posted and making sure he has the options before him I will repeat what I have said on more than one occasion here at the White House...he will only be well informed if the people who ultimately go in and work on decisions with him are well informed...one way you insure that is to keep me well informed. I will be attending a prep meeting tomorrow just after 9 a.m. and a meeting with the President at 10:15 a.m. If there are updates to anything on which you have been working you should preferably fax them to my house tonight or at the latest have them in my chair or the chair outside my office by 8:15 a.m. tomorrow.

I know there is much consternation about who is writing what memo....the President will ultimately listen to what his advisors share with him in the a.m. I am always willing and ready to share with him whatever good information is presented to me even if it is not in an official memo to him. I can only do that if you have me well informed. The further in advance you give me that info the better I can absorb it and formulate my arguments.

Thank you.

Distribution:

TO: Jeremy D. Benami
TO: Molly Brostrom
TO: Sandra L. Bublick-Max
TO: Steven Burke
TO: Michael Cohen
TO: Patsy Fleming
TO: Diana M. Fortuna
TO: Lyndell Hogan
TO: Christopher C. Jennings

TO: Jennifer L. Klein
TO: Jeffrey Levi
TO: Bruce N. Reed
TO: Diane Regas
TO: Jeanine D. Smartt
TO: Stephen C. Warnath
TO: Paul J. Weinstein, Jr

CC: Elizabeth E. Drye

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

21-Aug-1996 02:14pm

TO: (See Below)

FROM: Carol H. Rasco
 Domestic Policy Council

SUBJECT: Update on decisions

I know that very understandably a number of you have called over to see what happened as a result of the meeting with the President this morning. I do want you to know I have not in any way been holding back...I have simply made it to my desk for the first time since the meeting was over due to other serially scheduled meetings. With apologies to Chris and Jen I will forego the Kennedy/Kassenbaum signing since the bill will be just as legal without me there to witness a signing and get on this note to the staff along with other items some of you have said are urgent.

The meeting with the President lasted under 45 minutes. The purpose of the meeting was to go over the various policy options in brief form in about 15 minutes with no decision making expected but simply to give him a "flavor" of the options and their costs. The important agenda item was to look at funding sources which took the bulk of the time. Very few decisions were made which is the standard operating procedure as he needs time to think about these things. There will be a follow up meeting with Leon this afternoon for those of us from White House to debrief and discuss follow up procedures.

I can without question tell you that each and every individual concern you all brought to me was presented and/or raised appropriately this morning. I am sure if things are running true to course that each person present depending on her/his perspective came out with a different view on how the President viewed the different options....I have learned over 15 years never to predict this soon what is in, what is out.

One thing the President raised with me after the meeting was the extremely helpful nature of the health care memo recently prepared by Chris and Jen which outlines our accomplishments in this field to date. Chris, you predicted correctly....he was amazed the list of positive accomplishments is SO impressive! He wants to make sure the listing of accomplishments (the version you did, Chris, that is not in memo form) is distributed to speechwriters, others in White House who need to be incorporating it into our various

message outlets. Probably a good idea for you to distribute it to our staff, too, Chris so they can both see how very much we have done as well as use it as a format if something like it needs to be prepared in other key areas.

Also, Diana, he asked Katie to make sure something similar is done on environmental issues. You might check in with her telling her I mentioned it to you.

Many thanks to all of you for all your hard work on these proposals. You will no doubt be called, may already have been to start looking at variations/options....just keep me posted so I can appropriately represent you.

Distribution:

TO: Bruce N. Reed
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TO: Jeanine D. Smartt
TO: Stephen C. Warnath
TO: Paul J. Weinstein, Jr

CC: Elizabeth E. Drye

Protecting All Communities From Toxic Pollution

[DRAFT - August 19, 1996, 1:00PM]

- Wed 11:00 mtg.
- JBA there
- CEO wants to
be in same place
w/EPA -

"No child should have to live near a toxic waste dump. No child should have to drink water contaminated with chemicals. No child should have to eat foods poisoned with pesticides."

- President Clinton, 3/11/96

President Clinton is announcing a new national commitment to protect all communities from toxic pollution by the year 2000 -- by making our water safer and cleaner, accelerating cleanup of toxic waste, expanding families' right-to-know about toxic pollution in their neighborhoods, and getting tougher on criminal polluters.

1. Making Water Safe and Clean for All Americans.

President Clinton is announcing a new comprehensive program to stop toxic pollution from entering our rivers, lakes and streams, and contaminating our beaches.

- The President is directing all agencies to focus their existing programs on reducing toxic pollution, and to take the following new steps to make our waters safer and cleaner for Americans across the country:
 - EPA will expand its efforts to protect drinking water sources and eliminate toxic runoff in our communities;
 - Interior and USDA will clean up hundreds of abandoned mines releasing toxics into our waters, and restore thousands of miles of rivers to productive use;
 - NOAA will expand its partnerships with state and local governments to control polluted runoff and manage coastal areas; and
 - USDA will specifically target the authority and funding in the 1996 Farm Bill to the elimination of toxic pesticides and herbicides from our waters.
- President Clinton is issuing [will issue] an executive order to protect our waters by giving agencies new authority to make polluters clean up toxic pollution.

This is in contrast to the actions of the Dole-Gingrich Congress. President Clinton blocked regulatory "reform" and "takings" bills from the Contract with American and sponsored in the Senate by Bob Dole, that would have rolled back every kind of clean water safeguard. President Clinton vetoed the Dole-Gingrich budget that would have cut clean water funding by 29 percent and drinking water funding by 45 percent until the Congress restored almost all of it. The House passed a lobbyist-written "Dirty Water Bill" to dramatically roll back the Clean Water Act.

2. Accelerating Superfund Toxic Waste Cleanups in our Communities.

President Clinton is announcing a bold new commitment for toxic waste cleanup, pledging to clean up at least two-thirds of the 1387 toxic sites now on Superfund's national priorities list (NPL) by the year 2000.

- President Clinton is issuing an executive order to provide agencies with new authority to make polluters clean up toxic waste sites they created.
- President Clinton is calling for legislation to keep the Superfund funded and available for cleanups by reinstating the expired corporate taxes that support it, expand the current cleanup effort, and provide tax incentives for Brownfields cleanups.
- In three years, the Administration has cleaned up more Superfund toxic sites than in the previous 12 years combined. Under President Clinton, EPA has streamlined cleanups, reduced litigation and bureaucracy, and made common sense improvements to the Superfund program. These steps have made it possible for the President to commit to today's major acceleration of Superfund cleanups.

The Dole-Gingrich Congress waged a concerted effort to let toxic polluters off the hook by repealing the Superfund provisions that make polluters pay. President Clinton blocked the regulatory "reform" bill contained in the Contract and sponsored by Senator Dole that would have brought Superfund cleanups to a halt. President Clinton vetoed the Dole-Gingrich budget to cut Superfund by 25 percent until Congress restored all of his add-back proposal.

3. Expanding Americans' Right-to-Know About Toxics in Their Community.

President Clinton believes that every American has the right-to-know about pollution in their neighborhood, and he is committed to expanding the information available to families and making it easier for them to use it.

legislation (NEC opposes)

- President Clinton is calling upon Congress to increase publicly-available information about their air, water, and lands, by:
 - Letting families know more about the (toxics transported and stored) in their communities;
 - Making sure that communities can enforce their rights of access to information when polluters don't comply;
 - Requiring companies to disclose major potential health threats in their products.
- President Clinton is announcing two new executive actions to enhance right-to-know:
 - By 2000, EPA will make local environmental information -- which for citizens can often be impossible to find -- available on a timely basis for American communities. This will include a new "one-stop-shopping" site on the Internet.

*See
Good House
keeping
language*

[

Expanded air monitoring (EPA)
 expanded water monitoring (DOE)

- By the year 2000, the Administration will double the local water quality information available in libraries, schools, and on the Internet. This will give Americans nationwide the right-to-know about the quality of their lakes, streams, and waters, and will give them tools they need to make sure pollution is stopped.

new
 report
 to
 Congress

President Clinton defended our communities' right-to-know about toxic substances against an array of legislative onslaughts, and twice expanded community right-to-know by executive action. When the Dole-Gingrich Congress attempted to use the budget to block right-to-know, President Clinton fought back with a "pollution disclosure" executive order and forced them to drop the measure. The Senate regulatory "reform" bill would have specifically rolled back the public's right-to-know -- and when Democrats offered an amendment to restore right-to-know, the Republican leadership sponsored a successful motion to take it out of consideration.

4. Getting Tough on Criminal Polluters.

Illegal dumping of toxics and other environmental crimes are real crimes, and our families are the victims. Prosecutors, police, and investigators need better tools to protect our communities from the toxic threat posed by environmental criminals.

- President Clinton is today calling upon Congress to enact his Environmental Crimes Bill, which will strengthen community protection against environmental criminals.
 - This bill will ensure that the assets of environment criminals can be secured quickly, and can be used to restore the communities they victimize.
 - The bill would impose stronger penalties for the worst environmental crimes, and strengthen our partnership with state and local prosecutors.
 - By outlawing attempted environmental crimes, the President's bill will make it possible to conduct undercover operations and otherwise to make an arrest before toxics are released into the environment. Current law does not allow prosecutors to stop environmental crime until the damage is done, and makes it easy for criminals to shelter the proceeds of their crimes.
 - The bill will authorize prosecutors to get a prejudgment order making placing criminal defendants' assets within the control of the court, to make sure those assets are available to clean up the environment.

The Dole-Gingrich Congress would have tied the hands of law enforcement, and given new rights to special interest polluters. President Clinton vetoed the Republican budget that cut EPA's enforcement by 25 percent until the Congress restored almost all of the President's add-back request. President Clinton and Democrats in Congress blocked a series of special interest budget measures to give well-connected polluters enforcement loopholes, such as one to allow oil refineries to avoid air toxic standards.

[**note: more specific contrasts and citations will be available]

ARRANGED: TATTEL
LITTLE ROCK, AR
M-130,000 3-15-86

AUG-26-86

Welfare

Continued from Page 1A.

of the Association at its final meeting today, arranged for Harden to appear with three other former welfare recipients to discuss welfare reform.

Harden received Aid to Families with Dependent Children for two years before participating in Arkansas's work program, which teaches welfare recipients job skills. She has been employed for two years as a cook at the Cotton Tree Inn at North Little Rock.

She told the governors the work program taught her how to fill out a job application and gave her the confidence to seek employment.

When asked how the present welfare system could be improved, she proposed that if welfare mothers with children over age 6 would not participate in work programs, "then cut 'em off." She said her suggestion should not apply to women with children under age 6 because "you can't depend" on day care.

Says most 'lazy'

Most women on welfare "are just like I was — lazy," she said. She said she "got tired of sitting home waiting on the welfare check" to arrive each month and that prompted her to join the work program.

When asked about poor people being unable to get transportation to and from a job, Harden also discounted that as a problem. "I had no car, but I wanted to work and I got there."

Harden also complained that enforcement of child support payments from fathers was not strict enough. She said the father of her child refused to pay child support and it took her four years to get state officials to serve legal papers to force him to make the payments.

Mr. Clinton smiled and thanked Harden "for coming all the way to South Carolina to make me look bad." He added that the serving of orders in child support cases has been a problem and state officials are trying to correct it.

Contested race develops

In other matters Monday, a contested race for the vice chairman's position developed between Governors Robert D. Orr of Indiana and John H. Sununu of New Hampshire, both Republicans. The vice chairman's position rotates between Republicans and Democrats and the vice chairman traditionally becomes the chairman. Mr. Clinton said he was staying out of it.

'Cut 'em off,' governors told

HILTON HEAD, S.C. — If welfare recipients refuse to participate in work programs, "then cut 'em off" from their welfare benefits. Lillie Harden of North Little Rock, a former welfare recipient, told the nation's governors meeting at Hilton Head Monday.

Harden testified before the Human Resources Committee of the National Governors Association at its annual conference.

Harden also demonstrated her commitment to her job by declining to stay over at the resort island where the conference is being held.

She flew Monday from Little Rock to attend the conference and flew back the same day to keep from missing more than a day's work, aides to Governor Bill Clinton said.

Mr. Clinton, who will rise from vice chairman to chairman

(See WELFARE on Page 4A.)

—Scott Van Leningham

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. bio	re: Welfare panel (1 page)	06/14/1996	b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Elizabeth Drye
OA/Box Number: 10455

FOLDER TITLE:

Initiatives August 16, 1996 - August 30, 1996

2014-0046-S

rc1425

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. letter	Bill Clinton to Bil Bly (1 page)	07/31/1986	b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Elizabeth Drye
OA/Box Number: 10455

FOLDER TITLE:

Initiatives August 16, 1996 - August 30, 1996

2014-0046-S

rc1425

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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LITTLE ROCK (Polaski)

Arkansas Democrat-Gazette

AUG 26 1988

NLR mother finds benefits of workfare

BY MEREDITH OAKLEY
Democrat Staff Writer

HILTON HEAD ISLAND, S.C. - One morning about three years ago, Lillie Harden of North Little Rock broke away from her TV soap operas long enough to check the mailbox.

Her welfare check wasn't there.

Ms. Harden, now 32, had been living off government aid for about a year, and she was unhappy because her three children wanted to participate in activities that she could not afford.

It wasn't exactly the type of atmosphere in which she had grown up. Her mother, she recalls, reared four children with the help of a job that had paid a mere \$10 a week.

"I was lazy," Ms. Harden told a group of the nation's governors Monday. "I didn't care, and I wanted to sit at home and do nothing."

The thought of doing nothing quickly left her mind that morning three years ago when

the welfare check didn't arrive. Alarmed that the check might be some time in coming, she literally went to work.

Ms. Harden enrolled in a work program sponsored by the Arkansas Department of Human Services. For the past two years she has been a cook and kitchen supervisor at the Best Western Cotton Tree Inn near Prothro Junction. Recently she began private catering on a limited basis and is trying to parlay it into full-time self-employment.

"I fix a good cake," she said.

Ms. Harden was one of four young women, all former welfare recipients now gainfully employed, who discussed life on the dole with the National Governors' Association's Committee on Human Resources.

Arkansas Gov. Bill Clinton is co-chairman of the committee, which is devising strategies to reduce welfare dependency.

The cornerstone of welfare reform, the governors agree, is prevention.

Besides Ms. Harden, women from Massachusetts, South Carolina and Delaware told how they broke the cycle of welfare dependency through state-supported job training.

Ms. Harden had a 12th-grade education but said she never dreamed that "the only thing that kept me from getting a job was that I didn't know how to present myself or fill out a job application."

She learned those things in the training program.

"The first interview I went on (after completing the training program), I got a job," she said. "Now I can do anything I feel like doing. Nothing holds me back. My children (are) proud of me."

If the NGA committee was looking for testimonials for job training, they got them.

All except Ms. Harden said the workfare program - whereby unemployed welfare recipients must "reimburse" the state by working part-time jobs for their benefits - isn't truly beneficial.

"Workfare doesn't work," said Dawn Lawson of Massachusetts, who learned word processing after seven years as an unwed mother on welfare and now works for a Fortune

500 company. "These jobs are jobs someone else already holds."

"Workfare is demeaning to me," said Shelley Wilson of South Carolina, a former teenage mother who spent seven years "off and on" welfare. "There doesn't seem to be anything at the end of the road."

Opportunity for job training, not making work that requires no special skills, is the answer, they said, and participation in such programs should be mandatory.

Rebecca Varella, now an employment and training manager with Delaware's Health and Social Services Department, became a second-generation welfare recipient when she, too, became an unwed mother.

Her mother had stayed on welfare for years because Rebecca was "a sickly child," and her mother couldn't find a job that provided the security of health insurance.

But Ms. Varella used the system to beat the system, staying on public assistance only until she graduated from college and launched a career.

"I think I'm an exception to the rule that children raised on welfare will always be on welfare," she said.

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THE WHITE HOUSE
WASHINGTON

August 13, 1996

MEMORANDUM TO KEN APFEL
BRUCE REED
GENE SPERLING

From: Jeremy Ben-Ami
Lyn Hogan

Subject: Welfare to Work Challenge Fund

Attached please find a brief summary of our proposal for a Welfare to Work Challenge Fund to spark placement of 1 million longer-term welfare recipients into jobs in three years. The \$3 billion, three-year proposal would be only one part of a broader national challenge the President would announce. On signing the bill, the President would call on the country to pull together as a nation and as communities to truly end welfare as we know it by finding jobs and opportunity for those unable to find work.

We believe the strengths of this proposal are:

- . *paying for performance* – The Fund pays only for placement and job retention not for process
- . *maximizing flexibility* – Payments from the Fund can be used by employers or placement firms to provide any type of training and support necessary to prepare people for jobs and to help keep them
- . *community involvement* – The proposal calls on communities, cities and counties to develop plans for job creation and placement that draw on their unique strengths and advantages
- . *Presidential leadership and ongoing involvement* – The structure of the Challenge puts the President in the position of leading the nation to meet the challenge of making welfare reform a success. He can travel the country getting commitments from Mayors, private employers and community leaders of jobs and other support to meet the challenge he has laid down

Please let us know if we can be helpful in developing this proposal further.

cc: Carol Rasco
Paul Weinstein

WELFARE TO WORK CHALLENGE FUND

Believing that the success of welfare reform will be determined by every community's ability to move people into jobs, President Clinton has proposed the creation of a Welfare To Work Challenge Fund to support the placement of 1 million longer-term welfare recipients into jobs by the year 2000.

The vision of a reformed welfare system is that many short-term welfare recipients with work histories will find jobs as they do now in the present system, and that employers would be able to access the Work Opportunities Tax Credit as an incentive to hire these easier to place individuals. The WTW Challenge Fund is designed to provide additional support in the case of longer-term, harder-to-place recipients who will require additional preparation and support to get and hold jobs.

The President is challenging state and local governments, communities and the private sector to join in the national effort to truly transform the welfare system by ensuring that jobs are available for all those who need them to get off of welfare along with the training and preparation to get and hold those jobs.

The President is proposing to pay \$3000 to any employer or job placement program that employs or finds work for each welfare recipient who remains employed for nine months. The WTW fund will reward the placement of 1 million welfare recipients into jobs over three years at a total cost of \$3 billion. At the end of three years, the program will be evaluated and Congress and the President will have to consider whether to extend the program.

The President is challenging states to match at least part of this commitment with their new Block Grant funds and is urging local communities to come up with private contributions as well. States and communities can determine the level of match and the amount of the total WTW payment based on the job market and the needs of their community. Placement costs vary from \$2500 in Columbus, Ohio to \$5500 in New York City. A community able to match the Challenge Grant dollar for dollar from state, local and private sources will have \$6000 to pay as a placement bonus for each job. This together with the Work Opportunities Tax Credit (worth an additional \$2000 to the employer) should be more than enough to stimulate private sector interest in creating and finding jobs for welfare recipients.

Targeting The WTW Challenge targets longer-term welfare recipients, as only those receiving welfare for 18 months would be eligible. Many welfare recipients find work quickly after initially receiving welfare and employers do not need extra incentives to provide work for short-term recipients. New state welfare programs should do a good job helping work-ready recipients find employment as quickly as possible. The WTW Challenge is targeted, therefore, at those recipients who despite their best efforts have been unable to find employment for 18 months.

Who's Eligible? Communities [need to define as cities, counties or other] will develop WTW plans for job creation, training and placement which they will submit to the Department of Labor for approval. Employers and placement programs in communities with approved WTW plans will be eligible for WTW payments. Each community will determine the amount of its WTW payments based on the additional funds they add to the Challenge Fund and a determination of their local needs.

To have their plans approved, communities will have to:

- . form a consortium of community leaders including, at a minimum, employers, Chambers of Commerce, non-profits, community-based organizations, churches, synagogues and others interested in creating employment opportunities
- . develop a WTW plan that lays out how the city or county will create jobs and maximize job placement and retention for those leaving the welfare rolls that includes *specific* commitments to the Challenge by private employers
- . indicate their plans for ensuring employment of welfare recipients in such expanding fields as child care and housing redevelopment.

WTW payments In any community with an approved plan, the Challenge Fund will make two \$1500 payments to employers or placement agencies in that community -- one up front at the time of employment and, to ensure job retention, the \$1500 after nine months of employment. The exact distribution of matching WTW payments from the state or other sources would be determined in the community's plans.

What is the WTW payment for? The combination of national and state WTW payments together with the WOTC will help private employers pay for on-the-job training and other job readiness programs and provide an incentive to hire those leaving the welfare rolls. Not-for-profit or for-profit training and placement firms could enter into agreements with communities to train and place welfare recipients in return for WTW payments. America Works, for instance, is paid an average of \$5500 in New York City for such a service. WTW payments could even go to groups providing training for microenterprises and to child care providers hiring and training welfare recipients to meet the increased demand for day care. The costs of not-for-profit and for-profit placement efforts with welfare recipients compare favorably with the over \$20,000 per person cost of traditional training programs which are paid for based on participation not performance. [See attached for examples.]

Formula Communities will be eligible for a certain number of WTW payments determined by a formula based on the welfare population in that community. [or other TBD]

(Draft: 8/13/96 a.m.)

Job Placement and Support Organizations

Evidence now exists that private for-profit and nonprofit programs offer a bridge to connect welfare recipients to jobs and help them achieve sustained independence. Their success contrasts sharply with the marginal impact of the traditional welfare education and training programs.

The private nonprofit and for-profit programs described below share four critical elements that most government-run programs do not: each assesses the needs and skills of its clients individually and assumes each wants to work; each bypasses traditional education and training activities and instead puts clients to work as quickly as possible; each forms strong links with local employers and works hard to maintain them; and each measures success by counting the number of recipients who get jobs.

America Works, a for-profit placement and support organization in New York, Indianapolis, and Connecticut has helped more than 10,000 welfare recipients find full-time private sector jobs. Recipients are hired permanently at an average wage of \$16,000 per year, including benefits. The state of New York found that 81 percent of those placed by America Works are still off the rolls after two years.

America Works typically charges a state about \$5,400 per placement, and is paid in full only once a recipient is placed and remains in an unsubsidized job for seven months. When compared to the cost of \$21,000 per placement for New York City's Job Training Partnership Act program or the \$23,000 a year it costs New York state to support an average welfare family, a private placement program such as America Works could move about four times the number of people from the welfare rolls than the state-run programs at a considerable cost savings.

The Goodwill Job Connection in Sarasota, Florida and Lafayette, Louisiana offers job placement and support services to chronically unemployed members of the surrounding community. The Goodwill Job Connection spends about \$1,500 per job placement compared to per person costs of about \$4,000 for the Florida's work-focused JOBS program. Since the program began in 1987, it has placed more than 1,000 people in jobs. Goodwill works hard to build relationships with local employers and, after providing its clients with basic job readiness and on-the-job work skills, places people permanently into unsubsidized jobs and offers follow-up support to make sure they stay in jobs.

Cleveland Works, a private nonprofit group funded by public grants, foundations, and private money, has placed more than 2,000 welfare recipients in full-time jobs since 1986, enabling 7,000 men, women, and children to quit the dole. Over 80 percent of the Cleveland Works families have not returned to the welfare rolls, a remarkable result considering that the typical family had been on and off welfare for 10 years. Cleveland Works spends about \$5,000 per placement to provide its clients with four weeks of general job readiness training and in some cases basic education and occupation-specific courses. The group then matches clients with jobs offered by some 500 local employers. Once hired, clients receive transitional services and support from corporate counselors to ensure that they stay employed.

Columbus Works, a private nonprofit group providing intensive human capital development, opened its doors last January. Its per person job placement costs are about \$2,300. Services include six weeks of full-time, daily job readiness and skills, job development, placement, and follow-up, a \$6-\$8 dollar a day transportation allowance, and in-house legal counsel. Recipients are placed in full-time jobs with an average starting wage of \$6.69 an hour and retention rates should be around 60 percent.

Milwaukee's New Hope Project, another private nonprofit group, also stresses job placement. Clients go through eight weeks of job search. Those who do not find private sector jobs are offered minimum wage community service positions at nonprofit organizations for a maximum of one year. When necessary, New Hope subsidizes its clients' wages to bring them up to at least the poverty line. It also provides health and child care benefits based on income and helps clients receive the EITC. Preliminary results from the first phase are very encouraging—57 percent are currently employed in private or public sector jobs.

THE WHITE HOUSE
WASHINGTON

August 16, 1996

MEMORANDUM TO THE PRESIDENT

FROM: Carol Rasco and Laura Tyson

SUBJECT: Health Care Policy Achievement and Initiatives Update

You may want to highlight health care reform achievements and unveil "next-step" initiatives concurrent with, or soon after, the signing of the Kennedy-Kassebaum bill and the Democratic Convention. This memo outlines: **Health Reform Achievements, Pending Proposals, and New Reform Options**. These could be highlighted as part of any major health message.

I. Health Reform Achievements: Because the Health Security Act was not enacted, there has been a perception that the Administration has had few health care achievements. As the following summary attests, this perception is a mistaken one. The enactment of the Kennedy-Kassebaum bill and a more forceful effort to highlight our achievements will help turn this perception around. In the first term, you have:

- **Passed portability, guarantee issue and guarantee renewal insurance reforms.** In response to your State of the Union challenge, the Congress finally passed long-overdue insurance reforms that will benefit as many as 25 million Americans. As a result, workers will no longer be locked into "second-choice" jobs because their (or their families') pre-existing condition make them live in fear of losing health insurance. Similar insurance reform provisions were included in the Health Security Act and your balanced budget proposals.
- **Eliminated the discriminatory tax treatment of the self-employed.** You have advocated eliminating or reducing the 100 percent vs. 30 percent disparity between large employers and the self-employed for years (the 1992 Campaign, the Health Security Act, and your two balanced budget proposals). The Kennedy-Kassebaum bill increases the deduction to 80 percent for the 3 million self-employed Americans now purchasing health care, (which is close to parity since most employers do not pay for more than 80 percent of their employees' premiums).

- **Strengthened fraud and abuse prevention and enforcement initiatives.** The Kennedy-Kassebaum legislation included provisions long sought by Secretary Shalala that strengthen our ability to target and prosecute "bad apple" health providers who are bilking the system of billions of dollars from Medicare, Medicaid, and private insurance. The bill expands penalties and provides for permanent funding to build on our already successful efforts to combat fraud. The Congressional Budget Office conservatively estimates that these provisions will save over \$3 billion.
- **Provided tax incentives for private long-term care policies and consumer protections to go along with them.** The Kennedy-Kassebaum bill included the tax clarifications for private long-term care policies and many of the basic consumer protections that were in the Health Security Act. These provisions should increase the sales of private long-term care policies, which should reduce future financial burdens on our public programs caused by ~~an~~ fast aging population.
- **Provided the tools to simplify the health care system and reduce paperwork, while still protecting the privacy of patient records.** The Kennedy-Kassebaum bill included provisions you have long called for that would modernize, streamline and cut the costs of insurance paperwork by providing standards for a common electronic system for paying health claims that most private insurers would use. The bill also provides the Secretary the authority to establish Federal privacy protections that would prohibit inappropriate disclosure of information.
- **Strengthened Medicare Trust Fund by 3 years.** Your 1993 economic package included policy and structural changes that extended the life of the Trust Fund by three years and were enacted without one Republican vote.
- **Preserved and protected the Medicaid guarantee of health coverage, while providing more flexibility to states to expand coverage.** You successfully defeated the Republican Leadership's proposal to block grant the Medicaid program, thus assuring that millions of vulnerable Americans would not lose guaranteed health care coverage or benefits. At the same time, you presided over the rapid approval of 12 thoughtful Medicaid waivers that, when completely implemented, will provide health coverage to 2.2 million previously uninsured Americans.
- **Contributed to getting health care inflation under control.** Your efforts to assure that all Americans have affordable, quality health care focused the nation's attention on the problem of health costs. This attention expedited the private sector's interest in implementing approaches to slow cost growth. This, along with the improvements in the economy, helped slow medical inflation to 3.9 percent in 1995 -- the lowest rate in 23 years. In the first 6 months of 1996, medical inflation is running at less than 2 percent and may actually grow below the general inflation rate for the year.
- **Increased investment in biomedical research at the National Institutes of Health (NIH) by an impressive 16 percent at a time when many other programs were being cut.** Funding for breast cancer research at NIH has increased by 76 percent and support for AIDS research funding has increased by 25 percent.

- **Funding for AIDS prevention and treatment has been increased to historic levels.** Support for AIDS prevention programs has increased by 19 percent, and support for treatment programs, primarily through the Ryan White Care Act, has increased by an extraordinary 95 percent. In addition, earlier this year, the Congress responded to your request to increase the Federal commitment to the State AIDS drug assistance programs (ADAP) by \$52 million. This funding will be used to help AIDS patients buy expensive, new protease inhibitor drugs. Combined with the increases in our AIDS research investment, total funding for HIV/AIDS programs in fiscal year 1996 was \$2.86 billion; this represents a nearly 40 percent increase since you took office. *Fastest drug approvals*
- **Established a comprehensive childhood immunization initiative to ensure vaccinations and healthy futures for all children.** The proposal includes: a major community-based outreach effort to educate parents and providers about the need for vaccination; better detection of vaccination levels and outbreaks of infection; and a standardized immunization schedule to make it easier for parents to know when vaccinations are due. This program contributed to the immunization rate of 75 percent of 2-year old children in 1995 -- an historic high.
- **Expedited the FDA review and approval of new drug products.** U.S. drug approvals are now as fast or faster than in any other industrialized nation. Average drug approval times have dropped since the beginning of the Administration from almost three years to just over one year. In 1997, virtually all breakthrough drugs will be approved within 6 months.
- **Protected kids from tobacco products and advertising.** Issued a proposed regulation to eliminate easy access to tobacco products by children and to prohibit companies from advertising to make tobacco appealing to kids. The goal is to reduce smoking by children by 50 percent within seven years after the plan goes into effect.
- **Increased funding for the VA health system by nearly two billion dollars.** This support will provide the resources necessary for the treatment of 94,000 more veterans.
- **Significantly reduced the regulatory burden of the Department of Health and Human Services for providers and consumers.** The Vice President's reinventing government initiative has resulted in the elimination of 1,600 pages of regulations, a 23 percent reduction.

II. Currently Pending Health Care Proposals: Unnoticed by much of the public, you unveiled an extraordinary number of substantive health reform proposals which in any other Congress would have been viewed as aggressive and quite ambitious. No other President has put as many public (Medicare and Medicaid) health savings dollars on the table, and no other President has proposed to so significantly alter and modernize the Medicare and Medicaid programs. However, relative to the Republican proposals, your proposals have been mistakenly viewed by the media (and thus the general public) as modest. Despite the fact that anyone who knows these programs knows better, the media has either ignored your proposals or has chosen to classify them as protecting the status quo.

We have never strongly promoted the private insurance reform initiatives you advocated that go beyond the Kennedy-Kassebaum bill because we feared they had the potential to undermine our Hill negotiations on the bill. The good news about this is that these initiatives will appear to be new to the public and the media, and -- with the exception of the \$1 billion over seven years mental health parity initiative -- they are paid for in the context of your previous omnibus balanced budget proposals. Your major currently pending proposals include:

- **Extending the life of the Medicare Trust Fund until 2006.** Your Medicare savings (\$124 billion/CBO estimates it to be \$116 billion), combined with the home health care expenditure transfer (previously passed by the House), extends the Trust Fund for ten years from today while also making a significant deficit reduction contribution. It is a responsible savings package that would hold the Medicare per person growth rate just under what CBO numbers assume is equivalent to the private sector growth rate. [NOTE: Because the Medicare baseline is increasing, we may be able to squeeze more savings from the program in next year's budget.] *Budget*
- **Modernizing the Medicare program and beginning to prepare it for the retirement of the baby boom population.** Your Medicare plan would increase choice of plans for beneficiaries (by adding a new Medicare Preferred Provider Organization option, a new Provider Sponsored Organization alternative, and a new HMO with a point-of-service option). It also would add important and potentially cost-effective preventive benefits (by providing for full coverage of mammography screenings, adding a colorectal screening benefit, and providing for diabetes case management.) It takes the first step toward providing for a long-term care benefit by establishing a respite benefit for families of Medicare beneficiaries afflicted with Alzheimer's Disease. Lastly, it includes a number of market-reform-oriented "competitive-bidding" initiatives that would make Medicare a more prudent and effective purchaser of health care services.
- **Liberating the states in their desire to have more flexibility to manage Medicaid.** Your Medicaid proposal (which provides for \$59 billion/CBO estimates \$54 billion in deficit reduction through a per person cap) would eliminate the burdensome waiver process for managed care, eliminate the waiver process for home and community-based care alternatives to institutionalization, and eliminate the Boren requirement. It would also make it easier for states to spend money in an attempt to expand coverage. [NOTE: Because the Medicaid baseline is declining, the fiscally aggressive policy we are now advocating would likely be scored lower on both the CBO and OMB baseline next year; in other words, it will be difficult to get the same deficit contribution from Medicaid next year.]
- **Building on Kennedy-Kassebaum by providing for a "Workers' Transition Insurance" benefit.** This proposal would help assure that previously insured people who are looking for a new job could afford to keep their health insurance and thus retain their portability protections. It would cost about \$2 billion a year, would annually help approximately 3 million temporarily unemployed Americans, and would illustrate our resolve to still expand coverage within a balanced budget context. ✓

- **Empowering small businesses to gain market-leverage to access more affordable insurance through the use of voluntary health purchasing cooperatives (HPCs) by providing access to FEHBP plans, overriding restrictive state laws, and giving financial assistance for the establishment and operation of HPCs.** We have been studying a series of options about how best to use the FEHBP and the limited political and financial resources we have available to empower voluntary HPCs to purchase more affordable, accessible health insurance for small businesses.

Based on extensive conversations with public and private sector insurance analysts, we continue to believe that, in the absence of universal coverage, the potential for serious risk selection is too great to recommend that FEHBP's current insurance pool be opened to other purchasers. Since the Kennedy-Kassebaum bill does not include rating/price bands, there will continue to be significant premium price variation in the insurance market. As a result, a health plan that charges average premiums for larger populations -- like FEHBP -- would become a magnet for poor risk employers who are currently charged higher than average premiums in the market place. This would increase FEHBP plan costs as well as Federal employee hostility towards us. If we held Federal employees harmless, this could significantly increase the Federal costs of running FEHBP. Whether the Government picked up these costs or not, opening up the FEHBP insurance pool would attract extremely loud Government union opposition.

The risk selection issue could be addressed by requiring OPM to administer a separate insurance pool in FEHBP for the non-Government employees. While this could be done, we are hesitate to recommend this option primarily because we are skeptical that OPM could administer an effective FEHBP alternative without a significant and politically risky infusion of money and talent. Second, based on what people in the field are telling us about what is actually happening in the marketplace, it seems much more likely that private, locally-administered HPCs (perhaps certified by the state) are better positioned to negotiate more effectively than an OPM employee who has little knowledge of plan rates within a particular geographic area. And finally, without a large number of small group enrollees in a particular geographic area, it is highly unlikely that FEHBP would negotiate attractive arrangements with insurers.

Having said this, using FEHBP and other changes to the law to empower small businesses can and should be done. We would suggest that you strongly promote a proposal that would give private or state-run HPCs the ability to require that health plans participating in FEHBP (who also operate in the small market) must also offer coverage (in a separate risk pool) in HPCs. In addition, since one of the greatest hurdles HPCs face in becoming viable is their difficulty in attracting capital for their formation and operation, Federal grants would be made available to either state or private run HPCs who met certain standards (including that they are regulated by the state.) This proposal also would incorporate the Kennedy-Kassebaum purchasing cooperative provisions, which were dropped in conference, that: (1) Override state "fictitious group" laws (which prevent non-associated employers from purchasing insurance together), (2) Allow HPCs to negotiate price reductions even in states where community rating laws would preclude them from doing so, and (3) Allow HPCs to offer the same insurance packages for small businesses that bypass state benefit mandates that the state has authorized other insurers to sell.

State overrides

Who are there?

- **Providing mental health parity across health insurance products.** The Republican Leadership rejected all attempts by Senator Domenici to come up with a compromise on the mental health parity issue and dropped it from the Kennedy-Kassebaum conference. They would not even support an Administration-endorsed Domenici alternative that dropped all parity provisions other than those related to lifetime and annual caps. This approach reduced the proposal's costs by 90 percent and would have assured that premium increases to pay for this benefit would not exceed .4 percent. This issue may come before the floor of the Senate again this Fall.
- **Protecting mothers and their newborn babies from premature discharges from hospitals.** You endorsed this proposal in your Mothers' Day Radio Address. Similar to legislation sponsored by Senator Bradley, it requires health care plans to allow mothers to remain in the hospital for at least 48 hours. There have been cases where plans have required a discharge within 8 hours of birth. Premature discharge can lead to serious health consequences for both mothers and children. Like the mental health parity provision, this popular initiative may come up for a vote in September.
- **Expanding health care options for older veterans.** This summer you proposed the "Veterans Medicare Reimbursement Project of 1996," a proposal to open the VA system to Medicare-eligible veterans at a number of cities. This measure, sometimes known as Medicare "subvention," would allow VA to receive reimbursement from Medicare, improving access to care for older veterans while lowering VA costs.
- **Contributing to the World Health Organization's initiative to eradicate global Polio by the Year 2000.** This proposal -- advocated strongly by Rotary International -- would increase spending on global polio eradication efforts by \$20 million. The Centers for Disease Control (CDC) has estimated that adequate funding and intervention could achieve the goal of eradication within one or two years. If successful, the United States alone could save more than \$230 million per year after polio eradication is achieved and vaccinations are no longer needed. It appears that your request may well be included in the FY '97 Appropriations bill. TB 7

III. Options for New Health Reform Initiatives: There are three additional health care reform issues that we believe merit particular consideration for possible future Administration involvement. The initiatives are: (1) Appropriate oversight over managed care and other health plans; (2) Proposals aimed at providing children with greater access to affordable insurance; and (3) Initiatives designed to provide more independence for people with disabilities. With the exception of the managed care/health care delivery oversight issues, these proposals are quite preliminary and have yet to be formally scored and fully reviewed through normal interdepartmental process.

The public, consumer advocates, health care providers (academic health centers in particular) are increasingly fearing that the cost containment successes of managed care are the result of cuts in quality care, research and training, and questionable financial incentives between insurers and providers. The trick for developing politically viable policy alternatives is to strike the balance between the desire to enhance consumer protections with the need to avoid micromanagement of the health care system. What follows is a package of proposals that we believe achieves the appropriate balance.

Because the House Democratic Leadership and a number of health policy advocates are very interested in children's insurance coverage initiatives, we are also including a range of potential policy options. And finally, we believe that there are a couple of disability empowerment initiatives that are worth seriously considering. As you know, people with disabilities have a heavy reliance on public health programs, particularly Medicare and Medicaid. As a result, since the only way to retain benefits is to stay eligible for SSI and/or SSDI cash benefits, they have overwhelming incentives to not seek gainful employment. In addition, there is a growing frustration within the disability community that the institutional bias of the Medicare and Medicaid programs are also undermining the potential for people with disabilities to be more independent.

- **Building on your managed care/health care insurance oversight record** (mental health parity provisions, 48-hour rule and a recent Medicare/Medicaid regulation to monitor excessive financial incentives for physicians to underutilize health care), **consider becoming active on three visible fronts: (1) sign the "gag" rule; (2) further define the appropriate role of the Federal government in regulating managed care; and (3) develop approaches to protect the academic health center community in this period of unprecedented changes in health care delivery.**

anti-gag rule

- (1) **Push for and sign the "gag" rule into law.** Consider immediately calling on the Congress to move to pass the "Patient Right to Know Act." In response to concerns about health care plans prohibiting physicians from advising their patients about alternative treatments, Congressman Ganske (R-IA) and Congressman Markey (D-MA) introduced legislation prohibiting any health plan from restricting medical communications, oral or in writing, between health care providers and their patients. This bill was unanimously reported out of the Commerce Committee in late July and may well pass the House prior to adjournment. If you push the Congress, you may ensure that they pass the bill before they leave. OMB and HHS support this provision.

The only possible downside of endorsing the bill is that it will strain our relationship with the managed care community, but even they are now beginning to accept the fact that this bill and the 48 hour rule proposal will likely pass with little to no opposition.

- (2) **Establish an advisory board to make recommendations about the appropriate Federal role in monitoring managed care, assuring quality, and protecting consumers.** Consider establishing a bipartisan working group of public and private appointees (with representatives of consumers, unions, providers, insurers, businesses, and the government) to evaluate the shortcomings of consumer/quality protections/access in managed care and other health delivery systems, and to make recommendations about the appropriate role of government in regulating these plans. You may recall that you and the Vice President discussed a similar initiative with John Sweeney and Gerry McEntee earlier this year. (They are particularly concerned about the impact of managed care on the workforce and would strongly support this proposal.) The Vice President, OMB, HHS and Labor support this initiative.

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There are a number of advantages of this route. First, it would be an initiative that illustrates you want to act, but act thoughtfully in this area. Second, if controversial recommendations were made from the perspective of the insurer, managed care, and business community, there would be policy and political cover for proceeding. Third, the fact is we need better information to make thoughtful recommendations that do not unintentionally hurt the positive elements of managed care. And finally, if we are visibly associated with the "gag" rule bill and the 48-hour protection measure, we will have shown our commitment in this area without having to go further at this time.

The disadvantage of this approach is that it may appear we are either ganging up on the industry or, conversely, delaying necessary action. Some proponents of intervention would probably suggest that the delay in the report was nothing more than a stalling mechanism designed to stop necessary intervention.

- (3) **Host a Presidential forum on the impact of managed care on the declining private sector financial contributions for research and training at academic health care centers and on possible approaches to reverse this trend.** The managed care community is being (fairly) charged with not adequately supporting its share of the new health care research that is necessary to sustain the nation's overwhelming lead in health care technology/research. We propose that you consider hosting a "challenge" event to get the managed care and the research community together to engage in constructive conversations about an issue that neither is effectively addressing. The event would be designed to discuss how centers of excellence can produce the type of research HMOs and other managed care plans are interested in seeing and, conversely, how these health plans can better financially support the work academic health centers are undertaking.

There are no disadvantages to this proposal as long as it is not the only managed care oversight initiative you pursue. (If that were the case, it might seem too insignificant a step relative to the perception of problems with managed care.)

- **Consider options that assist children in terms of access, affordability and/or coverage.** We are looking at four options: (1) investments in community health centers and school-based health centers; (2) health care financial assistance through the tax code; (3) premium subsidies; and (4) empowerment of states to design kid coverage programs. Cost and coverage estimates are unavailable, but are expected in short order. However, while all four options would increase access to care and -- to some extent -- affordability, it is clear that only the last two options would significantly increase coverage. Most importantly, with the exception of the modest public health investment outlined in option one, they all will require significant investments -- probably in excess of \$15-\$20 billion over 7 years. Unless we drop some other priority, it is difficult to see "credibly" financing any significant proposal in the context of a balanced budget.

- (1) **Introduce legislation to invest in public health initiatives to expand access to children.** This proposal could be pursued on its own or in addition to any of the other three options. Targeted investments would be made to community health centers and school-based clinics to provide preventive and other services to children. Health centers participating would aggressively undertake outreach activities aimed at signing up eligible children for Medicaid.

The advantages of this proposal are: it builds on an existing system that serves many of the most difficult to reach children; it is cost effective to provide health services in these settings; and it could be achieved with a relatively modest investment. The disadvantages are: it does not significantly increase health insurance coverage; school-based clinics have been controversial because they often provide family planning services, (but any proposal could be targeted at clinics in elementary schools); and States may oppose circumventing their own outreach efforts and undermining the control of their program.

- (2) **Provide tax relief for families purchasing health insurance for their kids.** This proposal, fathered by the House Democratic Leadership, would require all health plans doing business with the Federal government to offer health insurance policies for uninsured children. Working families with incomes below a certain level would be given premium assistance through a tax deduction or credit if their employer does not contribute toward dependent coverage. To keep costs low and to prevent substitution of tax subsidized coverage for employer-sponsored coverage, the subsidy would be set at a low percentage of the premium. As a result, the primary benefactors of this option would be those who already have insurance. Therefore, this proposal can be best described as addressing affordability more than coverage problems.

The advantages of this proposal are: it is easy to administer because it uses the existing structure of the tax system and middle-class families will benefit the most. The primary disadvantage of the proposal is that initial estimates show that few uninsured children would gain coverage.

- (3) **Provide Federal premium subsidy assistance.** This proposal would subsidize families below certain income levels (on a sliding scale) to purchase health insurance for their children. Eligible populations include uninsured and state optional Medicaid children. Because they would receive a full subsidy, the primary benefactors of this program would be lower-income children.

The advantage of this proposal is that it would significantly expand coverage for children. Old estimates projected that 6 million children would receive benefits, although only 2 million children would have been previously uninsured. The disadvantages of this proposal are that it would be costly, inefficient, difficult to administer, duplicative of Medicaid, and would create incentives for employers to drop children who currently have coverage.

- (4) **Empower states to design an innovative program that supplements Medicaid to expand coverage for children.** This proposal would give states a Medicaid per capita amount to expand coverage to children. This could be done by: (a) giving states more flexibility to use different delivery systems, including managed care, without seeking waivers but leaving current benefit rules in place; or (b) allowing even more flexibility by permitting states to require contributions from higher income Medicaid eligibles. Using savings from these premium and cost-sharing requirements, states could expand coverage to additional populations of children. Populations eligible to receive benefits would be uninsured children in low-income working families.

The advantages of this proposals are: it builds on existing state structures; it limits Federal cost to the Medicaid matching amount versus a full premium subsidy; and it gives Governors much desired flexibility to increase coverage for children in working families.

The disadvantages of this proposal are: Although limited to lower-income populations, it will still likely induce some employer dropping of coverage; its cost-sharing requirements would impose burdens on some beneficiaries that have none now.

- **Consider options that increase the independence of people with disabilities,** including breaking the health coverage link to public cash assistance programs and creating more incentives to use home- and community-based services in lieu of institutional care.
 - (1) **Unveil a proposal to allow people with disabilities the opportunity to retain, or in return for a sliding scale premium, purchase Medicare or Medicaid.** Because private insurance is often not available or affordable to people with disabilities, many people choose to remain on the rolls rather than take the risk of working and losing coverage. This proposal, which we are designing with the Social Security Administration, would allow disabled social security clients the opportunity to purchase Medicaid or Medicare on a sliding scale as their income from employment rises. The primary potential downside is that this option might create unintended consequences of attracting many more people with disabilities to the subsidized Medicare/Medicaid programs than are currently being served. We are still waiting for final OMB estimates and will obviously rethink this option if it is cost prohibitive.
 - (2) **Consider additional ways to reorient the Medicaid program towards home- and community-based care and away from its institutional bias.** The disability community hates the fact that nursing home coverage within Medicaid is defined as a mandatory service, while home- and community-based care services are optional. We are currently evaluating options (that go even beyond your current proposal to eliminate the waiver process for States who wish to implement a home- and community-based service option). We will keep you informed of developments.

Protecting All Communities from Toxic Pollution

[August 19, 1996, 8:30AM]

"No child should have to live near a toxic waste dump. No child should have to drink water contaminated with chemicals. No child should have to eat foods poisoned with pesticides."

– President Clinton, 3/11/96

- President Clinton is announcing a new national commitment to protect all communities from toxic pollution by the year 2000 -- by making our water safer and cleaner, accelerating cleanup of toxic waste, expanding families' right-to-know about toxic pollution in their neighborhoods, and getting tougher on criminal polluters.

1. Making Water Safe and Clean for All Americans.

President Clinton is announcing a new comprehensive program to stop toxic pollution from entering our rivers, lakes and streams, and polluting our beaches.

- The President is directing all agencies to focus their existing programs on reducing toxic pollution, and to take the following new steps to make our waters safer and cleaner for Americans across the country:
 - EPA will expand its efforts to protect waters that are the source of drinking water;
 - Interior will clean up hundreds of abandoned mines releasing toxics into our waters, and restore thousands of miles of rivers to productive use;
 - NOAA will expand its partnerships with state and local governments to control polluted runoff and manage coastal areas; and
 - USDA will specifically target the authority and funding in the 1996 Farm Bill to the elimination of toxic pesticides and herbicides from our waters.
- President Clinton is issuing [will issue?] an executive order to protect our waters by giving agencies new authority to make polluters clean up toxic pollution.

This is in contrast to the actions of the Dole-Gingrich Congress. President Clinton blocked regulatory "reform" and "takings" bills from the Contract with American and sponsored in the Senate by Bob Dole, that would have rolled back every kind of clean water safeguard. President Clinton vetoed the Dole-Gingrich budget that would have cut clean water funding by 29 percent and drinking water funding by 45 percent until the Congress restored almost all of it. The House passed a lobbyist-written "Dirty Water Bill" to dramatically rolled back the Clean Water Act.

2. Accelerating Superfund Toxic Waste Cleanups in our Communities.

total 7

President Clinton is announcing a bold new commitment for toxic waste cleanup, pledging to clean up at least two-thirds of the toxic sites now on Superfund's national priorities list (NPL) by the year 2000.

- President Clinton is issuing an executive order to provide agencies with new authority to make polluters clean up toxic waste sites they created.
- President Clinton is calling for legislation to keep the Superfund funded and available for cleanups, expand the current cleanup effort, and provide tax incentives for Brownfields cleanups.
- In three years, the Administration has cleaned up more Superfund toxic sites than in the previous 12 years combined. Under President Clinton, EPA has streamlined cleanups, reduced litigation and bureaucracy, and made common sense improvements to the Superfund program. These steps have made it possible for the President to commit to today's major acceleration of Superfund cleanups.

The Dole-Gingrich Congress waged a concerted effort to let toxic polluters off the hook by repealing the Superfund provisions that make polluters pay. President Clinton blocked the regulatory "reform" bill contained in the Contract and sponsored by Senator Dole that would have brought Superfund cleanups to a halt. President Clinton vetoed the Dole-Gingrich budget to cut Superfund by 25 percent until Congress restored all of his add-back proposal.

3. Expanding Americans' Right-to-Know About Toxics in Their Community.

President Clinton is committing to give every American the right-to-know about pollution in their neighborhood.

- President Clinton is calling upon Congress to increase publicly-available information about their air, water, and lands.
- President Clinton is announcing two new executive actions to enhance right-to-know:
 - By the year 2000, EPA will make local environmental information -- which for ordinary citizens can often be impossible to find -- available on a timely basis for American communities. [This will include a special new "one-stop-shopping" site on the Internet.]
 - By the year 2000, the Administration will double the local water quality information available in libraries, schools, and on the Internet. This will give Americans nationwide the right-to-know about the quality of their lakes, streams, and waters, and will give them tools they need to make sure pollution is stopped.

- ozone

President Clinton defended our communities' right to know about toxic substances against an array of legislative onslaughts, and has twice expanded community right-to-know by executive

action. When the Dole-Gingrich Congress attempted to use the budget to block right-to-know, President Clinton fought back with a "pollution disclosure" executive order and forced them to change the measure. The Senate regulatory "reform" bill specifically targeted the public's right-to-know for rollbacks -- and when Democrats offered an amendment to restore right-to-know, the Republican leadership sponsored a successful motion to take it out of consideration.

4. Getting Tough on Criminal Polluters.

Illegal dumping of toxics and other environmental crimes are real crimes, and our families are the victims. Prosecutors, police, and investigators need better tools to protect our communities from the toxic threat posed by environmental criminals.

- President Clinton is today calling upon Congress to enact his Environmental Crimes Bill, which will strengthen community protection against environmental criminals.
 - This bill will ensure that the assets of environment criminals can be secured quickly, and can be used to restore the communities they victimize.
 - The bill would impose stronger penalties for the worst environmental crimes, and strengthen our partnership with state and local prosecutors with more tools and resources.
 - By outlawing attempted environmental crimes, the President's bill will make it possible to conduct undercover operations and otherwise to make an arrest before toxics are released into the environment. Current law does not allow prosecutors to stop environmental crime until the damage is done, and makes it easy for criminals to shelter the proceeds of their crimes.
 - The bill will authorize prosecutors to get a prejudgment order making placing criminal defendants' assets within the control of the court, to make sure those assets are available to clean up the environment.

The Dole-Gingrich Congress would have tied the hands of law enforcement, and given new rights to special interest polluters. President Clinton vetoed the Republican budget that cut EPA's enforcement by 25 percent until the Congress restored almost all of the President's add-back request. President Clinton and Democrats in Congress blocked a series of special interest budget measures to give well-connected polluters enforcement loopholes.

[**note: more specific contrasts and citations will be available]

Making Water Safe and Clean for All Americans

[August 18, 1996, 15:00]

President Clinton is announcing a series of steps to stop toxic pollution from entering our drinking water sources and other streams and rivers, while providing new resources to state and local governments fighting toxic pollution. President Clinton is also taking strong executive action to meet these goals, making better use of existing authority to make polluters clean up toxics that threaten our lands and waters. President Clinton will also transmit to Congress additional proposals for Clean Water Act reauthorization that advance these principles and strengthen protection against toxic pollution -- especially from polluted runoff.

- ▶ ***Making Polluters Clean Up More Toxic Threats to Lands and Waters.*** Hampered by the limitations in a Reagan Administration executive order implementing Superfund, federal agencies often lack the authority to compel polluters to clean up toxic waste sites that threaten our lands and waters. President Clinton's is changing that order, and expanding the authority of Interior, NOAA, and USDA to compel polluters to clean up.
- ▶ ***Protection for Drinking Water Sources.*** Earlier this month, President Clinton signed a Safe Drinking Water Bill that enacts his proposals to strengthen the ability of EPA and state and local governments to protect drinking water supplies. However, Congress has not yet provided full funding for the program. President Clinton is now challenging Congress to restore the money for communities to protect their drinking water, through the Safe Drinking Water Revolving Fund that President Clinton proposed. The President will also seek additional funding for communities to protect their drinking water sources.
- ▶ ***Protecting Communities from Toxic Mine Wastes.*** As demonstrated by President Clinton's decision to stop the mining operation that threatened Yellowstone, mining operations can pose a serious threat our nations waters. Many of these threats -- from acid and other toxics draining into our waters -- come from abandoned mines where there is no viable party left to do the cleanup. To address these threats, the President is proposing a dedicated Hard Rock Mining Reclamation Fund and an expanded cleanup program to stop toxic discharges from hundreds of mines and restore thousands of miles of rivers to productive use.
- ▶ ***Targeting Farm Bill Resources to Reducing Toxic Cleanup.*** The 1996 Farm Bill provided a number of opportunities for USDA to work in partnership with local governments and soil conservation districts on voluntary, community-oriented conservation projects. The President is directing USDA to focus those programs on reducing toxic and agricultural pollution into our waterways, beginning with an effort to focus the Conservation Reserve Program on water quality goals. These efforts should result in water quality protection efforts covering more than 50 million acres of lands nationwide.
- ▶ ***State and Local Protection of Rivers and Beaches.*** The President is strengthening the partnerships with state and local governments that provide front-line protection of rivers

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we done yet?

and beaches from toxic pollution. The President is directing EPA and NOAA to create new partnerships with state and local governments to control polluted runoff, and to manage critical coastal zone areas.

Investments: EPA (\$70 million); NOAA (\$65 million); Interior (\$155 million); USDA (\$10 million).

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A Major Acceleration of Superfund Cleanups in our Communities

President Clinton is today announcing a major acceleration of the Superfund program, committing to clean up at least two-thirds of the toxic sites now on Superfund's national priorities list by the year 2000. By executive order, the President is giving Interior, USDA, and NOAA new authority to make polluters clean up toxic pollution, which will boost site cleanups and clean water protection.

In just three years, the Clinton Administration has cleaned up more toxic sites on the Superfund National Priorities List (NPL) than in the previous 12 years combined. Under President Clinton, EPA has done more to streamline cleanups, reduce litigation and bureaucracy, and initiate common sense improvements to the Superfund program than in the previous ten years combined. These steps include an ambitious initiative to clean up Brownfields -- toxic sites that threaten both the health and the economy of distressed communities. These steps, combined with today's initiatives, make today's new target possible.

By contrast, the Dole-Gingrich Congress has waged a concerted effort underfund Superfund and to use Superfund monies to let toxic polluters off the hook. This initiative will make sure Superfund monies are used to clean up toxics from our communities, not to pay polluters.

- ▶ ***Accelerating the Pace Of Cleanup.*** President Clinton is setting an ambitious new goal for Superfund: doubling the pace of cleanup so that two-thirds of the existing Superfund sites are cleaned up by the year 2000.
- ▶ ***Challenging Congress to Make Polluters Pay For Cleanups.*** Because of its extreme proposals to end the Superfund program and let toxic polluter off the hook, the Dole-Gingrich Congress allowed the corporate taxes that support Superfund to lapse. This means that special interests are getting a \$1.6 billion dollar windfall this year and that future Superfund cleanups may be at risk. President Clinton is calling upon Congress to enact legislation before adjournment that achieves three goals to protect and expand Superfund cleanups:
 - 1) Reinstatement of the lapsed Superfund taxes;
 - 2) Enactment of provisions to require that the Superfund pay for cleanups that are ready to go, rather than make communities wait for Congress to budget more money. [Proposed];
 - 3) Enactment of President Clinton's Brownfields tax incentive, announced in the State of the Union and later introduced in the House and Senate, to accelerate brownfields cleanup.
 - 4) Rejection of proposals to use Superfund to pay polluters.
- ▶ ***Making Polluters Clean Up More Toxic Threats to Lands and Waters.*** Hampered by

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380
240
650 in 4 years
to 700 sites

the limitations in a Reagan Administration executive order implementing Superfund, federal agencies often lack the authority to compel polluters to clean up toxic waste sites that threaten our lands and waters. President Clinton is changing that order, and broadly expanding the authority of Interior, NOAA, and USDA to compel polluters to clean up.

Investments: EPA (\$1.5 billion).
15:00]

[August 18, 1996,

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Expanding Every American's Right-to-Know About Toxic Pollution

To honor every American's right to know about toxic pollution in their neighborhood, President Clinton is today calling upon Congress to strengthen our right-to-know laws. The President also is announcing steps to enhance right-to-know by executive action. By the year 2000, EPA, the Department of the Interior, and NOAA will make more local environmental information about the quality of the air and water -- which for ordinary citizens can often be impossible to find -- available instantly for all American communities. This information would be coupled with information about food and products that present major risks to families. This new service would complement the information available from EPA's Toxics Release Inventory, which has been highly effective in informing citizens about chemical data from major manufacturing facilities in their neighborhoods.

- ▶ **A Call for Right-to-Know Legislation.** Our right-to-know laws, now more than a decade old, need to be strengthened across-the-board. Congress took small steps in this direction by enacting proposals to strengthen right-to-know in the new Food Quality Protection Act and Safe Drinking Water Act. President Clinton is now calling upon Congress to work with the Administration to finish the job, and enact right-to-know legislation that will:

1. Let communities know more about the toxics used in, and transported through, their neighborhoods -- reinforcing the steps President Clinton has taken by executive action;
2. Make sure companies disclose major potential health threats in their products;
3. Make sure that communities can enforce their rights of access to pollution information when polluters don't comply.

- ▶ **Making Right-to-Know Accessible for All Americans.** President Clinton is directing EPA to embark on a program to ensure that, by the year 2000, Americans have one-stop access to timely, safety and health-related information about local air and water quality in communities across America. For the first time Americans will easily find out whether the air and water in their community is healthy through computer links to schools, libraries, community centers, and homes. Most of this information is already collected but never made available to communities. Making this information readily available and usable will help families and communities make informed choices about their health, and the protection of their communities. For example, timely air quality information can mean the difference between hospitalization and a healthy day for an asthmatic child. Asthma is now the leading cause of hospitalization for young children in the United States.
- ▶ **Expanding Right-to-Know About Water Quality.** Federal agencies now have timely information about water quality for only half the nation's rivers, lakes, streams, and beaches. President Clinton is expanding the effort so that communities across American have information about their waters and beaches, that they can get this information easily.

Investments: EPA (\$250 million over 4 years); Interior (\$75 million); NOAA (\$5 million).

Getting Tough on Environmental Crimes

Illegal dumping of toxics and other pollutants is real crime, and communities are the victims. Police, prosecutors, and investigators need better tools to protect our communities from the toxic threat posed by environmental criminals.

President Clinton is calling upon Congress to enact his Environmental Crimes Bill, which will strengthen community protection against environmental criminals. This bill will ensure that the assets of environment criminals can be secured even before conviction, and are used to restore the communities they victimize. The bill would impose stronger penalties for the worst environmental crimes, and strengthen our partnership with state and local prosecutors.

1. Prosecutors should be able to secure the assets of environmental criminals when they threaten our communities.

Background. Criminal defendants are often able to shield their assets from prosecutors, and communities are often at risk that the damage done by the crime will remain unrestored.

Legislative Proposal

- ▶ President Clinton's Environmental Crimes Bill proposes new authority for prosecutors to secure the assets of environmental criminals, even before conviction, when those assets are needed to repair the environmental harm that has been done. Broader even than a lien, this provision will allow prosecutors, after a hearing, to secure any of the assets belonging to an environmental criminal, to make sure the money is there to clean up the environment for victimized communities.

2. There should be tougher penalties for the worst environmental offenses.

Background: Current law has no provision for environmental criminals whose offenses result in death or injury to the public, including to police and other law enforcement personnel. There are no laws against attempted environmental crimes, which hampers efforts to capture criminals before environmental damage is done through "sting" operations and other undercover work,. Current statutes of limitations have no exceptions for those who conceal their environmental crimes, with the result that some of the most egregious environmental crimes cannot be prosecuted.

Legislative Proposal

President Clinton's Environmental Crimes bill would:

- ▶ Enhance penalties for environmental crimes that result in death or serious bodily injury to law enforcement personnel or the public;
- ▶ Outlaw "attempts" to commit environmental crimes;
- ▶ Modify statutes of limitation to allow additional time for prosecution (not to exceed a total of eight years from the date of the violation) where a criminal tries conceals an environmental crime

3. We should strengthen environmental law enforcement partnerships.

Background. Local law enforcement agencies often lack the resources to support environmental crimes prosecutions or to train their officers on detection and handling of environmental crimes. This problem hampers joint federal-state prosecutions, and has been made more urgent by the government shutdown and other efforts to cut EPA's enforcement budget and take the environmental cop off the beat.

Legislative Proposal

- ▶ President Clinton's bill would provide that state and local officials would be able to receive an award of their costs in joint prosecutions with federal authorities of environmental crime, and the cost award would be added to the criminal fine the defendant would have to pay.
- ▶ President Clinton will seek \$1,000,000 in new money for training and support of state and local law enforcement officials.

4. We should provide for restitution of those victimized by environmental crimes.

Background. The authority of courts to require environmental criminals to provide "restitution" to communities victimized by environmental crime should be clear. The communities that are victims of environmental crime should the right to have their environment and natural resources restored.

Legislative Proposal

- ▶ President Clinton's bill would clarify the law to ensure that the courts may order convicted criminals to pay restitution for their crimes, by making payments to remediate or restore the quality of the environment to the full extent that it is damaged by an environmental crime.

[August 18, 1996, 15:00]

THE WHITE HOUSE
WASHINGTON

August 16, 1996

TO: *CAROL RASCO*
BRUCE REED
LAURA TYSON
GENE SPERLING

FROM: *DIANE REGAS (DPC)*

CC: *PAUL WEINSTEIN*

SUBJECT: *STATUS OF ENVIRONMENTAL INITIATIVE*

Ongoing discussions to develop a bold, innovative environmental initiative are proceeding and I expect will lead to a proposal on Monday focussed on protecting American communities from toxic pollution. The initiative will include significant acceleration of toxic cleanups; expanded efforts to get toxics out of rivers, lakes and drinking water; innovative expansions of community right to know; and a proposal to get tough on environmental crime. The initiative is very positive, and would set out an aggressive agenda in these areas. The total cost of this initiative is likely to be at least \$1-\$2 billion per year.

A more focussed and less expensive alternative would announce a commitment to give people information about their local environment and give law enforcement agencies the tools they need to protect families and communities from toxics. The proposal would include providing access to environmental information for the biggest 50 cities and a proposal to get tough on environmental crime. While I do not have a final estimate from the agencies with the total cost of this initiative, with OMB's help I have estimated that the cost should be in the range of 35 million per year over the next 4 years (20 million for EPA and 15 million for DOI). 2/150 M

Provide Americans Access to Information that will Help Keep them Safe

By the year 2000, the Clinton Administration would ensure that Americans have one-stop access to timely, safety and health-related information about local air and water in the largest 50 cities, about products, food and drugs. For the first time Americans will easily find out whether the air and water in their community is healthy through computer links to schools, libraries, community centers, and home computers.

The information available will help families and communities make more informed choices about their health, and the protection of their communities. For example, timely air

quality information can mean the difference between hospitalization and a healthy day for an asthmatic child. Asthma is now the leading cause of hospitalization for young children in the United States.

The actions we would fund include creating a new system in cities to track and transmit information about air pollution--currently the information is limited and can not be accessed in real time. This initiative would expand water monitoring to include the nation's largest cities and would make all of the water information accessible--current water monitoring is limited to less than half of the country and is not generally accessible. In addition information and warnings about products would be included. This information would complement Toxics Release Inventory through which EPA collects only limited chemical data from some manufacturing facilities.

Getting Tough on Environmental Crime

President Clinton is challenging Congress to strengthen the hand of law enforcement when it comes to fight environmental crimes that threaten our communities with toxics.

Criminal prosecution of egregious violations of environmental laws is reserved for the most serious threats to public health and the environment, and depends heavily on close partnership between the federal government and state and local environmental, public health, and law enforcement agencies. Unfortunately, due to gaps in the current environmental laws, and the limited resources of state and local law enforcement agencies, too many environmental crimes now go undetected or inadequately punished. Too often, communities are unable to get criminal polluters to pay restitution for the damage they cause.

The President is calling upon Congress to enact, targeted reforms to the laws against environmental crime that meet three basic goals:

- ▶ ***Strengthen the current law***, so that federal, state, and local prosecutors can more effectively pursue environmental criminals, and get their assets when they threaten our communities.
- ▶ ***Strengthen our partnership with State and Local law enforcement***, by providing additional resources and training to state and local prosecutors and investigators who work to prosecute environmental crimes.
- ▶ ***Empower communities to restore resources injured by environmental crime***, by clarifying the authority of courts to require convicted criminals to pay for cleaning up and restoring the environment they damage.

Potential Negative to a Narrow Initiative

A narrow initiative like this one would be appropriate for a locally-focussed announcement. It would be very difficult, however, to present this narrow initiative as "bold" or as representing the Administration's top priorities for accomplishments in the next few years. It precludes any claim that the Administration is committed to measurable progress on cleaning up rivers, air or water--and by omitting those elements may generate criticism that

the Administration does not have a vision for progress in the environment. If this initiative is significantly narrower than others being announced the same time, it could further feed the perception that the environment is a low priority for the Clinton Administration--undermining the existing strong message on the environment.

Draft
8/16/96

COMMUNITY SCHOOLS CHALLENGE

Message

Every working parent ought to know that their children have a safe place to go before and after school (and during holidays and the summer) that provides opportunities for learning and recreation.

The President will challenge every community to keep schools (or other appropriate locations, such as recreation centers) open longer hours (7:00 a.m. to 6:00 p.m.) and year round, in order to provide a safe and well supervised environment for extended learning and recreation. Communities will be encouraged to add additional services, as they determine are appropriate, such as adult education and training, family support services, health care, etc. This is a challenge not just to schools, but to community-based agencies, youth groups, senior citizens, local governments, institutions of higher education, employers, and other sources of community volunteers to provide the necessary resources, staffing and services.

Why The Need For Community Schools?

- **Parents want and need them.**

Working parents need affordable and quality child care for their children before and after school. According to a 1986 study, 50 percent of children in K-3, 66 percent in grades 4-6 and 80 percent in grades 7-8 are by themselves or with siblings after school three to five days per week.

By and large, the public favors keeping school buildings open and with adult supervision for use by schoolchildren: 87 percent after school, 67 percent on weekends, and 72 percent during vacations (Gallup, 1992).

- **Children learn more.**

Children who spend more time in learning activities learn more. In addition, children under adult supervision in a formal program have demonstrated improved academic achievement and better attitudes toward school than their peers in self- or sibling care (Miller and Marx, 1990).

Well designed, well organized and managed tutoring programs can have a significant effect in improving reading skills among young students (....)

Reading achievement and student involvement in organized extracurricular activities such as academic clubs, sports, student government, band and special lessons are positively related, for all students and particularly for students from lower socioeconomic backgrounds.

- **Kids stay out of trouble.**
The peak time of day for juvenile (ages 12-17) crime, and juvenile victimization by crime, is at 3:00 p.m., when students have been let out of school and are on their own. (FBI, 1993).
- **There aren't many programs, especially for older children and youth.**
1.7 million children in grades k-8, of a total population of approximately 30 million, were enrolled in 49,500 formal before- or after-school programs of any sort. Of these programs, 35 percent were housed in child-care centers, 28 percent in public schools, and 14 percent in religious institutions. The other 23 percent were in miscellaneous institutions.

The Initiative

- **Presidential challenge to communities to keep schools open longer, and to provide volunteers to serve as tutors, mentors, etc.**
 - The President should set a target of ___ schools and ___ volunteers within ___ years.
 - Early September event featuring Presidential challenge and pledge by 10-15 national organizations (e.g., Boys and Girls Clubs) to help communities respond to challenge.
 - Additional response to be provided by Americorps and by institutions of higher education pleding to recruit students on Work Study to serve as tutors and mentors.
 - Builds on Education Department proposal to recruit 1 million volunteer tutors to help k-3 students learn to read in after school programs.
- **Presidential committment to submit necessary legislation to make it easier for communities to use existing federal resources to operate community schools.**
After school programs can be supported by funds from a number of programs for children and youth related to education, national service, health, crime and delinquency prevention, housing and community development which are operated by cabinet and other executive branch agencies. The President will submit legislation to make it easier for communities to draw upon and integrate these resources for coherent and coordinated programs. The legislation could offer options such as new waiver authorities, opportunities for comprehensive planning and considedated applications for funding by local communities.. A specific legislative proposal will be developed later.
- **Proposed expansion of Child and Dependent Care Tax Credit, if proposed by President, could be highlighted as one funding source.**
 - Most existing before- and after-school programs rely on fees as at least one source of funding. For working parents of children under age 13, fees paid for before- or after-school care are eligible for the Child and Dependent Care Tax Credit.

THE WHITE HOUSE
WASHINGTON

September 3, 1996

MEMORANDUM FOR DISTRIBUTION

FROM: Gene Sperling

RE: Recent Policy Initiatives

Attached are materials produced and released to the public on the President's new initiatives announced last week. They include:

- "America Reads" Challenge.
- Welfare-to-Work Jobs Challenge.
- Targeted Home Ownership tax cut.
- Expanded Environmental Initiative.
- Offsets to pay for the new initiatives.

Please feel free to contact me at 456-2620 with any questions.

Protecting All Communities From Toxic Pollution

August 28, 1996

"No child should have to live near a toxic waste dump. No child should have to drink water contaminated with chemicals. No child should have to eat foods poisoned with pesticides."

- President Clinton, 3/11/96

- ☛ President Clinton is announcing a new national commitment to protect communities from toxic pollution by the year 2000 -- accelerating toxic waste cleanup, expanding families' right-to-know about toxic pollution in their neighborhoods and getting tougher on criminal polluters.
- **Accelerating Superfund Toxic Waste Cleanup in our Communities**, nearly doubling the pace of cleanup, so that in 2000 approximately two-thirds of the priority sites will be cleaned.
 - **Expanding Brownfields Redevelopment Initiative**, to promote the cleanup and reuse of contaminated industrial and commercial facilities.
 - **Getting Tough on Criminal Polluters**, to strengthen penalties for the worst environmental criminals and ensure that courts can secure polluters' assets in order to restore the communities they victimize.
 - **Expanding Americans' Right-to-Know About Toxics in Their Community**, so that people can get more information about toxic threats to their families.
 - **Making Water Safe and Clean for All Americans**, by better protecting drinking water sources, reducing toxics in the Great Lakes and making polluters pay to clean up their water pollution.

1. Accelerating Superfund Toxic Waste Cleanups in our Communities.

President Clinton is announcing a bold new commitment for toxic waste cleanup: nearly doubling the pace of cleanup to better protect our families and our natural heritage.

- President Clinton is building on three years of reform -- cleaning up as many sites in three years as had been cleaned up in the previous 12 -- to accelerate again the pace of cleanup. As a result, approximately two-thirds of the 1387 toxic sites now on Superfund's national priorities list (NPL) will be cleaned up by the year 2000. This initiative will:

- Improve quality of life for more than 27 million Americans -- including over 4 million children -- who live within four miles of a Superfund site.
 - Generate jobs and economic development more quickly in hundreds of communities across the country: first through site cleanup, and later through productive use of cleaner sites.
 - Eliminate budget-related delays in cleanup. No community will have to wait for cleanup because the money has run out.
- President Clinton is issuing an executive order to provide agencies that protect our lands and waters with new authority to make polluters clean up toxic waste sites they created. This will mean more cleanup, and greater protection of natural resources that support hunting, fishing, tourism, and recreation in local economies. In addition, the executive order will expand the effort at the many sites not on the NPL list of worst sites but still requiring cleanup.
 - President Clinton is calling upon Congress to act before adjournment to reinstate the corporate levies that provide money for Superfund cleanups in our communities. These levies lapsed during the budget impasse, and unless Congress acts, the oil and chemical companies that pay the Superfund levies will continue to get a windfall while future Superfund cleanups are put at risk. This proposal was included in both President Clinton's budget proposal and the budget proposals of the Dole-Gingrich Congress.

Under President Clinton, EPA has streamlined cleanups, reduced litigation and bureaucracy, and made common sense improvements to the Superfund program. These steps have made it possible for the President to commit to today's major acceleration of Superfund cleanups.

2. Restoring Hope to Communities Through Brownfields Redevelopment.

President Clinton is announcing a major expansion of his Brownfields initiative, which promotes local cleanup and redevelopment of contaminated and abandoned urban properties.

- The President is announcing new support for state and local efforts to revitalize brownfields, including:
 - Expansion of EPA grants to communities for site assessment and redevelopment planning, and support for revolving loans to finance brownfields cleanup efforts at the local level. This will result in cleanup at approximately 5,000 sites by 2000.
 - Expansion of HUD Economic Development Initiative (EDI) grants to leverage private, State, and local funds in support of efforts to redevelop the cleaned-up sites and create jobs for the surrounding communities. The HUD EDI grants

are expected to leverage up to \$400 million in additional guaranteed loan financing through HUD's Section 108 loan guarantee program.

- New EPA worker training initiatives for jobs in local remediation projects.
- The President is also providing new incentives to promote cleanup through private initiatives, by:
 - Calling upon Congress to enact his brownfields tax incentive proposal before adjournment. This \$2 billion investment over seven years will generate more than \$10 billion in cleanup and development at 30,000 sites in communities across the country, including 17,000 sites by 2000.
 - Providing new assistance to state voluntary cleanup programs, which reinforce private initiative by providing public oversight and approval of private cleanup plans.
- The initiatives announced today will expand local economies, improve quality of life, and restore hope to communities across the country. A \$200,000 brownfields grant in Cleveland, for example, has leveraged \$4.2 million in private sector investments.
- These initiatives will also help preserve open spaces for our communities. EPA estimates that brownfields redevelopment results in at least a 25 percent reduction in development of pristine or "greenfields" sites, while saving communities other costs of creating infrastructure for new areas -- water, sewer, electric lines.

President Clinton has pioneered successful and cost-effective solutions to the problem of urban brownfields, beginning with the Brownfields Action Agenda announced by EPA in January 1995. The proposals today would improve quality of life for up to 15 million Americans living near brownfields, while creating the jobs, private investments, and tax base that will restore communities now burdened with brownfields sites.

3. Getting Tough on Criminal Polluters.

Illegal dumping of toxics and other environmental crimes are real crimes, and our families are the victims. Prosecutors, police, and investigators need better tools to protect our communities from the toxic threat posed by environmental criminals.

- President Clinton is calling on Congress to enact a new Environmental Crimes Bill, which will strengthen community protection against environmental criminals. This bill will:
 - Ensure that the assets of environmental criminals can be secured quickly, and can be used to restore the communities they victimize. Prosecutors will be able to get a prejudgment order placing criminal defendants' assets within the control of the court, to make sure those assets are available to clean up the environment.

Criminals will not be able to shelter the proceeds of their crimes while the community remains exposed to toxic pollution.

- Require stronger penalties for the worst environmental crimes, such as where toxic pollution causes serious injury or imperils law enforcement officers.
 - Strengthen our partnership with state and local law enforcement agencies by authorizing these agencies to recover their costs when they assist federal prosecutions.
 - Outlaw attempted environmental crimes, making it possible to conduct "sting" operations and otherwise to make an arrest before toxics are released into the environment. Current law does not allow prosecutors to stop environmental crime until the damage is done.
- As part of this initiative, President Clinton also is proposing funds to train state and local law enforcement officers to investigate and detect environmental crimes.

4. Expanding Americans' Right-to-Know About Toxics in Their Community.

Because every American has a right to know about toxic pollution in their neighborhood, President Clinton is announcing steps to expand the information people can get about toxic threats to their families -- without imposing more reporting or paperwork requirements on anyone.

- By the year 2000, Americans will have an easy way to answer common questions like "Is the air too polluted today to play outside?" "Is the beach at my favorite lake clean enough for swimming this weekend?" "What kind of toxics are in our local river?" This information will be available for the 75 largest metropolitan areas in the country through a comprehensive monitoring system with computer links to schools, libraries, community centers and home computers.
- President Clinton is also directing federal agencies to build on the success of our right-to-know laws, and to work with parents, scientists, the business community, and Congress to provide better information to families, so that they will have the tools to protect themselves. President Clinton is asking for new common-sense and cost-effective proposals to meet the following objectives:
 - Assisting parents in assessing and avoiding unique environmental health risks to children from products and chemicals.
 - Providing information on the whole range of environmental health risk from toxics, including cancer, developmental, endocrine, and reproductive risks.
 - Encouraging informed consumer choices by providing improved information.

5. Making Water Safe and Clean for All Americans.

President Clinton is challenging Congress to improve protection for all Americans from pollution entering our rivers and drinking water sources. President Clinton is directing the Department of Agriculture (USDA) to make water quality protection a top goal for its Farm Bill conservation programs.

- President Clinton is challenging Congress to deliver the drinking water protection promised when Congress enacted his proposals in the recent Safe Drinking Water Act, by fully restoring his requested funds for drinking water.
- President Clinton is announcing an expanded commitment to reducing toxic pollution in the Great Lakes, with greater National Oceanic and Atmospheric Administration (NOAA) grants and technical assistance to states, building on the success of the Great Lakes Water Quality Initiative, which under the Clinton Administration has put in place commitments that will reduce toxics.
- President Clinton is challenging Congress to protect rural threats to drinking water, by fully funding his programs for collecting data about pesticide use and runoff and assistance for protecting rural drinking water.
- President Clinton is directing USDA to fully implement the authorities and resources in the 1996 Farm Bill for the protection of water quality.
- President Clinton's executive order giving agencies new authority to make polluters clean up toxic pollution will also help clean up water pollution.

Accelerating Superfund Toxic Waste Cleanups in our Communities

August 28, 1996

President Clinton is announcing a bold new commitment for toxic waste cleanup: nearly doubling the pace of cleanup to better protect our families and our natural heritage.

- ***Cleaning Up Two-Thirds of Superfund Sites.*** President Clinton is building on three years of reform to accelerate the pace of cleanup. As a result, approximately two-thirds of the 1387 toxic sites now on Superfund's national priorities list (NPL) will be cleaned up by the year 2000. This initiative will:
 - Improve quality of life for more than 27 million Americans -- including over 4 million children -- who live within four miles of a Superfund site.
 - Generate jobs and economic development more quickly in hundreds of communities across the country: first through site cleanup, and later through productive use of cleaner sites.
 - Eliminate budget-related delays in cleanup. No community will have to wait for cleanup because the money has run out.
- ***Making Polluters Pay to Clean Up Their Waste.*** President Clinton is issuing an executive order to provide the agencies that protect our lands and waters with new authority to make polluters clean up toxic waste sites they created. This eliminates limitations in President Reagan's executive order implementing Superfund, and will mean more cleanup in more communities. It will also mean greater protection of natural resources that support hunting, fishing, tourism, and recreation in local economies.
- ***Funding Superfund.*** President Clinton is calling upon Congress to reinstate the corporate levies that support the Superfund program, which lapsed during the budget impasse. This proposal was included in both the President's budget proposal and the budget proposals of the Dole-Gingrich Congress. The oil and chemical companies that pay the Superfund levies are receiving a windfall while future Superfund cleanups are put at risk.
- Under President Clinton's proposal, the new money contemplated by this initiative will be used for cleanup, and not to pay polluters as some recent proposals in Congress would require.

In three years, the Administration has cleaned up more of Superfund's 1,387 toxic NPL sites than in the previous 12 years combined. Under President Clinton, EPA has streamlined cleanups, reduced litigation and bureaucracy, and made common sense improvements to the Superfund program. These steps made it possible for the President to commit to today's major acceleration of Superfund cleanups.

The Superfund law to clean up toxic waste sites was signed into law in 1980. From FY 1983 through FY 1992, construction was completed at only 149 toxic waste sites on the Superfund National Priorities List (NPL), an average of *less than 15 sites per year*. By contrast, from FY 1993 through FY 1995, the Clinton Administration completed construction at 197 toxic waste sites on the NPL, an average of *more than 65 sites per year*. The new resources in this initiative will provide for completion of approximately 500 sites over the next four years, *an average of 125 sites per year* -- nearly doubling the pace of cleanup. Not counting sites where construction has been completed, there are an *additional 472* NPL sites where construction is underway.

This progress in expediting cleanup decisions, coupled with a \$100 million rescission to the FY 95 budget and delays in funding caused by the FY 96 budget impasse, has meant that a funding queue for cleanup resources has developed. This initiative will eliminate the queue, and further ensure that the program can meet the ambitious new goal the President is setting today.

In addition, many sites are not on the NPL list of worst sites but still require cleanup because of the threat they pose to communities and to natural resources. President Clinton's new executive order will expand the effort to clean up these sites.

New Investments: EPA: \$1.3 billion over 2 years (FY 98 and FY 99). This is in addition to the current amount of \$1.394 billion per year for each of the fiscal years 1997-2000.

Restoring Hope Through Brownfields Redevelopment

August 28, 1996

President Clinton is announcing a major expansion of the Administration's Brownfields initiative, which promotes the safe and sustainable reuse of industrial and commercial facilities that are idle or under-utilized because of toxic contamination.

- ***Expanding the Brownfields Initiative.*** The President is announcing new support for state and local efforts to revitalize brownfields, including:
 - Expansion of EPA grants to communities for site assessment and redevelopment planning, and support for revolving loans to finance brownfields cleanup efforts at the local level. This will result in cleanup at approximately 5,000 sites by 2000.
 - Expansion of HUD Economic Development Initiative (EDI) grants to leverage private, State, and local funds in support of efforts to redevelop the cleaned-up sites and create jobs for the surrounding communities. The HUD EDI grants are expected to leverage up to \$400 million in additional guaranteed loan financing through HUD's Section 108 loan guarantee program.
 - New EPA worker training initiatives for jobs in local remediation projects.
- ***Creating Brownfields Tax Incentive.*** The President is also providing new incentives to promote cleanup through private initiatives, by:
 - Calling upon Congress to enact his brownfields tax incentive proposal before adjournment. This \$2 billion investment over seven years will generate more than \$10 billion in cleanup and development at 30,000 sites in communities across the country, including 17,000 sites by 2000.
 - Providing new assistance to state voluntary cleanup programs, which reinforce private initiative by providing public oversight and approval of private cleanup plans.
- ***Supporting State Cleanup.*** President Clinton's initiative includes \$30 million to support state voluntary cleanup programs, which provide technical oversight and support to private parties who take the initiative to clean up brownfields sites and prepare them for development. Many states currently lack the resources and expertise to develop these programs.
- ***Training Workers.*** President Clinton is announcing \$20 million to train workers in distressed communities to do remediation work.

- Today's initiatives will expand local economies, improve quality of life, and restore hope to more than 300 communities across the country that have identified brownfields cleanup as a major concern.
- These initiatives will also help preserve open spaces for our communities. EPA estimates that brownfields redevelopment results in a 25 percent reduction in development of pristine or "greenfields" sites, while saving communities other costs of creating infrastructure for these new areas -- water, sewer, electric lines.

Background: President Clinton has pioneered successful and cost-effective solutions to the problem of urban brownfields, beginning with the Brownfields Action Agenda announced by EPA in January 1995. The proposals today would improve quality of life for up to 15 million Americans living near brownfields, while creating the jobs, private investments, and tax base that will restore communities now burdened with brownfields sites.

In his State of the Union address, President Clinton challenged Congress to enact his brownfields tax incentive, which will help redevelopment at 17,000 sites across the country by 2000. President Clinton announced details of the brownfields tax incentive March 11, 1995.

President Clinton has acted to streamline cleanups, return contaminated properties to productive use, empower States to address contaminated sites, and reduce litigation and bureaucracy. For example, the Clinton Administration has removed 27,000 sites (or nearly two-thirds) from the Superfund site data base (CERCLIS). These sites represent those that the States and EPA investigated and found to be of no further Federal interest. Many were found not to be seriously contaminated while others are being cleaned up under state programs. This action is making it easier for potential purchasers, developers, lenders, and communities to make investments in these properties and clean them up.

President Clinton's brownfields agenda also includes funding 60 brownfield redevelopment projects by the end of this year. The first such project in Cleveland, Ohio leveraged \$4.2 million in private investment, created 200 jobs, and generated more than \$1 million in new payroll taxes for the city. Today's initiative includes \$150 million to expand those grants and support revolving loans to finance cleanups.

New Investments over 4 years: EPA: \$200 million (compared with current level of \$37 million annually). HUD \$100 million.

Getting Tough on Criminal Polluters

August 28, 1996

Illegal dumping of toxics and other pollutants is real crime, and our communities are the victims. Police, prosecutors, and investigators need better tools to protect our communities from the toxic threat posed by environmental criminals.

President Clinton is calling upon Congress to enact his Environmental Crimes Bill, which will strengthen community protection against environmental criminals. This bill will ensure that the assets of environment criminals can be secured even before conviction, and are used to restore the communities they victimize. The bill would impose stronger penalties for the worst environmental crimes, help catch environmental criminals before they harm the environment, and strengthen our partnership with state and local prosecutors.

- ***Prosecutors to secure the assets of environmental criminals when they threaten our communities.*** Criminal defendants are often able to shield their assets from prosecutors, and communities are often at risk that the damage done by the crime will not be restored or will be left for the taxpayer to clean up.

Legislative Proposal - President Clinton's Environmental Crimes Bill proposes new authority for prosecutors to secure the assets of environmental criminals, even before conviction, when those assets are needed to repair the environmental harm that has been done. This provision will allow prosecutors, after a hearing, to secure any of the assets belonging to an environmental criminal, to make sure that the money is available to clean up the environment for victimized communities.

- ***Tougher penalties for the worst environmental offenses.*** Police officers, fire fighters, and others who are first on the scene of environmental crimes can face grave risks, and federal penalties are not adequate to punish those who injure or even kill these first responders. Furthermore, there are no laws against attempted environmental crimes, which hampers efforts to capture criminals before environmental damage is done through "sting" operations and other investigative work. Current statutes of limitations have no exceptions for those who conceal their environmental crimes, which means that some of the most egregious environmental crimes cannot be prosecuted.

Legislative Proposal - President Clinton's Environmental Crimes bill would:

- Enhance penalties for environmental crimes that result in death or serious bodily injury to law enforcement personnel or the public.
- Outlaw "attempts" to commit environmental crimes.
- Modify statutes of limitation to allow additional time for prosecution (not to exceed a total of eight years from the date of the violation) where a criminal conceals an environmental crime.

- ***Strengthen environmental law enforcement partnerships.*** Local law enforcement agencies often lack the resources to support environmental crimes prosecutions or to train their officers on detection and handling of environmental crimes. This problem hampers joint federal-state prosecutions, and has become more urgent because of the government shutdown and other efforts to cut EPA's enforcement budget and take the environmental cop off the beat.

Legislative Proposal -

- President Clinton's bill would provide that state and local officials would be able to receive an award of their costs in joint prosecutions with federal authorities of environmental crime, and the cost award would be added to the criminal fine the defendant would have to pay.
- President Clinton will seek \$4 million over four years in new money for training and support of state and local law enforcement officials.
- ***Provide for restitution of those victimized by environmental crimes.*** The authority of courts to require environmental criminals to provide "restitution" to communities victimized by environmental crimes should be clear. The communities that are victims of environmental crime have a right to have their environment and natural resources restored.

Legislative Proposal - President Clinton's bill would clarify the law to ensure that the courts may order convicted criminals to pay restitution for their crimes, by making payments to remediate or restore the quality of the environment to the full extent that it is damaged by an environmental crime.

New Investments Over Four Years: EPA: \$4 million

Expanding Every American's Right-to-Know About Toxic Pollution

August 28, 1996

Every American has a right to know about toxic pollution in their neighborhood, and President Clinton is announcing steps to expand the information people can get about toxic risks to their families, without imposing new reporting burdens for anyone.

By the year 2000, Americans will have an easy way to answer common questions like "Is the air too polluted today to play outside?" "Is the beach at my favorite lake clean enough for swimming this weekend?" "What kind of toxics are in our local river?" This information will be available for the 75 largest metropolitan areas in the country through a comprehensive monitoring system with computer links to schools, libraries, community centers and home computers.

- ***National right-to-know network of key environmental health indicators.*** President Clinton is directing EPA to work with other state, federal and local agencies to put in place a nationwide network to observe key environmental health indicators in the air, land and water. Families will have access to timely health-related data to make informed choices that directly affect their health. For example, timely air quality information can mean the difference between hospitalization and a healthy day for an asthmatic child. Asthma is now the leading cause of hospitalization for young children in the United States.
- ***Better right-to-know data on water.*** To help communities protect their waters, President Clinton is expanding water quality studies so they cover at least these 75 largest metropolitan areas and -- just as importantly -- make that information readily available. The United States Geological Survey (USGS) and the National Oceanic and Atmospheric Administration (NOAA) now study water quality in less than half the nation's rivers, lakes, streams, and beaches. President Clinton is expanding the effort so that most Americans can get information about what causes the pollution in their rivers, lakes and beaches. With this information communities can find the best ways to improve and protect the quality of sources of drinking water.
- ***Making information available when families need it.*** President Clinton is directing agencies to put in place a system to give everyone better access to government pollution information, by directing the federal agencies that have this information to work together to provide the public with one-stop access.
- ***A call for expanded right-to-know.*** President Clinton is directing federal agencies to build on the success of our right-to-know laws, and to come forth with proposals to provide families with better information about the risks their families face from toxics and other hazards. The Administration will work with parents, scientists, the business community, local governments, and the Congress to provide better information to families, so that they will have the tools to protect themselves. This initiative will include common-sense and cost-effective ways to meet the following objectives:

- Assist parents in assessing and avoiding unique environmental health risks to children from products and chemicals.
- Provide information on the whole range of environmental health risk from toxics, including cancer, developmental, hormonal, and reproductive risks.
- Encourage informed consumer choices by providing improved information.

New Investments Over Four Years: EPA \$140 million; Interior/USGS \$45 million; NOAA \$11 million.

Making Water Safe and Clean for All Americans

August 28, 1996

President Clinton is announcing actions to stop toxic pollution from entering our drinking water sources and other streams and rivers, while providing new resources to state and local governments fighting toxic pollution. President Clinton is also taking strong executive action to meet these goals, making better use of existing authority to make polluters clean up toxics that threaten our lands and water.

- ***Protection for Drinking Water for All Communities.*** Earlier this month, President Clinton signed a Safe Drinking Water Bill that enacts his proposals to strengthen the ability of EPA and state and local governments to protect drinking water supplies. This bill includes President Clinton's proposed State Safe Drinking Water Revolving Fund (SRF). Because of last-minute delays in enacting the bill, however, Congress missed its own deadline and as a result \$725 million earmarked for the SRF was lost. President Clinton is now challenging Congress to restore this money, and to fully fund his FY 97 request for drinking water, for a total of \$1.275 billion. Communities need this money is to keep toxics out of their drinking water and make sure their drinking water is safe.
- ***Protecting the Great Lakes.*** President Clinton is announcing an expanded commitment to reducing toxics in the Great Lakes, which builds on the success of the Great Lakes Water Quality Initiative put in place during the last four years. The Great Lakes are a national treasure -- they contain 95 percent of the fresh water in the United States, and 23 million people get their drinking water from the Great Lakes watershed. Working in partnership with communities and states we have already found actions that will reduce the most important remaining source of pollution -- runoff of toxics from city streets and toxic pesticides and nutrients from fields.

The next critical step is to put these plans into action so they can serve as a model for communities around the region, and across the country. President Clinton is calling for expanded National Oceanic and Atmospheric Administration (NOAA) matched grants to states, technical assistance and seed money for critical projects so we can make progress for the people who eat the fish, drink the water and swim in the Great Lakes.
- ***Meeting Special Threats to Rural Drinking Water.*** President Clinton is challenging Congress to protect against threats to rural drinking water by restoring funding for the pesticide-use data collection program (\$11.2 million for FY 97) and to fully fund his request for the program to build drinking water systems in rural communities that lack clean, safe drinking water (\$559 million for FY 97).
- ***Targeting Farm Bill Resources to Protecting Water Quality.*** The 1996 Farm Bill provided a number of opportunities for USDA to work in partnership with local governments and soil conservation districts on voluntary, community-oriented

conservation projects. The President is directing USDA to ensure that these programs protect our waterways from agricultural contaminants and pollutants, beginning with successful and full use of the Conservation Reserve Program and the new Environmental Quality Incentives Program to reach water quality goals. These efforts should result in water quality protection efforts covering more than 50 million acres of lands nationwide.

- ***Making Polluters Clean Up More Toxic Threats to Lands and Waters.*** Hampered by the limitations in a Reagan Administration executive order implementing Superfund, federal agencies often lack the authority to compel polluters to clean up toxic waste sites that threaten our lands and waters. President Clinton is changing that order, and expanding the authority of federal agencies to compel polluters to clean up.

New Investments Over Four Years: NOAA \$76 million.

President Clinton's “America Reads” Challenge

August 27, 1996

President Clinton's “America Reads” Challenge

PROPOSAL DESCRIPTION

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PRESIDENT CLINTON'S "AMERICA READS" CHALLENGE

August 27, 1996

"AMERICA READS" CHALLENGE: TO MAKE SURE THAT EVERY CHILD IS LITERATE BY THE END OF THE 3RD GRADE. *Parental Responsibility and Community Responsibility will be the Backbone of this Effort.* Only with a strong, nationwide effort by all Americans -- parents, community groups, religious organizations, teachers, principals, and private sector leadership, will America be able to mobilize the national effort necessary to make sure that all children are reading independently by the end of the 3rd grade. To help catalyze these efforts, and help community leaders, parents, and educators across the country, the President is proposing the \$2.75 billion "America Reads" Challenge.

Four Main Components of President Clinton's "America Reads" Challenge:

- I. Parents As First Teachers Challenge Grants.** The President proposes a *Parents as First Teachers Challenge Grant Fund* that invests in success by supporting effective, proven efforts that provide assistance to parents who want to help their children become successful readers by the end of 3rd grade. \$300 million in grants will be available over 5 years to national and regional groups as well as local communities and organizations. (\$300 million FY98 - FY2002).
- II. America's Reading Corps: Individualized After-School and Summer Tutoring for More Than 3 Million Children in Grades K-3 Who Want and Need It.** The President's proposal provides \$2.450 billion to support tutoring efforts. \$1.45 billion in net new investments over 5 years, in addition to \$1 billion already specified in President Clinton's balanced budget for National Service participants will be directed specifically to this reading challenge.
 - **30,000 Reading Specialists and Volunteer Coordinators would be funded to help Communities provide extra reading help before and after school and during the summers for the 20,000 schools with the greatest need -- reaching more than 3 million children.**
 - **National Goal To Mobilize 1 Million Tutors.** Study after study shows that individualized tutoring can work to raise reading level -- particularly when combined with effective in-school teaching and family involvement. Only if all sectors of our national community rise to the challenge will we be able to mobilize the 1 million tutors needed to provide individual attention to all young children who need reading assistance. With the help of 30,000 coordinators and reading specialists, along with college work study students and RSVP Senior Volunteers, the President hopes to move the nation towards this goals.
 - **Building on the Success of Thousands of Community Programs and National Service.** This initiative builds on the success of community tutoring programs and National Service programs like AmeriCorps and RSVP Senior volunteers in developing and coordinating effective tutoring program. 11,000 AmeriCorps members will work in local communities as tutor coordinators to assist communities in their locally-designed reading efforts.
- III. Providing 1 Million 3 and 4 year-olds with a Head Start.** President Clinton's balanced budget includes a major expansion of Head Start so that it can reach 1 million pre-school children in 2002.
- IV. Challenge to Private Sector.** This national effort will only be successful if those in the private and non-profit sector return to the President's "America Reads" challenge. This new "America Reads" initiative builds on Clinton Administration efforts to work with the Private Sector in helping our children learn how to read, such as the "Partnership for Family Involvement in Education" and "Read*Write*Now."

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August 27, 1996

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III. Providing One Million 3 and 4 year olds with a Head Start.
IV. Challenge to Private Sector.

- I. PARENTS AS FIRST TEACHERS CHALLENGE GRANTS:** From their infants' earliest days of life, parents can play a major role as their child's first teacher by talking to them, reading to them, working with them on reading skills and providing a supportive environment for reading. To empower parents with information and assistance in teaching their children, the President proposes a *Parents as First Teachers Challenge Grant Fund* that invests in success by supporting effective, proven efforts that provide assistance to parents who want to help their children become successful readers by the end of 3rd grade. (\$300 Million, FY98-2002)

- **Two Types of Grant Winners:**

- (1). National and Regional Networks to Share Information on Helping Children Read -- Spurring Activities to Support Parents.** Many organizations such as the PTA, Urban League, ASPIRA, Girl Scouts, and the American Library Association are already working to support parents' efforts to help their children become successful readers. These groups and others like them have the capacity to develop national and regional networks to share information on how parents can help their children read better.

Criteria: Grants would be provided to develop such networks to applicants that:

- (1) Have a proven track record of working with parents of young children,
- (2) Can demonstrate the likelihood of substantial regional or national impact,
- (3) Show the cost-effectiveness of their proposal, and
- (4) Coordinate with the private sector and state and local programs that also provide support for parents.

In addition, efforts such as developing the best research about how children learn, developing high quality reading materials for young readers, and public television programs that help young children learn to read would be supported.

- 2). **Replicating and Expanding Successful Local Parent as Teacher Efforts:** Across the nation there are many local efforts, often run by non-profits, that have shown success in helping even the most educationally-disadvantaged parents be good first teachers to their children and help them to attain language skills while helping them with their reading. This portion of the challenge grant fund could go to any state, locality, community group, or non-profit that has a comprehensive plan to expand or replicate successful models -- such as the Home Instruction Program for Preschool Youngsters (HIPPY) or the Parents as First Teachers (PAT) program in Missouri.

Criteria. Investing in proven success, the President's new initiative would support similar local efforts intended to help parents help their children learn to read by the end of third grade. Grants would be provided to applicants that:

- (1) Have a proven track record of working with parents on improving their children's reading; or
- (2) Plan to use a model shown to be effective.
- (3) Applicants must also demonstrate evidence of community support from the private sector, schools, and others for their effort; show the cost-effectiveness of their proposal; and coordinate with state and local programs that also provide support for parents.

II. *AMERICA'S READING CORPS: INDIVIDUALIZED AFTER-SCHOOL AND SUMMER HELP FOR MORE THAN 3 MILLION CHILDREN IN GRADES K-3 WHO WANT AND NEED IT.*

The President's proposal provides \$2.450 billion to support volunteer tutoring efforts. \$1.425 billion in net new costs over 5 years along with \$1 billion already specified in President Clinton's balanced budget for National Service participants will support these tutoring efforts.

- **30,000 Specialists and Volunteer Coordinators.** 30,000 Reading Specialists and Volunteer Coordinators would be funded to help Communities provide extra reading help after school and during the summers for the 20,000 schools with the greatest need -- reaching more than 3 million children. Federal support will fund trained reading specialists and tutor coordinators to provide instruction, organize school and community-based reading programs, and recruit and train volunteers. (\$1.200 Billion)
- **National Goal To Mobilize 1 Million Tutors.** Study after study shows that individualized tutoring can work to raise reading levels -- particularly when combined with effective in-school teaching and family involvement. The President challenges communities to mobilize 1 million tutors to provide individualized attention to more than 3 million children who are behind in reading. Our nation's schools, libraries, religious organizations, colleges, and businesses all play a role in this. 30,000 volunteer coordinators and reading specialists, along with college work study students and RSVP Senior Volunteers, will help mobilize this effort.
- **Building on the Success of National Service.** This initiative builds on the success of National Service programs like AmeriCorps and RSVP Senior volunteers in developing and coordinating effective tutoring program. It would make available approximately 11,000 AmeriCorps members to work in local communities as tutor coordinators to assist communities in their locally-designed reading efforts. In addition, thousands more Foster Grandparents, RSVP Senior Volunteers and national service college participants would be available to assist in coordinating tutoring programs or provide individualized tutoring. (\$1 Billion)

- **Process and Criteria:** Funds would be provided to States based on their population of children aged 5-8 as well as poverty. A portion of the funds would be provided the existing independent bi-partisan State Commissions of Community and National Service. States and the Commissions will work together to provide communities the resources to promote reading success by the end of 3rd grade.

Communities would have broad flexibility in how they design their programs, but they will have to demonstrate to the state that their efforts:

- (1) Target funding to communities and schools in which young students are furthest behind in reading;
- (2) Focus on providing individualized tutoring after school, weekend or in the summer through trained and supervised volunteers and other community resources;
- (3) Relate to the in-school reading program; and
- (4) Provide information to the public about their strategies for ensuring that children doing least well in reading would make progress.

Only Applicants with Strong Community Support Need Apply: The assistance of reading specialist and volunteer coordinators can provide critical help to communities that have decided they want to have a strong individualized tutoring efforts, and where parents and teachers and the private sector are willing and ready to participate. Only with such strong community involvement will awards be granted. States and communities must do their part by showing their commitment to enhancing their reading programs during the regular school day in support of universal literacy and providing the funding necessary to keep schools or other locations open after-school, weekends and summers for the tutoring program and transporting students to and from programs, when appropriate.

Communities will develop their tutoring efforts to best meet their local needs and concerns. It will be up to each community to determine for itself what sort of reading instruction and materials best meets the needs of its students and where the tutoring should take place -- at a school, a library, a community center or other location. While most tutoring will be done after-school and in the summers in order to extend rather than replace learning time, communities may conduct other kinds of reading programs where they can show a proven track record of success.

ACCOUNTABILITY FOR RESULTS. Every two years the National Assessment of Education Progress (NAEP) will measure the reading performance of 4th graders, showing the nation's and each state's progress toward meeting the challenge. States will publish their reading scores. Those that fail to show improvement in reading scores over time will be required to review and improve their reading programs, and, ultimately, would lose funding if progress is not made. (\$25 million)

III. PROVIDING ONE MILLION 3 AND 4 YEAR OLDS WITH A HEAD START. Studies stress that literacy problems are best averted with the earliest intervention possible -- including pre-school. President Clinton's balanced budget includes a major expansion of Head Start so that it reaches 1 million pre-school children in 2002.

- **Head Start Works.** For more than 30 years, Head Start has been one of our nation's best investments in helping low-income parents be their children's first teacher, and in making sure that children start school ready to read and ready to learn. Head Start provides three and four year old children cognitive, social and language development, comprehensive health services and healthy meals and nutrition. Head Start also offers parents seeking to improve their circumstances and their children's chances of success parenting skills, support, education and training. *A Packard Foundation study released this year found that children exposed to early childhood education programs such as Head Start have higher reading scores, are less likely to be placed into expensive special education classes, and are more likely to graduate from high school.*
- **Parent Involvement is the Bedrock of Head Start.** Last year more than 800,000 Head Start parents volunteered in their local program. Head Start staff work closely with parents to help them build their skills, not only to become better parents but also to become contributing members of their community. Parents are taught the importance of reading to their children. When parents have difficulty reading, Head Start programs work with them to improve their literacy skills.
- **Family Literacy is a New Priority in Head Start.** Under new standards developed by the Clinton Administration, family literacy is a new priority in Head Start -- parents will be encouraged even more to understand what happens in the classroom and to recreate this learning environment at home.
- **America's Child Literacy Challenge Builds on the Strong Foundation Provided by Head Start.** Through the Head Start Transition Initiative, Head Start programs will dedicate at least one part-time staff person to work with local school systems, parents, child care providers and other members of the community to make sure children successfully make the transition from Head Start to public school.

IV. CHALLENGE TO PRIVATE SECTOR. This national effort will only be successful if those in the private and non-profit sector return to the President's "America Reads" challenge.

- **The new "America Reads" initiative builds on Clinton Administration efforts to work with the Private Sector.**
- **Partnership for Family Involvement in Education.** Over 700 family, school, community, employer and religious have joined with Secretary of Education Richard Riley to create the Partnership for Family Involvement in Education. Religious organizations representing 75% of all religiously affiliated Americans and businesses ranging from giants like John Hancock, IBM, Marriott and the U.S. Army to small businesses and local chambers of commerce. The Partnership's activities include strengthening at-home activities that encourage reading, promoting and adopting family-friendly business practices such as providing leave time to attend parent-teacher conferences and volunteer in schools, and supporting learning communities through organized before- and after-school and summer activities.
- **Read*Write*Now.** About 40 businesses, reading associations, community and religious groups have banded together with Secretary of Education Richard Riley to create *Read*Write*Now* which provided summer reading partners and materials for almost one million children. And, a growing number of states and communities have started their own initiatives to promote children's reading success, including Texas, California, Charlotte, N.C., Spokane, WA, Rochester, NY, Orlando, FL, Boston, MA, Baltimore, MD, and New York, N.Y.

President Clinton's “America Reads” Challenge

PROPOSAL BACKGROUND

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WHY A READING INITIATIVE?

READING IS A FUNDAMENTAL SKILL FOR LEARNING AND MANY AMERICAN SCHOOL CHILDREN HAVE TROUBLE LEARNING HOW TO READ

- **In 1994, 40% of 4th grade students failed to attain the basic level of reading on the National Assessment of Educational Progress. 70% did not attain the proficient level.** [Source: NAEP 1994 Reading Report Card for the Nation and the States]
- **Although reading problems are particularly severe for disadvantaged students, they are not limited to this population.** 32% of fourth-graders whose parents graduated from college are reading at or below the basic level. Students who have difficulty reading represent a cross-section of American children. [Source: NAEP 1994 Reading Report Card for the Nation and the States]
- **If a child can't read well by 3rd grade, chances for later success are significantly diminished.** A focus on reading also can reduce the numbers of children in special education (many of whom have reading difficulties) and provide critical additional help for the 2.8 million limited English proficient students. Reading forms the strong foundation needed for school learning, self-sufficiency, responsible citizenship, and productive employment. [Source: Learning to Read Reading to Learn, National Center to Improve the Tools of Educators, U.S. Department of Education, Office of Special Education and Rehabilitative Services, Office of Special Education Programs.]
- **Students who are not reading at grade-level are very unlikely to graduate from high school.** As noted by Madden et al., "Disadvantaged third graders who have failed a grade or who are reading significantly below grade level are very unlikely to graduate from high school... and will experience difficulties throughout their school careers." [Source: Madden et al, Success For All: Longitudinal Effects of a Restructuring Program for Inner-City Elementary Schools, *American Education Research Journal*, 1993]
- **All children can learn to read at grade-level by the end of the third grade.** According to a study by George Farkas, et al., *all* children with the capability to learn -- judged to be over 95 percent of the student population -- can learn to read at grade-level by the end of the third grade. [Source: George Farkas, Jim Fischer, Keven Vicknair, Ralph Doshier, *Can All Children Learn To Read At Grade-Level By The End of Third Grade?*, September 20, 1995]
- **A focus on reading can pay off.** Our nation's 15-year emphasis on students taking higher level math and science courses is paying off in ongoing improvements in math scores. Average math SAT scores are up 7 points since 1992, to their highest level in nearly 25 years. More attention to reading can stimulate similar reading gains. [Source: NAEP 1992- Trends in Academic Progress, and College Board, 8/22/96]

EVERY AMERICAN HAS AN IMPORTANT ROLE IN HELPING ALL CHILDREN TO READ.

The evidence is clear: everyone in a young child's life has an important role in helping young children learn how to read.

- **Every parent can help --and must assume the responsibility for helping -- their children read, for example, by reading with their child 30 minutes a day.** Evidence shows that greater parental support for their child's literacy success makes a significant difference. According to a new study, *Reading Literacy in the United States*, fourth-grade average reading scores were 46 points below the national average where principals judged parental involvement to be low, but 28 points above the national average where parental involvement was high -- a difference of 74 points. Even when other factors such as parents' education were taken into account, the phenomenon remained. [Source: *Reading Literacy in the United States*, U.S. Department of Education, Office of Educational Research and Improvement, NCES-96-258]
- **One-on-one tutoring is a key component of bringing students up to reading grade-level.**

Only when a tutor provides one-to-one instruction can the level of instruction be customized to the student's current performance. Only within this format does the student receive the customized eye contact, warmth, and positive encouragement and feedback capable of providing the work incentive and concentrated time-on-task necessary to overcome the fear of failure and low self-esteem that is typical in students who are performing below grade level. [Source: George Farkas, Jim Fischer, Keven Vicknair, Ralph Doshier, *Can All Children Learn To Read At Grade-Level By The End of Third Grade?*, September 20, 1995]

- **Pre-school preparation and family involvement is widely recognized to improve student performance.** Preparing children to learn, both through parent involvement and through pre-school preparation, plays a crucial role in preventing students from falling behind. [Source: Arthur Reynolds, 1992. "Mediating Effects of Preschool Intervention." *Early Education and Development* 3:157-170.]
- **Schools can teach to high standards** and ensure that no child receives a watered-down curriculum regardless of who they are or where they live. This is particularly important in high poverty schools and why the Clinton Administration dramatically restructured the Title I program in 1994 to support the efforts of states and communities to develop effective schoolwide programs geared to high standards. In addition to improving their regular programs, schools can be supportive of a national reading effort by working with the broader community, offering facilities after school and during the summer and encouraging all of their teachers to participate.
- **Communities, public libraries, businesses, civics clubs, religious institutions, seniors, and national organizations too can play an essential role in helping reach the reading goal.** This role can include harnessing available resources, establishing connections between all members of the community, and ensuring that every parent has the information and support they need to become involved with their children. Everyone -- young and old -- also can be a reading tutor.

EVIDENCE THAT TUTORING WORKS

Research has found that tutoring results in improvements in reading comprehension, word recognition, and student attitudes towards reading.

- An analysis—conducted by Cohen, Kulik and Kulik—of 65 published studies using random assignment found significant positive effects of specific tutoring programs on targeted students. The analysis relied on measurable results, and did not take into account anecdotal reports. [Cohen, P.A., Kulik, J.A., & Kulik, C.L.C. (1982). Educational outcomes of tutoring: A meta-analysis of findings. *American Educational Research Journal*, 19, 237-248.]
- Studies have shown that the number of tutoring sessions is directly correlated with the average grade level gains associated with tutoring for first through third graders. [Farkas, G., Fischer, G., Vicknair, K., & Doshier, R. (1995). *Can All Children Learn To Read At Grade-Level By the End of Third Grade?*]
- Studies of early tutoring have concluded that the attention and feedback of one-on-one tutoring helps students overcome the psychological blocks, such as fear of failure and low self-esteem, that are associated with below grade-level reading performance. [Wasik, B. & Slavin, R. (1989). Preventing Early Reading Failure With One-on-One Tutoring: A Review of Five Programs." *Reading Research Quarterly* 28:179-200.]
- Surveys of targeted groups of students who are tutored in reading, have shown significant improvement in students' motivation to read, their self confidence as readers, and their views of their control over their reading abilities. [Lepper, M.R., & Chabay, R.W. (1988). *Socializing the intelligent tutor: Bringing empathy to computer tutors*. New York: Springer-Verlag; Topping, K., & Whitely, M. (1990). Participant evaluation of parent-tutored and peer-tutored projects in reading. *Educational Research*, 32(1), 14-32; Merrill, D.C., et al. (1995). Tutoring: Guided learning by doing. *Cognition and Instruction*, 13(3), 315-372.]
- A major British study of tutoring—conducted by Topping and Whiteley—examined the progress of 2,372 elementary and junior high students who were tutored for an average of 8.6 weeks by a mixture of parent volunteers, same-age students, and cross-age students. Learners improved at *4.4 times the normal rate in reading comprehension* and *3.3 times the normal rate in word recognition*. Four months after the end of tutoring, the average student was still improving at twice the normal rate in both comprehension and word recognition. [Topping, K., & Whiteley, M. (1990). Participant evaluation of parent-tutored and peer-tutored projects in reading. *Educational Research*, 32(1), 14-32.]
- An Ohio State Study of 10-12 Reading Recovery classes—serving students in the early grades—across a variety of schools using various strategies and training methods found that one-on-one tutoring produced more effective results than small group classes. [Reading Recovery: Learning how to make a difference. In D. DeFord, C.A. Lyons, & G.S. Pinnell (Eds.), *Bridges to literacy: Learning from Reading Recovery* (pp. 11-35). Portsmouth, NH: Heinemann.]
- In Canada, Brailsford conducted a similar study of poor reading students in grades 2-6 who received tutoring 10 minutes each day, five days a week, for 10 weeks. He found that tutored students improved at roughly three times the normal rate in both reading comprehension and word recognition. [Brailsford, A. (1991). *Paired Reading: Positive reading practice*. Kelowna, British Columbia: Filmwest Associates.]

PARENTS AS FIRST TEACHERS PROGRAMS HELP KIDS LEARN MORE

BACKGROUND: Thirty years of research show that greater parent involvement in children's learning is a critical link to achieving a high quality education for every student. Parent involvement can make a positive difference in children's learning when parents do more. Indeed, controllable home factors account for almost all the differences in average student achievement across states (Paul Barton & Richard Coley, 1992). Sometimes, however, parents don't know they have the power to influence their child's learning. For these parents, the availability of effective parent training programs is key.

Family Literacy. Recent research has demonstrated significant effects of family literacy programs during the time when families are enrolled and during the years following enrollment. Among the findings in studies conducted for the National Center for Family Literacy (July 1996):

- Families stay enrolled in the programs longer than in most adult-focused programs, and the attendance rate is higher while enrolled;
- Adults make both important and statistically-significant gains in language and math;
- Children make gains in developmental areas that are at least three times greater than expected as a result of normal maturation, and the gains are as high or higher than made by children in child-focused programs;
- The amount of literacy in the home increases;
- Children are ready to enter kindergarten as indicated by judgements of their teachers, and
- A higher percentage of adults achieve GED or high school certification than in adult-focused programs.

Parents as Teachers (PAT) was launched in 1981 as a public school system-operated program in Missouri and has been replicated in 43 other states. The program's key features include home visits, group meetings for parents, regular monitoring of children's health and developmental status, and referral to social service and other agencies when necessary. Three evaluations of PAT have shown positive results for both parents and children.

Evidence. A 1989 follow-up investigation found that at the end of first grade PAT children scored significantly higher than the comparison group on both measures of standardized reading achievement and math achievement. Sixty-three percent of parents of PAT children versus 37 percent of comparison group children requested parent-teacher conferences.

A 1991 evaluation of the PAT program that examined the impact of the program on 400 randomly selected families in 37 districts found that on measures of parents participation and children outcomes:

- Mothers with less than a high school education attended significantly more group meetings;
- Child performance at age 3 was significantly higher than national norms on measures of achievement and language ability;
- More than one-half of children with observed developmental delays overcame them by age 3.

Home Instruction Program of Preschool Youngsters (HIPPY USA) is a home-based program for parents of children four and five years old that provides parents with a two-year curriculum, lesson plans, and materials to help them teach school readiness skills to their children. HIPPY is designed to increase the parents' self-esteem and to improve their children's cognitive ability.

Evidence. Today there are 43 HIPPY sites operating in 16 states. Arkansas is deeply committed to the HIPPY program where 31 sites serve 6,000 families. The core HIPPY Program consists of home visits every other week by a paraprofessional. On alternate weeks home visits are supplemented by group meetings at a local elementary school. Parents meet together for discussions of lesson topics and parenting issues.

The MegaSkills program was adopted at Sarah Scott Middle School in Terre Haute, Indiana, as part of a broad

strategy to strengthen family members' roles in children's learning. Sarah Scott Middle School is one of two schools from among more than 100,000 public, private, and parochial schools that were invited to participate in the "Strong Families, Strong Schools Most Promising Practices" competition sponsored by Scholastic, Inc., the National Education Goals Panel and Apple Computer, Inc. The school is located in an area of moderate to low income family dwellings, and is regarded as a "safe place" by families whose children attend the school.

Evidence. Each class of 150 students was organized around the family concept. Families share a common area in the building as well as activities and an interdisciplinary core of teachers. Groups of 15-20 students were assigned to each advisory led by a caring advisors to help resolve academic and developmental concerns. The MegaSkills programs was thus introduced as a lead program with the support from the business community, school staff, and parents as a means of sustaining family involvement in children's learning, complementing other efforts undertaken by the school.

James P. Comer's program to include massive parent involvement as a means of achieving dramatic lasting gains in student academic success. In 1968, Comer and his colleagues at the Yale Child Study Center launched a long term collaboration with two New Haven schools that were 99 percent African American and almost entirely low income.

Evidence. During the first five years, both schools attained the best attendance records in the city and near grade-level performance. At the same time student behavior problems were reduced significantly. By 1984, fourth graders in the two schools scored third and fourth highest on the Iowa Test of Basic Skills.

Joyce Epstein conducted a study of student achievement of 293 third and fifth grade students in 14 classrooms in Baltimore who took the California Achievement Test in the fall and spring of the 1980-81 school year.

Evidence. Epstein found that "teacher leadership in parent involvement in learning activities at home positively and significantly influences change in reading achievement." (Epstein 1991.) Epstein also found that parents learned more about their child's instructional programs as a result of improved communications with the teacher and this had a positive influence on their children's reading achievement.

EXPANDING HEAD START TO ONE MILLION THREE AND FOUR YEAR OLDS

- **Head Start Helps Children Get Ready to Learn and Ready to Read.** For more than 30 years, Head Start has been one of our nation's best investments in helping low-income parents be their children's first teacher, and in making sure that children start school ready to read and ready to learn. Head Start provides three and four year old children cognitive, social and language development, comprehensive health services and healthy meals and nutrition. Head Start offers parents seeking to improve their circumstances and their children's chances of success parenting skills, support, education and training.
- **President Clinton's Balanced Budget Expands Head Start Participation to 1 Million Three and Four Year Olds.** Today, only 750,000 low-income children and their families -- less than half of those who are eligible -- have a chance to benefit from Head Start. Under the President's budget plan, by the year 2002, 1 million of this nation's most disadvantaged children and families will have the chance for a Head Start.

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Funding (\$ bn)	\$3.98	\$4.30	\$4.63	\$4.97	\$5.31	\$5.67
Enrollment	796,500	834,000	877,000	920,000	960,000	1,000,000

- **Head Start Works.** Research findings overwhelmingly show that Head Start works. Last year, a Packard Foundation study reviewed nearly 150 separate studies of the Head Start program and concluded that not only had the immediate impact of raising reading scores, it had the lasting effect of making students less likely to be held back a grade, less likely to be placed in special education classes, and more likely to graduate from high school. Even later in life, former participants were less likely to go on welfare or enter the criminal justice system.

The Packard Foundation: "Head Start Works.... The 144 Studies of Head Start that are reviewed in the Packard Journal point to one unassailable conclusion: Head Start -- and other early childhood programs that provide stimulating environments for learning, involve parents and link health, education and social services -- improve poor children's chances." ["The Future of Children," The Packard Foundation, 1995]

- **Parent involvement is the bedrock of Head Start.** Last year more than 800,000 Head Start parents demonstrated their commitment by volunteering in their local program. And they get a great deal in return: Head Start staff work closely with parents to help them build their skills, not only to become better parents but also to become contributing members of their community. Parents are taught the importance of reading to their children. When parents have difficulty reading, Head Start programs work with them to improve their literacy skills.
- **Family Literacy is a new priority in Head Start.** Under new standards developed by the Clinton Administration, family literacy is a new priority in Head Start -- all parents will be offered training to help them be involved in their children's education and to help them be their children's first teacher.
- **America's Reading Challenge will build on the strong foundation provided by Head Start.** After-school and summer tutoring for young school-age children and for their older siblings and parents builds on what Head Start begins. Through the Head Start Transition Initiative, Head Start programs will dedicate at least one part-time staff person to work with local school systems, parents, child care providers and other members of the community to make sure children successfully make the transition from Head Start to public school.

EXAMPLES OF CHILD LITERACY AND READING TUTORING PROGRAMS

AMERICORPS SLICE CORPS, SIMPSON COUNTY, KENTUCKY

Mike Houston, Project Director (502) 586-2804

In this program, 25 AmeriCorps members provided intensive tutoring in reading to 128 second graders. Over nine months, the students improved their reading comprehension by an average of 2.8 grade levels. One-third of the students improved by more than three grade levels. Members visit each student's home every other week to show parents their children's reading materials, update them on the child's academic progress and offer tips on how to help their children read. The key is consistency. AmeriCorps SLICE members tutor students for the entire school year.

Regarding a second grade student who entered the program as a non-reader, the classroom teacher said: "[The student] is in his second year of being tutored by a SLICE Corps member. Last year he was very shy and withdrawn. He was very adept verbally but not so at reading and writing. This year his reading is better and he really enjoys writing. He's a real worker and seems to enjoy school much more. [The student's] parents are very interested in his school progress. They are willing to come whenever you call them and they spend time working with him on his school work. He has thrived on the individual attention that only a SLICE Corps member could give him."

HILLIARD ELEMENTARY SCHOOL, HOUSTON, TEXAS

Rufus Allen, Principal (713) 635-3085

Hilliard -- a very high poverty, predominantly African American, urban school -- runs an intensive after school, weekend and summer school program. And it works. For four afternoons each week throughout the school year, six teachers and six to eight parent volunteers work with students on their reading skills -- emphasizing hands-on activities to reinforce what students learn during the day. The parent volunteers work closely with and receive training from classroom teachers. Eight Saturday mornings during the year, 125 students also participate in reading classes led by a team of teachers and parents. The students who participate in these programs also take advantage of a summer school program centered around thematic units. One special project is the creation of storybooks by and for the students.

This approach has resulted in improved reading scores for the school over the past five years. In the spring of 1995, 80 percent of Hilliard third graders met the state's expectations on the state assessment in reading, an increase from 20 percent five years prior.

BELMONT COMMUNITY SCHOOL, WORCHESTER, MASSACHUSETTS

John Monfredo, Principal (508) 799-3588

According to Principal John Nonfredo, Belmont Community School is a reading school. "We sell a product at our school and that product is reading." The school, 95% of whose students receive free or reduced lunch, has instituted a schoolwide reading initiative -- Books and Beyond -- intended to build the skills and the desire of every child to read. From the morning announcements to the after school program, it does what it can to make sure this happens.

For example, sixty students attend an after school program that runs three days a week with the help of college student volunteer tutors. Special workshops introduce the parents to children's literature and to the school library, where they are welcome to check out books to read with their children at home. A school staff member also works with the parents on how to read with their children. The school participates in the Books and Beyond kick-off rally and an end-of-the-year celebration that emphasize the parent partnership. Every Friday, volunteers from all walks of life--parents, business people, police officers, fire fighters--come to the school to read to the students. The school holds a family literacy night, a Read-A-Thon, where students, sometimes in their pajamas, gather with their families in the school courtyard to read. Since the launching of this initiative, reading scores at the school have continued to improved. So too has parental involvement and volunteer participation. Most important, reading has become fun.

READING ONE-ONE, RISD ACADEMY, RICHARDSON, TEXAS

George Farkas, University of Texas (214) 883-2937

Through a partnership with the University of Texas at Dallas, RISD Academy offers a one-on-one tutoring program to its at-risk students in grades 2-6, many of whom are limited English proficient. The tutors -- college students and community volunteers -- are carefully trained in the tutoring curriculum and closely supervised by on-site tutor coordinators. They engage students in a variety of activities during their forty-minute sessions. The program stresses consistency: each student works with no more than two tutors three to four times a week during the school year.

Students make very large positive gains through the program -- on average, one grade level in reading ability over the course of a semester of tutoring through this program. In fact, survey results of teachers and parents showed that 88% of the teachers and 95% of the parents thought reading skills had indeed increased. 95% of parents thought their child's interest in reading had increased and 97% thought their child's interest in attending school had increased. As one 4th grade teacher remarked "I'm very impressed with the program. I am so impressed with one student's turn around, I withdrew his referral to Special Education testing... My students love going and more want to go!"

REACH OUT AND READ PROGRAM, BOSTON CITY HOSPITAL, BOSTON, MASSACHUSETTS

Kathleen Fitzgerald Rice, Co-Director (617) 534-4765 or
Perri Klass, Co-Director (617) 534-5701

Physicians at Boston City Hospital saw both the need and the opportunity to work on literacy with their patients, namely young children from impoverished families. In 1989 they launched the Reach Out and Read Program to meet those needs by integrating literacy development into regular pediatric care for children ages 6 months to 6 years. The Reach Out and Read Program is co-directed by a pediatrician and early childhood educators and has three components. In the clinic waiting room, community volunteers read to the children, engaging their interest while modeling book-related interactions for the parents. In the examining room, the doctor looks at a book with the child, assessing the child's developmental progress and sharing it with the parent present. At the end of the visit, the child receives a new book to take home. This gift conveys the importance of reading to both the child and the parent. ROR has big plans to expand their project, first to 10 other Boston area neighborhood health centers and then nationwide. A parent commented on the program's effect on her daughter: "I know that by keeping her nose in books, she's going to be a reader. If she's a reader, she could be a writer. She could be a doctor. She could be anything!"

CABRINI-GREEN TUTORING PROGRAM, CABRINI-GREEN HOUSING DEVELOPMENT, CHICAGO, ILLINOIS

Phoebe Zoe Kessler, Program Coordinator (312) 467-4980

The only one-to-one scholastic tutoring organization working with young kids in the Cabrini-Green area, it serves 500 kids a week and has 480 volunteer tutors. The program operates three nights each week from 5:30-7pm. Kids are tutored for grades K-6, then graduate and can become Junior Assistants who help volunteers and program staff, peer-tutor younger kids, and help run the library, art, and resource areas. All tutors are volunteers and most are professionals who work in nearby downtown Chicago. Parents also volunteer in the program. All tutors go through a training and orientation session, take a tour of the program, speak with program coordinators and veteran tutors before beginning work, and attend three additional workshops each year. Through its 2-year relationship with Reading is Fundamental, the program distributes books for the kids, tailored to their individual tastes, to take home and to keep. Books are also distributed in conjunction with other events. The program is 31 years old, and its participants often bridge generations of the same families.

All funding is private and the program relies heavily upon donations. Last year, for example, Scottie Pippen of the Chicago Bulls ran a RIF fund-raiser for the program which raised \$40,000 that is paying for 2 new computers and a library up-grade. The program has only two paid staff members, with the rest of the costs arising from school supplies, buses for field trips, nightly snacks, and other needed materials.

JACKSON, TENNESSEE TUTORING PROGRAM

Jim England (901) 427-9666

In Jackson, Tennessee, 10 churches have already joined forces with 11 public housing projects to ensure the reading success of the city's children. Currently, 250 church members tutor 350 children, mostly elementary students, throughout the city. While the churches design their own programs in accord with their talents and physical facilities, all of the students have progress charts that follow them from church to church as they move. Volunteers use the local district's "Lesson Line" to communicate with teachers, parents, and other tutors and coordinate with the school during the school year. Among those pitching in are local supermarkets and businesses who have shown their support by donating food for the program. According to one of the organizers, the program is entirely volunteer and the cost is negligible. Many students and families report that this tutoring program has made a major difference in their lives. Because of the project's initial success, 12 other churches are joining the project in the coming year.

PILOT TUTORING PROGRAMS, CAMBRIDGE, MASSACHUSETTS

Jerome Kagan, Professor, Harvard University (617) 495-3870

In this pilot tutoring program, senior citizen volunteers, many of them former teachers, tutor at-risk first graders three times a week in forty-five minute sessions -- with significant results. Paid, early childhood educators provided tutors with training, prior to and during their service. Through daily tutor logs, training sessions, and tutor observation, the educator trainers worked closely with the tutors. Tutors made a special effort to assess initially the skills, needs, and talents of their students, a diverse group of African Americans, Whites, Haitians, and Asians. One of the student's classroom teacher remarked: "[The student's] frustration level changed, he learned to focus, how to handle a book, felt he was a reader, learned he is an okay kid, learned beginning skills and to like books." The program showed significant results on the reading of both words and text. Sixty three percent of the tutored students showed major gains in reading text compared with only 30 percent of the control group; 63 percent of the tutored students gained in a major way in reading words compared with 10 percent of the control groups. The program was equally effective for children who spoke English as their first language and bilingual children learning to read English.

EARLY IDENTIFICATION PROGRAM, READING COMMUNITY CITY SCHOOL DISTRICT, READING, OHIO

Bob Stark, Coordinator of Special Services, Cincinnati, Ohio (513) 483-6739

51 trained parent volunteers work one-on-one with 79 kindergarteners, over half of the kindergarteners in the district, who enter the program based on measurements of their pre-literacy skills as well as the recommendations of their teachers and parents. During the 1995-1996 school year, scores of students participating in the program increased 29.8 points in visual perception, 19.2 points in fine motor skills, and 19.3 points in basic language concepts. In contrast, students not participating in the program had gains of 5.4 in visual perception, .3 in fine motor skills, and 7.4 in basic language concepts. Since its inception in 1987, the program has served 871 children with 9,425 hours of volunteer service. Tutors and students meet four times a week in personal sessions that make use of a variety of methods intended to build pre-literacy skills. This program seeks to set the foundations for literacy before these at-risk students fall behind in their reading skills. Teachers note that by the end of the kindergarten year, the academic performance of program participants nearly matches that of the children who did not participate in the program.

URBAN LEAGUE, DETROIT

Angela Eason, Director (313) 863-0300 Ext. 241

125 children, ages 5-10, participated in this summer Read*Write*Now program which focused on improving computer and literacy skills. High school students received a stipend to mentor the younger kids who got prizes (i.e. Pizza Hut coupons, etc) for meeting their reading goals. Participants were pre- and post-tested and scores improved significantly.

Tabulated test stats and description of program information should be here by Monday. this seems to be a very promising design.

GROWING TOGETHER, WASHINGTON, D.C.

Teresa Knudson, Executive Director (202) 882-5359

100 students, referred by twelve area schools, receive tutoring six days a week after school and during the summer. 90 percent of the students show substantial improvement and an increased rate of learning. After tutor training, community volunteers work one-on-one with students under the expertise of an experienced teacher/tutor. Through the program, parents also may get counseling on how to best help their children. While tutors work with the students on reading skills, they also help students set their own academic goals. The program boasts widespread community support and involvement. One local elementary school principal praised the program as follows: "... our children benefited tremendously from your program. Academic progress is quite evident. Our teachers, parents and counselors commend your effort and dedication. Growing Together is definitely a valuable asset to the community."

PARENTS AS FIRST TEACHERS EXAMPLES

MISSOURI PARTNERSHIP FOR PARENTING ASSISTANCE LITERACY INVESTMENT FOR TOMORROW (LIFT), ST. LOUIS, MISSOURI

Diana S. Schmidt, Executive Director, LIFT, (314) 421-1970

The Missouri Partnership for Parenting Assistance (MPPA) is a broad based statewide parent education and assistance program that includes an early childhood component under Missouri's Parents as First Teachers Program, a school-age component under Parent Link and a family literacy component under the auspices of LIFT (Literacy Investment for Tomorrow). Launched in 1981 in Missouri and now replicated in 43 states nationwide, the key features of Missouri's Parents as First Teachers (PAT) Program include home visits, group meetings for parents, regular monitoring of children's health and developmental status, and referral to social service and other agencies when necessary. To enhance parents' ability to nurture and teach their children, PAT services are expanding, with a special focus on reaching more high need families, expand the program to 3-5 year olds in addition to those ages 0-3, and assisting families whose children move from preschool to school. Three evaluations of PAT has shown positive results for both parents and children. In addition to expanding its Parents as First Teachers Program, the MPPA is also establishing two new Family literacy centers to offer adult education, parenting classes, and Parent as Teacher services. Parents across the state will also have greater access to parenting materials, resources and curricula through the expansion of Parentlink and the 1-800 information line.

MEGASKILLS TEACHING PROGRAM, HOLYOKE, MASSACHUSETTS.

Pauline Carriere, Director, (413)534-2011

Parents meet one evening each week for eight weeks (one session in the Fall, one session in the Spring) to receive instruction in the Megaskills teaching program developed by Dorothy Rich of the Home and School Institute, Inc. Childcare is provided and sessions are conducted in English and Spanish by four Megaskills-certified instructors. Sessions usually serve 20-30 parents (enrollment peaks in the Fall). One half hour of each one hour session is devoted to small group discussions led by the instructors. The goal is to improve the parent's own literacy skills and to provide them with the means and the confidence to supplement their children's learning at home. Parents are given books and activities to take home and use with their children. For many parents this will be their first experience working alongside their children. The program is widely praised by parents and their evaluations of the program which they complete after each session are very positive.

MILWAUKEE AREA WRITING PROJECT, MILWAUKEE, WISCONSIN

Director, James Vopat, (414)547-1211

Responding to the thirty years of research showing the importance of parental involvement both at home and at school in a child's school success, the goal of the Milwaukee Area Writing Project is clear: increasing parental involvement, building a bridge between parents and teachers, and focusing on improving the achievement of children. The program -- begun 8 years ago with a grant from the Joyce Foundation -- is now in 8 schools in the Milwaukee area and 10 schools in the Chicago. Teachers and Parents meet in weekly workshops where they discuss the literacy work being focused on during the school day and develop a home "application" that parents can use to work with their children at home. The parents try to use the application (ie., journals etc..) during the week and discuss its success in the workshop the following week. Groups meet weekly for 6 weeks, then monthly. The program tries to identify and recruit committed parents who can serve as group co-leaders.

The Program has been able to document its impact through data on attendance, referrals, and performance on state-testing. In Beloit, Wisconsin, for example, by the end of the first year of the program, parent involvement had increased 128%. In the Hi-Mount Elementary School, Dr. Jerome Blakemore of the University of Wisconsin-Milwaukee found that there was a 66% reduction in school suspensions for children of project parents and an 82% reduction in behavioral problem referrals. Tardiness reports for children whose parents were involved in the program declined almost 400% (from 110 during the first marking period to 28 during the final marking period).

PARENTS FIRST, NASHVILLEREAD, NASHVILLE, TENNESSEE

Marilyn Tucker, (615) 255-4982

The success of NashvilleREAD's mission comes from its mobilization of the public and private sectors in support of greater literacy services for parents and adult, workplace, and family-based education. For example, the Parents First project, part of the overall effort, has brought together the Nashville Metropolitan Public Schools, the United Way of Middle Tennessee and the corporate sector, as well as a dozen of other partners, to serve families in metropolitan Nashville and Davidson County as well as the four rural middle Tennessee counties of Robertson, Dickson, Wilson, and Rutherford. The project provides parents with information and materials that enhance their efforts to teach and nurture their children and facilitates parent-to-parent communications through computers statewide, the 1-800 HELP LINE, newspaper articles, and parenting fairs. The project also provides training and support for parents that increase their parenting skills and ability to engage their children in home-based learning activities, and provides training for educational personnel in Head Start, Family Literacy, and compensatory education programs. Nashville Reads serves as a Goals 2000 Parent Information and Resource Center.

TWILIGHT SCHOOLS, ELK GROVE UNIFIED SCHOOL DISTRICT, CALIFORNIA

The Twilight program -- based in four Elk Grove elementary schools located in high poverty urban and rural neighborhoods in Sacramento (CA) County (where over 50 languages are spoken) -- focuses on the entire family to improve students academic achievement. The program provides after-school workshop training and learning programs for parents as well as their children ages pre-K through 12 grade. The program is three nights each week and three hours a night. 700 children attend the program each night. Key academic components include a preschool program and a homework tutoring center. Parents receive training in family literacy, GED preparation, and English as a second language, and child development. In addition, parent workshops are offered on topics such as nutrition for your child, parenting skills, the job search, reading strategies for the home, family math, and car and bicycle safety. They also serve as volunteers in the Twilight program's preschool component. All parents who participate in the twilight program report improvement in their students' work. CAT-S scores also have improved.

EVEN START FAMILY LITERACY PROGRAM, SALEM, OREGON

Laurie Cardle, (503) 399-4678

Located at the Family Resource Center at Chemeketa Community College, Salem-Keizer's Even Start program serves families with children from birth to age 8. As other Even Start programs, the program has three interrelated goals, to help parents become full partners in the education of their children, to assist children in reaching their full potential as learners, and to provide key literacy training for parents. To meet these goals, Salem-Keizer's Even Start offers participants a variety of workshops, parenting and parent education classes, support groups and child care. From Monday to Thursday every week, for example, participating mothers and their children attend 26 hours of classes; 18 hours of ABE classes at the college, four hours of parent education/parent support in the resource room, and four hours of PACT Time during which parents and children engage in interactive learning activities together. The instructors work to prepare parents to move into other education and training programs and make referrals to the college's job search center. In the first national evaluation of Even Start, children in this Even Start program showed gains that exceeded national norms on the "required two child testings" and parents also made gains on the GED math and reading tests. Parents also had considerable success in reaching the goals they established for themselves.

PRESIDENT CLINTON'S WELFARE-TO-WORK JOBS CHALLENGE

Providing Opportunity For All, Demanding Responsibility From All

"This is not the end of welfare reform, this is the beginning. And we have to all assume responsibility. Now that we are saying with this bill we expect work, we have to make sure the people have a chance to go to work."
-- President Bill Clinton

PRESIDENT CLINTON BEGINS THE PROCESS OF MOVING PEOPLE FROM WELFARE TO WORK. The goal of welfare reform is to move people from welfare to work and President Clinton is committed to ensuring that there are job opportunities for welfare recipients. President Clinton is proposing a Welfare-To-Work Jobs Challenge -- a three-pronged \$3.4 billion initiative to create job opportunities for the hardest-to-employ welfare recipients. This initiative is fully paid for with the elimination of corporate subsidies: not one penny of this challenge is paid for with savings from welfare reform. The three components of the Welfare-To-Work Jobs Challenge are:

1. **TARGETED WELFARE-TO-WORK TAX CREDIT.** Building off of the Work Opportunity Tax Credit (WOTC) -- signed into law by President Clinton on August 20, 1996 -
- President Clinton proposes a targeted Welfare-To-Work Tax Credit to create new job opportunities for long-term welfare recipients. This proposal costs \$383 million.
 - **New Tax Credit To Help Move People From Welfare To Work.** The targeted Welfare-to-Work Tax Credit would enable employers to claim a 50 percent credit on the first \$10,000 of wages for long-term welfare recipients, claim this tax credit for up to two years, and treat employer-provided education and training assistance, health care, and dependent care spending as wages.
 - **Expanded Work Opportunity Tax Credit.** The Work Opportunity Tax Credit -- which is currently funded through the end of September 1997 -- would be expanded to include adults age 18 to 50 who are no longer eligible for food stamps because they did not satisfy the work requirements under the welfare reform bill.
2. **TAX INCENTIVES TO INCREASE INVESTMENT IN DISTRESSED AREAS.**
President Clinton has a comprehensive strategy to increase investment in distressed communities. Today, President Clinton expands on his strategy to propose a new tax credit to investors in qualified community financial institutions and venture capital funds.
 - **CDFI Initiative.** The Community Development Banking and Financial Institutions Act of 1994 created a Federal CDFI Fund to provide grants, loans, and technical assistance to qualifying lenders. Today, President Clinton proposes to provide nonrefundable tax credits to equity investors in qualified CDFIs. This proposal will cost \$48 million between FY 97 and FY 2002. Currently, the CDFI Fund has \$45 million in assistance to provide to various qualified institutions. President Clinton's balanced budget proposes to expand the CDFI Fund to \$125 million next year, and continue to increase it each year thereafter.

- **Empowerment Zones/Enterprise Communities.** In his current balanced budget, President Clinton proposed a second round of Empowerment Zones (EZs)/Enterprise Communities (ECs) that would designate 20 additional EZs (15 urban, 5 rural or Indian nation) and 80 ECs (50 urban, 30 rural or Indian nation). For EZs, the Federal government provides tax benefits for businesses that set up shop, and grants to community groups for job training, day care, and other purposes. For ECs, the Government provides grants to community groups for the same array of purposes. EZs and ECs both can apply for waivers from Federal regulations, enabling them to better address their local needs.
- **Brownfields Initiative.** Yesterday, the President called for an expansion of the Brownfields initiative by increasing EPA grants to communities for site assessment and redevelopment planning, and support for revolving loans to finance brownfields cleanup efforts at the local level. In his 1996 State of the Union, President Clinton challenged Congress to enact a Brownfields tax incentive which would provide incentives to businesses to clean up abandoned, contaminated industrial properties in distressed communities.

3. **WELFARE-TO-WORK JOBS INITIATIVE.** President Clinton's Welfare-To-Work Jobs Initiative is designed to help communities move one million of the hardest-to-employ welfare recipients into jobs by the year 2000. This proposal will cost \$3 billion over three years.

- **Targeting Long-Term Recipients.** Funds will be targeted to areas with the basis of hard-to-employ welfare recipients. Funds will flow through state governments, but the proportionate share of the funds will flow automatically to the 100-150 cities -- and where appropriate counties -- with the largest number of long-term welfare recipients. These cities (and counties) would be required to coordinate their plans with the States. States will receive and directly administer funds for all other cities and localities.
- **Flexibility.** The emphasis of this initiative is to provide assistance to help create new job opportunities in the private and non-profit sectors for long-term welfare recipients. State and localities, however, would be granted maximum flexibility to develop job creation strategies -- including, where appropriate, in the public-sector. There will be strict anti-displacement provisions and all jobs would be covered by the Fair Labor Standards Act and all other relevant labor laws.
- **Performance and Accountability.** This initiative will *only* provide full funding upon a showing of successful placements of the target population into jobs lasting at least nine months. The funds used by states and localities would go to assist employers -- who would also be eligible for using the targeted Welfare-to-Work Tax Credit -- to create lasting job opportunities for long-term welfare recipients. And the states or localities, working with employers, would have to show that for each \$3,000 they receive one long-term welfare recipient is being placed in a new job that lasts at least nine months. To ensure accountability, 25 percent of the funds will be withheld until there is a substantial showing that the new job opportunities promised are being delivered.
- **Building On What Works.** This initiative relies on proven job creation/job placement models, such as the San Jose Center for Employment and Training (CET), which provides highly structured basic education, skill training and work experience leading to job placement in the private sector; America Works, a successful private job placement firm for hard-to-place recipients in New York, Indiana, and Connecticut; and the welfare-to-work program in Riverside, California, which provides intensive job search and private sector job placement to move recipients into jobs as quickly as possible. Local communities could also focus on creating jobs through cleaning up the environment such as under Brownfields programs and rebuilding communities through housing redevelopment programs such as YouthBuild, or expanding child care opportunities so there are new jobs for welfare recipients and a place for their children if they find other work.

THE TARGETED WELFARE-TO-WORK TAX CREDIT

TARGETED WELFARE-TO-WORK TAX CREDIT -- EXPANDING NEW JOB

OPPORTUNITIES. Building off of the Work Opportunity Tax Credit (WOTC) -- signed into law by President Clinton on August 20, 1996 -- President Clinton proposes a targeted Welfare-To-Work Tax Credit to create new job opportunities for those on welfare for at least 18 months.

- **A \$5,000 Tax Credit For Businesses That Create New Jobs For The Hardest-To-Employ Welfare Recipients.** The targeted Welfare-to-Work Tax Credit would enable employers to claim a 50 percent credit on the first \$10,000 of annual wages paid to long-term welfare recipients. The business could claim this tax credit for up to two years, and would be able to treat education and training assistance, health care, and dependent care expenditures as eligible wages.
 - Long-term welfare recipients are defined as (1) members of families that have received family assistance (AFDC or its successor program) for at least 18 consecutive months ending on the hiring date; (2) members of families that have received family assistance for at least 18 months after the date of enactment and who are hired within two years of the time the 18-month total is reached; and (3) members of families who are no longer eligible for family assistance because of Federal or state time limits and who are hired within two years of the date that they become ineligible for family assistance.
- **President Clinton Proposes To Expand The Work Opportunity Tax Credit.** When President Clinton signed the minimum wage increase into law, he also signed into law a reformed tax credit to encourage businesses to hire economically disadvantaged workers -- the Work Opportunity Tax Credit. President Clinton proposes to expand this tax credit to adults age 18 to 50 who are no longer eligible for food stamps under the new welfare reform bill.
- **The Work Opportunity Tax Credit.** The Work Opportunity Tax Credit will enable employers to claim a 35 percent credit on up to \$6,000 of first-year wages paid to a qualifying individual. This credit is effective October 1, 1996 and expires on September 30, 1997. Members of families receiving welfare assistance for more than 9 months; qualified veterans; qualified ex-felons; 18-24 year olds who live in an Empowerment Zone or Enterprise Community; vocational rehabilitation referrals; qualified food stamp recipient who are 18 to 24 years old and a member of a family receiving food stamps for a six-month period; and qualified summer youth employees.
- **President Clinton Proposes To Expand The Work Opportunity Tax Credit -- To Create More Opportunity And More Jobs.** President Clinton's proposal would expand the Work Opportunity Tax Credit to include adults age 18 to 50 who are no longer eligible for food stamps because they did not satisfy the minimum work requirements under the Welfare Reform Act of 1996.

TAX INCENTIVES FOR COMMUNITY DEVELOPMENT: PRESIDENT CLINTON'S CDFI INVESTMENT INITIATIVE

PRESIDENT CLINTON ANNOUNCES NEW TAX INCENTIVES TO INCREASE INVESTMENT IN DISTRESSED AREAS. In his current balanced budget, President Clinton proposes to more than double than the current Community Development Financial Institution (CDFI) Fund. Today, President Clinton announces a new tax credit to investors who are investing in community development institutions and venture capital funds. These initiatives -- along with the second round of Empowerment Zones and Enterprise Communities and President Clinton's Brownfields initiative -- should help leverage billions of dollars of private-sector investment in community development and distressed areas.

- **Expand The CDFI Fund to \$125 Million Next Year.** Currently, the CDFI Fund has allocated \$45 million in assistance to qualified community development institutions, even though it received applications for over \$300 million this year. Now, President Clinton proposes to nearly triple the CDFI Fund next year, increasing it to \$125 million as part of the FY 1997 Budget.
- **Create Tax Incentives to Increase Investment in Distressed Areas.** This initiative will provide \$100 million in nonrefundable tax credits that would be made available to the CDFI fund to be allocated among equity investors in community development banks and venture capital funds..
 - **Allocation.** The allocation of credits would be determined by the CDFI Fund using a competitive process similar to the one used to allocate the \$45 million in assistance. The maximum amount of credit allocable to a particular investment would be 25% of the amount invested, though a lower percentage could be negotiated. The full credit would be available the year the investment is made.
 - **How Does It Work?** The investor's tax basis in the equity interest would then be reduced by the amount of the credit -- having the effect of increasing any capital gain, or reducing any capital loss -- in the event the investor sells the interest in the CDFI. In order to ensure long-term investments, the credit would be recaptured if the investment is sold or redeemed within 5 years.

PRESIDENT CLINTON'S CDFI INITIATIVE IS DESIGNED TO EXPAND THE AVAILABILITY OF CREDIT, INVESTMENT CAPITAL, AND FINANCIAL AND OTHER DEVELOPMENT SERVICES IN DISTRESSED URBAN AND RURAL COMMUNITIES.

- The President's historic reform of the Community Reinvestment Act has already focussed the nation's major banks and thrifts on performance rather than paperwork and thereby unleashed billions of dollars in private capital to help rebuild low and moderate-income communities throughout the country.
- In 1994, President Clinton signed the Community Development Banking & Financial Institutions Act which created the CDFI Fund. The Fund is designed to expand the availability of credit, investment capital, financial services, and other development services in distressed urban and rural communities. The CDFI Fund provides grants, loans, and technical assistance to qualifying financial institutions.
- CDFIs include a wide range of financial institutions -- community development banks, and venture capital funds, community development credit unions, community development loan funds, and microenterprise loan funds. CDFIs provide such services as mortgages for first-time homebuyers, commercial loans and investments to start or expand small businesses, loans to rehabilitate rental housing, and basic financial services.
- In July, out of nearly 270 applications, 31 community development organizations were chosen to receive \$35.5 million in financial and technical assistance. These funds are expected to leverage at least \$350 million in private lending and investment in distressed communities.

WELFARE-TO-WORK SUCCESS STORIES

THE CENTER FOR EMPLOYMENT TRAINING -- San Jose, CA

- Founded in 1968, the Center for Employment Training (CET) provides 3-6 months of occupational skill training to disadvantaged adults and youth.
- Two separate studies have confirmed that *CET dramatically raises participants earnings --* the Minority Female Single Parent demonstration, conducted by Mathematica Policy Research and the JOBSTART demonstration, conducted by the Manpower Demonstration Research Corporation (MDRC).
 - ▶ The Mathematica study concluded that by the fourth quarter after program entry, *CET had large positive impacts on the proportion of participants who were working, their monthly earnings, and their hourly wages.* Five years after beginning the program, women who had enrolled in the program earned 16% more than a control group.
 - ▶ The MDRC study concluded that *CET's impacts on earnings totaled more than \$6,000 in the final two years of follow-up.* [George Cave et. al., "Jobstart: Final Report on a Program for High School Dropouts," MDRC, Oct. 1993.]
- CET is exceptional in its strong ties to the private sector. Instructors all have private sector experience in the fields they are teaching; training is conducted as if it were a private sector workplace; and all training is geared toward private sector placement. An industrial advisory board consisting of area employers is set up to assist in the selection of skills in which training will be offered and review curricula.
- Training is in medium-paying technical jobs such as shipping and receiving, building maintenance and automated office work. Participants start occupational training immediately on entering the program. Since there are no entry requirements, some CET entrants have difficulty with reading or math. They receive individual assistance in conjunction with their occupational skills training.
- Because of its strong record, CET has become the model for the Department of Labor's efforts to restructure job training programs for out-of-school youth. Currently, CET has been replicated with the Department's support in ten cities across the country (New Haven, CT; Chicago, IL; Baltimore, MD; Piedmont, NC; Orlando and Ft. Lauderdale, FL; Newark and Camden, NJ; Newport News, VA; and New York, NY). Replication will soon begin in five other cities.

Contact: Max Martinez
800-533-2514, 408-287-7924
701 Vine Street
San Jose, California 95110

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RIVERSIDE GAIN PROGRAM -- Riverside, CA

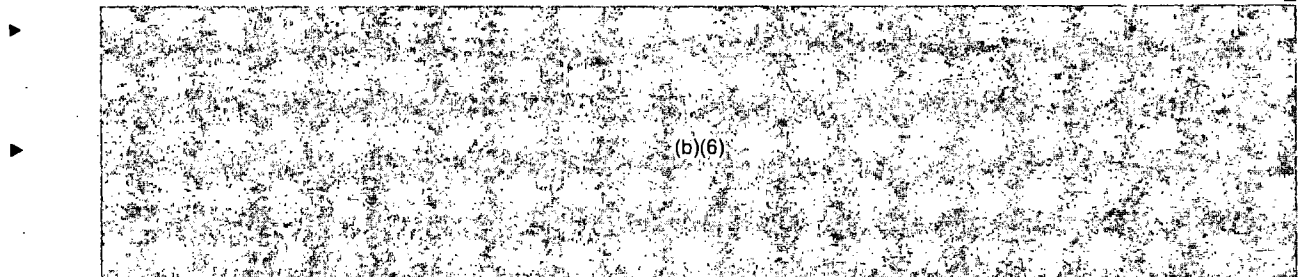
- Participants in the Riverside GAIN program -- long-term welfare recipients -- *increased their annual earnings by over 40%*, according to a study by the Manpower Demonstration Research Corporation. The program returned \$2.84 for every dollar spent on it. [James Ricco et al., "GAIN: Benefits, Costs and 3-year Impacts of a Welfare-to-Work Program," MDRC, 1994.]
 - ▶ Key factors in Riverside's success include a strong emphasis on finding employment, a balance between basic education and job search assistance, and sufficient resources and community support to extend participation to all eligible welfare recipients.
- While Riverside was the most successful program, the five other California GAIN program sites studied also produced gains in earnings and employment for long term welfare recipients, although their results were more modest.
- Riverside is a large county in southern California encompassing both urban and rural areas. The program enrolls a broad cross-section of the county's welfare population. Over 60 percent of enrollees are in need of basic education. Most are minorities.
- Riverside emphasizes job placement. In part this is achieved by assigning case managers job placement standards. Supervisory units and district offices are assigned job placement goals as well, culminating in a county wide goal. Job placement effectiveness is an important factor in staff evaluations.

Contact: Larry Townsend
County Welfare Director
909-275-3300 (GAIN)
909-358-3000

WOMEN'S SELF-EMPLOYMENT FUND (WSEP) -- Chicago, IL

- The Women's Self-Employment Fund (WSEP) is a non-profit financial services and entrepreneurial training program that helps low and moderate-income women become economically independent through self-employment.
- WSEP offers women twelve weeks of entrepreneurial training during which they must produce a realistic business plan to begin a small or micro business, also called a microenterprise. Following training, the "graduates" have access to a revolving loan fund offering \$100 to \$25,000 in capital to actually begin their micro businesses. Women's welfare benefits are not reduced until they earn enough money from their business to move off of welfare. The fund has distributed over \$1 million in small, short-term loans and provided business tools and information to over 5,000 women.

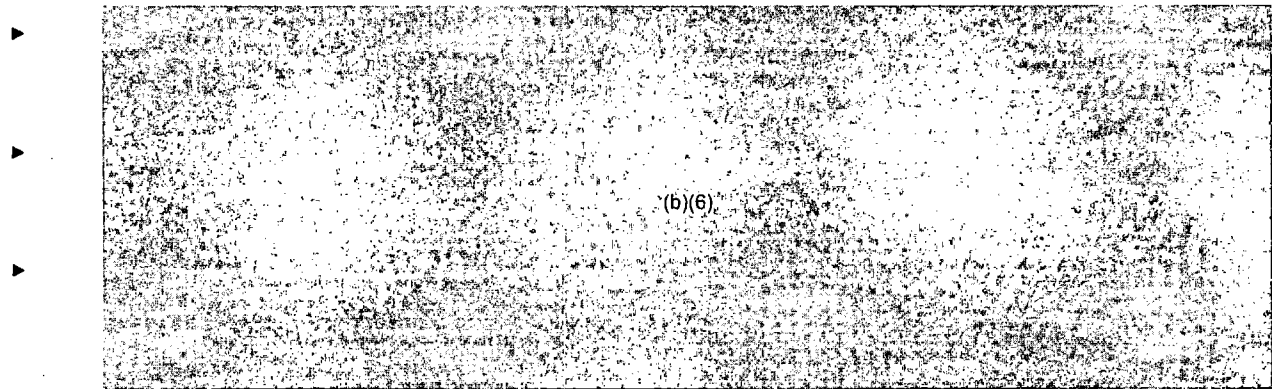
Goodwill Job Connection Success Stories



AMERICA WORKS – New York, NY, Indianapolis, IN, & CT

- America Works is a for-profit placement and support organization that has placed more than 10,000 welfare recipients in full-time private sector jobs. Recipients are placed in permanent jobs, at an average wage of \$16,000 per year, including health benefits.
- America Works typically charges a state about \$5,400 per placement, and is paid in full only once a recipient is placed and remains in an unsubsidized job for seven months. The state of New York found that 81 percent of those placed by America Works are still off the rolls after two years.
- Prof.'s Steven Cohen and William Eimicke of Columbia University confirmed the program's effectiveness in their study, "Assessing the Cost Effectiveness of Welfare to Work Programs: A Comparison of America Works and Other Job Training Partnership Act Programs".

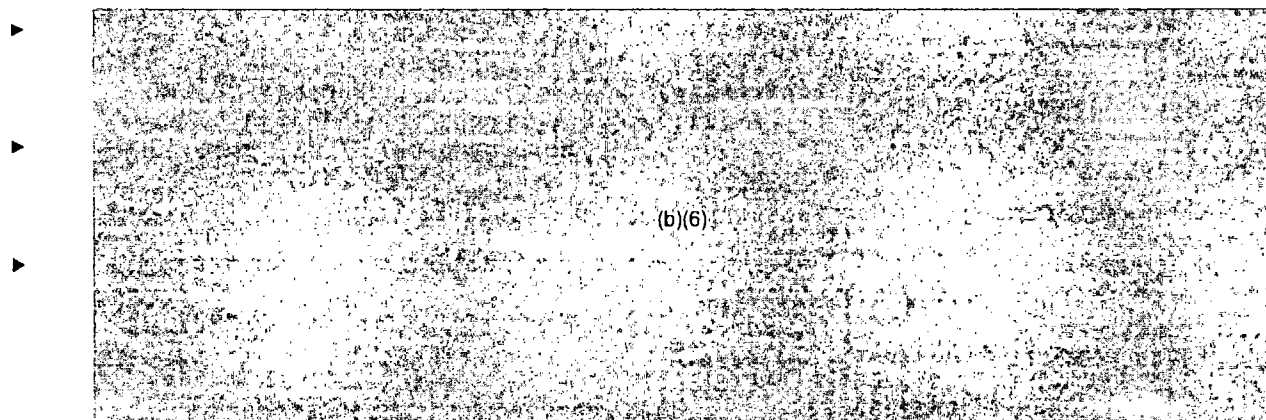
America Works Success Stories



THE GOODWILL JOB CONNECTION – Sarasota, FL & Lafayette, LA

- Founded in 1987, the Goodwill Job Connection offers job placement and support services to chronically unemployed members of the Sarasota and Lafayette communities.
- The Goodwill Job Connection spends about \$1,500 per job placement. In its nine years, it has placed more than 1,000 people in jobs. Goodwill works to build relationships with local employers and, after providing its clients with basic job readiness and on-the-job work skills, places them permanently into unsubsidized jobs and offers follow-up support to make sure they stay employed.

Goodwill Job Connection Success Stories



PRESIDENT CLINTON'S NEW TARGETED HOME OWNERSHIP TAX CUT

Current Law:

- Home sales are subject to the capital gains tax, but the gain can be deferred through the purchase of a new home of equal or greater value.
- Taxpayers over 55 can take a 1-time exclusion of up to \$125,000 of gain from the sale of their home.
- Thus, under current law, home owners must maintain records of the cost of their home and any improvements they make in order to compute their gain when the home is sold. In addition, they generally must buy more expensive homes to avoid incurring income tax liability on the sale.

President's Proposal:

- **Excludes up to \$500,000 in gain from the sale of a home from the capital gains tax.** (Single taxpayers could exclude up to \$250,000.) The \$500,000/\$250,000 exclusion would replace both the exclusion for taxpayers over 55 and the deferral for purchasing a more expensive home, and would be available once every two years. The change would be effective January 1, 1997.
- **Exempts over 99% of home sales from the capital gains tax, dramatically simplifying taxes and record keeping for more than 60 million home owners.** Among those who will benefit are:
 - Older couples selling their home for retirement income or to move to a smaller apartment with a gain exceeding the current \$125,000 1-time exclusion because they owned their home for years.
 - Middle class families changing jobs and moving to communities with lower housing costs.
 - Inner city and rural communities with low housing costs, which will now be more attractive.
- **Costs \$1.4 billion from FY96-2002, and is completely paid for within the President's CBO-certified balanced budget plan with savings from the specific new offsets proposed on 8/27/96.**

Examples of Families Benefiting from the President's Proposal

	Family Moving to Lower Cost Area	Older Couple Moving to an Apartment
House Sale Price	\$180,000	\$220,000
Cost of House & Improvements	\$150,000	\$45,000
Gain Realized	\$30,000	\$175,000
Cost of Replacement House	\$140,000	NA
1-Time Exclusion for Over Age 55	NA	\$125,000
Gain Recognized	\$30,000	\$50,000
Capital Gains Tax Owed Under Current Law (at 28% rate)	\$8,400	\$14,000
President's Proposal: Capital Gains Tax Owed	\$0	\$0

PRESIDENT CLINTON IS MAKING THE DREAM OF HOME OWNERSHIP A REALITY

President Clinton has put forward a comprehensive strategy to expand home ownership and reach the goal of enabling 8 million more families to become home owners by the year 2000:

1. Made Homes More Affordable With Lower Mortgage Rates and a Stronger Economy.

Experts agree that President Clinton's 1993 Deficit Reduction Plan has helped make homeownership more affordable by strengthening the economy and lowering interest and mortgage rates. The home-building community looks to the job formation rate in planning housing production levels, and President Clinton has a better job creation record than any Republican President since the 1920s.

- **Lowest Mortgage Rates in 30 Years.** Mortgage rates have averaged just 7.9% under President Clinton -- lower than Reagan (12.8%), Bush (9.5%), or any Administration since Lyndon Johnson was President. [Source: Department of Treasury, Office of Economic Policy.]
- **10 Million Homeowners Refinanced Their Mortgages -- Saving As Much As \$25 Billion:** "Clinton's biggest gift to consumers was the sharp drop in interest rates in 1993....In all, the rate rollback allowed some 10 million homeowners to save as much as \$25 billion by refinancing their loans, according to David Lereah, the chief economist at the Mortgage Bankers Association." [Source: *Money Magazine*, August 1996]
- **Homes More Affordable.** According to the National Association of Realtors, homes have been more affordable during the Clinton Administration than during any other Administration since Richard Nixon was President, including Ronald Reagan's terms in office. [National Association of Realtors, August 1996]
- **Home Ownership At Its Highest Level in 15 Years.** After home ownership fell during both the Reagan and Bush Administrations, it is up since President Clinton took office. In 1995, the home ownership rate reached its highest level since 1981. Home ownership is up across the country, across age groups, races, and incomes. [Source: Bureau of the Census]
- **A Record 4.4 Million More Home Owners.** Since President Clinton took office, 4.4 million Americans became home owners -- more than in any comparable time on record. [Census Bureau]

2. Proposal to Allow Penalty-Free IRA Withdrawals for the Purchase of a First Home. The President's balanced budget plan contains a proposal to expand IRAs to allow penalty-free withdrawals for first time home purchases, education, and major medical expenses as well as retirement, and to double the current income limits to make another 20 million Americans eligible for tax-deductible IRAs.

3. National Home Ownership Strategy. In 1995, at the request of President Clinton, Secretary Cisneros formed the National Partners in Homeownership, an unprecedented public-private partnership among 58 major private and non-profit housing sector leaders. The partners have taken dozens of steps to lower financing and production costs, educate potential homebuyers, and make home ownership possible for more Americans.

Selected Clinton Administration Actions to Make Homeownership Easier and More Affordable

- **National Home Ownership Strategy.** A 58-partner coalition of the major private and non-profit housing sector leaders. The partners have taken dozens of steps to lower financing and production costs, educate potential homebuyers, and make home ownership possible for more Americans.
- **Lowering Closing Costs for Qualified First-Time Home Buyers.** The Federal Housing Administration is offering any first-time home buyer who successfully completes an accredited home-buyer education course an 11% (or 25 basis point) reduction in the up-front mortgage insurance premium -- on top of the reduction offered in 1994. This new reduction is expected to help 100,000 new home buyers, and is worth \$200 for the typical FHA first-time home-buyer financing an \$80,000 mortgage.
- **Making It Easier to Qualify for Mortgage Loans.** The FHA has eliminated unnecessary and overly strict requirements under its loan program that made it difficult for many families to qualify for mortgage loans. It has also given lenders greater flexibility to make homeownership possible for more nontraditional borrowers, and has clarified certain underwriting requirements so they are not applied in a discriminatory manner. With these improvements, thousands more families are eligible for FHA-insured home loans.
- **Streamlined HOME Program to Help Home Buyers.** HUD has streamlined the HOME program, helping an additional 23,000 families become home owners in the last 12 months. The HOME program allocates funds to local jurisdictions and is an important resource for potential first-time home buyers who may need down payment assistance or help carrying the full cost of a mortgage.
- **Helping Localities Convert Abandoned Properties into Homes for Low-income Families.** HUD redesigned its Single Family Home Sales program to allow pre-approved nonprofit organizations and government entities to purchase abandoned HUD-owned properties at discounted prices. Since the program was created in 1993, more than 6,200 properties have been sold to non-profits and localities.
- **Reinventing HUD and the FHA.** The FHA has automated its functions, using new technology and streamlining to serve lenders and home owners more efficiently. Staff savings from this process have already exceeded \$2.4 million, allowing HUD to function more efficiently with lower costs. The FHA has also cut from 6-8 weeks to a matter of hours, the length of time it takes to issue mortgage insurance, and has increased by more than 50% the number of home repair and improvement loans to low- and moderate-income homeowners.

Protecting All Communities From Toxic Pollution

August 28, 1996

"No child should have to live near a toxic waste dump. No child should have to drink water contaminated with chemicals. No child should have to eat foods poisoned with pesticides."

- President Clinton, 3/11/96

President Clinton is announcing a new national commitment to protect communities from toxic pollution by the year 2000 -- accelerating toxic waste cleanup, expanding families' right-to-know about toxic pollution in their neighborhoods and getting tougher on criminal polluters.

- **Accelerating Superfund Toxic Waste Cleanup in our Communities**, nearly doubling the pace of cleanup, so that in 2000 approximately two-thirds of the priority sites will be cleaned.

- **Expanding Brownfields Redevelopment Initiative**, to promote the cleanup and reuse of contaminated industrial and commercial facilities.

- **Getting Tough on Criminal Polluters**, to strengthen penalties for the worst illegal dumpers and ensure that courts can secure polluters' assets in order to restore the communities they victimize.

- **Expanding Americans' Right-to-Know About Toxics in Their Community**, so that people can get more information about toxic threats to their families.

- **Making Water Safe and Clean for All Americans**, by better protecting drinking water sources, reducing toxics in the Great Lakes and making polluters pay to clean up their water pollution.

1. Accelerating Superfund Toxic Waste Cleanups in our Communities.

President Clinton is announcing a bold new commitment for toxic waste cleanup: nearly doubling the pace of cleanup to better protect our families and our natural heritage.

- President Clinton is building on three years of reform -- cleaning up as many sites in three years as had been cleaned up in the previous 12 -- to accelerate again the pace of cleanup. As a result, approximately two-thirds of the 1387 toxic sites now on Superfund's national priorities list (NPL) will be cleaned up by the year 2000. This initiative will:

- Improve quality of life for more than 27 million Americans -- including over 4 million children -- who live within four miles of a Superfund site.
 - Generate jobs and economic development more quickly in hundreds of communities across the country: first through site cleanup, and later through productive use of cleaner sites.
 - Eliminate budget-related delays in cleanup. No community will have to wait for cleanup because the money has run out.
- President Clinton is issuing an executive order to provide agencies that protect our lands and waters with new authority to make polluters clean up toxic waste sites they created. This will mean more cleanup, and greater protection of natural resources that support hunting, fishing, tourism, and recreation in local economies. In addition, the executive order will expand the effort at the many sites not on the NPL list of worst sites but still requiring cleanup.
 - President Clinton is calling upon Congress to act before adjournment to reinstate the corporate levies that provide money for Superfund cleanups in our communities. These levies lapsed during the budget impasse, and unless Congress acts, the oil and chemical companies that pay the Superfund levies will continue to get a windfall while future Superfund cleanups are put at risk. This proposal was included in both President Clinton's budget proposal and the budget proposals of the Dole-Gingrich Congress.

Under President Clinton, EPA has streamlined cleanups, reduced litigation and bureaucracy, and made common sense improvements to the Superfund program. These steps have made it possible for the President to commit to today's major acceleration of Superfund cleanups.

2. Restoring Hope to Communities Through Brownfields Redevelopment.

President Clinton is announcing a major expansion of his Brownfields initiative, which promotes local cleanup and redevelopment of contaminated and abandoned urban properties.

- The President is announcing new support for state and local efforts to revitalize brownfields, including:
 - Expansion of EPA grants to communities for site assessment and redevelopment planning, and support for revolving loans to finance brownfields cleanup efforts at the local level. This will result in cleanup at approximately 5,000 sites by 2000.
 - Expansion of HUD Economic Development Initiative (EDI) grants to leverage private, State, and local funds in support of efforts to redevelop the cleaned-up sites and create jobs for the surrounding communities. The HUD EDI grants

are expected to leverage up to \$400 million in additional guaranteed loan financing through HUD's Section 108 loan guarantee program.

- New EPA worker training initiatives for jobs in local remediation projects.
- The President is also providing new incentives to promote cleanup through private initiatives, by:
 - Calling upon Congress to enact his brownfields tax incentive proposal before adjournment. This \$2 billion investment over seven years will generate more than \$10 billion in cleanup and development at 30,000 sites in communities across the country, including 17,000 sites by 2000.
 - Providing new assistance to state voluntary cleanup programs, which reinforce private initiative by providing public oversight and approval of private cleanup plans.
- The initiatives announced today will expand local economies, improve quality of life, and restore hope to communities across the country. A \$200,000 brownfields grant in Cleveland, for example, has leveraged \$4.2 million in private sector investments.
- These initiatives will also help preserve open spaces for our communities. EPA estimates that brownfields redevelopment results in at least a 25 percent reduction in development of pristine or "greenfields" sites, while saving communities other costs of creating infrastructure for new areas -- water, sewer, electric lines.

President Clinton has pioneered successful and cost-effective solutions to the problem of urban brownfields, beginning with the Brownfields Action Agenda announced by EPA in January 1995. The proposals today would improve quality of life for up to 15 million Americans living near brownfields, while creating the jobs, private investments, and tax base that will restore communities now burdened with brownfields sites.

3. Getting Tough on Criminal Polluters.

Illegal dumping of toxics and other environmental crimes are real crimes, and our families are the victims. Prosecutors, police, and investigators need better tools to protect our communities from the toxic threat posed by environmental criminals.

- President Clinton is calling on Congress to enact a new Environmental Crimes Bill, which will strengthen community protection against environmental criminals. This bill will:
 - Ensure that the assets of environmental criminals can be secured quickly, and can be used to restore the communities they victimize. Prosecutors will be able to get a prejudgment order placing criminal defendants' assets within the control of the court, to make sure those assets are available to clean up the environment.

Criminals will not be able to shelter the proceeds of their crimes while the community remains exposed to toxic pollution.

- Require stronger penalties for the worst environmental crimes, such as where toxic pollution causes serious injury or imperils law enforcement officers.
 - Strengthen our partnership with state and local law enforcement agencies by authorizing these agencies to recover their costs when they assist federal prosecutions.
 - Outlaw attempted environmental crimes, making it possible to conduct "sting" operations and otherwise to make an arrest before toxics are released into the environment. Current law does not allow prosecutors to stop environmental crime until the damage is done.
- As part of this initiative, President Clinton also is proposing funds to train state and local law enforcement officers to investigate and detect environmental crimes.

4. Expanding Americans' Right-to-Know About Toxics in Their Community.

Because every American has a right to know about toxic pollution in their neighborhood, President Clinton is announcing steps to expand the information people can get about toxic threats to their families -- without imposing more reporting or paperwork requirements on anyone.

- By the year 2000, Americans will have an easy way to answer common questions like "Is the air too polluted today to play outside?" "Is the beach at my favorite lake clean enough for swimming this weekend?" "What kind of toxics are in our local river?" This information will be available for the 75 largest metropolitan areas in the country through a comprehensive monitoring system with computer links to schools, libraries, community centers and home computers.
- President Clinton is also directing federal agencies to build on the success of our right-to-know laws, and to work with parents, scientists, the business community, and Congress to provide better information to families, so that they will have the tools to protect themselves. President Clinton is asking for new common-sense and cost-effective proposals to meet the following objectives:
 - Assisting parents in assessing and avoiding unique environmental health risks to children from products and chemicals.
 - Providing information on the whole range of environmental health risk from toxics, including cancer, developmental, endocrine, and reproductive risks.
 - Encouraging informed consumer choices by providing improved information.

5. Making Water Safe and Clean for All Americans.

President Clinton is challenging Congress to improve protection for all Americans from pollution entering our rivers and drinking water sources. President Clinton is directing the Department of Agriculture (USDA) to make water quality protection a top goal for its Farm Bill conservation programs.

- President Clinton is challenging Congress to deliver the drinking water protection promised when Congress enacted his proposals in the recent Safe Drinking Water Act, by fully restoring his requested funds for drinking water.
- President Clinton is announcing an expanded commitment to reducing toxic pollution in the Great Lakes, with greater National Oceanic and Atmospheric Administration (NOAA) grants and technical assistance to states, building on the success of the Great Lakes Water Quality Initiative, which under the Clinton Administration has put in place commitments that will reduce toxics.
- President Clinton is challenging Congress to protect rural threats to drinking water, by fully funding his programs for collecting data about pesticide use and runoff and assistance for protecting rural drinking water.
- President Clinton is directing USDA to fully implement the authorities and resources in the 1996 Farm Bill for the protection of water quality.
- President Clinton's executive order giving agencies new authority to make polluters clean up toxic pollution will also help clean up water pollution.

Accelerating Superfund Toxic Waste Cleanups in our Communities

August 28, 1996

President Clinton is announcing a bold new commitment for toxic waste cleanup: nearly doubling the pace of cleanup to better protect our families and our natural heritage.

- ***Cleaning Up Two-Thirds of Superfund Sites.*** President Clinton is building on three years of reform to accelerate the pace of cleanup. As a result, approximately two-thirds of the 1387 toxic sites now on Superfund's national priorities list (NPL) will be cleaned up by the year 2000. This initiative will:
 - Improve quality of life for more than 27 million Americans -- including over 4 million children -- who live within four miles of a Superfund site.
 - Generate jobs and economic development more quickly in hundreds of communities across the country: first through site cleanup, and later through productive use of cleaner sites.
 - Eliminate budget-related delays in cleanup. No community will have to wait for cleanup because the money has run out.
- ***Making Polluters Pay to Clean Up Their Waste.*** President Clinton is issuing an executive order to provide the agencies that protect our lands and waters with new authority to make polluters clean up toxic waste sites they created. This eliminates limitations in President Reagan's executive order implementing Superfund, and will mean more cleanup in more communities. It will also mean greater protection of natural resources that support hunting, fishing, tourism, and recreation in local economies.
- ***Funding Superfund.*** President Clinton is calling upon Congress to reinstate the corporate levies that support the Superfund program, which lapsed during the budget impasse. This proposal was included in both the President's budget proposal and the budget proposals of the Dole-Gingrich Congress. The oil and chemical companies that pay the Superfund levies are receiving a windfall while future Superfund cleanups are put at risk.
- Under President Clinton's proposal, the new money contemplated by this initiative will be used for cleanup, and not to pay polluters as some recent proposals in Congress would require.

In three years, the Administration has cleaned up more of Superfund's 1,387 toxic NPL sites than in the previous 12 years combined. Under President Clinton, EPA has streamlined cleanups, reduced litigation and bureaucracy, and made common sense improvements to the Superfund program. These steps made it possible for the President to commit to today's major acceleration of Superfund cleanups.

The Superfund law to clean up toxic waste sites was signed into law in 1980. From FY 1983 through FY 1992, construction was completed at only 149 toxic waste sites on the Superfund National Priorities List (NPL), an average of *less than 15 sites per year*. By contrast, from FY 1993 through FY 1995, the Clinton Administration completed construction at 197 toxic waste sites on the NPL, an average of *more than 65 sites per year*. The new resources in this initiative will provide for completion of approximately 500 sites over the next four years, *an average of 125 sites per year* -- nearly doubling the pace of cleanup. Not counting sites where construction has been completed, there are an *additional 472 NPL sites* where construction is underway.

This progress in expediting cleanup decisions, coupled with a \$100 million rescission to the FY 95 budget and delays in funding caused by the FY 96 budget impasse, has meant that a funding queue for cleanup resources has developed. This initiative will eliminate the queue, and further ensure that the program can meet the ambitious new goal the President is setting today.

In addition, many sites are not on the NPL list of worst sites but still require cleanup because of the threat they pose to communities and to natural resources. President Clinton's new executive order will expand the effort to clean up these sites.

New Investments: EPA: \$1.3 billion over 2 years (FY 98 and FY 99). This is in addition to the current amount of \$1.394 billion per year for each of the fiscal years 1997-2000.

Restoring Hope Through Brownfields Redevelopment

August 28, 1996

President Clinton is announcing a major expansion of the Administration's Brownfields initiative, which promotes the safe and sustainable reuse of industrial and commercial facilities that are idle or under-utilized because of toxic contamination.

- ***Expanding the Brownfields Initiative.*** The President is announcing new support for state and local efforts to revitalize brownfields, including:
 - Expansion of EPA grants to communities for site assessment and redevelopment planning, and support for revolving loans to finance brownfields cleanup efforts at the local level. This will result in cleanup at approximately 5,000 sites by 2000.
 - Expansion of HUD Economic Development Initiative (EDI) grants to leverage private, State, and local funds in support of efforts to redevelop the cleaned-up sites and create jobs for the surrounding communities. The HUD EDI grants are expected to leverage up to \$400 million in additional guaranteed loan financing through HUD's Section 108 loan guarantee program.
 - New EPA worker training initiatives for jobs in local remediation projects.
- ***Creating Brownfields Tax Incentive.*** The President is also providing new incentives to promote cleanup through private initiatives, by:
 - Calling upon Congress to enact his brownfields tax incentive proposal before adjournment. This \$2 billion investment over seven years will generate more than \$10 billion in cleanup and development at 30,000 sites in communities across the country, including 17,000 sites by 2000.
 - Providing new assistance to state voluntary cleanup programs, which reinforce private initiative by providing public oversight and approval of private cleanup plans.
- ***Supporting State Cleanup.*** President Clinton's initiative includes \$30 million to support state voluntary cleanup programs, which provide technical oversight and support to private parties who take the initiative to clean up brownfields sites and prepare them for development. Many states currently lack the resources and expertise to develop these programs.
- ***Training Workers.*** President Clinton is announcing \$20 million to train workers in distressed communities to do remediation work.

- Today's initiatives will expand local economies, improve quality of life, and restore hope to more than 300 communities across the country that have identified brownfields cleanup as a major concern.
- These initiatives will also help preserve open spaces for our communities. EPA estimates that brownfields redevelopment results in a 25 percent reduction in development of pristine or "greenfields" sites, while saving communities other costs of creating infrastructure for these new areas -- water, sewer, electric lines.

Background: President Clinton has pioneered successful and cost-effective solutions to the problem of urban brownfields, beginning with the Brownfields Action Agenda announced by EPA in January 1995. The proposals today would improve quality of life for up to 15 million Americans living near brownfields, while creating the jobs, private investments, and tax base that will restore communities now burdened with brownfields sites.

In his State of the Union address, President Clinton challenged Congress to enact his brownfields tax incentive, which will help redevelopment at 17,000 sites across the country by 2000. President Clinton announced details of the brownfields tax incentive March 11, 1995.

President Clinton has acted to streamline cleanups, return contaminated properties to productive use, empower States to address contaminated sites, and reduce litigation and bureaucracy. For example, the Clinton Administration has removed 27,000 sites (or nearly two-thirds) from the Superfund site data base (CERCLIS). These sites represent those that the States and EPA investigated and found to be of no further Federal interest. Many were found not to be seriously contaminated while others are being cleaned up under state programs. This action is making it easier for potential purchasers, developers, lenders, and communities to make investments in these properties and clean them up.

President Clinton's brownfields agenda also includes funding 60 brownfield redevelopment projects by the end of this year. The first such project in Cleveland, Ohio leveraged \$4.2 million in private investment, created 200 jobs, and generated more than \$1 million in new payroll taxes for the city. Today's initiative includes \$150 million to expand those grants and support revolving loans to finance cleanups.

New Investments over 4 years: EPA: \$200 million (compared with current level of \$37 million annually). HUD \$100 million.

Getting Tough on Criminal Polluters

August 28, 1996

Illegal dumping of toxics and other pollutants is real crime, and our communities are the victims. Police, prosecutors, and investigators need better tools to protect our communities from the toxic threat posed by environmental criminals.

President Clinton is calling upon Congress to enact his Environmental Crimes Bill, which will strengthen community protection against environmental criminals. This bill will ensure that the assets of environment criminals can be secured even before conviction, and are used to restore the communities they victimize. The bill would impose stronger penalties for the worst environmental crimes, help catch environmental criminals before they harm the environment, and strengthen our partnership with state and local prosecutors.

- ***Prosecutors to secure the assets of environmental criminals when they threaten our communities.*** Criminal defendants are often able to shield their assets from prosecutors, and communities are often at risk that the damage done by the crime will not be restored or will be left for the taxpayer to clean up.

Legislative Proposal - President Clinton's Environmental Crimes Bill proposes new authority for prosecutors to secure the assets of environmental criminals, even before conviction, when those assets are needed to repair the environmental harm that has been done. This provision will allow prosecutors, after a hearing, to secure any of the assets belonging to an environmental criminal, to make sure that the money is available to clean up the environment for victimized communities.

- ***Tougher penalties for the worst environmental offenses.*** Police officers, fire fighters, and others who are first on the scene of environmental crimes can face grave risks, and federal penalties are not adequate to punish those who injure or even kill these first responders. Furthermore, there are no laws against attempted environmental crimes, which hampers efforts to capture criminals before environmental damage is done through "sting" operations and other investigative work. Current statutes of limitations have no exceptions for those who conceal their environmental crimes, which means that some of the most egregious environmental crimes cannot be prosecuted.

Legislative Proposal - President Clinton's Environmental Crimes bill would:

- Enhance penalties for environmental crimes that result in death or serious bodily injury to law enforcement personnel or the public.
- Outlaw "attempts" to commit environmental crimes.
- Modify statutes of limitation to allow additional time for prosecution (not to exceed a total of eight years from the date of the violation) where a criminal conceals an environmental crime.

- ***Strengthen environmental law enforcement partnerships.*** Local law enforcement agencies often lack the resources to support environmental crimes prosecutions or to train their officers on detection and handling of environmental crimes. This problem hampers joint federal-state prosecutions, and has become more urgent because of the government shutdown and other efforts to cut EPA's enforcement budget and take the environmental cop off the beat.

Legislative Proposal -

- President Clinton's bill would provide that state and local officials would be able to receive an award of their costs in joint prosecutions with federal authorities of environmental crime, and the cost award would be added to the criminal fine the defendant would have to pay.
- President Clinton will seek \$4 million over four years in new money for training and support of state and local law enforcement officials.
- ***Provide for restitution of those victimized by environmental crimes.*** The authority of courts to require environmental criminals to provide "restitution" to communities victimized by environmental crimes should be clear. The communities that are victims of environmental crime have a right to have their environment and natural resources restored.

Legislative Proposal - President Clinton's bill would clarify the law to ensure that the courts may order convicted criminals to pay restitution for their crimes, by making payments to remediate or restore the quality of the environment to the full extent that it is damaged by an environmental crime.

New Investments Over Four Years: EPA: \$4 million

Expanding Every American's Right-to-Know About Toxic Pollution

August 28, 1996

Every American has a right to know about toxic pollution in their neighborhood, and President Clinton is announcing steps to expand the information people can get about toxic risks to their families, without imposing new reporting burdens for anyone.

By the year 2000, Americans will have an easy way to answer common questions like "Is the air too polluted today to play outside?" "Is the beach at my favorite lake clean enough for swimming this weekend?" "What kind of toxics are in our local river?" This information will be available for the 75 largest metropolitan areas in the country through a comprehensive monitoring system with computer links to schools, libraries, community centers and home computers.

- ***National right-to-know network of key environmental health indicators.*** President Clinton is directing EPA to work with other state, federal and local agencies to put in place a nationwide network to observe key environmental health indicators in the air, land and water. Families will have access to timely health-related data to make informed choices that directly affect their health. For example, timely air quality information can mean the difference between hospitalization and a healthy day for an asthmatic child. Asthma is now the leading cause of hospitalization for young children in the United States.
- ***Better right-to-know data on water.*** To help communities protect their waters, President Clinton is expanding water quality studies so they cover at least these 75 largest metropolitan areas and -- just as importantly -- make that information readily available. The United States Geological Survey (USGS) and the National Oceanic and Atmospheric Administration (NOAA) now study water quality in less than half the nation's rivers, lakes, streams, and beaches. President Clinton is expanding the effort so that most Americans can get information about what causes the pollution in their rivers, lakes and beaches. With this information communities can find the best ways to improve and protect the quality of sources of drinking water.
- ***Making information available when families need it.*** President Clinton is directing agencies to put in place a system to give everyone better access to government pollution information, by directing the federal agencies that have this information to work together to provide the public with one-stop access.
- ***A call for expanded right-to-know.*** President Clinton is directing federal agencies to build on the success of our right-to-know laws, and to come forth with proposals to provide families with better information about the risks their families face from toxics and other hazards. The Administration will work with parents, scientists, the business community, local governments, and the Congress to provide better information to families, so that they will have the tools to protect themselves. This initiative will include common-sense and cost-effective ways to meet the following objectives:

- Assist parents in assessing and avoiding unique environmental health risks to children from products and chemicals.
- Provide information on the whole range of environmental health risk from toxics, including cancer, developmental, hormonal, and reproductive risks.
- Encourage informed consumer choices by providing improved information.

New Investments Over Four Years: EPA \$140 million; Interior/USGS \$45 million; NOAA \$11 million.

Making Water Safe and Clean for All Americans

August 28, 1996

President Clinton is announcing actions to stop toxic pollution from entering our drinking water sources and other streams and rivers, while providing new resources to state and local governments fighting toxic pollution. President Clinton is also taking strong executive action to meet these goals, making better use of existing authority to make polluters clean up toxics that threaten our lands and water.

- ***Protection for Drinking Water for All Communities.*** Earlier this month, President Clinton signed a Safe Drinking Water Bill that enacts his proposals to strengthen the ability of EPA and state and local governments to protect drinking water supplies. This bill includes President Clinton's proposed State Safe Drinking Water Revolving Fund (SRF). Because of last-minute delays in enacting the bill, however, Congress missed its own deadline and as a result \$725 million earmarked for the SRF was lost. President Clinton is now challenging Congress to restore this money, and to fully fund his FY 97 request for drinking water, for a total of \$1.275 billion. Communities need this money to keep toxics out of their drinking water and make sure their drinking water is safe.
- ***Protecting the Great Lakes.*** President Clinton is announcing an expanded commitment to reducing toxics in the Great Lakes, which builds on the success of the Great Lakes Water Quality Initiative put in place during the last four years. The Great Lakes are a national treasure -- they contain 95 percent of the fresh water in the United States, and 23 million people get their drinking water from the Great Lakes watershed. Working in partnership with communities and states we have already found actions that will reduce the most important remaining source of pollution -- runoff of toxics from city streets and toxic pesticides and nutrients from fields.

The next critical step is to put these plans into action so they can serve as a model for communities around the region, and across the country. President Clinton is calling for expanded National Oceanic and Atmospheric Administration (NOAA) matched grants to states, technical assistance and seed money for critical projects so we can make progress for the people who eat the fish, drink the water and swim in the Great Lakes.

- ***Meeting Special Threats to Rural Drinking Water.*** President Clinton is challenging Congress to protect against threats to rural drinking water by restoring funding for the pesticide-use data collection program (\$11.2 million for FY 97) and to fully fund his request for the program to build drinking water systems in rural communities that lack clean, safe drinking water (\$559 million for FY 97).
- ***Targeting Farm Bill Resources to Protecting Water Quality.*** The 1996 Farm Bill provided a number of opportunities for USDA to work in partnership with local governments and soil conservation districts on voluntary, community-oriented conservation projects. The President is directing USDA to ensure that these programs

protect our waterways from agricultural contaminants and pollutants, beginning with successful and full use of the Conservation Reserve Program and the new Environmental Quality Incentives Program to reach water quality goals. These efforts should result in water quality protection efforts covering more than 50 million acres of lands nationwide.

- ***Making Polluters Clean Up More Toxic Threats to Lands and Waters.*** Hampered by the limitations in a Reagan Administration executive order implementing Superfund, federal agencies often lack the authority to compel polluters to clean up toxic waste sites that threaten our lands and waters. President Clinton is changing that order, and expanding the authority of federal agencies to compel polluters to clean up.

New Investments Over Four Years: NOAA \$76 million.

OFFSETS TO PAY FOR NEW INITIATIVES WITHIN PRESIDENT CLINTON'S CBO-CERTIFIED BALANCED BUDGET

Offsets	Savings
Increase Hart Scott Rodino merger filing fees based on firm size	\$0.420 billion
Corporate Subsidies: Replace Sales Source Rules with activity-based rule	\$5.300 billion
Tighten the Substantial Understatement Penalty	\$0.200 billion
Replace Single-Family Loan Limit with Freddie Mac Limit	\$0.200 billion
Relax the Restriction on FHA Multifamily Property	\$0.080 billion
Charge vendors for cost of making payments by paper check	\$0.070 billion
Reduce corporate jet subsidies	\$0.541 billion
Deny dividends-received deduction (DRD) for portfolio preferred stock	\$0.200 billion
Synthetic Fuel Production Credit	\$0.475 billion
Repeal Medicare/Medicaid Fraud Loopholes	\$0.470 billion
New Spectrum	\$0.500 billion
Total	\$8.456 billion

OFFSETS

1. INCREASE HART SCOTT RODINO MERGER FILING FEES

Revenues: \$420 million over 6 years

Description: The FTC and DOJ's Antitrust Division share about \$120 million/year in fees that are paid by firms filing for merger under the Hart Scott Rodino Act; the rest of their budgets are funded through appropriations. Firms that are now required to file pre-merger notification are assessed a flat fee of \$45,000. This increase would restructure the fees to: \$25,000 for entities with total assets of under \$100 million (i.e., a reduced fee for small mergers); \$55,000 for entities with total assets of between \$100 million and \$500 million; and \$95,000 for entities with total assets of over \$500 million. The fees now offset discretionary appropriations, but an increase could produce mandatory savings.

This would ensure that users fully pay for the Government's costs of Hart Scott Rodino activities. Thus, general taxpayers would no longer subsidize the Federal review of mergers.

2. Replace Sales Source Rules with Activity-Based Rule

Revenues: \$5.3 billion over 6 years

Description: The President's new proposal would limit the ability of multinational corporations to deplete their U.S. tax liability inappropriately, by reducing the amount of export sales income that they may treat as derived from foreign sources. Under current law, the sales source rule generally permits multinational corporations that also export U.S. products to treat half of their export profits as income from sales activities, and therefore as foreign source income, even though the economic activity that produced the export profits may have occurred entirely within the United States.

The proposal eliminates the 50-50 default rule for allocating export income between domestic production and foreign sales activities. Under the proposal, the allocation will be based on actual economic activity. In addition, the proposal does not affect the special tax rules that generally apply to the export of natural resource property.

3. Tighten the Substantial Understatement Penalty

Revenues: \$200 million over 6 years

Description: Currently, taxpayers may be penalized for erroneous, but non-negligent, return positions if the amount of the understatement is "substantial" and the taxpayer did not disclose the position in a statement with the return. "Substantial" is defined as 10 percent of the taxpayer's total current tax liability, but this can be a very large amount even for very large corporate taxpayers. This has led some large corporations to take aggressive reporting positions where huge amounts of potential tax liability are at stake -- in effect playing the audit lottery -- without any downside risk of penalties if they are caught, because the potential tax still would not exceed 10 percent of the company's total tax liability. To discourage such aggressive tax planning, the proposal would consider any deficiency greater than \$10 million to be "substantial" for purposes of the substantial understatement penalty, whether or not it exceeds 10 percent of the taxpayer's liability. The proposal would thus affect only taxpayers that have tax liabilities of \$100 million or more.

4. Replace Single-Family Loan Limits with Freddie Mac Limit

Revenue: \$200 million over 6 years

Description: Currently, the Federal Housing Administration (FHA) is authorized to insure mortgages that are not more than 95 percent of the area median house price, subject to a \$155,250 ceiling and a \$73,000 floor. This would replace these limits with the \$207,000 Freddie Mac loan limit, allowing FHA to compete for business that the private market now services.

In most places, FHA insures mortgages that are below 95 percent of the area median house price. Raising the limit to the Freddie Mac level would increase homeownership opportunities for homebuyers who are now constrained by the FHA mortgage limits and often cannot meet the higher downpayment requirements for a conventional mortgage. A higher limit also would increase FHA's guaranteed loan volume and the amount of receipts generated from fees.

5. Relax the Restriction on FHA Multifamily Property Disposition and Loan Sales

Revenues: \$80 million over 6 years

Description: FHA faces various restrictions when it tries to sell properties or mortgages. For example, states and localities have the right to veto property sales and arrange to buy the properties themselves. Also, with limited exceptions, subsidized housing projects must continue in their configuration. These restrictions complicate the disposition and sales process, delaying receipts and creating large holding costs (\$400 per unit per month) while HUD owns properties.

Allowing FHA to relax selected restrictions creates a more flexible and expedited process (the savings estimate assumes that all sales are accelerated by one year). In all cases, HUD will protect the interests of currently assisted low-income tenants by continuing their assistance or providing portable vouchers. This provision was included in the 1996 VA/HUD 1996

6. Charge Vendors for the Cost of Making Payments by Paper Check

Revenues: \$70 million over 6 years

Description: This option would require the Secretary of the Treasury to charge a fee to vendors for the continued receipt of payment by paper check.

The Federal Government makes over 40 million check payments to vendors a year. The Debt Collection Improvement Act of 1996 requires a mandatory phase-in of electronic payment for all federal payments by 1999, with the exception of tax refunds. Electronic funds transfer offers a more rapid and secure form of payment. However, for those vendors who would prefer to continue to receive payment by check, this option institutes a fee of \$1 per transaction that would be charged for continued receipt of payment by check. This fee would be collected centrally by the check disbursing agencies, principally Treasury and DOD (eliminating any administrative burden to other agencies for collection of the fee). Vendors with existing multi-year contracts will be unaffected by this proposal.

7. Corporate Jets. Charge Business Jets for the Costs They Impose on the FAA

Revenues: \$541 million over 6 years

Description: Corporate and business turbine aircraft (turbo jets and turbo props) have historically paid a 17.5 cent/gallon excise tax on non-commercial jet fuel. The receipts have covered only 25% of the fully-allocated costs of air traffic services that the FAA provides to these users. Commercial airlines have historically covered the full costs of FAA services through the 10% tax on airline tickets. This proposal would reduce by 50% the subsidy provided to commercial and private corporate turbine aircraft by the year 1999. This new charge would be phased in over three years. Revenue from this charge would be deposited in the airport and airway trust fund. This proposal would charge business and corporate turbine aircraft a \$225 per-flight fee.

8. Dividends-Received Deduction.

Revenues: \$200 million.

Description: Under current law, a 70% dividends received deduction (DRD) is available for U.S. corporations. This percentage deduction is generally increased to 80% if the taxpayer owns at least 20% of the stock of the issuing corporation. (The DRD does not apply to individuals, pension funds, or most mutual funds.) In addition, because closely related corporations are part of the same economic family, a 100% deduction generally applies to dividends from 80% owned subsidiaries.

Under this proposal, the 70% and 80% DRD for certain debt-like preferred stock would be eliminated, effective for stock issued after the date of enactment.

9. Eliminate Extension of the Credit For Producing Alternative Fuels from Biomass Gas or From Coal Facilities (section 29)

Revenues: \$475 million.

Description. Currently, section 29 provides a tax credit for the production of nonconventional fuels, e.g., fuels produced from biomass or coal gasification facilities. This credit applied to such facilities placed in service before 1997 pursuant to a binding contract entered into before 1996. The small business bill extended the credit for property placed in service before July 1, 1998 pursuant to a binding contract entered into before 1997. This proposal would not pull back on the binding contract extension (through this year) but would pull back the placed in service requirement by one year, to June 30, 1997.

10. Repeal Medicare/Medicaid Fraud Loopholes.

Revenues: \$280 Million

Description. Repeal Section 205 -- Health Care Advisory Opinions which requires HHS and DoJ to issue advisory opinions to providers on whether or not a proposed business venture violates the Medicare and Medicaid anti-kickback statute. The provision leads to costs because it seriously hinders the ability of the HHS Inspector General and the Department of Justice to prosecute providers who have obtained advisory opinions and who actually end up violating the anti-kickback statute (e.g., providers might obtain an advisory opinion under false pretext and then hide behind it to defraud the Medicare program.)

Repeal Section 216 -- Anti-Kickback Exception for Managed Care Plans which creates and exception to the Medicare and Medicaid anti-kickback statute for risk-sharing arrangements (i.e. managed care plans). The classic kickback situation is where a specialist pays a physician for patient referrals. The provision is a coster because the exception is somewhat subject to interpretation, making it possible that "sham" risk sharing arrangement will meet the exception and thereby be able to continue offering kickbacks for referrals.

Repeal Section 231(d) -- Clarification of Level of Knowledge (The "Should Know" versus "Deliberate Ignorance" Standard). Makes it more difficult to impose a civil monetary penalty (CMP) in the Medicare program by increasing the government's burden of proof in CMP cases. The provision leads to costs because anticipated CMP recoveries assumed in the baseline will not be achieved in certain cases where the government cannot meet the new burden of proof.

11. Auction 18 Ghz Spectrum.

Revenues. \$500 Million.

Description. A portion of the spectrum in the 18 gigahertz band would be auctioned for wireless subscription-based services. This portion of the spectrum could be used to provide wireless services such as high-speed Internet access, voice and data transmissions, and possibly video conferencing services. This spectrum could also be used for personal communications services such as Sprint Spectrum or digital cellular phones. Until recent technological advances, this spectrum had not been commercially valuable. One company active in this band of spectrum has just signed a deal with a major manufacturer to provide the equipment to be able to use this spectrum commercially. The FCC has received hundreds of applications for licenses for this spectrum, and they have recently paused the application process. The FCC is considering an auction to allocate this spectrum.