

IV. HIGHLIGHTS OF THE FY2001 BUDGET

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EDUCATION AND TRAINING

Education and training have been a cornerstone of the Clinton-Gore Administration's agenda since 1993. The President's initiatives have helped to provide students with the educational opportunities they need to reach high standards, enhanced the quality of teaching, made college more affordable for all Americans, and offered lifetime education and training opportunities to those in need. The President's FY2001 budget builds on these efforts and offers new initiatives to improve the educational and training opportunities needed for a strong economy and healthy communities. At the core of these proposals is a basic principal: we must invest more in our schools *and* demand more from them.

Proposing the Largest Head Start Expansion in History. The President's budget increases funding for Head Start by \$1 billion – the largest funding increase ever proposed for the program – to provide Head Start and Early Head Start to approximately 950,000 children. This funding will bring within reach the President's goal of serving one million children in 2002 and builds the foundation for the long-term goal of universal pre-school. Early Head Start, created by the Clinton-Gore Administration in 1994, brings these services to families with children ages zero to three and to pregnant women. The President's FY2001 proposal would increase funding for Early Head Start by \$143 million. Since 1993, this Administration has already increased funding for Head Start by 90 percent.

Fixing Failing Schools and Rewarding Success. The President believes that we must not only demand more from our schools, we must also invest more in them. The following initiatives provide resources and incentives to help all students meet high academic standards:

- **Universal After-School for Students in the Most Need.** The President and Vice President propose to invest \$1 billion in the 21st Century Community Learning Centers program to help ensure that every child in every failing school has extended learning opportunities in the after-school and summertime hours. The Administration's budget will maintain the commitment to serving all children, but will dedicate much of the increase to help those children most in need of academic assistance as part of a comprehensive approach to help low-achieving students meet high academic standards.
- **Accountability Fund.** In his FY2001 budget, the President will propose to nearly double funding from \$134 million in FY2000 to \$250 million to turn around failing schools. This funding is used by states and localities to turn around low-performing schools through a variety of approaches, including overhauling the curriculum, improving staffing, or bringing in new management and staff. The initiative also includes provisions supporting public school choice for students in failing schools.
- **Rewarding High Performance and Closing the Achievement Gap.** The President also proposes a \$50 million initiative to provide bonuses to states that make exemplary progress in improving student performance and closing the achievement gap between high and low-performing groups of students. States would be eligible for bonuses based on student performance and narrowing of the achievement gap as indicated by performance on the National Assessment of Educational Progress (NAEP).
- **Class Size Reduction.** The President's budget request maintains his commitment to reduce class size in the early grades by staying on a path to hiring 100,000 high-quality teachers by

2005. The Administration's FY2001 budget will boost funding for this initiative to \$1.75 billion, an increase of \$450 million over current levels – enough to fund about 49,000 teachers, nearly half way to our long-term goal.

- **Small, Safe and Successful High Schools.** The President's budget will include \$120 million for a Small Schools Initiative to reinvent high schools on a smaller scale and make them more responsive to student needs. School districts could use this money to create small schools or to break up existing large schools into smaller learning communities. Districts would be expected to demonstrate increases in student achievement, graduation rates, and the number of students pursuing postsecondary options, and decreases in disruptions and violence.

Teaching to High Standards. This initiative is a new \$1 billion teacher quality plan to recruit, train and reward good teachers. The Teaching to High Standards Initiative will give grants to states and districts to fund high-quality, standards-based professional development for teachers. It also includes several new proposals:

- **Higher Standards-Higher Pay for Teachers.** This \$50 million initiative will award grants to high-poverty school districts to help them attract and retain high-quality teachers through better pay and higher standards. Participating teachers would receive immediate pay increases; some would receive additional raises for exceptional work.
- **Teacher Quality Rewards.** This \$50 million program will reward school districts that have made exceptional progress in reducing the number of uncertified teachers and out-of-field teachers. The President has proposed requiring states to ensure that 95 percent of teachers are certified and 95 percent of secondary teachers are teaching within field by 2004.
- **Hometown Teacher Recruitment.** This \$75 million program would make students aware of the opportunities available in the teaching profession; provide mentoring and teaching experiences as they progress through school; and provide financial assistance for students who pursue bachelor's degrees with the goal of teaching in high-need communities after graduation.
- **Transition to Teaching.** This \$25 million initiative will build on the success of the Department of Defense's Troops to Teachers program by recruiting and preparing talented mid-career professionals from diverse fields to become teachers in high-need subject areas and high-need schools.
- **School Leaders Initiative.** This \$40 million program will fund non-profit partnerships designed to recruit, prepare and provide professional development for superintendents and principals, and other school leaders to bolster their capacity to lead high-performing schools. Funding would support approximately 20 centers and 10,000 school leaders.
- **Early Childhood Educator Professional Development.** This \$30 million competitive grant program will fund partnerships to help early childhood educators in high-poverty communities obtain high-quality professional development, and improve their capacity to work with young children, particularly on the language and literacy skills that are the foundation for academic advancement.

Special Education. The President's budget proposes nearly \$6.4 billion to support the education of children with disabilities under the Individuals with Disabilities Education Act (IDEA). This increase

includes almost \$300 million to help states and local school districts educate children with disabilities, as well as an increase of more than \$30 million in competitive grants, including funds for states to help schools comply with IDEA. Funding for special education has more than doubled since 1993.

Charter Schools. The President's budget will increase funding for charter schools by \$30 million dollars from \$145 million to \$175 million. Charter schools are public schools that are open to all and given a great deal of flexibility in exchange for agreeing to meet defined goals for student performance. With 1,700 charter schools now in operation, this funding will help reach the President's goal of 3,000 charter schools by 2002.

College Test Preparation for Low-Income Students. This \$10 million initiative will provide rigorous SAT/ACT college preparation programs to low-income students. Competitive grants would be given to partnerships that would provide college preparatory services to college-bound students.

Challenging Coursework Online. This \$10 million initiative will support the development of high quality, Web-based Advanced Placement, second language, and other challenging courses. The program will provide grants of up to three years to partnerships for research, development and evaluation of innovative technologies that can help provide high-quality learning experiences for all students no matter where their school is located.

School Construction and Modernization. President Clinton is renewing his commitment to his School Modernization Bonds by proposing \$24.8 billion in tax credit bonds over two years to modernize up to 6,000 schools. Within this \$24.8 billion program, \$2.4 billion is reserved for Qualified Zone Academy Bonds. In addition, the budget includes a new \$1.3 billion urgent/emergency school renovation loan and grant proposal. This proposal would cost \$8 billion over 10 years.

College Opportunity Tax Cut. The College Opportunity Tax Cut expands the President's Lifetime Learning tax credit in order to make college, graduate school, and job training more affordable for millions of families. The proposal would give families, for the first time, the option of taking a tax deduction or a 28 percent tax credit on tuition and fees to pay for college and other higher education. This is worth nearly twice as much as a deduction for families in the 15 percent bracket. The proposal would cover up to \$5,000 of educational expenses in 2001 and 2002 and rise to \$10,000 of educational expenses from 2003 forward. This proposal would provide up to \$2,800 in tax relief annually to help American families pay for college, graduate work, or courses taken to improve job skills. This proposal will provide families with \$30 billion in tax relief over the next 10 years.

Increasing Support for College Access. In the new economy, education is the key to economic opportunity. The FY2001 budget includes a nearly \$1 billion boost in investments to make college more affordable for economically disadvantaged students.

- **Pell Grants.** The Pell Grant program provides grants to economically disadvantaged young people to help pay the cost of post-secondary education. The FY2001 budget increases the maximum Pell award \$3,500. Funding for the Pell Grant program is increased by over \$716 million, bringing the total Pell Grant appropriation to \$8.356 billion.
- **SEOG.** The Federal Supplemental Educational Opportunity Grant (SEOG) program provides campus-based grant assistance to needy undergraduate students. Generally, this program supplements the aid students receive from other sources, and leverages institutional aid by at least one dollar for every three Federal dollars. The FY2001 budget provides \$691 million.

- **Work Study.** Work Study provides students with the opportunity to work their way through college. The FY2001 budget includes \$1.011 billion for Work-Study, an increase of \$77 million to continue the President's commitment to serve one million students.
- **Dual Degree Programs for Minority-Serving Institutions.** This new \$40 million program increases opportunities for an estimated 3,000 students at minority-serving institutions. Students would receive two degrees within five years: one from a minority-serving institution, and one from an institution in a field in which minorities are underrepresented.

Keeping Young People On Track for Success. Students not only need help to pay for college, they need support to enter and complete college. The President's FY2001 budget includes an increase of more than \$400 million for programs designed to prepare students to take full advantage of post-secondary opportunities.

- **GEAR UP.** GEAR UP is a nationwide initiative to encourage more disadvantaged young people to have high expectations, stay in school, study hard, and take the right courses to go to and succeed in college. GEAR UP is funded at \$200 million in FY2000, enough to provide services to over 750,000 students. The FY2001 budget provides a 62.5% increase to \$325 million, enough to provide services to 1.4 million students.
- **TRIO.** The TRIO programs seek to motivate and prepare students to go to and stay in college. The FY2001 budget provides \$725 million for TRIO, an increase of \$80 million to help provide assistance to over 760,000 students, 37,000 more than in 2000.
- **College Completion Challenge Grants.** The FY2001 budget creates a new initiative within the TRIO program called College Completion Challenge Grants (CCCG). Although college enrollment rates have risen, 37 percent of students that go on to post-secondary school drop out before they get a certificate or a degree. The problem is especially acute for minorities: 29 percent of African Americans and 31 percent of Hispanics drop out of college after less than one year, compared to 18 percent of whites. The CCCG program is designed to address this problem with a comprehensive approach including pre-freshman summer programs, support services and increased grant aid to students. This \$35 million initiative will improve the chances of success for nearly 18,000 students.
- **Youth Opportunity Grants and Youth Training Formula Grants.** These competitive grants provide comprehensive employment and training assistance to youth, primarily out-of-school youth in high poverty areas. The President's FY2001 budget provides a 50 percent increase in funding to \$375 million, enough to serve 85,000 youth in high poverty areas. In addition, the FY2001 budget provides a \$22 million increase (to \$1.022 billion) for the Youth Activities formula grant program. This level will provide job training and summer job opportunities to about 612,000 disadvantaged young people.
- **Youthbuild.** This program is targeted to 16-24 year old high school dropouts, and provides disadvantaged young adults with education and employment skills through rehabilitating and building housing for low-income families and homeless people. Funded at \$75 million, the Youthbuild programs will provide opportunities for approximately 3,330 trainees in 2001.

- **Job Corps.** Job Corps is the nation's largest and most comprehensive residential education and job training program targeted at impoverished young people. The FY2001 budget increases funding by \$35 million, bringing the total budget to \$1.393 billion.

Investments in Job Training to Ensure Economic Opportunity. The President's FY2001 budget expands successful training programs and implements new ones focused on providing needed training for young people, displaced workers and individuals with disabilities.

- **Employment of People with Disabilities.** The budget proposes a \$1,000 tax credit for workers with disabilities to defray costs including improving access to employment and training programs.
- **Universal Reemployment Initiative.** The Dislocated Worker Training program provides training and support services to help permanently dislocated workers return to productive, unsubsidized employment. The President's FY2001 budget provides an increase of \$181 million and provides assistance to almost 1 million dislocated workers. Also included in the budget is \$50 million to provide reemployment assistance to unemployment claimants.
- **Responsible Reintegration for Young Offenders.** This new \$75 million initiative in the Department of Labor helps young offenders under age 35 to successfully reintegrate into the mainstream economy. Competitive grants will be made to partnerships between the criminal justice system and local workforce investment systems. This effort will be operated in conjunction with a related initiative at the Department of Justice that focuses on community safety and the supervision of ex-offenders.

Bureau of Indian Affairs (BIA) School Construction and Repair. The President has proposed \$300 million, more than double the FY2000 enacted level of \$133 million, to replace and repair BIA-funded schools on reservations. This is the largest investment ever in a single year for BIA school construction and repair. Of these funds, \$126 million would be used to assist in replacing at least six of the 185 BIA-funded schools on reservations. The remaining \$174 million would provide for much-needed health and safety-related repairs, improvements, and maintenance that together comprise a roughly \$700 million backlog.

Training and Recruiting New Native American Teachers. Only two-thirds of Native American students successfully complete high school. To address this challenge the budget provides \$10 million for the Education Department to continue the second year of the Administration's initiative to begin training and recruiting 1,000 new teachers to serve in schools with high concentrations of American Indian and Alaska Native students.

New American Indian Administrator Corps. The President and the Vice President propose \$5 million for a new Department of Education initiative, the American Indian Administrator Corps, that will support the recruitment, training, and in-service professional development of 500 American Indians and Alaska Natives to become effective school administrators in schools with high populations of Native American students. As in the Native American teacher initiative, higher-education institutions are encouraged to form consortia with the tribal colleges in order to develop this program.

CHILD CARE

The Clinton-Gore Administration's FY2001 budget includes a comprehensive child care initiative to address the struggles our nation's working parents face in finding child care they can afford, trust and rely on. Through unprecedented tax relief and subsidy support, the President's balanced budget includes a package of proposals to help working families pay for child care, improve the safety and quality of care, expand after-school programs and promote early learning.

The number of children with parents who work outside of the home is higher than ever before. In 1996, three out of four mothers with young children worked outside of the home, compared to one in four in 1965. During the Clinton-Gore Administration, funding for child care has more than doubled. Still, many eligible children do not receive assistance.

Tax Relief for Over 8 Million Families with Child Care Expenses. The Child and Dependent Care Tax Credit (CDCTC) provides tax relief to those who, in order to work, pay for the care of a child under 13 or for a disabled dependent or spouse. The President's proposals, which cost \$30 billion over 10 years, broaden this tax relief and will help over 8 million families pay their child care expenses:

- **Making the Credit Refundable for Nearly Two Million Working Parents.** Under current law, a typical family of four with an income under \$25,000 is ineligible for credits for child care expenses because it has no income tax liability. Many such families earn too little to claim the credit, but too much to get the full benefit of child care subsidies. To help these families, the President proposes to make the CDCTC refundable for the first time – so that families with no tax liability can receive up to \$2,400 to help offset the cost of child care. This proposal will assist nearly two million families.
- **Increasing the Child Care Tax Credit.** For families earning up to \$60,000, the President proposes to increase the maximum level of the CDCTC from 30 percent to 50 percent. This will provide an average additional tax cut of \$249 for these families and eliminate tax liability for nearly all families with incomes below 200 percent of poverty that claim the maximum allowable child care expenses. Under this proposal, a family of four with an annual salary of \$35,000, and child care expenses of \$3,100, would receive a tax credit of \$1,395 – an increase of \$775 over current law. This expansion proposal will help over four million working families pay for child care.
- **Providing Tax Relief to Parents Who Stay at Home.** The President will also propose enabling parents who stay at home with children under age one to take advantage of the Child and Dependent Care Tax Credit by claiming assumed child care expenses of \$500. This proposal will provide an average tax cut of \$154, benefiting almost two million parents.

Proposing the Largest Head Start Expansion in History. The President's budget increases funding for Head Start by \$1 billion – the largest funding increase ever proposed for the program – to provide Head Start and Early Head Start to approximately 950,000 children. Head Start prepares low-income children for a lifetime of learning by providing early, comprehensive child development services.

Universal After-School for Students in the Most Need. The President and Vice President propose to invest \$1 billion in the 21st Century Community Learning Centers program to help ensure that every

child in every failing school can have a safe place to learn during the after- school and summertime hours. This more than doubles the FY2000 investment. The Administration's budget will maintain the commitment to serving all children, but will dedicate much of the increase to help those children most in need of academic assistance as part of a comprehensive approach to help low-achieving students meet high academic standards. The budget provides sufficient funding to make after- or summer-school programs universally available to all students attending Title I school identified as low-performing, nearly tripling the number of children served by the program to 2.5 million.

Helping Low-Income Families Afford Child Care. The President's budget boosts the Child Care and Development Block Grant by \$817 million in FY2001, enabling the program to provide child care subsidies to nearly 150,000 more children next year. These new funds, combined with the child care funds provided in welfare reform, will enable the program to serve over 2.2 million children in 2001, an increase of nearly one million since 1997.

Promoting Early Learning. The President's budget includes \$3 billion over five years for the Early Learning Fund to help improve child care quality and early childhood education for children under five years old. The Early Learning Fund will provide community grants for activities that foster cognitive development, improve child care quality and promote readiness for school. Resources could be used to help child care providers get training or certification, facilitate licensing or accreditation of child care centers, and reduce child-to-staff ratios.

Supporting High-Quality Early Childhood Educators. The President's budget includes \$30 million to ensure that well-trained professionals are teaching our young children. The Early Childhood Professional Development initiative will provide competitive grants to local partnerships that can pull together universities, local school districts and child care providers. The initiative would focus on equipping early childhood educators with the tools they need to help children develop vital language and literacy skills.

Supporting Parents in Higher Education by Offering College Campus Based Child Care. To help low-income parents pursue higher education, the President's budget includes \$15 million – a \$10 million increase over last year's funding level – to provide an additional 150 college campuses with grants to support the establishment or expansion of child care services. States may also use a share of the Child Care and Development Block Grant for this purpose.

Creating New Child Care Tax Incentives for Businesses. In his budget, President Clinton will also propose a new tax credit for businesses that provide child care services for their employees. These services could include: building or expanding child care facilities, operating existing facilities, training child care workers, or providing child care resource and referral services. The credit covers 25 percent of qualified costs (and 10 percent of resource and referral service expenses), but may not exceed \$150,000 per year per business. This tax credit costs \$1.4 billion over 10 years.

The Clinton-Gore Administration's FY2001 budget includes investments to address the nation's long-term care needs, improve the quality of care, expand the Administration's commitment to biomedical research, and safeguard and improve the public health.

Addressing the Nation's Multi-faceted Long-term Care Needs. The President's FY2001 budget will include a \$28 billion, 10-year investment in long-term care. The initiative tackles the complex problem of long-term care that affects millions of elderly, people with disabilities, children with special needs and the families who care for them. Its centerpiece is a \$3,000 tax credit for people with long-term care needs or their caregivers – the budget triples the credit over last year's proposal. In addition to the tax credit, the initiative will: (1) provide funding for services which support family caregivers of older persons; (2) improve equity in Medicaid eligibility for people in home- and community-based settings; (3) encourage partnerships between low-income housing for the elderly and Medicaid; and (4) encourage the purchase of quality private long-term care insurance by Federal employees. This initiative complements the Administration's effort, spearheaded by the Vice President, to improve the quality of care in nursing homes.

Assuring the Quality of Health Care. Since he took office, President Clinton has been aggressive in his efforts to promote patients' rights and ensure the delivery of high-quality health care.

- **Patients' Bill of Rights.** Over the coming year, the President will continue to challenge the Congress to finally finish the overdue job of passing patients' rights legislation that includes critical protections such as: guaranteed access to needed health care specialists; access to emergency room services when and where the need arises; continuity of care protections so that patients will not have an abrupt transition in care if their providers are dropped; access to a fair, unbiased and timely internal and independent external appeals process to address health plan grievances; and an enforcement mechanism that ensures recourse for patients who have been harmed as a result of a health plan's actions. Last fall, over 60 Republicans joined virtually every Democrat in the House in voting for the Norwood-Dingell Patients Bill of Rights. This strong, enforceable, patient protections bill should not be watered down in a manner that makes it ineffective and unworthy of signing by including provisions that further segment healthy from unhealthy populations without significantly expanding coverage for the currently uninsured.
- **Protecting Medical Privacy.** The Clinton-Gore Administration will also continue to act to protect the privacy of Americans' private medical information. This year the Administration will issue historic, final rules that will legally guarantee key privacy protections: notice of data uses; consent before records are used for non-medical purposes; patient access to records; proper security; and effective enforcement. In addition, the President will continue to advocate for strong Federal action on this issue and encourage Congress to pass legislation that ensures that this private information will not be used to discriminate against Americans seeking employment, being evaluated for promotion, or purchasing health insurance.

New Initiatives. The President's FY2001 budget includes new initiatives to improve health care quality.

- **Preventing Medical Errors and Improving Quality of Care.** The FY2001 budget responds to the President's request to act aggressively to develop new avenues for the prevention of medical errors. It will include new funds to improve medical errors prevention, patient safety research, reporting and information dissemination. More detailed information about these initiatives, as well as additional actions the Administration is currently reviewing, will be outlined in the Quality Interagency Task Force's response to the President, scheduled to be released early this year.
- **Protecting Patients Purchasing Prescription Drugs Over the Internet.** This initiative would invest \$10 million in new funds in the investigation, identification, and prosecution of entities selling unapproved new drugs, counterfeit drugs, prescription drugs without a valid prescription, expired or illegally diverted pharmaceuticals, and the marketing of products based on fraudulent health claims. It would certify internet pharmacy sites that meet all state and Federal requirements. It would also update the current penalty structure to create new civil money penalties for dispensing without a valid prescription over the internet or for selling drugs without Federal certification; and provide FDA with new administrative subpoena authority in order build a case against offenders.

Supporting Biomedical Research. The President's FY2001 budget includes almost \$19 billion, an increase of \$1 billion over last year's funding level, for biomedical research at the National Institutes of Health (NIH). Two years ago, the President called for an increase of almost 50 percent over 5 years in the NIH budget as part of his Research for America Fund. Since that time, the NIH budget has increased by over \$4.3 billion and with the funding proposed by the President this year, the Administration will be one year ahead of schedule in reaching the 50 percent goal. As a result, NIH now supports the highest levels of research ever on nearly all types of disease and health conditions. In addition, the budget proposes to repeal the provision enacted for 2000, which would delay the availability of 2000 funds for NIH and other HHS programs.

Safeguarding and Improving the Public Health. President Clinton's FY2001 budget affirms the Administration's commitment to improving public health and invests in several priorities including: new efforts to combat HIV and AIDS; food safety programs; additional efforts to combat emerging infectious diseases; family planning efforts nationwide; efforts to promote childhood immunizations; a Medicare demonstration project on cancer clinical trials; mental health and substance abuse prevention activities; and improving the nation's response to the threat of bioterrorism.

- **Combating the Spread of HIV / AIDS and Other Diseases.** The President's FY2001 budget calls for an additional \$100 million investment in AIDS prevention, care, public health infrastructure, and education in the African and Asian countries that have been hit the hardest by the disease. It also includes a new tax credit for sales of vaccines for malaria, tuberculosis, and AIDS to accelerate the development of these vaccines, building upon a proposed \$50 million investment in the Global Alliance for Vaccines and Immunization (GAVI). Finally, the President will call upon the World Bank to dedicate up to \$900 million annually to expand immunization, treat common diseases, and build delivery systems for basic health services. The President's budget also invests an additional \$125 million in the Ryan White Program, an increase of almost 8 percent over last year's funding level, to provide primary medical care, drugs critical to treatment, and other support services for people living with HIV and AIDS. The budget also includes an additional \$50 million for HIV prevention, community intervention to encourage individuals at risk to avoid behaviors that can result in the transmission of the disease and increase the number of people who know their HIV status.

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- **Enhancing the Nation's Food Safety System.** A total of \$422 million is included in the President's budget for his interagency food safety initiative – a \$68 million, or 19 percent, increase over FY2000 enacted. The initiative includes funding for the U.S. Department of Agriculture (USDA) and the Department of Health and Human Services (HHS) to: achieve annual inspections of high-risk domestic food establishments; expand the number of imported food exams; enhance the national network of public health laboratories capable of subtyping foodborne pathogen DNA for rapid response to disease outbreaks (PulseNet); and expand research, risk assessment and education activities. Funding is also included for HHS and USDA to begin implementation of the Egg Safety Action Plan adopted by the President's Council on Food Safety.
- **Major Increase in the War on Emerging Infectious Diseases:** This initiative will dedicate an additional \$20 million, a 45 percent increase over the FY2000 funding level, to further the development of a national electronic disease surveillance network to track newly emerging infectious diseases, such as West Nile-like encephalitis, and new strains of influenza, and provide essential information to public health clinics, hospitals, and health care providers. Funds will also be used to enhance local investigations, education, and focused disease monitoring nationwide, and promote the dissemination of new software for outbreak detection.
- **Increasing Family Planning Efforts Nationwide:** The FY2001 budget will invest an additional \$35 million, a 16 percent increase over the FY2000 funding level, for grants to family planning clinics providing reproductive health services and clinical care to over 5 million low income women. These new funds will be used to prevent over a million unintended pregnancies year by improving the delivery of comprehensive reproductive health services, including STD and cancer screening and prevention, and HIV prevention, education and counseling; providing educational programs that encourage adolescents to postpone of sexual activity; increase the accessibility of contraceptive counseling and services; increasing efforts to provide effective contraceptives to those in need; and developing partnerships with other community based providers to conduct outreach to adolescents at risk. In addition, the budget continues the requirement that health plans in Federal Employee Health Benefits Programs (FEHBP) offer a full range of contraceptive options.
- **Promoting Childhood Immunizations:** The budget proposes almost \$1 billion for childhood immunizations, including the Vaccines for Children program and CDC's discretionary immunization program. The incidence of vaccine-preventable diseases among children, such as diphtheria, tetanus, measles, and polio, is at an all-time low.
- **Establishing Medicare Cancer Clinical Trial Demonstration:** The budget gives more Americans access to these cutting-edge cancer treatments and encourages higher participation in clinical trials by establishing a three-year, \$750 million demonstration program. Medicare beneficiaries who participate in certain cancer clinical trials will have their routine patient care costs covered for those trials.
- **Expanding Substance Abuse Activities:** The budget includes a \$82 million increase for the prevention and treatment of substance abuse, a 50 percent increase from the FY 1993 enacted level. These new funds continue the Administration's commitment to expand substance abuse treatment for thousands of under-served Americans. To help communities address gaps in substance abuse services for emerging areas of need, the budget proposes an additional \$54 million for Targeted Capacity Expansion grants. With this increase and an additional \$31 million in funding for the Substance Abuse Block Grant, the budget will provide treatment for another 15,000 individuals. In

addition, in January 2001, the FEHBP's benefit structure will, for the first time, provide for parity in the provision of mental health and substance abuse benefits, illnesses which have long been given less favorable treatment by the health care industry.

- **Increasing Federal Support for Improving the Mental Health of All Americans:** According to the December 1999 Surgeon General's Report on Mental Health, one in five Americans is living with a mental health disorder. This report states that the fundamental components of effective service delivery are broadly agreed upon, but in short supply. The budget includes a new investment of \$100 million for mental health services, an increase of 16 percent over last year's funding level and a 90 percent increase since 1993.
- **Improving Asthma Treatment for Low-income Children:** The budget proposes \$100 million in demonstration grants (\$50 million in FY2001 and \$50 million in FY2002) to States test innovative asthma disease management techniques for children enrolled in Medicaid to help these children receive the most appropriate care, and keep their asthma in check.

ENVIRONMENT

The Clinton-Gore Administration FY2001 budget proposes a record \$42.5 billion in FY2001 to protect our natural resources, our communities and families, and the global environment. The proposed environment budget represents an 11 percent increase over FY2000 and a 36 percent increase over FY 1993. It includes major initiatives to preserve America's lands legacy, combat global warming, protect tropical forests, end childhood lead poisoning, and build more livable communities

A Permanent Lands Legacy for America. In FY2000, the President secured \$652 million, a 42 percent increase for his Lands Legacy initiative. For FY2001, the President is proposing \$1.4 billion, the largest one-year investment ever in conserving America's land and coastal resources. In addition, the President is proposing a new, protected budget category to preserve this higher level of funding in future years. More than half this dedicated funding would be used to support state and local conservation efforts. For FY2001, the President proposes:

- **Helping Communities Protect Wildlife and Open Space.** The President's budget proposes \$521 million, almost four times current funding, to help state, local, and tribal governments protect wildlife and local green spaces. Priorities include protecting threatened farmland, working forests, wetlands, and urban parks. This includes a new \$100 million grant program to help states protect non-game wildlife.
- **Saving Natural and Historic Treasures.** \$450 million, a 7 percent increase, for Federal acquisition and protection of critical lands, including: wildlife-rich bayous in the Lower Mississippi Delta, giant sequoias in California's Sierra Nevada, Civil War battlefields, the historic Lewis and Clark trail, fragile Southern California desert, and the Florida Everglades.
- **Providing Special Assistance to Coastal Areas.** \$429 million, a 159 percent increase, to protect ocean and coastal resources, including \$100 million for a new program to help coastal states address environmental impacts of existing offshore oil and gas development, and \$100 million to help state, local and tribal efforts to restore coastal salmon in the Pacific Northwest.

Meeting the Challenge of Global Warming. The President is proposing \$2.4 billion – a 42 percent increase – to combat global climate change, and \$1.7 billion for scientific research into factors influencing climate and the likely consequences of global warming. Highlights include:

- **Promoting Clean Energy at Home and Abroad.** \$289 million to develop technologies that convert crops and other "biomass" into clean fuels and other products; and over \$200 million, a 105 percent increase, to promote the export of clean energy technologies to developing nations.
- **Moving New Technology into the Marketplace.** The budget proposes \$9 billion over 10 years in tax relief to encourage the purchase of energy-efficient cars, homes, and appliances, and the production of wind, solar, and biomass power.
- **Advancing Clean Energy Research.** \$1.4 billion, a 30 percent increase, to develop and deploy renewable energy and energy efficiency technologies for the buildings, transportation, industry and utility sectors; and to research coal and natural gas efficiencies and carbon sequestration.

- **Helping Local Clean Air Efforts.** \$85 million for a new Clean Air Partnership Fund for state and local projects that reduce both greenhouse gases and air pollutants like soot and smog.

Protecting Forests and Biodiversity Around the World. The President is proposing \$150 million for a new Greening the Globe initiative to help stem the loss of forests worldwide – especially tropical forests, which support more than half the known species on earth. The initiative will help developing nations strengthen their economies by preserving their forests. It includes:

- **Targeted Conservation Investments.** \$100 million, a 60-percent increase, for programs at the U.S. Agency for International Development (USAID) that help more than 60 countries in Africa, Asia, and Latin America conserve their forests and other natural areas.
- **Debt-for-Nature Swaps.** \$37 million, almost three times current funding, to relieve developing countries of debt owed to the United States when they commit to invest in forest conservation.
- **Research and Wildlife Protections.** \$10 million to protect wildlife habitat and research causes and prevention of forest fires; \$3 million to protect endangered elephants, tigers, and rhinos.
- **Monitoring Forest Loss from Space.** A new program led by USAID and NASA to compile the first comprehensive satellite maps of the world's tropical forests, and to work with national and international partners to regularly monitor and report on future changes in forest cover.

Building Livable Communities. The President is proposing \$9.3 billion, a 14 percent increase, for the Administration's Livable Communities initiative, which helps communities grow in ways that enhance their quality of life and ensure strong, sustainable economic growth. Priorities include:

- **Community Transportation Choices.** \$9.1 billion to help ease traffic congestion, including a record \$6.3 billion for light rail and other transit systems; \$1.6 billion for innovative local programs that ease congestion while reducing air pollution; and \$468 million for an expanded passenger rail fund.
- **Better America Bonds.** The President is proposing Federal tax credits to pay the interest on \$10.75 billion in bonds over 5 years for investments by State, local, and tribal governments. The bonds can be used to preserve green space, create or restore urban parks, protect water quality and clean up brownfields (abandoned industrial sites). The cost is \$3.billion 1 over 10 years.
- **Crime Data Sharing.** \$125 million for grants to state and local governments to improve public safety through data sharing and the use of advanced crime-solving technologies.
- **“Smart Growth” Partnerships.** \$25 million to promote strategic regional “smart growth” planning in urban and rural communities.

Protecting Children From Lead Poisoning. The President is proposing \$165 million to launch a 10-year strategy to end childhood lead poisoning by eliminating lead hazards, strengthening enforcement, advancing research, and improving health monitoring and intervention. FY2001 priorities include:

- **Making Homes Lead-Safe.** \$120 million, a 50 percent increase, for grants and other Housing and Urban Development efforts to reduce lead paint hazards in low-income homes with children under six.
- **Increased Enforcement.** \$6 million for the Environmental Protection Agency and the Department of Justice to increase public education and enforcement of lead-disclosure rules.

Promoting Conservation on the Farm. The President is proposing \$3 billion, a \$1.3 billion increase over currently authorized levels, for voluntary programs that help farmers protect water quality and wildlife habitat. A new \$600 million Conservation Security Program would provide additional income to family farmers who adopt comprehensive plans to curb erosion and protect water supplies from polluted runoff. Other proposed increases would expand efforts to restore habitat, preserve streamside buffer zones, and protect farmland threatened by sprawl.

Restoring the Great Lakes. The President is proposing a new \$50 million initiative to help state and local governments restore polluted "areas of concern" in the Great Lakes so they can be used for fishing, swimming, boating and urban redevelopment. Matching grants could be used to clean up contaminated sediments, control stormwater, restore wetlands, acquire greenways and buffers, and control polluted runoff. State or local governments would provide at least 40 percent of project costs, resulting in a total investment of more than \$80 million.

Since 1993, the Clinton-Gore Administration has worked hard to reduce poverty and increase opportunity for our most disadvantaged families. The overall poverty rate fell to 12.7 percent in 1998, with 7.7 million fewer people in poverty than in 1993. The child poverty rate has declined from 22.7 percent to 18.9 percent – the largest five year drop in nearly 30 years. But despite the strongest economy in a generation, there are still millions of workers struggling to raise a family and make ends meet. The President believes that parents who work hard and play by the rules should not have to raise their children in poverty. President Clinton's FY2001 budget proposes to create new initiatives and expand upon existing programs to help give working families the opportunities they need to partake of our country's prosperity.

Expanding the Earned Income Tax Credit (EITC) to Even Better Reward Work and Family.

President Clinton proposes a \$23 billion plan to expand the Earned Income Tax Credit to reward work and family. According to estimates by the Department of the Treasury, this EITC expansion would provide tax relief for 6.8 million hard-pressed working families, providing up to \$1,200 in additional tax relief for some of them. The President's proposal would build on his 1993 EITC expansion, which provided a tax cut for 15 million families and made EITC even more effective at encouraging work and reducing poverty, by:

- increasing benefits for families with three or more children;
- expanding the credit for married, two-earner couples;
- rewarding families that are working hard to move into the middle class by lowering the phaseout rate; and
- encouraging savings through simplification.

Increasing the Minimum Wage. The President again proposes a \$1 increase in the minimum wage. This proposal, which builds upon President Clinton's 1996 minimum wage increase, would help 10 million Americans – 70 percent of whom are adults and 60 percent of whom are women. For a full-time, year-round worker at the minimum wage, this would mean an additional \$2,000 per year.

Individual Development Accounts. Since 1992, the President has supported the creation of Individual Development Accounts (IDAs) to empower individuals to save for a first home, post-secondary education, or to start a new business. In 1998, the President signed into law legislation authorizing a five-year \$125 million demonstration program. The President's budget provides \$25 million for IDAs in FY2001. The Administration will also propose to allow low-income working families to use IDAs to save for a car that will allow them to get or keep a job.

Retirement Savings Accounts (RSAs) To Help Families Save and Invest And Expand Pension Coverage for Small Businesses. The President's Retirement Savings Accounts (RSAs) proposal will give 76 million Americans the opportunity to build wealth and save for their retirement through a progressive tax cut. This proposal builds on the successful model of Individual Development Accounts (IDAs), extending generous matches to all low- and moderate-income families to encourage them to develop savings and assets. A person who participated for 40 years in this savings program could accumulate over \$266,000 – enough to produce \$24,000 a year of income in retirement. This proposal would cost \$54 billion over 10 years.

Tax Incentives For Small Businesses To Offer High-Quality Pension Coverage. In an effort to encourage more small businesses to offer pensions for their employees, the budget provides for a 50 percent tax credit for three years of qualified contributions to employees' pensions. This provision would cost \$17 billion over 10 years.

Reducing the Marriage Penalty for Married, Two-Earner Couples By Increasing the Standard Deduction by More Than \$2,000. The President will propose to increase the standard deduction for two-income married couples to twice that of single filers, providing substantial tax relief for 9.1 million married couples. When fully phased in, this change would result in a \$2,150 increase in the standard deduction. The President's proposal would also increase the standard deduction by \$500 for single-earner married couples and by \$250 for single filers. Both elements of the President's plan would cost \$45 billion over 10 years and benefit 42.1 million families.

Alternative Minimum Tax Relief: The President will propose in his budget a \$33 billion proposal over 10 years to correct serious design flaws in the individual Alternative Minimum Tax (AMT) that increasingly hurt middle-income families with children who play by the rules. It complicates their tax preparation and raises their tax bills. The President's proposal will take over 9 million families per year off the AMT when fully phased in.

Helping Families Afford to Take Family Leave. The President's budget includes a \$20 million family leave initiative to fund roughly 15 competitive planning grants for states and other interested entities to explore ways to make parental leave and other forms of family leave more affordable and accessible for American workers. Today, many workers face barriers, such as financial barriers, to taking advantage of unpaid leave. A 1996 Study by the Commission on Family and Medical Leave found that loss of wages was the most significant barrier to parents taking advantage of unpaid leave following the birth or adoption of a child. The President's budget request will enable states and others to identify in more detail the workers who need financial assistance to take parental leave or other forms of family leave and to evaluate and develop options to aid these workers.

Helping Low-Income Working Families Get to Work. Transportation to work is a barrier for many low-income families. Some families need a car to get to work, but owning a car can often be the one item that makes a household ineligible for food stamps. The President's budget will make it easier for working families to own a reliable vehicle and receive food stamps by allowing states to conform their food stamp vehicle policy with a more generous TANF vehicle policy. The Administration will also propose to allow low-income working families to use IDAs to save for a car that will allow them to get or keep a job. In addition, the Administration supports expanding public transit as a reliable form of transportation. The budget proposes to double Access to Jobs transportation funding to \$150 million to expand grants to communities to develop innovative public transportation solutions that help more low-income workers and welfare recipients get to work.

Helping Millions Move from Welfare to Work. In 1992, President Clinton promised to end welfare as we know it, and now more than three years after the enactment of the welfare reform law, we've seen revolutionary changes to promote work and responsibility: the number of Americans on welfare is at its lowest level since 1969 – 30 years ago – as millions of people move from welfare to work. Since January 1993, the welfare rolls have fallen by more than half, from 14.1 million to 6.9 million. More than 1.3 million welfare recipients went to work in 1998 alone. The 12,000 business participating in the Welfare to Work Partnership launched by the President in 1997 have hired nearly 650,000 former welfare recipients. The Federal government is also doing its share: in 1997, the President asked the Vice President to lead the Federal hiring initiative to hire 10,000 welfare recipients over four years,

and today, we've far exceeded that goal, hiring more than 16,000 people at a time when the Federal workforce is the smallest it has been in thirty years.

Helping More Long-term Recipients Move from Welfare to Work. Because of the President's leadership, the 1997 Balanced Budget Act included \$1.5 billion in each of years 1998 and 1999 for Welfare-to-Work grants to help long-term welfare recipients and certain non-custodial parents go to work and support their children. Currently, grantees have up to three years to spend the funds and fully implement these important efforts. The President's budget allows grantees an additional two years to spend these existing funds.

Ensuring Equal Pay. According to the Department of Labor, the average woman who works full-time earns approximately 75 cents for each dollar that an average man earns. For women of the color, the gap is even wider. This gap is attributable, in part, to differing levels of experience, education, and skill. However, even after accounting for these factors, a significant pay gap still remains between men and women in similar jobs. On January 24, the President announced a \$27 million Equal Pay Initiative in his FY2001 budget, an increase of \$12 million over FY2000. The Initiative requests \$10 million for the Equal Employment Opportunity Commission (EEOC) to provide training and technical assistance to about 3,000 employers on how to comply with equal pay requirements and to launch a public service announcement campaign on wage issues. The Initiative also dedicates \$10 million for the Department of Labor (DOL) to train women in nontraditional jobs, including high-tech jobs and other skill shortage occupations. Lastly, the Initiative provides \$7 million for DOL to help employers assess and improve their pay policies, support public education efforts, provide for projects in non-traditional apprenticeships, and implement industry partnerships. The President also called on Congress again to pass the Paycheck Fairness Act, which would strengthen wage discrimination laws, provide for new collection of data on wage issues, and provide for additional research, training, and public education efforts on this important subject.

Creating Initiatives to Collect More Child Support. Since the President took office, child support collections have nearly doubled, from \$8 billion in 1992 to \$15.5 billion in 1999. Today, parents who owe child support have their wages garnished, their bank accounts seized, and their tax refunds withheld. To build on this success, the budget contains several new measures to get parents to pay the child support they owe and to ensure more support goes directly to families. Parents who owe past-due child support will have their gambling winnings intercepted. If they are delinquent, they will have their vehicles booted, they will have a harder time obtaining or renewing a passport, and they can be prohibited from enrolling as a Medicare provider. The proposals also provide incentives for states to pass through more child support payments directly to families, so that families leaving welfare can keep all the payments, and families still working their way off can keep up to \$100 a month. Finally, the budget will require that child support orders be updated more frequently. In total, these initiatives will bring in nearly \$2 billion more for families.

Fathers Work/Families Win Grants. The President's budget will contain \$255 million in new competitive grants in FY2001 to promote responsible fatherhood and support working families, critical next steps in reforming welfare and reducing child poverty. This budget will encourage responsible fatherhood through \$125 million in "Fathers Work" grants to put approximately 40,000 non-custodial parents (mainly fathers) who owe child support to work and help them connect with their children. As part of this effort, states will need to put in place procedures allowing them to require more parents who owe child support to pay or go to work. The President's budget will also contain \$130 million in "Families Win" grants to help about 40,000 low-income parents stay in their jobs, move up the career ladder, and remain off cash assistance. An important part of these grants will be to improve families'

access to food stamps, health care, childcare, and other critical support for working families. Of these amounts, \$10 million will be set-aside for applicants from Native American workforce agencies. This proposal complements other budget initiatives to ensure that low-income working families have access to the health care coverage and nutritional assistance they need.

Second Chance Homes. The budget includes \$25 million in new funds to support “second chance homes,” adult-supervised and supportive living arrangements, for unmarried teen parents and their children who cannot live at home or with other relatives. States will be able to use these funds, as they can other Social Services Block Grant (SSBG) funds, to support services provided by faith-based and community-based organizations. (Overall, the budget increases SSBG funds by \$75 million over current law.) This new initiative will be the latest of the Administration’s efforts to break the cycle of dependency and reduce teen pregnancy, which have resulted in the lowest teen pregnancy rates on record and an 18 percent decline in teen birth rates from 1991 to 1998.

Homeless Initiative. Homeless persons do not participate fully in important health and other programs for which they are eligible. The President’s budget proposes legislation for a new \$10 million initiative that would improve homeless individuals’ access to mainstream programs that will help them move toward self-sufficiency. Demonstration grants would be awarded to several states to improve access to and provide coordination among mainstream programs such as Medicaid, State Children’s Health Insurance Program (SCHIP), Temporary Assistance for Needy Families, Food Stamps, the Workforce Investment Act, and the Mental Health and Substance Abuse Block Grants. The budget also proposes \$1.2 billion for homeless assistance programs at the Department of Housing and Urban Development, including \$105 million for 18,000 homeless vouchers.

COMMUNITY EMPOWERMENT

The United States is currently in the midst of the longest expansion in its history. The strength and duration of this expansion have helped bring economic opportunity to millions of people once cut off from the economic mainstream. But too many urban and rural areas have not participated in this growth. Working with the private sector and state and local governments, the President is committed to help these communities participate in our country's economic prosperity. The Clinton-Gore Administration's FY2001 budget proposes an expanded New Markets initiative and Empowerment Zone program, a new program known as First Accounts, creation of the new Delta Regional Authority, new initiatives to close the Digital Divide, efforts to expand opportunities to Native Americans as well as other programs that will provide distressed communities with additional opportunities to succeed.

The New Markets Initiative. The President's budget provides tax credits and loans guarantee incentives to stimulate \$22 billion of new private capital investments in economically distressed communities around the country and build a network of private investment institutions to funnel credit, equity and technical assistance to businesses in America's new markets. In addition, the budget proposes a new initiative, known as First Accounts that will provide low-cost bank accounts for working families.

- **More Than Doubling the New Markets Tax Credit.** The President proposes to more than double the New Markets tax credit to spur \$15 billion in new investment in community development in economically distressed areas. An entity making new equity investments in a selected community development project would be eligible for a tax credit worth 25 percent of the cost of the investment. A variety of vehicles providing equity and credit to businesses in underserved areas would be eligible. The total cost of the tax credits amounts to \$5 billion over 10 years.
- **Expanded Empowerment Zones.** The proposed expanded wage credits, tax incentives, and new round of urban and rural EZs will extend and improve economic growth in the 31 existing urban and rural Empowerment Zones, administered by the Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture (USDA), and support the proposed third round of 10 new Empowerment Zones to be designated in 2001. The total cost of these proposals will be \$4.4 billion over 10 years.
- **America's Private Investment Companies (APICs).** Modeled after the Overseas Private Investment Corporation's (OPIC) successful investment fund program, the President's budget proposes \$37 million to allow APICs to provide guaranteed debt to private investment companies, licensed by HUD, to help leverage private equity capital and lower the cost of capital for investments in low- and moderate-income communities. For every dollar that private investors provide, the government will guarantee two dollars in debt to expand the APIC's pool of capital available for making investments and enhance the return on those investments to the private investors. APICs will make equity investments in larger businesses that are expanding or relocating in inner cities and rural areas.
- **New Market Venture Capital Firms (NMVCs).** The budget proposes \$52 million to allow

NMVC firms to match the equity of private investors with Government-guaranteed debt and technical assistance funding to cultivate the growth of smaller firms. NMVC would invest in smaller growth companies that can also benefit from expert management assistance.

- **Creation of First Accounts.** The President's budget proposes \$30 million for the Department of Treasury to pilot strategies to help low- and moderate-income Americans benefit from basic financial services. Treasury will work with financial institutions and others: (1) to encourage the creation of low-cost bank accounts (First Accounts); (2) to expand access to automatic teller machines in safe, secure, and convenient locations, including U.S. Post Offices, in low-income neighborhoods; (3) to educate low-income Americans about the benefits of having a bank account, managing household finances, and building assets. The *First Accounts* initiative complements Treasury's Electronic Transfer Accounts (ETAs) – low-cost, electronic banking accounts for “unbanked” Federal benefit recipients – by reaching those not eligible to participate in the ETA program because they are not Federal benefit recipients.
- **Other Elements of New Markets.** Other elements in the budget include: increasing the funding for SBA's microenterprise lending program to \$50 million; \$15 million to fund PRIME – a program authorized last year to provide technical assistance to low-income entrepreneurs; boosting CDFI funding to \$125 million; expanding support to \$6.6 million for BusinessLINC to encourage large businesses to work with small businesses in new markets; and providing \$5 million to establish a New Markets University Partnerships pilot project which, under the auspices of HUD, would provide Universities with funding to develop local community partnerships, assistance to intermediaries, and technical and business development assistance to new and existing firms. In addition, to better serve Native American communities, the President will provide additional funding to expand the New Markets initiative to Indian Country.

Native American Initiative. In order to better serve Native American communities in this millennium and to honor the Federal government's trust responsibility to tribes, the President's budget includes an increase of \$1.2 billion over FY2000 – the largest increase ever – for a total of \$9.4 billion for key new and existing programs assisting Native Americans and Indian reservations. Some of the highlights include:

- **Bureau of Indian Affairs (BIA) School Construction and Repair.** The President has proposed \$300 million, more than double the FY2000 enacted level of \$133 million, to replace and repair BIA-funded schools on reservations. This is the largest investment ever in a single year for BIA school construction and repair.
- **Increased Funding for Tribal Colleges.** The budget proposes increased funding of \$25 million for the Nation's tribal colleges for a total of \$77 million.
- **Indian Health Service.** The President's budget proposes \$2.6 billion, an increase for the Indian Health Service (IHS) of \$230 million or 10 percent over the FY2000 enacted level.
- **Improving Law Enforcement in Indian Country.** The budget proposes \$439 million, an increase of \$103 million over FY2000, for the Departments of Justice and Interior for the third year of the President's Indian Country Law Enforcement Initiative. The initiative will improve public safety for the over 1.4 million residents on the approximately 56 million acres of Indian lands.

- **Building Roads and Bridges in Indian Country.** The Transportation Department (DOT) will expand its program to improve roads and bridges on Indian reservations. The President's budget proposes to give the Indian Reservations Roads program the full authorization amount of \$275 million with an additional \$74 million from a highway receipts account for a total of \$349 million, which is an increase of \$117 million over the previous year. This will allow Tribes to address the estimated backlog of \$4 billion in needs on these roads and bridges.
- **Tribal Infrastructure Projects.** The President and the Vice President propose \$49 million, an increase of \$46 million over FY2000, for the Department of Commerce's Economic Development Administration (EDA) to fund infrastructure, planning, and public works projects.
- **Addressing the Digital Divide.** To encourage Native Americans to pursue careers in information technology and other science and technology fields, the budget provides \$10 million, to be administered by the National Science Foundation, for grants to tribal colleges for networking and access, course development, student assistance, and capacity building.
- **Bureau of Indian Affairs (BIA) Contract Support Costs.** Within the overall BIA increase, the budget continues to support Tribal self-determination by proposing \$134 million, a \$9 million or 7 percent increase over 2000 for contract support costs. This funding provides \$5 million for new and expanded contracts and \$129 million for existing contracts.
- **Trust Services.** The Administration is committed to improving trust services and management through its trust reform efforts at the Interior Department. The budget proposes \$108 million, a 48 percent increase over 2000, for improved trust services in the BIA for activities such as probate, real estate appraisals, and other services.
- **Indian Trust Fund Balances.** The Administration is committed to resolving disputed Indian trust fund account balances through informal dispute resolution and supports the unique government-to-government relationship that exists in Indian trust land management issues. After Tribal consultations, BIA submitted its "Recommendations of the Secretary of the Interior for Settlement of Disputed Tribal Accounts" to Congress in November 1997. Legislation reflecting these recommendations was proposed in 1998, but not enacted. The Department will continue efforts to resolve trust fund account balances.
- **Trust Land Management.** As part of BIA's commitment to resolving trust land management issues, Interior worked with Congress in 1999 to repropose legislation (S. 1586) to establish an Indian Land Consolidation program to address the ownership fractionation of Indian land. In addition to \$13 million for the Indian Land Consolidation program, the budget provides \$83 million for DOI's Office of Special Trustee, including the trust management improvement project. Current activities include verifying individual Indian's account data and converting these data to a commercial-grade accounting system.

Creation of the Delta Regional Authority. In the Mississippi Delta, poverty remains at 175 percent of the national average. The President's budget proposes \$153 million for the creation of a new Delta Regional Authority, modeled after the successful Appalachian Regional Commission, to bring the resources of a Federal-State partnership to the fight for economic growth in the region. This partnership will help bring the infrastructure and job training needed to make the Nation's prosperity a reality in the Delta.

Closing the Digital Divide. Access to computers and the Internet and the ability to effectively use this technology are becoming increasingly important for full participation in America's economic, political and social life. Unfortunately, unequal access to technology and high-tech skills by income, educational level, race, and geography could deepen the divisions that exist within American society. The President's budget proposes a comprehensive package to help bridge the Digital Divide and to help create more digital opportunity for all Americans. These initiatives include \$2 billion in tax incentives to encourage private sector activities such as computer donations, and \$380 million in new and expanded initiatives to serve as a catalyst for public-private partnerships designed to increase access, training and applications for low-income families.

Expanding Housing Vouchers and Opportunities for Hard Pressed Working Families. The President's budget will include \$690 million for 120,000 new housing vouchers to subsidize the rents of low-income families. These housing vouchers subsidize the rents of low-income Americans, enabling them to move closer to job opportunities – many of which are being created far from where these families live. Of the 120,000 new housing vouchers, 32,000 will be targeted to families moving from welfare to work, 18,000 to homeless individuals and families, and 10,000 to low-income families moving to new housing constructed through the Low Income Housing Tax Credit (LIHTC), with the remaining 60,000 vouchers allocated to local areas to help address the large unmet need for affordable housing. These new vouchers build on the 110,000 new housing vouchers secured through the President's leadership over the past two years. In addition, the President's budget proposes to increase the Low-Income Housing Tax Credit volume cap from \$1.25 per capita to \$1.75 per capita and to index the cap to inflation after 2001, which will provide additional incentives to build and make an additional 180,000 units of affordable housing available to working families over the next five years.

Supporting Community Empowerment Fund (CEF). The CEF/EDI, funded at \$100 million in FY2001, working in tandem with the Section 108 loan guarantee program, funded at \$30 million in FY2001, will work with a new pilot program beginning in 2000 to create loan pools to improve the securitization of Section 108 loans.

AmeriCorps and Encouraging Community Service. Since the start of his Administration, the President has encouraged and facilitated community service. Over 150,000 young people have participated in AmeriCorps – they have helped to immunize more than a million people; taught, tutored or mentored 4.4 million children; helped build some 11,000 homes; and truly sparked a new spirit of public engagement across the land. The President's budget includes over \$850 million for the Corporation for National Service. This increase of nearly \$120 million keeps AmeriCorps on track for the President's goal of 100,000 members each year by 2004. The budget will also include a new "AmeriCorps Reserves" program, modeled after the military reserves, and designed to engage former Corps members in times of need. The budget also includes \$15.5 million in new initiatives that reward innovations in youth service, as well as additional resources to encourage service by senior citizens, and to engage students in service through a new "Community Coaches" program.

Encouraging Philanthropy. The budget includes a comprehensive package of new tax proposals to encourage philanthropy. The budget proposes allowing non-itemizers to take a tax deduction for charitable giving. New rules will make it easier for charitable foundations to make gifts in times of need. In addition, the budget proposes making it easier for individuals to donate appreciated assets like securities and real property. These proposals would cost \$14 billion over 10 years.

Strengthening Non-profits' Role in Community Development. Already many faith-based and community-based organizations partner with government to help our nation's families, but the

President and Vice President believe we should do more, and their budget proposes to increase the involvement of religiously affiliated and community-based organizations in after-school, housing, community development, criminal justice, welfare reform, teen pregnancy prevention, and juvenile justice programs, consistent with the constitutional line between church and state.

Helping More Long-term Recipients Move from Welfare to Work. Because of the President's leadership, the 1997 Balanced Budget Act contained \$3 billion for Welfare-to-Work grants to help long-term welfare recipients and certain non-custodial parents go to work and support their children. To fully implement these important efforts, the President's budget allows grantees an additional two years to spend these existing funds.

Helping Low-Income Working Families Get to Work. Transportation to work is a barrier for many low-income families. Some families need a car to get to work, but owning a car can often be the one item that makes a household ineligible for food stamps. The President's budget will make it easier for working families to own a reliable vehicle and receive food stamps by allowing states to conform their food stamp vehicle policy with a more generous TANF vehicle policy. The Administration will also propose to allow low-income working families to use IDAs to save for a car that will allow them to get or keep a job. In addition, the Administration supports expanding public transit as a reliable form of transportation. The budget proposes to double Access to Jobs transportation funding to \$150 million to expand grants to communities to develop innovative public transportation solutions that help more low-income workers and welfare recipients get to work.

Homeless Initiative. Homeless persons do not participate fully in important health and other programs for which they are eligible. The President's budget proposes legislation for a new \$10 million initiative that would improve homeless individuals' access to mainstream programs that will help them move toward self-sufficiency. Demonstration grants would be awarded to several states to improve access to and provide coordination among mainstream programs such as Medicaid, State Children's Health Insurance Program (SCHIP), Temporary Assistance for Needy Families, Food Stamps, the Workforce Investment Act, and the Mental Health and Substance Abuse Block Grants. The budget also proposes \$1.2 billion for homeless assistance programs at HUD, including \$105 million for 18,000 homeless vouchers.

FROM DIGITAL DIVIDE TO DIGITAL OPPORTUNITY

Access to computers and the Internet and the ability to use this technology effectively are becoming increasingly important for full participation in America's economic, social and political life. Unfortunately, there is strong evidence of a "digital divide" – unequal access to technology by income, education level, race, and geography. In 1998, those with a college degree were more than *eight times* more likely to have a computer at home and nearly *sixteen times* as likely to have home Internet access as those with an elementary school education. This growing divide also cleaves our community along income, ethnic, and geographic lines, with affluent, white, and urban/suburban households enjoying better computer and Internet access than their African-American, Hispanic, less affluent and more rural counterparts.

Private sector competition and rapid technological progress are powerful forces to bridge the digital divide and make Information Age tools available for more and more Americans. By working with the private sector and community-based organizations, the Administration can accelerate the trend toward expanded access. But we also need to give people skills to use technology and to promote content and applications of technology that will help empower under-served communities. Building on their past successes in bridging the digital divide, President Clinton and Vice President Gore propose the following initiative to help accomplish these goals:

Tax incentives to encourage private sector involvement. The budget proposes \$2 billion over 10 years in tax incentives to encourage private sector donation of computers, sponsorship of community technology centers, and technology training for workers, including:

- **Encouraging companies to donate computers.** The President proposes to extend and expand the tax deduction that gives companies an incentive to donate computers to schools, libraries and computer technology centers. This enhanced deduction allows companies to deduct more than the cost of their donation. Under current law, this deduction applies to donations of computers to schools only and expires after the year 2000. The President's proposal would extend this provision through June 30, 2004 and expand it to donations to public libraries or community technology centers in Empowerment Zones, Enterprise Communities, and high-poverty areas.
- **Promoting corporate sponsorship of schools, libraries and community technology centers.** The President proposes tax relief to encourage companies to sponsor schools and community technology centers in Empowerment Zones, Enterprise Communities, and targeted low-income areas. The President's proposal would allocate credits for \$16 million in corporate sponsorship to each of the 31 existing Empowerment Zones and 10 proposed new Empowerment Zones and \$4 million in corporate sponsorship for each of the more than 80 Enterprise Communities. In total, the President's proposal would help support up to nearly \$1 billion in annual sponsorships to help improve schools and community technology centers.
- **Supporting technology training for workers.** The President's proposal would provide targeted tax relief to encourage companies to provide computer training, workplace literacy, or other basic education for employees who lack the basic skills to succeed in the modern workplace. Companies would be allowed to take a 20 percent tax credit for up to \$5,250 in annual expenses per employee. Eligible employees generally would not have received a high school degree or its equivalent.

Teacher training. The budget proposes \$150 million to help train new teachers entering the workforce to use technology effectively in the classroom. Under the leadership of President Clinton and Vice President Gore, the United States has made enormous progress in connecting schools to the Internet and increasing the number of modern computers in the classroom. However, access to computers and the Internet will not help students achieve high academic standards unless teachers are as comfortable with a computer as they are with a chalkboard. President Clinton's budget calls for \$150 million in Department of Education grants – double last year's investment of \$75 million – to achieve this goal.

Community Technology Centers. The President proposes \$100 million to create up to 1,000 Community Technology Centers in low-income urban and rural communities. The President's budget more than triples the Department of Education's support for Community Technology Centers – from \$32.5 million in FY2000 to \$100 million in FY2001. This initiative, championed by Congresswoman Maxine Waters, was initially funded at \$10 million in FY 1999. It aims to help close the "digital divide" by providing computers and Information Age tools to children and adults who can not afford them at home.

Public/private partnerships. The President's budget includes a new \$50 million Department of Commerce pilot program to expand access to computers and the Internet for low-income families and to give these families the skills they need to use these new Information Age tools effectively. This new program will provide competitive grants to public-private partnerships at the local level.

Innovative applications of technology. President Clinton's budget will increase the investment in the Department of Commerce's highly-successful Technology Opportunities Program (TOP) to \$45 million – triple the current level of \$15 million. Applications might include public health information systems that raise childhood immunization rates in inner cities, tele-mentoring for at-risk youth, and electronic networks that strengthen local communities by fostering communication and collaboration.

High-speed networks in underserved communities. High-speed Internet access is becoming as important to the economic vitality of a community as roads and bridges are today. The President proposes a new \$25 million program at the Department of Commerce and the Department of Agriculture to accelerate, through grants and loan guarantees, private sector deployment of broadband networks in under-served urban and rural communities.

Native Americans and information technology. The President proposes \$10 million to prepare Native Americans for careers in information technology and other technical fields. The National Science Foundation will support efforts by tribal colleges to increase the number of Native Americans who are prepared to pursue careers in information technology and other technical fields.

RESEARCH & DEVELOPMENT

President Clinton and Vice President Gore include a nearly \$3 billion increase in the "Twenty-First Century Research Fund" in their FY2001 budget, including a \$1 billion increase in biomedical research at the National Institutes of Health and double the largest dollar increase for the National Science Foundation in its 50 year history. These investments will ensure that science and technology will continue to fuel economic growth and allow Americans to lead longer, healthier lives. These investments also will enable America to continue to lead in the 21st century by increasing support in *all* scientific and engineering disciplines, including biomedical research, nanotechnology, information technology, clean energy, and university-based research. Specifically, this infusion of funds will enable researchers to tackle important scientific and technological challenges.

The Benefits of Technology for America. Technology has helped fuel American prosperity, improved the lives of American families, and enabled us to learn more about the world around us.

- **American Prosperity in the 21st Century.** With rapid growth, increased productivity and rising standards of living, the U.S. economy is thriving, in large part because of our technological leadership. Science and technology have become the engine of America's economic growth: information technology alone accounts for 1/3 of U.S. economic growth, and is creating jobs that pay almost 80 percent more than the average private-sector wage. Many of the technologies that are fueling today's economy are the result of government investments in the 1960's and 1970's.
- **Longer, Healthier Lives for All Americans.** In the last 100 years, the life expectancy of the average American has increased by almost 30 years, as a result of breakthroughs such as antibiotics. Today, we are on the verge of even greater scientific advances, and continued investment in health-related research could lead to greater life expectancies and better quality of life.
- **Educating America's High-tech Workforce.** The President's investment in university-based research will help spur innovations in new technologies and treatment, while preparing the next generation of leaders in science, engineering and technology.
- **Cleaner Energy for a Cleaner Environment.** Research can help America create cleaner sources of energy and energy-efficient technologies, such as fuel cells that emit only water, cars that get 80 miles per gallon, and bioenergy derived from new cash crops.
- **New Insights into the World Around Us.** Increases in funding for science-based research can lead to amazing breakthroughs in our understanding of the world around us and beyond.

The President's FY2001 Proposals for Research and Development. In his FY2001 budget the President is proposing a wide range of initiatives and funding increases for vital investments in research and development:

- **\$1 billion Increase in Biomedical Research at the National Institutes of Health (NIH).** The President's FY2001 budget includes almost \$19 billion, an increase of \$1 billion over last year's funding level, for biomedical research at NIH. In addition, the President will eliminate the delays in releasing \$4 billion in research funds as required in last year's appropriations bill. This increase

will support research in areas such as diabetes, brain disorders, cancer, genetic medicine, disease prevention strategies, and development of an AIDS vaccine. It will also help researchers complete in the near future a first draft of the entire human genome – the very blueprint of life. This and other wise investments in science are leading to a revolution in our ability to detect, treat, and prevent disease. If Congress passes the President's proposal, funding for NIH will increase by over 80 percent – nearly twice what the NIH budget was when President Clinton came into office.

- **A New \$495 Million National Nanotechnology Initiative.** The President's budget proposes an 83 percent increase in nanotechnology research, from \$270 million in FY2000 to \$495 million in FY2001. Nanotechnology – the ability to manipulate individual atoms and molecules - could revolutionize the 21st century in the same way that the transistor and the Internet led to the Information Age. Increased investments in nanotechnology could lead to breakthroughs such as molecular computers that can store the contents of the Library of Congress in a device the size of a sugar cube, new materials ten times stronger than steel and a fraction of the weight, and the ability to detect cancerous tumors that are a few cells in size.
- **A \$675 Million Increase in the National Science Foundation – Double the Largest Dollar Increase in NSF's History.** The President's FY2001 budget includes \$4.6 billion for research and education investments at the National Science Foundation (NSF). This represents a \$675 million (17 percent) increase over current funding levels. If Congress approves this investment, it would double the largest dollar increase ever for the Foundation, and NSF funding would have increased by 66 percent since President Clinton took office. This increase will boost university-based research and ensure balanced support for all science and engineering disciplines. NSF accounts for half of all non-health university-based research.
- **An Almost \$600 Million Increase in Information Technology Research.** The President's FY2001 budget provides \$2.3 billion for IT R&D, almost \$600 million more than last year's appropriations and a billion dollars more than the FY 1999 appropriation. This is the second year of the Administration's "Information Technology for the Twenty-First Century" initiative. This increase in information technology research could lead to advances such as high-speed wireless networks that can bring distance learning and telemedicine to isolated rural areas; and supercomputers that can more accurately predict tornadoes and hurricanes, and more rapidly develop life-saving drugs. These investments are consistent with the recommendations of the President's Information Technology Advisory Committee, a committee of experts in industry and academia which has called on the government to substantially increase its investment in long-term information technology research. Previous Federal investments in information technology research have led to today's Internet, the first "point and click" Web browser, advanced microprocessors, and the technology for many of today's Internet search engines.
- **Promoting Bioenergy and Bio-based Products.** The President's FY2001 budget proposal includes a new initiative in research and development in bio-based technologies, which convert crops, trees, and other "biomass" into a vast array of fuels and products. The initiative provides an increase of more than \$93 million over the amounts available for FY2000 – a 47 percent increase. The initiative supports the President's goal of tripling U.S. use of biobased products and bioenergy by 2010. Reaching the President's goal would generate billions of dollars of new income for farmers and diversify and strengthen the rural economy producing 50,000 new, high-technology jobs in small processing plants in rural America and up to 130,000 such jobs in biopower, bioproducts, and biofuels industries. It would also lower the emissions of greenhouse gases by 100 million tons, equal to the amount emitted by 70 million cars.

- **Weapons of Mass Destruction (WMD) Preparedness and Critical Infrastructure Preparedness R&D.** The President's budget provides \$501 million, a \$28 million increase, for WMD preparedness. This will enhance our efforts to prevent, detect and respond to the release of weapons of mass destruction. The budget also includes \$606 million, a \$145 million increase, to improve the safety and security of the Nation's "critical infrastructure." This is the power, communications, information, transportation and other systems on which our economy and quality of life depend.
- **Integrated Science for Ecosystem Challenges.** The budget proposes \$747 million – a \$90 million increase over FY2000 – to support environmental research to improve our understanding of the factors that result in ecosystem decline and biodiversity loss, and to design more effective options to prevent future declines.

SAFE COMMUNITIES

America has the lowest crime rate in a generation. The Clinton-Gore Administration's FY2001 budget proposes a series of measures to continue to make progress toward the goal of making America the safest large country in the world.

21st Century Policing Initiative. The President's COPS program has funded 100,000 more community police for our streets. The 21st Century Policing Initiative builds on that success by:

- providing resources for communities to hire and redeploy up to 50,000 more police for our streets by FY2005, targeting new officers to crime "hot spots";
- giving law enforcement access to the latest crime-fighting and crime-solving technologies, such as improved police communications, crime mapping software, laptop computers, and crime lab improvements;
- funding new state and local prosecutors to work with local law enforcement and the community to combat local crime problems; and
- engaging all sectors of the community to prevent and fight crime by funding partnerships with probation parole officers, schools and faith-based organizations.

Stopping Crime by Stopping Drugs. Offenders under the influence of drugs or in the pursuit of money to feed a drug habit commit many crimes. To break the vicious cycle of drugs and crime, the President's budget provides more funding to help states to implement tough, rigorous systems of drug testing, punishment, and treatment of offenders under criminal justice supervision. The President's \$215 million initiative would double current funding for this initiative to move more offenders off of drugs and away from crime. Studies show that offenders who complete drug-treatment are 70 percent less likely to commit crime. The initiative will also fund innovative drug courts and intensive drug treatment for state prisoners with the most serious drug problems.

Safe Schools. While overall school and youth crime continues to decline, recent incidents of tragic violence in our nation's schools reminds us that we can do more. The budget reaffirms the President's commitment to school safety by calling for a significant expansion of his Safe Schools/Health Students Initiative. The President's initiative, first launched at the White House Conference on School Safety in 1998, helps communities to develop and implement community-wide responses to school and youth violence. The program joins principals, parents, police and others in the community in comprehensive strategies to address youth violence in and out of school. The budget provides a \$100 million increase for this initiative, investing a total of nearly \$250 million in this signature program.

Supervising Released Offenders: Project Reentry. The need for greater supervision of the 500,000 inmates who will leave prison this year and reenter local communities is significant: two-thirds of all prisoners are re-arrested for new offenses within three years of release. The President's budget contains \$60 million for community supervision initiative to create "reentry partnerships" and "reentry courts" to address community safety concerns, lower recidivism rates, and promote responsible fatherhood among offenders returning to communities. The initiative is complemented by \$75 million in Responsible Reintegration for Young Offenders grants from the Department of Labor as well as \$10

million in SAMHSA targeted capacity expansion grants for substance abuse and mental health services at the Department of Health and Human Services.

Reauthorization of the Violence Against Women Act. In 1994, the President signed into law the Violence Against Women Act (VAWA I), an historic piece of Federal legislation that contains a broad array of ground-breaking laws to combat the epidemic of violence against women. The Clinton Administration has awarded over \$1.3 billion in VAWA grants since 1994. The President called on Congress to reauthorize this historic piece of legislation this year, as part of his Crime bill, in order to ensure that these programs and prevention strategies continue in this millennium. The President's budget also includes \$516 million in order to combat domestic violence – \$296 million for the Department of Justice and \$220 million for the Department of Health and Human Services.

Improving Law Enforcement in Indian Country. The budget proposes \$439 million, an increase of \$103 million over FY2000, for the Departments of Justice and Interior for the third year of the President's Indian Country Law Enforcement Initiative. The initiative will improve public safety for the over 1.4 million residents on the approximately 56 million acres of Indian lands. This funding will increase the number of law enforcement officers on Indian lands, provide more equipment, expand detention facilities, enhance juvenile crime prevention, and improve the effectiveness of tribal courts. Although violent crime has been declining nationally for several years, it has been on the rise in Indian country. According to the Department of Justice, American Indians are the victims of violent crimes at more than twice the rate of all U.S. residents. Recognizing this, the President made a major commitment to improve law enforcement in Indian country.

Fighting Gun Crime with the Largest National Gun Enforcement Initiative in History. The President's strategy of combating gun violence has helped lead to a 35 percent decline in gun crime. Building on that success, the President's budget includes \$280 million for the largest national gun enforcement initiative in history. The initiative specifically includes:

- **500 New ATF Agents and Inspectors.** The President's initiative includes the largest increase ever in ATF agents and inspectors, with new agents to crack down on violent gun criminals and illegal gun traffickers at guns shows, gun stores and on the streets and more firearms inspectors to target unscrupulous gun dealers who supply firearms to criminals and juveniles.
- **Over 1,000 Federal, State, and Local Gun Prosecutors.** The President's initiative will fund more than 1,000 new Federal, state and local prosecutors to incarcerate gun criminals. Specifically, the President's budget will provide funding for 1,000 new state and local gun prosecutors to work closely with communities, law enforcement, and Federal prosecutors on gun-related crimes. In addition, over 100 more Federal gun prosecutors in the offices of U.S. Attorneys, and 20 gun enforcement teams will be funded in high gun crime areas across the nation to coordinate enforcement efforts and maximize tough Federal sentences against armed career criminals and illegal gun traffickers.
- **Comprehensive Crime Gun Tracing.** To move toward tracing every crime gun in America, 250 local law enforcement agencies will receive training and tracing equipment to facilitate comprehensive tracing. In addition, the Administration's successful Youth Crime Gun Interdiction Initiative (YCGII), which helps law enforcement crack down on traffickers that illegally supply guns to young people, will be expanded from 38 to 50 cities across the country.

- **New National Integrated Ballistics Information Network.** The President's budget will more than triple current funding for ballistics testing programs to launch the first-ever national ballistics network – to support the deployment of 150 ballistics imaging units to law enforcement, helping to link bullets and shell casings to the criminal guns they were fired from.
- **Local Anti-Gun Violence Media Campaigns.** To help communities send a strong message to combat gun crime and violence, the budget funds \$10 million in matching grants to support local anti-violence media campaigns highlighting penalties for breaking gun laws, safe storage of firearms and preventing child access.

Funding Innovative Smart Gun Technology. The accidental gun death rate for children under 15 in the U.S. is nine times higher than in 25 other industrialized nations combined. To help prevent accidental gun death and injuries of children who obtain access to guns, gun theft, and other unauthorized uses, the President's budget provides \$10 million to fund the expansion, testing and replication of "smart" gun technologies. These state-of-the-art gun safety precautions can limit a gun's use to its adult owner or other authorized users.

Strengthening Brady Background Checks. The President's budget provides \$70 million to double funding to improve state criminal history records and improve the speed and accuracy of Brady background checks. In addition, \$5 million will fund a National Instant Notification (NIN) system to help police apprehend criminals attempting to illegally purchase firearms.

Keeping Used Police Guns Out of the Hands of Criminals. To end the resale of used police guns and seized firearms on civilian markets where criminals may gain access to them, the budget provides \$10 million for one-time grants to help law enforcement meet budgetary constraints on the condition that they agree to halt the practice of resales.

UNITED STATES LEADERSHIP IN THE WORLD

At the start of a new century, the United States is faced with new opportunities and new challenges as a global leader and the world's strongest force for peace and prosperity. American leadership has been instrumental in seizing new opportunities for peace, including reversing ethnic cleansing and restoring stability to the Balkans; ending bloodshed in Northern Ireland; brokering peace in the Middle East between Israel and its neighbors; restoring democracy in East Timor; supporting Russia's transformation to democracy and free markets; and integrating China into the international community. U.S. leadership has also been decisive in meeting new challenges and combating new threats such as weapons proliferation, terrorism, and drug-trafficking. The Clinton-Gore Administration's FY2001 budget seeks to build upon past success to advance America's leadership position in the world, funding a number of new initiatives designed to seize the new opportunities and face the new challenges the 21st century presents.

Promoting Peace and Democracy Abroad.

- **Kosovo.** After reversing the campaign of ethnic cleansing by leading the NATO alliance to victory against Serb forces, the President remains committed to finishing the job by restoring peace and prosperity to the region. His budget proposes \$175 million to help the people of Kosovo build a democratic society, strengthen their economy, and create new employment opportunities. The members of the European Union will bear the lion's share of the aid money, but the United States must contribute as well. FY2000 emergency supplemental appropriations of \$624 million will be used for economic and democratic reform activities in Kosovo, Croatia, and Montenegro, as well as to provide additional assistance to the democratic opposition in Serbia. This funding will also provide critical support needed in 2000 for the UN Mission in Kosovo (UNMIK) and to build secure U.S. diplomatic facilities in Kosovo, Bosnia, and Albania.
- **Southeast Europe Initiative.** The political and economic integration of the Balkans into Europe and the global community is critical for lasting peace in Europe. The budget requests in the Support for Eastern European Democracies account \$428 million for this fundamental initiative, including \$96 million that will help to promote the democratic opposition of Serbia and to provide assistance to Montenegro. Approximately \$6 million of U.S. assistance will go to accelerating the integration of Southeast Europe's countries into the global trading system by breaking down barriers to trade and investment.
- **Middle East Peace.** This year the President brokered a peace agreement between Israel and the Palestinians to implement key provisions of the Wye River Accords, launched permanent settlement talks, and restarted the Israel-Syria track of Middle East peace. His budget reflects his commitment to a lasting peace in the region by requesting funds of \$1.8 billion from the Economic Support Fund (ESF) and \$3.4 billion from Foreign Military Financing (FMF) to provide a strong support for the next phase of negotiations between Israel and its neighbors.

Meeting Threats.

- **Expanded Threat Reduction Initiative (ETRI).** This effort to contain the spread of weapons of mass destruction (WMD) from the former Soviet Union and to promote stability has already helped to: deactivate nearly 5,000 nuclear warheads; eliminate nuclear weapons from Ukraine, Belarus,

and Kazakhstan; strengthen security of nuclear weapons and materials; tighten export controls and detect illicit trafficking; and engage former Soviet weapons scientists in productive civilian research. Despite this considerable progress, more help is needed. The President has requested \$974 million for ETRI, including programs administered by the Departments of State, Defense, and Energy. These funds will support science centers, enhance border control and regional security efforts to decrease smuggling of technology or materials, expand protection of fissile material, and accelerate closure of nuclear weapons production facilities.

- **Colombia Assistance.** To assist Colombian President Andres Pastrana combat drug traffickers in his country and stem the flow of cocaine and other narcotics to the United States, the President's budget proposed a substantial increase in assistance to this embattled partner. The budget proposed to increase assistance programs through 2000 emergency supplemental appropriations of \$954 million and 2001 new funding of \$318 million in the international affairs and other budget areas. Funds will be used to support President Pastrana's "Plan Colombia" in enhancing alternative development, strengthening civil justice and democratic institutions, and providing military assistance.
- **Transnational Threats.** Global security is threatened by the proliferation of weapons of mass destruction (WMD) and terrorism. The budget proposes \$194 million to support international efforts to combat the spread of weapons of mass destruction through several programs and a global network of sensors to detect nuclear explosions. The budget also includes funding for the Korean Peninsula Energy Development Organization, which will construct two proliferation-resistant nuclear power reactors in North Korea. The Administration is strengthening its fight against terrorism by increasing funding for new embassies overseas, upgrading physical security at our most at-risk posts, and the destruction of small arms abroad. The Comprehensive Nuclear Test Ban (CTBT) also remains an important element of the global nonproliferation regime. The Administration is committed to working to create the conditions for a successful vote to approve the CTBT in the Senate.

Expanding Trade.

- **Trade Agreements.** The Administration is committed to opening markets and integrating the global economic system, which has become a key element of continuing economic prosperity here at home. The budget proposes significant increases for efforts by our trade negotiators to promote open markets and a fair, rules-based trading system. Securing passage of permanent Normal Trade Relations with China to implement the historic trade agreement reached between our two countries last November is critical to achieving the goal of expanded trade and a legislative priority of the Administration this year. In addition, the President urges Congress to enact the African Growth and Opportunity Act and the Caribbean Basin Initiative enhancement legislation, which would facilitate the integration of these important developing regions into the world economy through preferential trading arrangements and expand opportunities for American firms, as well as the Balkans trade initiative and the extension of the Generalized System of Preferences.

Reaching Out to the Developing World.

- **Debt Forgiveness.** The Administration this year helped to lift those in the world's poorest countries by forgiving \$500 million in debt and forging agreement among G-8 industrialized countries to provide additional debt relief through the expanded Heavily Indebted Poor Country (HIPC) initiative. The President led this effort with a proposal that remains at the forefront of this

issue with his commitment to forgive 100 percent of the debt owed to the U.S. by the world's poorest countries, a majority of them in sub-Saharan Africa. To fulfill this pledge, the Administration is requesting \$600 million for a U.S. contribution to the HIPC trust fund over three years, including a \$210 million supplemental request in FY2000. The budget also includes \$37 million for the Tropical Forest Initiative, to use debt relief funds in support of conservation.

- **Making Vaccines More Accessible.** In his September 1999 address to the UN General Assembly, the President called for a concerted effort to make vaccines more widely available in the developing world, where more than three million children die each year from vaccine-treatable diseases. As an important first step, the budget proposes a \$50 million contribution to the Global Alliance for Vaccines and Immunizations, where the money will be used to purchase existing vaccines and ensure their safe delivery. This initiative will be complemented by increased funding for the National Institute of Health to accelerate the development of vaccines for major infectious diseases. In addition, the President's budget proposes a new tax credit that will encourage the development of vaccines for diseases that occur primarily in the developing world.
- **Child Labor.** In December of last year, the President signed, with Senate advice and consent, the ILO's convention to ban abusive child labor. This year, he proposes to take these efforts to a new level, providing \$110 million to support international efforts to eliminate child labor through a comprehensive strategy with three inter-related components: (1) increasing the U.S. contribution to the ILO's International Programme for the Elimination of Child Labor by 50 percent to \$45 million; (2) establishing a new \$55 million bilateral educational assistance program to promote school rather than work in areas where exploitative child labor is prevalent; and (3) doubling – to \$10 million – Customs Service resources to enforce the ban on the importation of goods made with forced or indentured child labor.

Anti-Sweatshop Initiative. President Clinton's FY2001 budget includes a \$5 million grant program at the State Department that will fund innovative programs to eliminate unhealthy and abusive labor conditions in sweatshops around the world, particularly in foreign factories that produce consumer goods for the American market.

AMERICA'S ARMED FORCES

President Clinton and Vice President Gore are committed to maintaining a strong and capable military that protects our freedoms and fortifies our global leadership role in the 21st century. To achieve this, President Clinton last year initiated a long-term, sustained increase in defense spending by providing *additional resources of \$112 billion over six years* to protect our high level of military readiness and procure modern and effective weapons systems. This year's budget continues this increase in defense spending, providing discretionary funding of \$292.2 billion in 2001. This represents *an increase in \$11.3 billion* over the proposed 2000 level and \$4.8 billion over the 2001 level assumed in the 2000 budget.

Enhancing Military Readiness. The current high level of readiness is the Administration's top defense priority. Increased funding will enable the Services to support unit operations and joint exercises, meet their required training standards, maintain their equipment in top condition, recruit and retain quality personnel, and procure sufficient spare parts and other equipment. The Department of Defense (DoD) continues to monitor its current and future readiness through the Senior Readiness Review process, which ensure that DoD leadership remains well informed about force preparedness issues.

- **Operations and Support Programs.** This proposed increase in resources will ensure that we keep pace with the latest advances to protect against and prepare for new and emerging threats, including the use of chemical and biological weapons, other weapons of mass destruction, and efforts to weaken the critical infrastructure of our nation. This budget will also increase procurement of modern, effective weapons systems and provides pay, benefits, and quality of life improvements for our servicemen and women.
- **Contingency Operations.** The budget proposes \$4.4 billion in 2001 for ongoing contingency operations – limited military operations in conjunction with our allies – in Bosnia, Kosovo, and Southwest Asia. This funding will allow DoD to avoid redirection of funds from standard operations and maintenance programs to contingency operations, which could undermine the readiness of our fighting forces.

Modernizing Weapons Systems. The United States military must maintain its status as the best equipped in the world. Weapons systems modernization, both in the form of upgrades to existing systems and in the form of research, development and procurement of new systems, continues to be a high Administration priority. The budget achieves that goal by providing \$60.3 billion for the procurement program, which is \$6.1 billion more than the 2000 level.

- **Modernizing Ground Forces.** Army modernization efforts will address the need to maintain a force capable of accomplishing a wide range of missions from contingencies, to its primary mission of defeating adversaries in a major theater war. The budget supports plans to: transform units to deploy more easily than the heavy tank and mechanized infantry divisions, incorporate digital communications equipment into weapons systems to strengthen battlefield planning and execution, and to extend the life and improve battlefield performance of primary combat systems by integrating new navigation and data transfer technology.

- **Modernizing Naval Forces.** The budget continues procurement of several ship classes, including \$3.1 billion for three DDG-51 Aegis Destroyers, and \$1.5 billion for two LPD-17 Amphibious Transport Dock ships. The Navy budget also funds modernization of the nuclear aircraft carrier fleet by providing \$4.1 billion to procure the tenth Nimitz-class nuclear aircraft carrier and \$700 million to fund the first phase of modernization for second Nimitz-class carrier.
- **Modernizing Air Forces.** Substantial investment in new tactical combat aircraft is necessary for the United States to maintain its ability to dominate battles. The budget supports three new aircraft programs: \$3.1 billion for 42 F/A-18E/F Super Hornets, which will become the Navy's principal fighter/attack aircraft; \$2.5 billion for 10 F-22 Raptors, the Air Force's new air superiority fighter; and \$857 million to start advanced development and research for the Joint Strike Fighter, which is designed to produce a family of aircraft for the Air Force, Navy and Marine Corps.

Developing Missile Defenses. The Administration intends to determine this year whether to deploy a limited National Missile Defense (NMD) against ballistic missile threats to the United States from rogue nations. At the same time, the President seeks funding for theater missile defense to defend our forces in the field.

- **Defending Against Strategic Ballistic Missiles.** The budget proposes \$1.9 billion in 2001 for the development, procurement, and construction of an NMD system to defend all 50 states against an attack. The Administration's long-range defense plan now provides a total of about \$10.4 billion in 2001-2005 for NMD, including additional funding to expand the NMD capability to counter the rogue threat.
- **Developing Missile Defense Technologies.** The budget proposes \$2.8 billion for other missile defense technologies and systems, including \$1.9 billion for theater systems to defend against missiles that directly threaten deployed U.S. and allied forces. While the funding is primarily for research and development of advanced systems to meet future threats, it includes \$0.4 billion in procurement, the majority of which will be used to purchase an advanced version of the Patriot missile.

RESTORING FAIRNESS FOR LEGAL IMMIGRANTS

Upon signing the 1996 welfare reform law, the President made a commitment to reversing unnecessary cuts in benefits to legal immigrants that had nothing to do with the law's goal of moving people from welfare to work. In 1997, the President fought for and ultimately was successful in ensuring that the Balanced Budget Act protects the most vulnerable. In 1998, the President continued his proposals to reverse unfair cuts in benefits to legal immigrants. The Clinton-Gore Administration's FY2001 budget continues to fight for restoring important disability, health, and nutrition benefits to additional categories of legal immigrants, at a cost of \$2.5 billion over five years.

- **Disability and Health.** The Balanced Budget Act of 1997 and the Noncitizen Benefit Clarification and Other Technical Amendments Act of 1998 invested \$11.5 billion to restore disability and health benefits to 380,000 legal immigrants who were in this country before welfare reform became law (August 22, 1996). The President's FY2001 budget proposes to restore eligibility for SSI and Medicaid to legal immigrants who enter the country after that date if they have been in the United States for five years and become disabled after entering the United States. This proposal will cost approximately \$1.2 billion and assist an estimated 53,000 legal immigrants by 2005, about half of whom would be elderly.
- **Nutritional Assistance.** The Agricultural Research Act of 1998 provided Food Stamps for 225,000 legal immigrant children, senior citizens, and people with disabilities who entered the United States by August 22, 1996. The President's FY2001 budget restores eligibility to legal immigrants in the United States before August 22, 1996 who either subsequently reach age 65 or who live in a household with Food Stamp eligible children. This proposal will restore benefits to about 165,000 legal immigrants by 2005 at a cost of \$565 million.
- **Health Care for Children and Pregnant Women.** Under current law, states have the option to provide health coverage to legal immigrant children and pregnant women who entered the country before August 22, 1996. The President's FY2001 budget gives states the option to extend Medicaid or SCHIP coverage to low-income legal immigrant children and Medicaid to pregnant women regardless of their date of entry to the country, including those who entered after August 22, 1996. The proposal would cost \$695 million and provide critical health insurance to approximately 144,000 children and 33,000 women by FY2005. This proposal would help reduce the number of high-risk pregnancies and ensure healthier children. The budget's Medicaid/SCHIP FamilyCare initiative also covers legal immigrant parents of children who are covered by Medicaid or SCHIP.

TOBACCO POLICY

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

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

In addition to the youth smoking assessments, the Administration's budget includes a 25 cents per pack excise beginning in FY2001, to raise further the price of tobacco products from the 45 cent increase agreed to by the states and the industry in 1998. This increase will help reduce youth smoking and help achieve the Administration's goal of cutting youth smoking in half. Public health experts agree that raising the price of cigarettes cuts youth smoking and recent surveys of youth smoking released by independent experts indicate youth smoking rates have started to decline since recent price increases were put in place. In addition to raising the price of cigarettes by 25 cents a pack, the Administration's budget will include comparable increases in the price of other tobacco products such as smokeless tobacco and cigars, and will move an already legislated 5 cents per pack cigarette increase from January 1, 2002 to October 1, 2000.

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

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

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

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

Support the FDA's Full Authority to Keep Cigarettes Out of the Hands of Children. The Administration supports full FDA authority to regulate tobacco products in order to halt advertising targeted to children and to curb minors' access to tobacco products. In 1996 the Administration put forward a comprehensive regulation to protect children from tobacco, which the tobacco industry challenged in court. The Administration remains fully committed to the FDA rule.

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

Protect Farmers and Farming Communities. The Administration is committed to protecting tobacco farmers and their communities. The Administration fully supports the \$5 billion settlement to compensate tobacco farmers, which was agreed to by the states and industry in 1998, as well as the \$328 million included in the Agricultural Appropriations bill for FY2000, and is committed, as any Federal litigation moves to judgment or settlement, to ensure funds are set aside for the financial security of tobacco farmers and their communities.

FARM SAFETY NET

Because the 1996 Farm Bill fails to sufficiently support farm family incomes when crop prices fall or natural disasters strike, the Clinton-Gore Administration's FY2001 budget includes a comprehensive \$11 billion package to strengthen the farm safety net through 2002 when the next farm bill will be enacted. His proposal includes counter-cyclical income assistance, crop insurance reform, a major farm conservation program initiative (much of which extends beyond 2002), and targeted assistance to certain segments of the farm and rural communities.

Income Assistance. A particular defect of the 1996 Freedom to Farm Act is that payments are not targeted to farmers in need or increased when farm income is low. The 2001 Budget's income support initiative will help to strengthen the safety net by adding new payment programs to existing farm programs.

- **Supplemental Income Payments.** The Administration's proposal includes counter-cyclical farm income support to provide additional payments through the expected enactment of the next farm bill (through crop year 2001). This would ensure producers receive at least 92 percent of farm revenue relative to a five-year average. In order to target payments to family-sized farmers, there would be a \$30,000 combined payment limitation for these counter-cyclical payments plus AMTA payments. Payments would be available for producers of the "major" crops (corn, wheat, soybeans, cotton, rice, barley, sorghum). Total payments on the 2000 and 2001 crop are estimated to be \$2.5 billion and \$3.1 billion respectively. There would be no reduction to AMTA or LDP payments.
- **Freeze Loan Rates.** The Secretary of Agriculture will hold U.S. Department of Agriculture (USDA) marketing assistance loan rates for the 2000 crop year at their current levels, at a cost of \$500 million in FY2001.
- **Dairy Program.** The budget extends the dairy price-support program, set to expire in December 2000, through 2002, the end of the current farm bill. This proposal will cost \$150 million in FY2001 and FY2002, respectively.

Conservation Initiatives in the Safety Net Proposal. Providing assistance to farmers and ranchers who practice environmentally sound land management will yield benefits to all Americans while increasing farm family income. Through these USDA programs, participants can receive cost-share assistance, technical assistance, and in many cases annual payments for high-priority conservation activities. The proposal – which increases conservation funding by nearly \$1.3 billion over authorized levels in FY2001 – includes:

- **Conservation Security Program.** The new Conservation Security Program would provide \$600 million in annual payments to farmers and ranchers who implement various conservation practices, with payment levels based on the comprehensiveness of their conservation plans.
- **Environmental Quality Incentives Program (EQIP).** The EQIP, a key component of the President's Clean Water Action Plan, provides financial, technical, and educational assistance to farmers and ranchers who wish to implement conservation practices on land currently in

production. The President proposes increasing annual funding for the program from \$200 million to \$325 million. Half of the funding is used to address livestock-related concerns.

- **Wetlands Reserve Program (WRP).** The WRP offers technical and financial assistance to farmers who wish to restore and protect agricultural wetlands. There are only 40,000 acres left to enroll in 2001 under the 975,000 acre cap set by the 1996 Farm Bill. The President proposes enrolling 250,000 acres in each year, beginning in 2001.
- **Conservation Reserve Program (CRP).** The CRP provides farmers with technical and financial assistance, including annual rental payments, in exchange for removing environmentally sensitive farm land from production and implementing conservation practices such as wildlife habitat restoration and field windbreaks. The Administration proposes to raise the CRP cap by 3.6 million acres to 40 million acres.
 - **Conservation Reserve Program “Continuous Sign-up” Bonuses.** The Administration plans to offer bonuses totaling up to \$100 million in FY2000 and up to \$125 million in fiscal years 2001-2002 to producers who enroll land in CRP through the “continuous signup.” The CRP continuous sign-up allows producers to enroll certain high priority practices such as grassed waterways, filter strips, and riparian buffers at any time during the year.
 - **Farmland Protection Program (FPP).** The FPP, part of the President’s Lands Legacy Initiative, provides matching funds to state, local, and Tribal governments to permanently protect farmland threatened by development from urban and suburban “sprawl”, through the purchase of easements that preserve the land for farm use. The budget proposes \$65 million per year for the FPP.
 - **Wildlife Habitat Incentives Program (WHIP).** For farmers, ranchers, and other landowners who wish to implement wildlife habitat practices, WHIP offers \$50 million in cost-share assistance for up to 75 percent of the habitat restoration expenses and technical assistance.
 - **Technical Assistance.** The Natural Resources Conservation Service (NRCS) will provide additional technical assistance to farmers and ranchers to carry out these enhanced programs.

Crop Insurance Reform. Crop insurance represents a critical risk management tool for the nation’s farmers. In recent years, however, many producers have declined to participate in the program or signed up for only minimal coverage because of its expense and shortcomings. The President’s budget takes critical steps towards improving the crop insurance program with the following initiatives:

- **Continue Crop Insurance Premium Discounts for the 2001 Crop Year:** Premium discounts on the farmer-paid portion of crop insurance premiums were provided through emergency appropriations for 1999 and 2000. Evidence demonstrates that producers have largely invested their premium-discount benefits in higher levels of insurance coverage. The Farm Safety Net proposal will provide \$640 million to support discounts for the 2001 crop.
- **Establish Multi-year Loss Coverage.** Multi-year coverage is needed because even producers with coverage levels as high as 75 percent can find it hard to withstand losses in consecutive years

on which they must absorb a 25 percent reduction in expected revenue. To address the multi-year loss problem, the budget includes \$100 million for USDA to develop or reinsure a privately developed policy that addresses the problem of multi-year losses.

- **Livestock Insurance Pilot.** The majority of U.S. ranchers have not used the risk management tools available on existing futures and options exchanges because the size of the contracts available are too large for small operators. The proposed \$100 million pilot would offer price insurance to small ranchers to protect them against a drop in market prices over the growing period. Intermediaries, such as crop insurance companies, would sell small “unbundled” portions of options contracts from the Chicago Mercantile Exchange (CME) on cattle and hogs. USDA would subsidize the operating expense of the intermediary and the producer’s premiums for this price coverage.
- **Waive the “NAP Trigger” in the Noninsured Crop Disaster Assistance Program (NAP).** The budget includes \$110 million in 2000 and 2001 to loosen the eligibility requirements for NAP coverage so that more producers of crops such as lettuce, mushrooms, and artichokes who suffer significant losses from natural disasters can qualify for this important risk management tool.
- **Risk Management Education (RME).** USDA’s Risk Management Agency’s RME operation trains producers in the use of new and existing risk management tools and farm financial management. The budget includes \$40 million in FY2001 and 2002 for an aggressive expansion of RME programs.
- **Research & Development.** The need for new crop insurance policies on specialty crops is well recognized in both the Administration and Congress. The President’s budget includes \$30 million in FY2001 and FY2002 for USDA R&D on crop policies that may not be seen as attractive to private developers, while also providing incentives to private sources of crop insurance R&D.

Other Targeted Assistance. In addition to the proposals identified above, the President is proposing several smaller, targeted programs to assist rural communities and producers.

- **Rural Empowerment Zone/Enterprise Community Program.** The President’s budget includes \$15 million in mandatory funding for each of the remaining eight years of the five Second Round rural Empowerment Zones and twenty Second Round rural Enterprise Communities.
- **Cooperative Development.** The proposal would provide financing to cooperatives for livestock processing and other value-added facilities, so producers can share in the profits gained through value-added processing of their raw agricultural commodities.
- **Ethanol Subsidies.** The CCC will provide up \$100 million in 2000, and \$150 million in 2001 and 2002, in incentive payments to ethanol and other bioenergy producers to expand production of biobased fuels. Larger proportional payments would go to smaller bioenergy producers.
- **On-Farm Storage Facility Loans.** Recent commodity surpluses have resulted in storage shortages that can restrict farmers’ marketing options and reduce their profits. In addition, there have been recent requests for farmers to separate crops grown from genetically modified seeds. USDA will offer producers an estimated \$350 million in Treasury-rate loans in 2000 and \$150 million in 2001 and 2002 to build on-farm storage facilities, with a total loan subsidy cost of \$14 million.

BUILDING ONE AMERICA

To help achieve the President's vision of One America, the Clinton-Gore Administration's FY2001 budget provides funding for a variety of purposes including: to strengthen civil rights enforcement and programs, to better serve Native American communities, to provide English language instruction and fairness to immigrant families, to eliminate health disparities, and to promote educational opportunities and economic development in urban and rural areas.

CIVIL RIGHTS

The FY2001 budget proposes a significant increase for civil rights enforcement to help ensure equal opportunity for all Americans. The President's budget request of \$698 million for civil rights enforcement agencies represents a 13 percent increase over last year's funding levels. Highlights of the President's proposal include

- **Department of Justice's Civil Rights Division.** The President's budget includes \$98 million for the Department of Justice (DOJ) Civil Rights Division – an increase of 86 percent over the 1993 level. The proposed funding will permit the Justice Department to expand significantly investigations and prosecutions of criminal civil rights cases (including hate crimes and police misconduct), as well as fair housing and lending cases. Funds are also included to fund the Division's enforcement of the ADA.
- **Equal Employment Opportunity Commission (EEOC).** The budget provides \$322 million for the EEOC, 15 percent more than the enacted FY2000 budget. The majority of increased funding will be dedicated to reducing the backlog of private sector cases and improving the Federal EEO complaint process.
- **Department of Labor's Office of Federal Contract Compliance Programs.** The budget also provides \$76 million to encourage Federal contractor compliance.
- **Department of Housing and Urban Development's (HUD) Fair Housing Initiatives.** The budget proposes \$50 million, a 14 percent increase above last year, for HUD's efforts to reduce housing discrimination. Of this request, \$7.5 million will support the final year of a three-year, audit-based housing discrimination study being conducted in 20 communities around the country.
- **Department of Agriculture's Office of Civil Rights.** The USDA's civil rights programs increased from \$18 million to \$21 million, will emphasize outreach to disadvantaged farmers, involve small and disadvantaged businesses in USDA programs, increase conflict resolution activities and more effectively process complaints.
- **Department of Education's Office for Civil Rights.** The budget proposal of \$76 million provides an increase of \$5 million over the 2000 enacted budget to fund staff training and technological improvements to speed the resolution of civil rights issues.

Ensuring Equal Pay. The President's budget includes a \$27 million Equal Pay Initiative, an increase of \$12 million over FY2000. The Initiative requests \$10 million for the EEOC to provide training and technical assistance to about 3,000 employers on how to comply with equal pay requirements. The

Initiative also dedicates \$10 million for the Department of Labor (DOL) to train women in nontraditional jobs, including high-tech jobs and other skill shortage occupations. Lastly, the Initiative provides \$7 million for DOL to help employers assess and improve their pay policies, support public education efforts, provide for projects in non-traditional apprenticeships, and implement industry partnerships.

Hate Crimes. The President continues to urge Congress to pass the Hate Crimes Prevention Act, which would strengthen the existing Federal hate crimes law by expanding the situations in which the Department of Justice can prosecute defendants for violent crimes based on race, color, religion, or national origin. Further, it would expand existing law to cover cases of hate crimes based on sexual orientation, gender, or disability. The President's budget includes \$20 million for training for Federal, state, and local law enforcement to prevent and respond to hate crimes, and to promote police integrity.

One America Dialogues. The budget proposes \$5 million for the Department of Justice to fund Citizen Academies, where citizens will acquire public safety problem-solving tools and training and engage in honest and constructive dialogues on race.

NATIVE AMERICANS

In order to better serve Native American communities in this millennium and to honor the Federal government's trust responsibility to tribes, the President's budget includes an increase of \$1.2 billion over FY2000 – the largest increase ever – for a total of \$9.4 billion for key new and existing programs assisting Native Americans and Indian reservations. Some of the highlights include:

Bureau of Indian Affairs (BIA) School Construction and Repair. The President has proposed \$300 million, more than double the FY2000 enacted level of \$133 million, to replace and repair BIA-funded schools on reservations. This is the largest investment ever in a single year for BIA school construction and repair.

Increased Funding for Tribal Colleges. The budget proposes increased funding of \$25 million for the Nation's tribal colleges for a total of \$77 million.

Indian Health Service. The President's budget proposes \$2.6 billion, an increase for the Indian Health Service (IHS) of \$230 million or 10 percent over the FY2000 enacted level.

Improves Law Enforcement in Indian Country. The budget proposes \$439 million, an increase of \$103 million over FY2000, for the Departments of Justice and Interior for the third year of the President's Indian Country Law Enforcement Initiative. The initiative will improve public safety for the over 1.4 million residents on the approximately 56 million acres of Indian lands.

Building Roads and Bridges in Indian Country. The Transportation Department (DOT) will expand its program to improve roads and bridges on Indian reservations. The President's budget proposes to give the Indian Reservations Roads program the full authorization amount of \$275 million with an additional \$74 million from a highway receipts account for a total of \$349 million, which is an increase of \$117 million over the previous year. This will allow Tribes to address the estimated backlog of \$4 billion in needs on these roads and bridges.

Tribal Infrastructure Projects. The President and the Vice President propose \$49 million, an increase of \$46 million over FY2000, for the Department of Commerce's Economic Development Administration (EDA) to fund infrastructure, planning, and public works projects.

Addressing the Digital Divide. To encourage Native Americans to pursue information technology and other science and technology fields, the budget provides \$10 million, to be administered by the National Science Foundation, for grants to tribal colleges for networking and access; course development; student assistance; and capacity building.

Bureau of Indian Affairs (BIA) Contract Support Costs. Within the overall BIA increase, the budget continues to support Tribal self-determination by proposing \$134 million, a \$9 million or 7 percent increase over 2000 for contract support costs. This funding provides \$5 million for new and expanded contracts and \$129 million for existing contracts.

Trust Services. The Administration is committed to improving trust services and management through its trust reform efforts at the Interior Department. The budget proposes \$108 million, a 48 percent increase over 2000, for improved trust services in the BIA for activities such as probate, real estate appraisals, and other services.

Indian Trust Fund Balances. The Administration is committed to resolving disputed Indian trust fund account balances through informal dispute resolution and supports the unique government-to-government relationship that exists in Indian trust land management issues. After Tribal consultations, BIA submitted its "Recommendations of the Secretary of the Interior for Settlement of Disputed Tribal Accounts" to Congress in November 1997. Legislation reflecting these recommendations was proposed in 1998, but not enacted. The Department will continue efforts to resolve trust fund account balances.

Trust Land Management. As part of BIA's commitment to resolving trust land management issues, Interior worked with Congress in 1999 to repropose legislation (S. 1586) to establish an Indian Land Consolidation program to address the ownership fractionation of Indian land. In addition to \$13 million for the Indian Land Consolidation program, the budget provides \$83 million for DOI's Office of Special Trustee, including the trust management improvement project. Current activities include verifying individual Indian's account data and converting these data to a commercial-grade accounting system.

IMMIGRANTS

English Language/Civics Instruction Initiative. Immigrant adults – and other adults who have limited-English proficiency—need access to opportunities to master English literacy in order to further their education, obtain good jobs, and become full participants in American society. To this end, President Clinton is proposing an increase for the English Language/Civics Initiative, an innovative program to help states and communities provide limited English proficient (LEP) individuals with expanded access to high-quality English-language instruction linked to civics and life skills instruction. This important initiative is a powerful tool in building a stronger American community. For FY2001, the Administration's budget request \$75 million for this initiative, a nearly \$50 million increase from FY2000 enacted level to help an additional estimated 250,000 LEP individuals.

Funding and Restructuring INS to Improve Services. In a continuing effort to improve INS services, this budget provides \$35 million to address backlogs in naturalization, adjustment of status,

and other immigration benefit applications. It establishes a \$93 million Immigration Services Capital Investment Account to fund on-going backlog reduction efforts and to cover major capital acquisitions. The President also calls on Congress to move forward with a restructuring of the INS – along the principles outlined by the Administration – to improve immigration service delivery and border enforcement.

Restoring Benefits to Legal Immigrants. The President believes that legal immigrants should have the same economic opportunity, and bear the same responsibility, as other members of society. In the Balanced Budget Act of 1997 and the Agricultural Research, Extension and Education Reform Act of 1998, the President fought for and succeeded in reversing unfair cuts in benefits to legal immigrants. The FY2001 budget builds on the Administration's progress of restoring these important benefits by providing \$2.5 billion over five years to: (1) restore SSI and Medicaid to legal immigrants who entered the United States after August 22, 1996, have been here for five years, and become disabled after entry; (2) restore Food Stamp eligibility to legal immigrants who were in the country before August 22, 1996 and either subsequently reach age 65 or live in a household with Food Stamp eligible children; and (3) allow states to provide Medicaid or SCHIP to legal immigrant children and pregnant women regardless of their date of entry, and to legal immigrant parents of children who are covered by Medicaid or SCHIP in the proposed FamilyCare program.

EDUCATION

Hispanic Education Action Plan. As part of the Administration's commitment to raising the educational outcomes of Latino youth, the President again proposes significant increases to programs within the Hispanic Education Action Plan to help Latinos excel academically, graduate from high school, go on to college, and continue on the path to life-long learning. The final budget includes increases of \$823 million for programs that enhance educational opportunity for Latinos, including: a \$416 million increase for Title I, to provide support supplemental education services for students who have fallen behind in school, in particular those in high poverty communities; \$725 million for TRIO college preparation programs, an increase of \$80 million, which help disadvantaged high school and college students prepare for, attend, and graduate from college; and \$296 million, an increase of \$48 million, for the Bilingual Education program to increase the quality of services offered to limited-English proficient (LEP) students and provide 8,000 bilingual and ESL teachers with the high quality in-service and pre-service training they need to teach this special population.

Dual Degree Programs for Minority-Serving Institutions. The FY2001 budget proposes a new program to increase opportunities for students at minority-serving institutions. Students would receive two degrees within five years: one from a minority-serving institution, and one from a partner institution in a field in which minorities are underrepresented. This new \$40 million program will serve an estimated 3,000 students.

Title I Education for the Disadvantaged. This program provides funds to help disadvantaged children reach high academic standards. Title I will receive \$9.1 billion in FY2001, an \$400 million increase over last year's level. The President's budget also includes an increase of \$134 million for the Title I Accountability Fund bringing total funding to \$250 million. The Title I Accountability Fund supports immediate and significant State and local interventions in the lowest performing schools to improve school achievement and promotes public school choice.

HEALTH

Eliminating Racial and Ethnic Disparities in Health. In February 1998, the President committed the nation to an ambitious goal by the year 2010: eliminate disparities in six health areas where racial and ethnic minorities are disproportionately affected, while continuing the progress we have made in improving the overall health of the American people. As a key part of this effort, the budget includes \$35 million, a 17 percent increase over 2000, for demonstration projects (begun in 1999) to better address racial disparities in health.

NEW MARKETS INITIATIVE

The President's budget provides tax credits and loans guarantee incentives to stimulate \$22 billion of new private capital investments in economically distressed communities around the country and build a network of private investment institutions to funnel credit, equity and technical assistance to businesses in America's new markets. In addition, the budget proposes a new initiative, known as First Accounts that will provide low-cost bank accounts to working families.

More Than Doubling the New Markets Tax Credit. The President proposes to more than double the New Markets tax credit to spur \$15 billion in new investment in community development in economically distressed areas. An entity making new equity investments in a selected community development project would be eligible for a tax credit worth 25 percent of the cost of the investment. A variety of vehicles providing equity and credit to businesses in underserved areas would be eligible. The total cost of the tax credits amounts to about \$5 billion over 10 years.

Expanded Empowerment Zones. The proposed expanded wage credits, tax incentives, and new round of urban and rural EZs will extend and improve economic growth in the 31 existing urban and rural Empowerment Zones, administered by HUD and USDA, and support the proposed third round of 10 new empowerment zones to be designated in 2001. The total cost of these proposals will be \$4.4 billion over 10 years.

America's Private Investment Companies (APICs). Modeled after the Overseas Private Investment Corporation's (OPIC) successful investment fund program, the President's budget proposes \$37 million to allow APICs to provide guaranteed debt to private investment companies, licensed by HUD, to help leverage private equity capital and lower the cost of capital for investments in low- and moderate-income communities. For every dollar that private investors provide, the government will guarantee two dollars in debt to expand the APIC's pool of capital available for making investments and enhance the return on those investments to the private investors. APICs will make equity investments in larger businesses that are expanding or relocating in inner cities and rural areas.

New Market Venture Capital Firms (NMVCs). The budget proposes \$52 million to allow NMVC firms to match the equity of private investors with Government-guaranteed debt and technical assistance funding to cultivate the growth of smaller firms. NMVC would invest in smaller growth companies that can also benefit from expert management assistance.

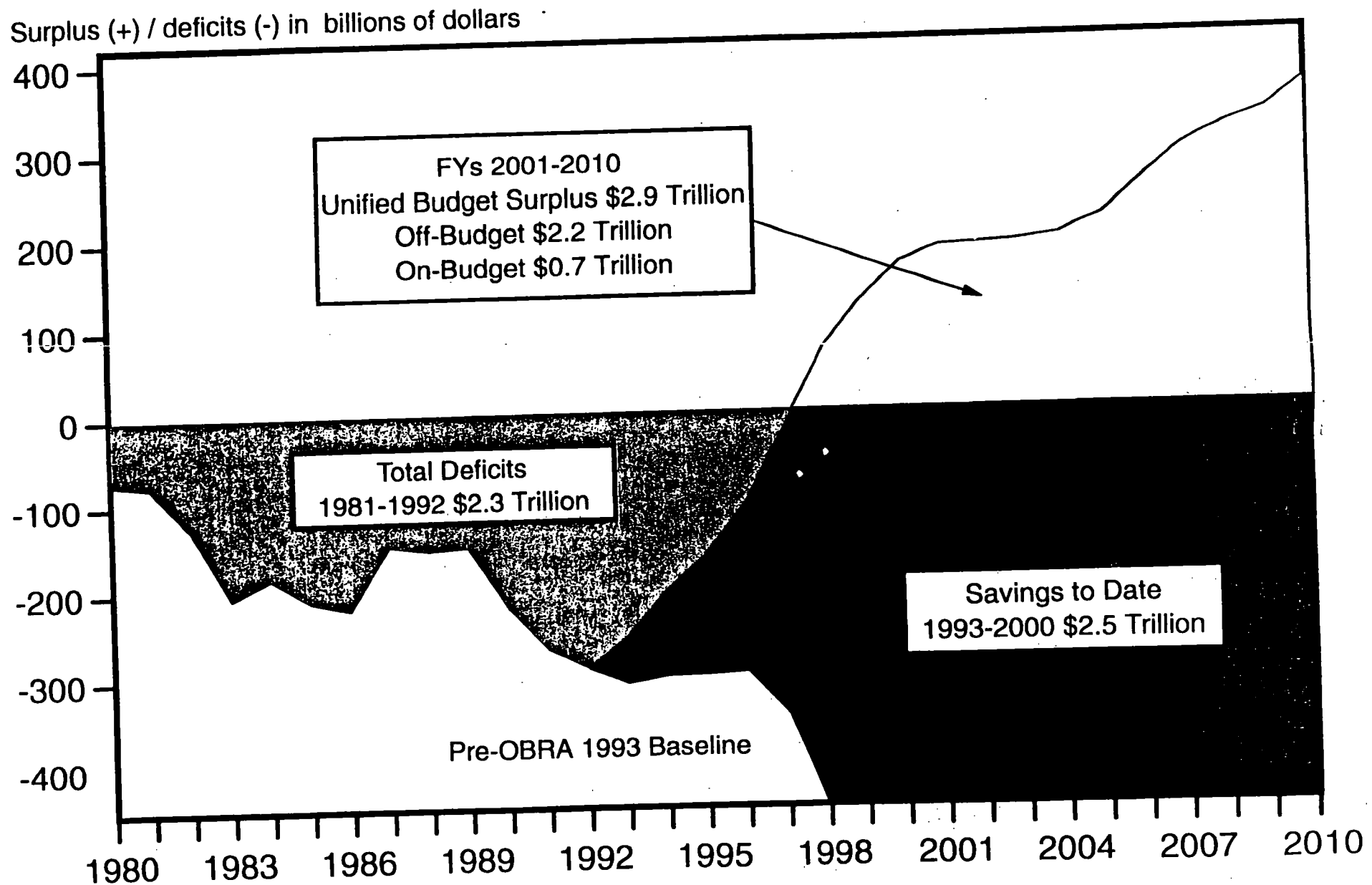
Creation of First Accounts. The President's budget proposes \$30 million for the Department of Treasury to pilot strategies to help low- and moderate income Americans benefit from basic financial services. Treasury will work with financial institutions and others: (1) to encourage the creation of low-cost bank accounts (First Accounts); (2) to expand access to automatic teller machines in safe, secure, and convenient locations, including U.S. Post Offices, in low-income neighborhoods; (3) to

educate low-income Americans about the benefits of having a bank account, managing household finances, and building assets. The *First Accounts* initiative complements Treasury's Electronic Transfer Accounts (ETAs) – low-cost, electronic banking accounts for “unbanked” Federal benefit recipients – by reaching those not eligible to participate in the ETA program because they are not Federal benefit recipients.

Other Elements of New Markets. Other elements in the budget include: increasing the funding for SBA's microenterprise lending program to \$50 million; \$15 million to fund PRIME – a program authorized last year to provide technical assistance to low-income entrepreneurs; boosting CDFI funding to \$125 million; expanding support to \$6.6 million for BusinessLINC to encourage large businesses to work with small businesses in new markets; and providing \$5 million to establish a New Markets University Partnerships pilot project which, under the auspices of HUD, would provide Universities with funding to develop local community partnerships, assistance to intermediaries, and technical and business development assistance to new and existing firms. In addition, to better serve Native American communities, the President will provide additional funding to expand the New Markets initiative to Indian Country.

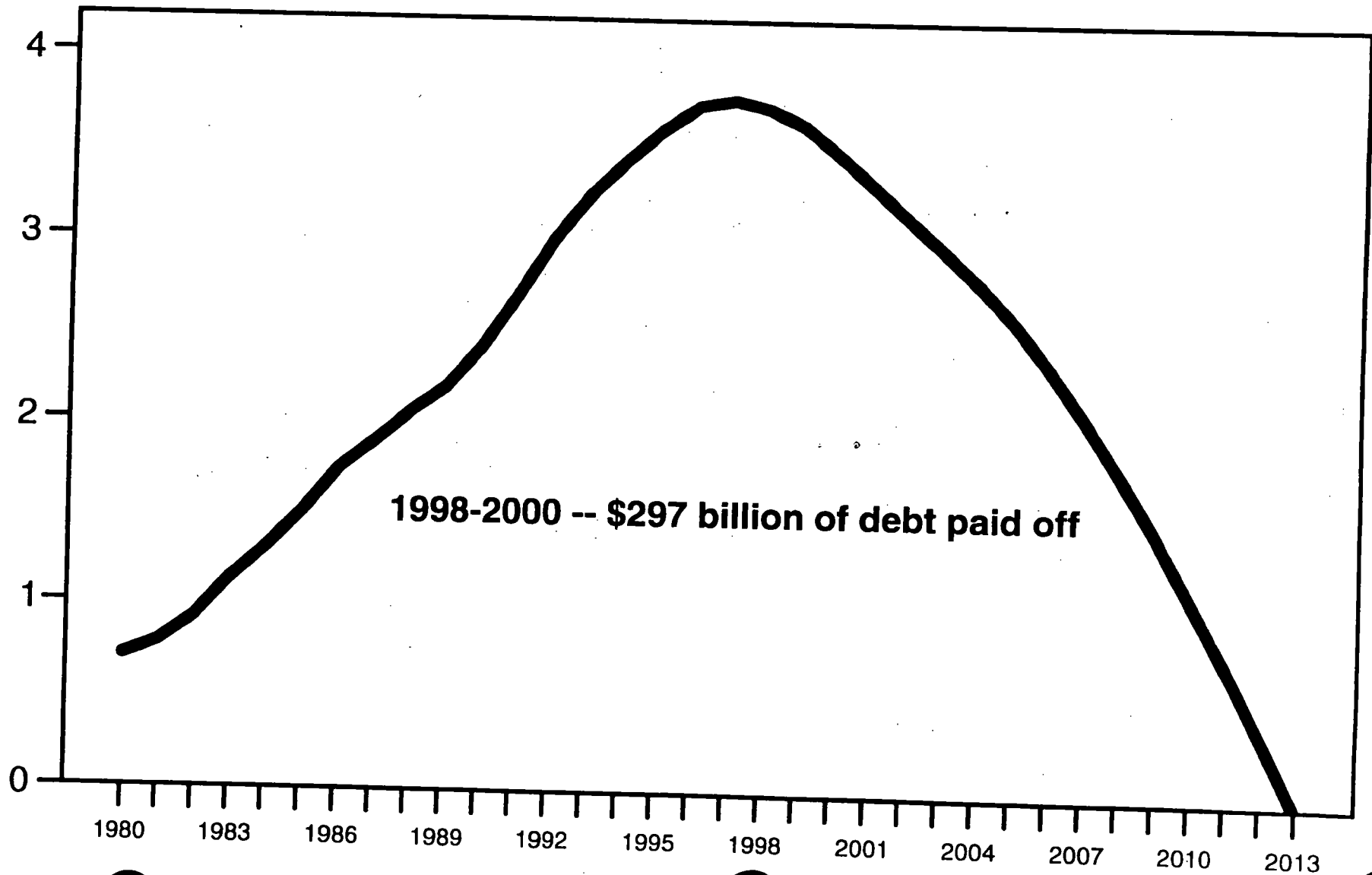
V. CHARTS

Fiscal Discipline - Surpluses Follow Years of Deficits



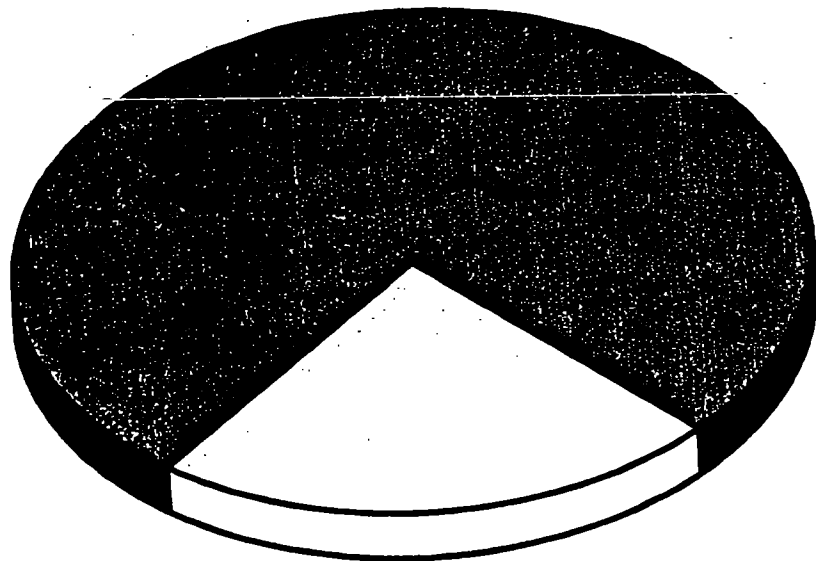
America is Debt Free by 2013

Dollars in trillions



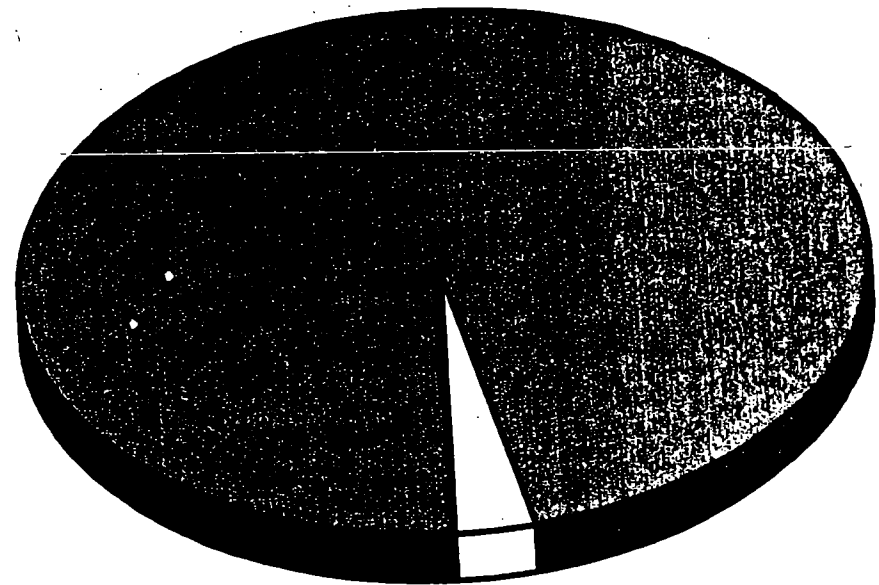
Paying off the Debt Reduces Interest Burden

Pre-OBRA Baseline



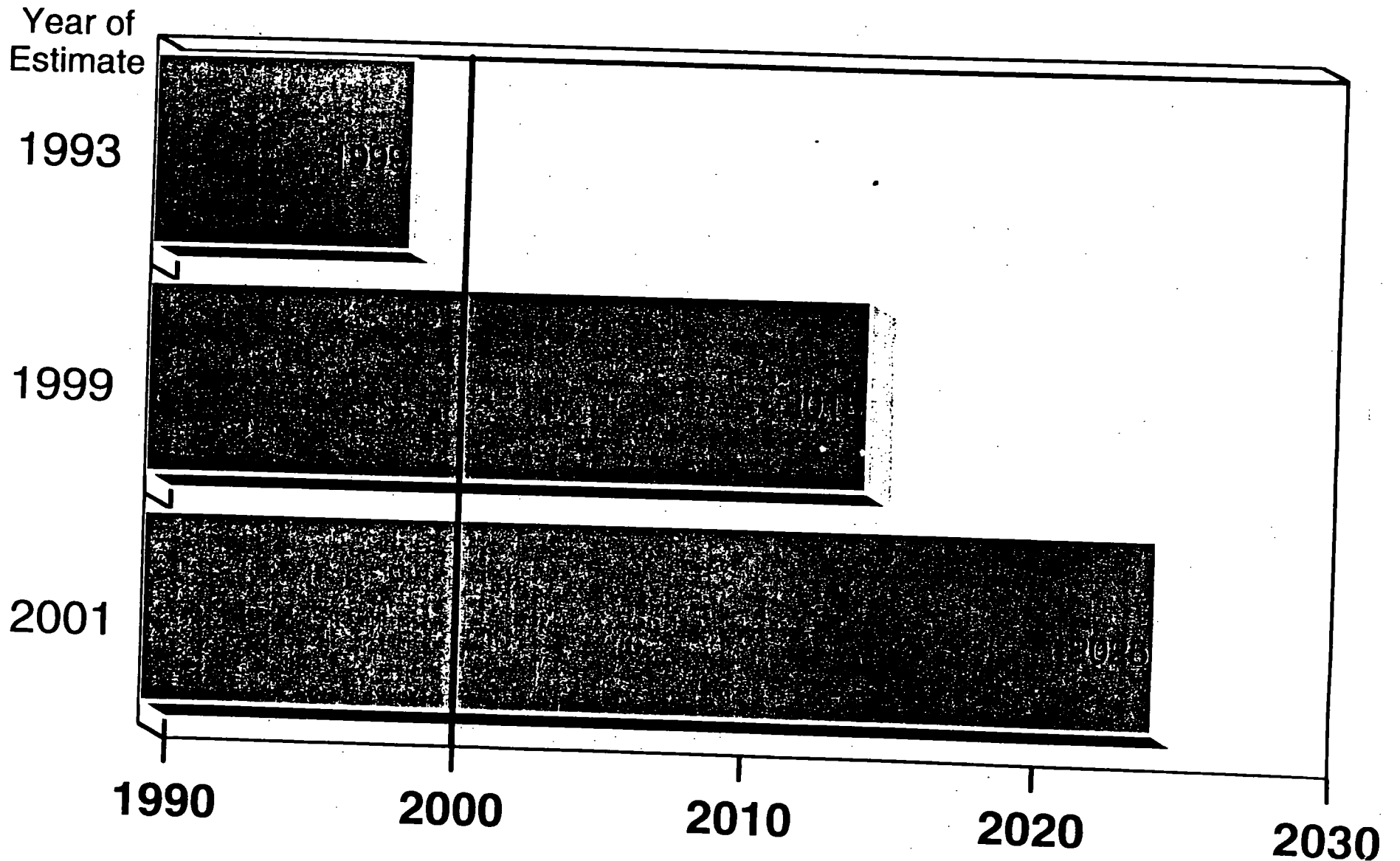
Interest
23.3%

**2010 Projected in 2001
Budget**



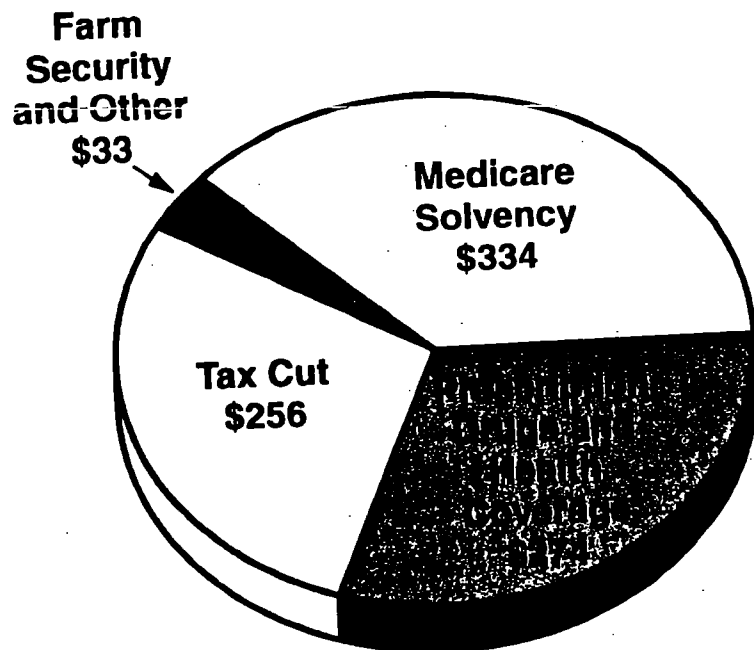
Interest
3.1%

Securing and Preserving Medicare for the Next Generation

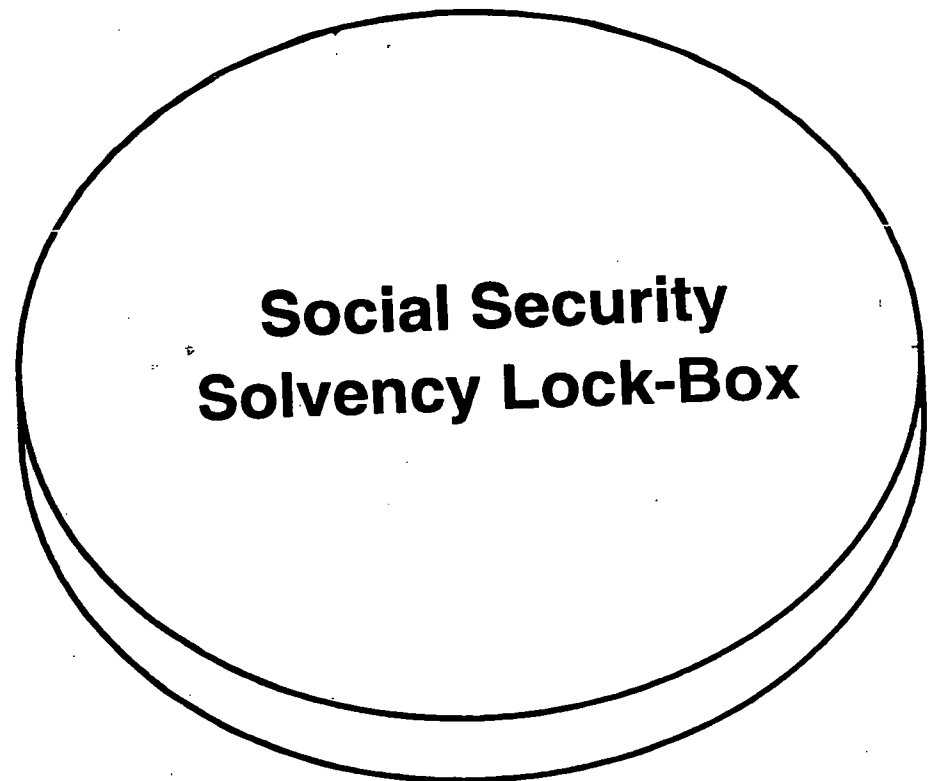


Allocation of On- and Off-Budget Surpluses: 2001-2010

**On-Budget Surplus
\$746 Billion***



**Off-Budget Surplus
\$2.2 Trillion**



Total Debt Reduction = \$2.5 Trillion

* With other receipts and offsets, total \$1 trillion.

Paying off the Debt with Smaller Government

