

	FY 2000	Request	House	Senate	October Agreement	Dec 11 Repub	Dec 11 v. October	OMB offer	Dec 12 Repub	Republ. v. October	Obey counter	Obey v. October	CHANGE TO OBEY	CHANGE v October
EDUCATION														
Eisenhower Professional Dev.	335,000	0	0	435,000	585,000	485,000	-100,000	492,000	485,000	-100,000	485,000	-100,000		-100,000
School Renovation	0	1,300,000	0	0	1,333,000	1,133,000	-200,000	1,033,000	1,333,000	0	1,033,000	-300,000	167,000	-133,000
Class Size Reduction	1,300,000	1,750,000	0	0	1,750,000	1,550,000	-200,000	1,708,000	1,550,000	-200,000	1,708,000	-42,000	-85,000	-127,000
Title VI Block Grant	366,000	0	366	3,100,000	400,000	400,000	0	150,000	400,000	0	250,000	-150,000	135,000	-15,000
After School Centers	453,000	1,000,000	600,000	600,000	1,026,000	726,000	-300,000	1,001,000	726,000	-300,000	926,000	-100,000	-75,000	-175,000
Title I Accountability	134,000	250,000	0	0	250,000	225,000	-25,000	250,000	250,000	0	250,000	0	-25,000	-25,000
Title I Hold Harmless													-70,000	-70,000
Community Based Tech	32,000	100,000	32,000	65,000	80,000	65,000	-15,000	68,000	65,000	-15,000	65,000	-15,000		-15,000
Impact Aid	906,000	770,000	985,000	1,075,000	1,039,000	1,014,000	-25,000	906,000	1,014,000	-25,000	952,000	-87,000	37,000	-50,000
Special Ed State Grants	4,990,000	5,280,000	5,490,000	6,280,000	6,597,000	6,447,000	-150,000	6,355,000	6,397,000	-200,000	6,397,000	-200,000	-57,000	-257,000
Bilingual	406,000	460,000	406,000	443,000	460,000	443,000	-17,000	460,000	443,000	-17,000	460,000	0		0
Gear Up	200,000	325,000	200,000	225,000	325,000	240,000	-85,000	325,000	240,000	-85,000	300,000	-25,000	-5,000	-30,000
Pell Grants	7,640,000	8,356,000	8,308,000	8,692,000	9,036,000	8,936,000	-100,000	8,756,000	8,756,000	-280,000	8,756,000	-280,000		-280,000
Adult Ed and National Programs	450,000	460,000	470,000	470,000	540,000	520,000	-20,000	540,000	520,000	-20,000	540,000	0		0
Education Research and Stats	276,567	325,067	276,567	286,567	305,567	285,567	-20,000	305,567	285,567	-20,000	305,567	0		0
TRIO	645,000	725,000			760,000					0		0	-30,000	-30,000
Child Care Loan Forgiveness	0	0			10,000					0		0	-10,000	-9,000
LEAP	40,000	40,000			70,000					0		0	-10,000	-10,000
DOL														
Youth Training	1,001,000	1,022,000	1,001,000	1,001,000	1,124,000	1,028,000	-96,000	1,124,000	1,028,000	-96,000	1,102,000	-22,000		-22,000
One Stop Centers	110,000	154,000		110,000	154,000	114,000	-40,000	154,000	114,000	-40,000	150,000	-4,000		-4,000
Reemployment Grants	0	50,000	0	0	50,000	25,000	-25,000	40,000	25,000	-25,000	35,000	-15,000		-15,000
Youth Opportunity Grants	250,000	375,000	175,000	250,000	300,000	264,000	-36,000	300,000	264,000	-36,000	275,000	-25,000		-25,000
Older Workers	440,200	440,200			459,200	459,200	0	459,200	459,200	0	459,200	0	-19,000	-19,000
Dislocated Worker	1,589,000	1,771,000	1,382,000	1,589,000	1,654,000	1,634,000	-20,000	1,590,000	1,590,000	-64,000	1,590,000	-64,000		-64,000
Technology Training	0	54,444	0	30,000	45,000	30,000	-15,000	45,000	30,000	-15,000	42,000	-3,000	-5,000	-8,000
FMLA Study/DOL exec directive	26,436	46,491			36,341					0		0	-14,000	-14,000
Responsible Youth Reintegration	13,907	75,000			65,000					0		0	-10,000	-10,000
International Child Labor	70,000	167,006			153,500					0		0	-5,000	-5,000
HHS														
Children's Hospital GME	40,000	80,000	80,000	80,000	285,000	270,000	-15,000	219,000	285,000	0	185,000	-100,000	50,000	-50,000
Ryan White AIDS	1,595,000	1,720,000	1,725,000	1,650,000	1,823,000	1,750,000	-73,000	1,823,000	1,750,000	-73,000	1,808,000	-15,000		-15,000
Health Care Access	40,000	125,000	0	25,000	140,000	42,000	-98,000	140,000	42,000	-98,000	140,000	0		0
Ricky Ray*	75,000	100,000	100,000	85,000	105,000	10,000	-95,000	105,000	10,000	-95,000	105,000	0	-105,000	-105,000
Family Planning	239,000	274,000	239,000	254,000	274,000	254,000	-20,000	274,000	254,000	-20,000	254,000	-20,000		-20,000
Childhood Immunization	462,000	465,000	473,000	505,000	551,000	521,000	-30,000	551,000	521,000	-30,000	536,000	-15,000		-15,000
CDC AIDS	620,000	670,000	673,000	640,000	790,000	700,000	-90,000	790,000	700,000	-90,000	780,000	-10,000		-10,000
Other CDC	3,043,000	3,259,000		3,252,000	3,951,000	3,951,000	0	3,896,000	3,951,000	0	3,921,000	-30,000	-25,000	-55,000
NIH	17,749,336	18,812,735		20,512,735	20,512,735	20,512,735	0	20,012,735	20,512,735	0	20,112,735	-400,000	200,000	-200,000
Substance Abuse/Mental Health	2,651,000	2,823,000	2,728,000	2,731,000	3,010,000	2,901,000	-109,000	3,010,000	2,901,000	-109,000	2,975,000	-35,000	-10,000	-45,000
Mental Health TCE	0	30,000			30,000					0		0	-5,000	-5,000
Family Caregivers	0	125,000	0	0	125,000	75,000	-50,000	125,000	75,000	-50,000	125,000	0		0
CSBG	528,000	510,000	528,000	550,000	600,000	570,000	-30,000	600,000	570,000	-30,000	600,000	0		0
Head Start	5,267,000	6,267,000	5,667,000	6,267,000	6,300,000	6,200,000	-100,000	6,300,000	6,200,000	-100,000	6,230,000	-70,000	-30,000	-100,000
LIHEAP	1,100,000	1,100,000	1,100,000	1,100,000	1,400,000	1,300,000	-100,000	1,400,000	1,330,000	-70,000	1,400,000	0		0
HCFA Survey and Certification	204,674	234,147	171,147	219,674	234,137	244,137	10,000	234,137	244,137	10,000	234,137	0		0
CDC Epidemic Services	30,374	30,254	155,338	30,254	176,096	166,096	-10,000	176,096	166,096	-10,000	176,096	0		0
SSBG	1,775,000	1,700,000	1,700,000	600,000	1,725,000	1,700,000	-25,000	1,725,000	1,700,000	-25,000	1,725,000	0		0
Reduction of Federal Funds	110,202	0	123,669	0	169,963	169,963		104,963	104,963	-65,000	104,963	-65,000		-65,000
DOE Workers*	0	0	0	0	60,400	0	-60,400	60,400	0	-60,400	60,400	0	-60,400	-60,400
Child Support Enforcement	0	0	0	0	50,000	0	-50,000		0	-50,000		-50,000		-50,000
HCFA M+C Education	0	115,000			65,000					0		0	-10,000	-10,000
														0
SSA Administration	6,607,036	7,134,000	6,978,036	7,010,800	7,134,000	7,068,000	-66,000	7,134,000	7,134,000	0	7,124,000	-10,000		-10,000
Program Admin (all 3 Depts)													-25,000	-25,000
Projects														0
													-250,000	-150,000
October Agreement	112,647,000													
LIHEAP Advance	1,400,000													
Program Cuts	2,316,000						-1,243,400			-2,503,400		-2,502,000	-1,400	-2,502,400
	108,931,000													

* Agreement to get on mandatory side
NOTE Numbers rough / may not sum to totals

PRESIDENT CLINTON, VICE PRESIDENT GORE, AND CONGRESSIONAL DEMOCRATS WIN A BUDGET THAT INVESTS IN AMERICA'S PRIORITIES

December 13, 2000

THE CLINTON-GORE BUDGET PLAN TO ADDRESS NATIONAL PRIORITIES. Last winter, President Clinton and Vice President Gore proposed a fiscally responsible budget that maintains America's prosperity by paying down the debt, providing targeted middle-class tax cuts and making key investments in improving education, promoting national security, protecting the environment, and fighting crime. Thanks to their strong advocacy, President Clinton and Congress agreed to a budget invests in these key priorities:

Investing in America's Students. The Clinton-Gore education strategy of higher standards for students and teachers, accountability for results, and a greater investment in our schools is working.

✓ **Expanding Head Start.** President Clinton won a ~~\$0~~ ² billion increase for Head Start, to \$6~~4~~⁹ billion, to serve 950,000 children. *(if fully funded)* ^{OMB} ~~\$900,000 million~~

✓ **Modernizing Schools.** The budget includes President Clinton's school construction proposals: \$1~~0~~² billion for urgent school repairs and \$25 billion in tax-credit bonds for school construction and repair, neither of which were included in the Republican plan. *(if fully funded)* ^{triple}

✓ **Reducing Class Sizes.** President Clinton won \$1~~0~~² billion for class-size reduction, enough to hire 20,000 more teachers and stay on track to hire 100,000 to reduce class sizes in the early grades. The Republican plan failed to dedicate funds for class-size reduction. *(if fully funded)*

✓ **Improving Teacher Quality.** The final budget includes the President's \$1 billion set of teacher quality initiatives, a \$~~200~~²⁰⁰ million increase over the Republican plan. *(if fully funded)* ^{almost 2 billion}

✓ **Creating After-School Learning Opportunities.** The budget includes \$1 billion for after-school programs, nearly \$~~400~~⁴⁰⁰ million above current law and \$~~200~~²⁵⁰ million above the Republican plan. *(if fully funded)* ²⁵⁰

✓ **Holding Schools Accountable for Student Achievement.** President Clinton won \$250 million to turn around low-performing schools, while the Republican budget provided \$0. *(if fully funded)* ²⁵⁰

✓ **Creating College Opportunities through GEAR UP.** The budget increases funding for GEAR UP by \$125 million—to \$325 million—while the Republican plan provided a \$0 increase. *(if fully funded)*

✓ **Increasing Student Aid.** Last January, President Clinton announced his request for a \$1 billion increase in efforts to prepare students for college. Consistent with his plan, the budget increases the maximum Pell grant to \$3,650, provides the largest increase ever for TRIO, incorporates key elements of his College Completion Challenge Grants proposal into TRIO, and provides one million students the opportunity to work through college. *(if fully funded)*

Protecting Fiscal Discipline and Paying Down the Debt. The budget is a victory for President Clinton's stand for fiscal discipline. Between 1981 and 1992, the debt quadrupled. When President Clinton and Vice President Gore took office, the budget deficit was \$290 billion and it was projected to be \$455 billion by 2000. As a result of the tough and sometimes unpopular choices made by President Clinton, we have seen eight consecutive years of fiscal improvement for the first time in America's history, bringing last year's budget to a unified surplus of \$237 billion, the largest ever.

✓ **Protecting Fiscal Discipline.** The Republicans proposed fiscally irresponsible tax cuts that would have jeopardized this record of fiscal discipline. In August, President Clinton vetoed Republican tax cuts that were part of their 10-year tax plan that would drain nearly \$2 trillion from the surplus, drive us back into deficits, and make it impossible to eliminate our debt by 2012.

✓ **Paying Down the Debt.** Because record deficits have become record surpluses, we were able to cut our debt by \$223 billion last year, the largest one-year debt reduction in U.S. history. The debt at the end of FY 2000 was \$2.4 trillion lower than it was projected to be in the last forecast before the President's program

was put in place. We are on track to pay off our debt by 2012, making America debt-free for the first time since Andrew Jackson was President in 1835.

- ✓ **Benefiting from Debt Reduction.** Already, debt reduction has meant about \$2,000 a year in lower interest payments for home mortgages, about \$200 a year in lower car payments, and about \$200 a year for lower student loan payments. Continuing to pay down the debt will keep interest rates about a point lower over the next decade, saving American families over \$300 billion in home mortgages alone.

Strengthening Health Care. The President's budget will strengthen the public health infrastructure, provide critical prevention and treatment services to individuals with mental illness, and advance biomedical research with a historic investment of \$20.5 billion.

- ✓ **Creating the Family Caregivers Program and Investing in Services for the Elderly.** The budget provides a major new investment of \$XX in the Older Americans Act for support services for family caregivers, a critical piece of the President's historic long-term care initiative.
- ✓ **Promoting Community Based Care for Americans with Disabilities.** The budget invests \$X million to help states develop comprehensive plans to care for persons with disabilities in the most appropriate setting.
- ✓ **Providing Full Funding for the Ricky Ray Hemophilia Relief Fund Act.** The budget fully funds the President's request of \$XX million for one-time payments of \$100,000 to hemophiliacs who were infected with HIV by blood solids during the 1980s.
- ✓ **Increasing Access to Health Care for the Uninsured.** The budget invests \$XX million to develop integrated systems of care for the uninsured.
- ✓ **Caring for the Nation's Elderly.** The budget includes a \$XX million increase for the Nursing Home Initiative.
- ✓ **Expanding AIDS Care, Prevention, and Research.** The budget includes a \$XX million increase in funding for HIV prevention activities; an increase of \$XX million in the Ryan White CARE Act, which helps provide primary care and support for those living with HIV/AIDS; and an estimated \$XX million in additional funds for AIDS-related research at the NIH.
- ✓ **Expanding Mental Health and Substance Abuse Activities.** The budget provides \$XX million, a XX percent increase over the FY 2000 funding level, for the prevention and treatment of substance abuse.
- ✓ **Protecting Food Safety.** The President won his entire request of \$422 million for food safety, a \$68 million increase, to expand food safety inspections, outbreak responses, and research and education activities.
- ✓ **Restoring Fairness to Legal Immigrants.** [may not go through -- Health team to add if we win on this]

Protecting the Environment. President Clinton and Vice President Gore won significant gains for the environment in the fiscal year 2001 budget, including new resources to combat water pollution, protect wildlife, address global warming, and preserve precious lands across the country. At the same time, the President and Vice President fought back numerous, anti-environmental riders that would have traded hard-won environmental safeguards for short-term special interest gains.

- ✓ **Preserving Our Lands Legacy.** The budge provides \$12 billion over six years in unprecedented, dedicated funding for the conservation of America's land and coastal resources.
- ✓ **Promoting Clean Water and Restoring the Florida Everglades.** The budget includes a \$164 million increase for the President's Clean Water Action Plan and \$118 million to begin restoring the Florida Everglades.

Helping Working Families. The final budget makes important investments to help all Americans participate in our economic prosperity.

- ✓ **Promoting Responsible Fatherhood and Improving Child Support.** Congress approved important reforms based upon the President's proposal to increase the child support paid directly to families, and provide grants to states, communities and nonprofits that will help more fathers give their children the emotional and financial support they need. [may not win on this]

- ✓ **Helping Hard-Pressed Working Families Meet Their Nutritional Needs.** Congress approved important reforms proposed by the Administration, allowing 245,000 people to own a reliable car and still receive Food Stamps and helping over 2 million low-income people with high housing costs put food on the table.
- ✓ **Funding 79,000 New Housing Vouchers for America's Hard-Pressed Working Families.** This \$453 million increase—the largest in more than 15 years and the third in a row—will enable more families to find affordable housing to rent or own. These vouchers build on the 110,000 new vouchers secured through the President's leadership in the past two years.

Enacting New Markets and Empowering Communities. This budget moves forward on the President's vision to help revitalize America's communities.

- ✓ **Enacting the New Markets and Community Renewal Initiative.** Working together, the President and Congressional leaders have enacted bipartisan legislation to spur economic development in urban and rural communities that have not shared fully in the benefits of the nation's strong economy. This legislation includes the New Markets tax credit, America's Private Investment Corporation, New Markets Venture Capital firms, and new funding and tax incentives for Empowerment Zones. <<May delete>>
- ✓ **Expanding Community Development Financial Institutions.** The President won \$118 million for the Community Development Financial Institutions Fund to support loans and equity investments in underserved communities.
- ✓ **Promoting Community Service.** President Clinton won *[\$768 million??]* for national and community service, a \$26 million increase. It will allow AmeriCorps to surpass 250,000 members who have served their communities since 1994.

Closing the Digital Divide and Investing in Research and Development. In recognition of the centrality of knowledge and new technologies to our prosperity and quality of life, the budget includes an unprecedented commitment to creating digital opportunities and investing in research and development.

- ✓ **Closing the Digital Divide.** The budget includes a \$XX million increase for Community Technology Centers, a \$XX million increase for Preparing Tomorrow's Teachers to Use Technology, and a \$30 million increase for the Technology Opportunities Program.
- ✓ **National Science Foundation.** The budget provides the largest one-year increase for the NSF ever, \$526 million, to pursue scientific breakthroughs in core scientific areas as well as new ones like nanotechnology.
- ✓ **National Institutes of Health.** The budget provides a \$2.7 billion increase to NIH (**CHECK**) for research into diabetes, cancer, and brain disorders, and disease prevention strategies and vaccines.

Fighting Crime, Drugs, and Gun Violence. To keep crime coming down across the country, President Clinton fought for important investments in the budget to build on the Administration's successful community policing initiative, including funds to put more police on the street and critical resources to strengthen law enforcement efforts to keep communities safe and combat gun-related crime and violence.

- ✓ **Putting More Police on Our Streets.** Last year, President Clinton and Vice President Gore met their commitment to help communities hire 100,000 new police officers. This year, they won \$1.3 billion to take the next step and help communities hire up to 50,000 more officers over the next five years.
- ✓ **Enforcing Gun Laws.** President Clinton won \$XXX for his Gun Enforcement Initiative, the largest in history, to hire 500 ATF firearms agents and inspectors, fund [TK] federal state and local gun prosecutors and expand crime gun tracing and ballistics testing.
- ✓ **Keeping Children Safe from Guns.** The Administration won [TK] to expand the development of "smart" gun technologies that help prevent accidental gun deaths and injuries of children by limiting the use of a firearm to the adult who owns it or another authorized user.

Maintaining America's Global Leadership. The President fought for and secured victories to strengthen America's leading role in the world by investing in a strong military and providing debt relief to heavily indebted poor countries.

- ✓ **Maintaining a Strong Military.** Consistent with the Clinton-Gore plan for a long-term, sustained increase in defense spending, this year's budget provides a \$17.5 billion increase (to \$287.5 billion) to protect our high level of military readiness and procure modern and effective weapons systems.
- ✓ **Providing Debt Relief.** The final budget provides \$448 million for debt relief for heavily indebted poor countries that commit to reform. Savings from debt relief would be directed to education, health care, AIDS prevention, and other critical needs. Unsustainable debt keeps many countries in poverty; over a billion people survive on less than \$1 a day.

THE 2001 BUDGET: A VICTORY FOR AMERICA'S STUDENTS

	CLINTON-GORE BUDGET	HOUSE BUDGET¹	FINAL BUDGET	INCREASE OVER HOUSE
School Modernization Bonds	\$24.8 billion ²		\$0	
Urgent School Renovation	\$1.3 billion		\$0	
Class-Size Reduction	\$1.75 billion		\$0	
After School	\$1 billion	\$600 million		
Teaching to High Standards	\$1 billion	0.0		
Accountability Fund	\$250 million		\$0	
Title I Grants to School Districts for Disadvantaged Children	\$8.357 billion	\$7.941 billion		
Maximum Pell Grant	\$3,500	\$3,500		
GEAR UP	\$325 million	\$200 million		
Safe, Small, and Successful High Schools	\$120 million		\$0	

¹Based on the budget passed by the U.S. House of Representatives on June 14, 2000. That bill provided \$37.2 billion for education programs, \$XX billion less than the final budget.

²Face value of bonds. The cost is \$36 million in FY 2001 and \$8 billion over ten years.

EIGHT YEARS OF PROGRESS ON EDUCATION

	1993 BUDGET	2001 BUDGET	CHANGE
School Modernization Bonds	\$0		
Urgent School Renovation	\$0		
Class-Size Reduction	\$0		
After School	\$0		
Teacher Recruitment and Training	\$435 million		
Accountability Fund	\$0		
Title I Grants to School Districts for Disadvantaged Children	\$6.709 billion		
Education Technology	\$0		
Special Education	\$2.966 billion		
Maximum Pell Grant	\$2,300		
(Total Pell Grants)	(\$6.462 billion)		
Hope Scholarships Tax Credit	\$0	\$5.125 billion	
Lifetime Learning Tax Credit	\$0	\$2.815 billion	
Student Loan Interest Deduction	\$0	\$333 million	
Work-Study	\$617 million		
TRIO	\$388 million		
GEAR UP	\$0		
Safe, Small, and Successful High Schools	\$0		

PRESIDENT CLINTON AND VICE PRESIDENT GORE: PROGRESS ON AMERICA'S PRIORITIES

FISCAL DISCIPLINE

The budget is a victory for President Clinton and Vice President Gore's stand for fiscal discipline. By balancing competing needs and maintaining fiscal discipline, the Fiscal Year 2001 budget continues the successful strategy that has fostered the longest economic expansion in the nation's history. America will stay on course to pay off the debt held by the public by 2012 for the first time since Andrew Jackson was President.

- ✓ **The National Debt Quadrupled Between 1981 and 1992.** Between 1981 and 1992, the debt held by the public quadrupled. The budget deficit grew to \$290 billion in 1992, and it was projected to grow to more than \$455 billion by 2000.
- ✓ **President Clinton's Tough Choices Led to Largest Surplus Ever.** As a result of the tough and sometimes unpopular choices made by President Clinton—including the deficit reduction legislation of 1993 and 1997—we have seen eight consecutive years of fiscal improvement for the first time in America's history. Last year, the federal government has a unified surplus of \$237 billion, the largest ever. Federal spending as a share of the economy is the lowest since 1966.
- ✓ **America has paid down \$363 billion in debt held by the public over the last three years, the largest debt pay-down ever.** The debt at the end of FY 2000 was \$2.4 trillion lower than it was projected to be in the last forecast before the President's program was put in place. Under the President's budget, publicly held debt will be eliminated by 2012. This achievement has kept interest rates down and confidence and investment up, contributing to the strongest American economy in generations.
- ✓ **The Solvency of Social Security and Medicare Has Been Extended.** The Social Security surplus would be dedicated to paying down the debt and, starting in 2011, the interest savings used to extend of the life of Social Security. As a result, Social Security solvency would be extended to at least 2057. Medicare solvency would be extended until at least 2030, Medicare would be reformed to make it more efficient and competitive, and its benefits modernized with a new prescription drug benefit. *(Does Medicare need to be moved to unfinished business?)*
- ✓ **The President Stopped Republican Attempts to Reverse this Fiscal Discipline.** The Republican Congress's policies would have threatened the nation's fiscal discipline. According to Congress' own calculations, the tax cuts House Republicans passed this year would have cost \$734 billion over 10 years, which with interest would have drained over \$900 billion from the surplus. The tax cuts passed this year and those endorsed for next year by the Republican Party would drain over \$2 trillion, more than the entire budget surplus (projected to be \$1.8 trillion). Twice this year, President Clinton vetoed tax legislation to maintain our fiscal discipline and prevent American from being plunged back into deficits.
- ✓ **Debt Reduction Benefits the Economy and American Families.** The lower national debt:
 - **Keeps investment and growth strong.** With the government no longer draining resources from capital markets, interest rates are lower and businesses have more funds for productive investment. Paying off the debt will continue to help fuel investment and productivity growth while increasing productive capacity and restraining inflation.
 - **Saves money for families.** Because of the deficit and debt reduction we have already done, a typical family can expect to save \$2,000 a year on their home mortgage.

- **Saves money for taxpayers.** Currently we spend 12 cents of every federal dollar on net interest payments. These payments, which were once projected to grow to 25 percent of all federal spending in 2012, would be completely eliminated under the President's plan.
- **Prepares for retiring baby boomers.** By paying off the debt, eliminating interest payments, and dedicating the resulting benefits to extending Medicare and Social Security solvency, debt reduction will free up funds for investment and boost workers' productivity and incomes and help the nation prepare for the challenge of the retiring baby boomers.

EDUCATION AND TRAINING

Over the past eight years, President Clinton and Vice President Gore have invested more in our schools and demanded more from them. As a result, test scores are up, SAT and ACT scores have also risen in the 1990s and are now at the highest level in a quarter of a century, even as more minority, low-income, and limited English proficient students take these tests. More students than ever before are graduating from high school and enrolling in college. This year, President Clinton and Vice President Gore again delivered on their ambitious education agenda.

- ✓ **Building and Modernizing Schools.** An estimated 3.5 million students attend schools that need extensive repair or replacement. Research shows that the physical structure of the school building directly affects the ability of students to learn. Because all students deserve a safe, healthy, and modern place to learn, President Clinton fought for a federal investment in our schools. The final budget includes:
 - **\$25 Billion in School Modernization Bonds.** The final budget creates \$22.4 billion in a new type of federal bond—School Modernization Bonds—to help build and modernize 6,000 schools nationwide. Bond owners would receive federal tax credits rather than interest payments from school districts, allowing districts to borrow interest-free for school construction. In addition, the budget expands the similar Qualified Zone Academy Bonds (QZABs) program by authorizing \$2.4 billion in new QZABs. Together, these initiatives will cost \$8 billion over ten years. Neither the House nor the Senate passed School Modernization Bond legislation. (TBD)
 - **\$1.3 Billion for Urgent Repairs.** The final budget includes a \$1.3 billion initiative for emergency school renovation, based on the proposal in President Clinton's budget. The Republican budget did not provide dedicated funding for school renovation. The initiative will help schools make much-needed repairs, such as roofs, heating and cooling systems, and electrical wiring. The assistance would be targeted to high-need districts and includes \$75 million for public schools with high concentrations of Native American students.
 - **Native American Schools.** President Clinton has won \$293 million—a \$160 million increase and more than double last year's 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. These schools have an \$800 million backlog in health, safety, and other critical needs.
- ✓ **Ensuring More High-Quality Teachers for Smaller Classes.** The final budget provides a [redacted] million??] increase to improve educational results by reducing class size in the early grades to 18 or below with well-qualified teachers. These resources will increase the total number of quality teachers hired under this initiative to [xx49,000??], keeping us on the path to our goal of hiring 100,000 high-quality teachers across the country by 2005.
- ✓ **Tripling the Number of Children in After-School.** The final budget provides a [redacted] million??] increase for 21st Century Community Learning Centers, more than doubling funding to [\$1 billion??]. This initiative

will provide more high-quality extended learning opportunities for **[2.5 million??]** children, tripling the number of children served by federally supported after-school programs and offering a safe place for more than a quarter of America's "latch-key" children to learn in the after-school hours.

- ✓ **Strengthening Accountability for Fixing Failing Schools.** The budget provides **\$250 million**—a **\$116 million??** increase—to accelerate efforts by states and school districts to improve accountability and turn around failing schools. These resources will help states and districts invest in proven reforms, such as research-based curricula, professional development and smaller classes, to fix failing schools.
- ✓ **Strengthening Teacher Quality.** The budget provides an increase of **\$xx million** to enhance teacher quality and make progress towards ensuring a qualified teacher in every classroom. The agreement includes: **\$600 million** for Eisenhower Professional Development Grants to promote professional development along with school and classroom-based improvements linked to state standards and assessments; **\$48 million** to help states align teaching with their accountability systems under Title I; **\$30 million** to help recruit talented mid-career professionals and college graduates into teaching while retaining more good teachers with mentoring and other supports; and **\$15 million** to train early childhood educators and caregivers in advancing children's language and literacy skills to help prevent later difficulties in learning and reading.
- ✓ **Expanding College Opportunity.** More and higher quality education is more important to economic opportunity than ever before. The final budget includes the President's request for a \$1 billion boost in investments to make college more affordable for economically disadvantaged students.
 - **Largest Maximum Pell Grant Award Ever.** Pell scholarships for needy students are the foundation of student aid. The final budget provides **\$XX billion** for Pell Grants, increasing the maximum Pell Grant award from \$3,300 last year to **\$XX**. The maximum award has increased by **XX percent** since President Clinton and Vice President Gore took office in 1993, when it was \$2,300. The final budget also includes the President's requested **\$60 million increase** for Supplemental Educational Opportunity Grants, the largest increase in a decade.
 - **Support for One Million Students To Work Their Way Through College.** The final budget includes the President's request for \$1 billion for Federal Work-Study to meet his commitment to allowing one million students the opportunity to earn money for college through part-time work.
 - **Early Intervention to Help Disadvantaged Students Prepare for College.** House Republicans proposed to freeze the President's GEAR UP college preparation initiative for low-income students at \$200 million, a level that would have forced existing GEAR UP programs to scrap plans to help 250,000 new disadvantaged 6th and 7th graders. The final budget provides **\$XX million** for GEAR UP, supporting state projects and partnerships of colleges, high-poverty schools, and community organizations, to help **XX students** aspire to and prepare for college starting in the 7th grade.
 - **TRIO and Key Elements of College Completion Challenge Grants.** This year, President Clinton's budget included the largest one-year ever requested by any President. The final budget funds TRIO at **\$760 million**—a **\$115 million** increase, the largest ever—to help motivate and prepare **XXX low-income** and first-generation-college students to go to and stay in college. In addition, the budget includes the key elements of the President's College Completion Challenge Grants proposal to provide additional scholarships, support services, and summer programs to help more at-risk youth succeed in college.
- ✓ **Strengthening the Hispanic Education Action Plan.** **\$XXX** increase to programs that help Hispanic students succeed, including **\$416 million** increase for Title I Grants to Local Educational Agencies, **\$XX million** for Bilingual Education programs, **\$180 million** for Bilingual Education Instructional Services, **\$760 million** for the TRIO programs and **\$XXX** for GEAR UP, **\$XX million** for the Title I Migrant State Grants

program, and \$30 million for the High School Equivalency Program and College Assistance Migrant Program.

- ✓ **Creating Smaller, Safer and More Successful High Schools.** This will help create smaller and more supportive learning environments in approximately 700 of the nation's largest high schools through innovations like schools-within-schools or career academies that allow teachers to spend more quality instructional time with students.
- ✓ **Expanding Public School Choice with More Support for Charter Schools.** This *\$45 million* increase will support the start up of 1,700 new or redesigned schools that offer enhanced public school choice and have the flexibility to offer innovative educational programs in exchange for greater accountability for student achievement. One of the biggest stumbling blocks facing charter schools is the lack of appropriate facilities, and the budget builds on the Clinton-Gore legacy of support for charters and public school choice by creating a demonstration program that will allow nonprofit organizations to leverage federal funds to help charter schools secure better facilities.
- ✓ **Promoting Safer Schools and Healthier Students.** The budget provides a \$XX increase for Safe Schools/Healthy Students, to \$XX million. The President launched this initiative in 1999 to provide students, schools and communities the benefit of enhanced comprehensive educational, mental health, social service, and law enforcement services. Last year, \$147 million was provided to 77 local education authorities that established formal partnerships with local mental health and law enforcement agencies.
- ✓ **Creating Economic Opportunities through Job Training.** The final budget expands successful training programs and implements new ones focused on providing needed training for young people, displaced workers and individuals with disabilities.
 - **Youth Opportunity Grants and Youth Training Activities Grants.** Youth Opportunity Grants are an initiative to provide comprehensive employment and training assistance to all out-of-school young people in high poverty areas. The final budget provides *\$300 million*, enough to serve an XXX youth in high poverty areas. In addition, the final budget provides a *\$174 million* increase (to *\$1.175 billion*) to the Youth Activities Formula Grants, enough to provide job training and summer job opportunities to nearly XXX disadvantaged young people.
 - **Youthbuild.** Through the Youthbuild program, 16-to-24-year-old high-school dropouts rehabilitate and build housing for low-income and homeless people. The program provides youth with education and employment skills to while expanding affordable housing. Funded at \$60 million, the Youthbuild programs will provide opportunities for approximately 3,400 trainees, 1,400 more than this year.
 - **Job Corps.** Job Corps is the nation's largest and most comprehensive residential education and job training program targeted at impoverished young people. The final budget increases Job Corps funding *by \$41 million to \$1.4 billion, helping XX youth.*
 - **Universal Reemployment Initiative.** This initiative includes the Dislocated Worker program and new Reemployment Services grants. The Dislocated Worker Training program provides training and support services to help permanently dislocated workers return to productive, unsubsidized employment. The final budget includes *\$50 million* for Reemployment grants that provides services to Unemployment Insurance (UI) claimants to help them get jobs faster and save on UI benefits.
 - **Promoting Responsible Reintegration for Young Offenders.** The budget provides [*\$75 million*] for a new initiative in the Department of Labor to help young offenders under the age of 35 successfully reintegrate into the mainstream economy. Competitive grants will be made to partnerships between the

criminal justice system and local workforce investment systems. Partnerships will coordinate with reentry partnerships and reentry courts funded through the Department of Justice and substance abuse and mental health funding from the Department of Health and Human Services.

CHILD CARE

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. The Clinton-Gore Administration proposed, fought for, and won 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.

- ✓ **Providing More Children Access to Head Start than Ever Before.** President Clinton won \$6.3 billion in funding for Head Start—a \$1 billion increase over last year and the largest funding request ever proposed or received for the program. It will provide access to Head Start and Early Head Start for approximately 950,000 children in 2001, and is a large step toward the goal of serving one million children in 2002. Head Start prepares low-income children for a lifetime of learning and development by providing early, continuous and comprehensive child development and family support services.
- ✓ **Helping More Low-Income Families Afford Child Care.** The President fought for an \$817 million increase for the Child Care Development Block Grant, to \$2 billion. This increase will enable the program to provide child care subsidies for nearly 150,000 more children in 2001. These new resources, combined with the child care funds provided in welfare reform, will serve over 2.2 million children in 2001, an increase of nearly 1 million since 1997. The Child Care Development Block Grant is the primary federal effort to help low-income families pay for child care, helping low-income parents to work.
- ✓ **Promoting Early Learning by Improving the Quality of Child Care. (This piece is the most up in the air right now.)** At the beginning of this year, President Clinton called on Congress to include an Early Learning Fund in the budget to help improve child care quality and early childhood education for children under five years old. The final budget included the Stevens-Kennedy Early Learning Opportunities Act and provided (\$XX) to allow states to help communities 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; teach parents and caregivers how to facilitate development of cognitive skills and language comprehension; increase access to existing child care programs by expanding the days or times that children are served; enhance childhood literacy; improve quality of existing early learning programs through recruitment, retention and professional development incentives; and increase early learning opportunities for children with special needs.
- ✓ **Working to Make Parental Leave More Affordable: (This piece is also very up in the air.)** The final budget includes (\$10 million) for states and other entities to explore how to make parental and family leave more available and affordable for those who need it. A 1996 study by the Commission on Family and Medical Leave found that the most significant reason why parents did not take advantage of unpaid leave after the birth or adoption of a child was the expected loss of income. In addition, this funding will support a strong program of research and analysis of the implementation and use of the Family and Medical Leave Act.

HEALTH CARE

The President won a **\$3.9 billion** investment in health programs, **16 percent** above last year's level, to strengthen the public health infrastructure, provide critical prevention and treatment services to individuals with mental illness, and advance biomedical research with a historic investment of \$20.5 billion.

- ✓ **Creating the Family Caregivers Program and Investing in Services for the Elderly.** The budget provides a major new investment of **\$125 million** in the Older Americans Act for quality respite care and other essential services for family caregivers. This program is a critical piece of the President's historic long-term care initiative.
- ✓ **Promoting Community Based Care for Americans with Disabilities.** The budget invests \$X million to help states develop comprehensive plans to care for persons with disabilities in the most appropriate setting. These funds would be used to: conduct intensive outreach efforts to educate people with disabilities about the home and community based options currently available to them; streamline application and eligibility processes for home- and community-based care services; and modify state policy that results in the unnecessary institutionalization of people with disabilities.
- ✓ **Fully Funding the Ricky Ray Hemophilia Relief Trust Fund Act.** The budget funds balance of \$750 million authorized for the Ricky Ray Hemophilia Relief Trust Fund, which provides one-time payments of \$100,000 to hemophiliacs who were infected with HIV by blood solids during the 1980s.
- ✓ **Increasing Access to Health Care for the Uninsured.** The budget invests \$140 million to develop integrated systems of care for the uninsured through coordination, increase the number of services delivered and establishing accountability in the system to assure adequate patient care.
- ✓ **Making Our Food Safe.** The President won his entire request of \$422 million for food safety, a \$68 million increase over last year. These resources will support enhanced and expanded food safety inspections, outbreak responses, and research, risk assessment and education activities. It will also fund bioscience research and risk assessment modeling and data collection to include the pre-harvest phase for foods and begin implementation of the Egg Safety Action Plan adopted by the President's Council on Food Safety.
- ✓ **Supporting Graduate Medical Education at Children's Hospitals.** The final budget funds the President's request of \$125 million to reimburse freestanding children's hospitals that train and education physicians to care for children.
- ✓ **Caring for the Nation's Elderly.** The budget includes a **\$18 million** increase for the new Nursing Home Initiative for more rigorous inspections of nursing facilities and improved federal oversight and enforcement of nursing home quality.
- ✓ **Improving States' Capacity to Deliver Health Care Services to the Mentally Ill.** The budget provides an additional \$64 million above the FY 2000 funding level for the Mental Health Block Grant, an 18 percent increase over FY 2000.
- ✓ **Preparing for and Preventing Bioterrorist Attacks.** The budget fully funds President Clinton's request and provides \$301 million to stockpile vaccines, antibiotics, and other medical supplies to deploy in the event of a chemical or biological terrorist attack.
- ✓ **Reducing Racial Disparities in Health Status.** The budget provides an additional \$10 million, a 33 percent increase over the FY 2000 funding level, for health research and prevention activities to better understand and address health disparities among minority populations.

- ✓ **Expanding AIDS Care, Prevention, and Research.** Building on the historic reauthorization of the Ryan White CARE Act, the President and Congress continue their strong partnership to address the AIDS epidemic with substantial increases in funding. The budget includes a \$95 million increase in funding for domestic HIV prevention activities; an increase of \$200 million for the Ryan White CARE Act, which helps provide primary care and support for those living with HIV/AIDS; and an estimated **\$XX million** in additional funds for AIDS-related research at the NIH. Congress and the President also worked together to add \$100 million in funding to the Minority AIDS Initiative, which utilizes existing programs to reach African-Americans, Latinos, and other racial and ethnic minorities that are disproportionately impacted by HIV/AIDS. CDC received an additional \$18 million to fight AIDS internationally.
- ✓ **Preventing Childhood Diseases.** The budget provides \$103 million, a 20 percent increase over last year, to increase childhood immunization rates and eradicate polio worldwide.
- ✓ **Controlling the Spread of Infectious Disease.** The budget provides \$236 million to the Center for Disease Control, a 33 percent increase, for infectious disease programs and disease surveillance systems.
- ✓ **Expanding Family Planning at Home.** The President won \$274 million in FY 2001 for family planning, a \$35 million increase. This initiative will allow family planning clinics to provide reproductive health services and clinical care to over 5 million underserved Americans, including testing and treatment for sexually-transmitted diseases, cancer screenings, and HIV prevention and counseling. Title X Family Planning funding helps prevent over one million unintended pregnancies per year through comprehensive reproductive health services, including programs to discourage adolescent sexual activity and contraceptive counseling.
- ✓ **Increasing Funding to Explore the Environmental Causes of Disease.** The budget provides \$XX million, a XX percent increase, to assist communities investigating unusual incidence of cancer or other diseases; identify regions of the country in which individuals are at increased risk of dangerous exposure to toxic substances; and ensure rapid evaluation of the impact of public health emergencies.
- ✓ **Providing Quality Health Care to Native Americans:** The budget provides \$2.6 billion, a 9 percent increase, for high-quality health care services on American Indian and Alaska Native reservations.
- ✓ **Expanding Substance Abuse Prevention and Treatment.** The budget continues the Administration's commitment to expanding substance abuse prevention and treatment with a [\$239 million] increase in funding to \$2.2 billion, a 37 percent increase since 1993. This includes an additional [\$102 million] for Targeted Capacity Expansion grants to help communities address gaps in substance abuse services for emerging areas of need. Combined with an additional [\$135 million] for the Substance Abuse Block Grant, the budget will provide treatment for another [000 - TBD] individuals.

ENVIRONMENT

President Clinton and Vice President Gore made significant strides for the environment in the fiscal year 2001 budget that proposed a record \$42.5 billion to protect our natural resources, communities and families – an 11 percent increase over last year. The final budget includes increased funding for protection of America's parks, forests, green spaces, coastal areas and wildlife. The budget will provide Americans with increased resources for wild fire management, clean water and energy security. At the same time, the President and Vice President fought back numerous, anti-environmental riders that would have traded hard-won environmental safeguards for short-term special interest gains.

- ✓ **Preserving America's Lands.** The President and Vice President, with bipartisan congressional support, won unprecedented dedicated funding for the conservation of America's land and coastal resources. Totalling \$12 billion over six years, this historic conservation funding level will more than triple the current funding for these programs by 2006 and represents a major step toward the goal of permanent conservation funding. The bill also creates a new "conservation spending" category – protected from being spent on any other programs – for federal, state and local needs, and for maintaining existing parks and other conservation and recreation needs.
- ✓ **Protecting the Environment.** The budget provides \$3.9 billion for the EPA, a 9 percent increase, to strengthen the backbone of the nation's environmental protection efforts. In recent years, Congress's failure to fully fund the President's budget proposals has jeopardized the EPA's ability to protect public health and the environment. These resources will enable EPA to continue to provide American communities with cleaner air, cleaner water, and improved quality of life.
- ✓ **Promoting Clean Water.** The budget includes an 8 percent increase—over \$164 million—for President Clinton's Clean Water Action Plan. Forty percent of our nation's waters don't meet water quality standards. The EPA, Forest Service, and Departments of the Interior and Commerce will implement the plan together, including monitoring activities, watershed improvements, and private forest stewardship, and reclaiming abandoned mine land. The budget includes a \$38 million increase for controlling non-point source pollution, the greatest remaining source of poor water quality, and a \$56 million increase to help states and tribes strengthen water quality control programs.
- ✓ **Fighting Global Warming.** The budget includes \$123 million, a 19 percent increase, for the EPA's Climate Change Technology Initiative to help businesses and consumers conserve energy and save money and to reduce local air pollution and the emissions that contribute to global warming.
- ✓ **Restoring the Florida Everglades, a National Treasure.** This year's budget includes \$118 million for Army Corps of Engineers projects to restore wetlands and natural waterflows in this internationally important ecosystem. This project is an important step to implement the President's \$7.8 billion Comprehensive Everglades Restoration Plan, which has unprecedented support from Congress, agricultural, community, business and environmental groups. The restoration of America's Everglades will help ensure a safe supply of water for Florida's cities and farming communities into the future.
- ✓ **Protecting the Global Environment:** The budget includes \$100 million, a 61 percent increase, for USAID's tropical forest and biodiversity conservation budget to protect key ecosystems around the under the President's Greening the Globe initiative. The budget also includes \$108 million, a 200 percent increase, in U.S. funding for the Global Environment Facility (GEF), the primary international fund for global environment priorities including biodiversity conservation, international waters, protection of the ozone layer and climate change.

WORKING FAMILIES

- ✓ **Helping Hard-Pressed Working Families Meet Their Nutritional Needs.** Congress approved an important reform proposed by the Administration to allow 245,000 people to own a reliable car and still be eligible for food stamp assistance. Many of these families need a car to get to jobs, job training, and child care. Another change also helps over 1.5 million people put food on the table by ensuring that the food stamp program more accurately recognizes high housing costs faced by many low-income working families.

- ✓ **Helping Former Welfare Recipients and other Low-Income Workers Get to their Jobs.** Congress provided guaranteed funding of \$100 million for the Job Access and Reverse Commute program, a critical component of the Administration's effort to move families from welfare to work and support working families. This is an increase of \$25 million over the FY 2000 level, but less than the \$150 million requested by the Administration. Regrettably, Congress earmarked 75 percent of the funds and failed to allow Native American tribes to apply directly for Job Access grants.
- ✓ **Expanding Nutrition and Health Care for Women and Young Children.** The final budget provides \$4.05 billion for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), an increase of \$20 million over FY 2000. The budget will provide vouchers for nutritional food packages, nutrition education and counseling, and health care and immunization referrals to more than 7 million women, infants, and children each month.
- ✓ **Creates 79,000 New Housing Vouchers.** With the Administration's leadership, the bill includes \$453 million for new vouchers that subsidize the rents of low-income Americans. These vouchers will expand the supply of affordable housing for the 5.4 million very-low-income families who pay more than half their incomes for housing or live in severely inadequate units, including a growing number of families working full time. Vouchers often enable families to move closer to job opportunities. This budget builds on the 110,000 new vouchers secured through the President's leadership in the past two years.
- ✓ **Increasing Voucher Use and Tenant Housing Options.** The budget reforms voucher rules to improve use at the local level while enhancing tenant options and choice by ensuring that some vouchers can be used to expand tenant rental opportunities. For the first time, all tenants will have the option to move if their family needs change, without losing their housing assistance.
- ✓ **Expanding the Home Investment Partnership.** The budget provides \$1.8 billion for the Home Investment Partnership Program, a \$200 million increase, to build, buy, and renovate affordable housing for low-income families. The program also supports housing vouchers and homeownership counseling. These funds will create homeownership opportunities and affordable housing for an estimated 67,000 families in the next year.
- ✓ **Funding to States for Critical Local Needs.** Congress approved [XXX] billion for the Social Services Block Grant which plays a critical role in funding child welfare and child protection services, as well as services to the elderly, disabled, and child care for children of hard-pressed working families. *[Not final – draft conference report was for \$1.7 million. May not want to include unless we get \$1.775]*
- ✓ **Extending Welfare-To-Work Funding.** To help more long-term welfare recipients and low-income fathers go to work and support their families, the Administration proposed and Congress approved giving state, local, tribal, and community- and faith-based grantees an additional two years to spend existing Welfare-to-Work funds. This will give grantees an opportunity to fully implement the \$3 billion Welfare-to-Work initiative the Administration fought to include in the 1997 Balanced Budget Act, as well as the program eligibility improvements enacted last year with the Administration's support. [pending approval in L/HHS]
- ✓ **Second Chance Homes.** The budget provides \$25 million to support adult-supervised and supportive living arrangements, often called second chance homes, for unmarried teen parents and their children who cannot live at home or with other relatives. This initiative builds on the Administration's comprehensive efforts to break the cycle of dependency and reduce teen pregnancy, which have resulted in the lowest teen pregnancy and teen birth rates on record.

- ✓ **Promoting Responsible Fatherhood and Improving Child Support.** The budget includes important new initiatives, based on the President's budget proposals, to promote responsible fatherhood and increase the child support paid directly to families. When fully implemented, this will increase child support payments to low-income women and children by over [\$1 billion (per OMB, will likely change)] per year and provide grants to states and communities to help more fathers honor their responsibilities to their children. This builds on President Clinton and Vice President Gore's strong commitment to strengthen the role of fathers in their children's lives and ensure more children receive the emotional and financial support they need. Child support collections have reached a record \$16 billion, double the level in 1992. [assumes enactment or inclusion in L/HHS]
- ✓ **Restoring Fairness to Legal Immigrants.** In a major win, Congress approved the President's FY 2001 budget proposal to restore 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 initiative will restore benefits to about 165,000 legal immigrants by 2005 at a cost of \$565 million. *[this assumes victory at level requested in our budget – has not happened yet; also include restoration of Medicaid/CHIP if that happens – probably listed under health section]*

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. However, too many urban and rural areas have not participated in this growth. Moreover, the President believes that parents who work hard and play by the rules should not have to raise their children in poverty.

- ✓ **Enacting the New Markets Initiative.** President Clinton and Congress have worked together on this bipartisan initiative to stimulate new private capital investments in economically distressed communities and build a network of private investment institutions to funnel credit, equity and technical assistance to businesses in America's new markets. The New Markets Tax Credit will help draw private capital into specialized funds that invest in businesses in low-income communities. The eligible specialized funds include HUD's America's Private Investment Companies (APICs) and SBA's New Market Venture Capital (NMVC) firms, both of which allow investors to increase their total investable capital through borrowing at government-guaranteed rates. Together, these initiatives expand the range of "bankable" deals and will stimulate additional private business activity. *(tentative)*
 - **Expanding Empowerment Zones.** The budget agreement provides \$200 million [If NM auth'd]—\$130 million more than last year—to fund Round II rural and urban empowerment zones and enterprise communities. The authorization bill also provides the most generous tax incentives in the first and second round of EZs to all EZs, including new capital gains reductions. The bill also creates 9 new Round 3 Empowerment Zones.
 - **Increasing the Low Income Housing Tax Credit (LIHTC) and the Private Activity Bond Cap.** The 40% increase in the LIHTC is the first increase since enactment in 1986, creating more than 170,000 new units of affordable rental housing in the next 5 years.<<check final number>>. The increase in each state's private activity bond cap will allow them to offer reduced interest rates to homebuyers, targeted businesses, and students.
 - **Expanding Savings Programs for Low- and Moderate-Income Americans through Individual Development Accounts (if passed).** Building on the success of early programs funded privately and with demonstration funding at HHS, Congress and the Administration enacted a 5-year \$x billion [check] Individual Development Account (IDA) program. In an IDA, the savings of eligible low- and

moderate Americans will be matched 1-to-1 up to \$500 [check] towards a first-time home purchase, post-secondary education, starting a business, retirement or medical emergencies [check].

- ✓ **Developing the Mississippi Delta Region.** The budget establishes a new federal-state partnership to fight for economic growth in the Mississippi Delta region, a seven-State area which includes some of the most distressed communities in the nation, including:
 - **\$20 million for the Delta Regional Authority**, a federal-state partnership. Resources will be focused on the more than two million people living in the Delta's distressed counties. These counties have a poverty rate that is 243 percent of the national average and per-capita income of only 53 percent of the national average. The funding will support area development and technical assistance to participating State and local economic development entities;
 - **\$6 million to improve rural economic opportunity** by allowing the Department of Agriculture to fund activities such as financing loans to intermediary borrowers who re-lend funds to rural businesses and community development corporations; and
 - **\$226 million to improve the transportation infrastructure in the Delta region** through Department of Transportation transit and highway projects.
- ✓ **Makes Capital Available through Community Development Financial Institutions.** The President won \$118 million for the Community Development Financial Institutions (CDFI) Fund. The Fund has a record of supporting local specialized lenders and investors—as well as traditional financial institutions—that make loans and equity investments in under-served communities. It is a vital source of capital to build a national network of community development lenders, following through on one of the President's original commitments. The Administration is especially pleased that Congress provided the requested \$5 million for technical assistance and training to benefit Native American communities.
- ✓ **Creating Economic Opportunity in Distressed Communities.** The budget provides \$4.95 billion—a \$169 million increase—for the Community Development Block Grant to improve housing, strengthen public works, promote economic development, and acquire or clear land.
- ✓ **Offers More Emergency Food and Shelter.** The budget includes President Clinton's request to increase funding for the Federal Emergency Management Agency's grants by \$30 million, to \$140 million. These grants go to the states and are distributed locally to community based organizations to assist families and individuals who need emergency housing and food. As a result of this law, needy Americans will receive 25 million more meals and 1.1 million additional nights of shelter next year.
- ✓ **Increases Homeless Assistance.** The President and Vice President proposed a major expansion of HUD's continuum of care program to help homeless persons obtain temporary and permanent housing and supportive services. The final budget includes \$1.125 billion in funds for the homeless assistance including \$100 million for Shelter Plus Care renewals, a 10 percent increase over last year's budget.
- ✓ **Promoting Community Service.** The final budget includes more than ***\$XX million*** for national and community service, a \$26 million increase. It will allow AmeriCorps to surpass 250,000 members who have served their communities since 1994, helping to close the digital divide, improve education, build public housing, and meet critical social and environmental needs. It will also allow hundreds more National Civilian Community Corps members to continue to provide desperately needed help for communities faced with ravaging fires or devastating floods. The bill includes \$7.5 million for America's Promise—the community service initiative led by General Colin Powell that stemmed from the Presidents' Summit for America's Future—to ensure that children grow into healthy, strong, and productive adults.

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. 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.

- ✓ **Establishing Community Technology Centers.** *\$53 million* to create up to **500** Community Technology Centers in low-income urban and rural communities, up from \$10 million two years ago and \$32.5 million last year. This initiative will help close the "digital divide" by providing computers and Information Age tools to children and adults who can not afford them at home.
- ✓ **Preparing Tomorrow's Teachers to Use Technology.** The final budget includes \$125 million (**CHECK**) to train new teachers to use technology effectively in the classroom, up from \$75 million last year. 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.
- ✓ **Supporting 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 \$45.5 million—triple the current level of \$15 million. Applications might include home Internet access for low-income families, 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.
- ✓ **Creating Digital Opportunity for Americans with Disabilities.** The budget provides \$x million for R&D and support for loan programs to make information and communications technologies more accessible for people with disabilities, and to make assistive technologies more affordable.
- ✓ **Giving all of our Children Access to Educational Technology.** The budget provides a total of \$XX million for educational technology, including \$450 million for the Technology Literacy Challenge Fund. Under Clinton-Gore, spending on educational technology is up from \$23 million in FY93, an increase of over XX%. These programs help local communities meet the "four pillars" of the President's Educational Technology Initiative: Internet access, modem computers, educational content, and teacher training.

RESEARCH AND DEVELOPMENT

For the seventh straight year, President Clinton and Vice President Gore have requested, and negotiated, increases in Federal funding for fundamental research. Increased investment in science and technology leads to economic growth, the creation of high-tech, high-wage jobs, cures for diseases, and a cleaner environment for future generations of Americans. The 21st Century Research Fund consists of the Federal government's long-term investments directed toward creating new knowledge and developing new technologies. In FY 2001, these investments will total \$44.9 billion, an increase of nearly \$5 billion (12 percent) over last year.

- ✓ **Investing in Health Research.** This year, the National Institutes of Health will receive \$20.5 billion, an increase of \$2.7 billion (15 percent) over last year to broaden research on diseases such as diabetes, cancer,

and brain disorders, and disease prevention strategies and vaccines. NIH resources have doubled in the Clinton Administration from \$10.3 billion in FY 1993.

- ✓ **Sustains U.S. Leadership across the Scientific Frontiers.** The budget contains a \$529 million increase for the National Science Foundation—the largest increase ever—for a total investment of \$4.4 billion. It boosts university-based research and insure balanced support for all science and engineering disciplines. Increased investments will spur new discoveries in the fields of information technology, nanotechnology, biocomplexity, and other areas of fundamental science and engineering.
- ✓ **Information Technology.** The budget includes a \$424 million increase for information technology to \$2 billion. The information technology industry accounts for a third of our economic growth and also creates high-tech, high-wage jobs.
- ✓ **Nanotechnology.** The budget increases resources for nanotechnology research by \$150 million to \$421 million. Nanotechnology—the manipulation of matter at the atomic and molecular level—could lead to breakthroughs such as the ability to store the equivalent of the Library of Congress in a device the size of a sugar cube, materials 10 times stronger than steel and a fraction of the weight, and the ability to detect tumors when they are only a few cells in size.
- ✓ **Core Research Areas.** The budget also provides a \$189 million (or 7 percent) increase for fundamental mathematics, functional genomics, physics, chemistry, geology, psychology, and cognitive and linguistic sciences to help sustain the flow of new discoveries and promote the emergence of new disciplines, fields, and technologies. These priority areas hold great promise for breakthroughs that are revolutionary, likely reshaping science and engineering, and changing the way we think and live.
- ✓ **Investing in Energy Research.** As part of the Clinton-Gore plan to reduce our nation's reliance on oil and lower the nation's fuel bills, the budget includes a \$65 million increase for solar and renewable energy technologies at the Department of Energy. These initiatives will help our nation achieve greater energy security, reduce pollution, and create new high-tech industries and jobs. The law boosts basic research in the Department of Energy's Office of Science by \$399 million, or 14 percent.
- ✓ **Expanding the National Aeronautics and Space Administration.** The final budget includes a \$684 million increase, to \$14.3 billion, for the National Aeronautics and Space Administration. These resources will help NASA meet its human space flight needs more safely and at lower cost through a new generation of space launch vehicles and enable it to establish a sustained human presence in earth orbit and a robotic presence on Mars.

SAFE COMMUNITIES

America has the lowest crime rate in a generation. The final budget proposes a series of measures to continue to make progress toward the goal of making America the safest large country in the world.

- ✓ **Enforcing Gun Laws.** The final budget contains [TK] to fund President's Gun Enforcement Initiative—the largest national gun enforcement initiative in history. This will fund 500 new ATF firearms agents and inspectors, expanded crime gun tracing and ballistics testing; and \$90 million for over 600 new federal, state and local gun prosecutors to crack down on gun criminals. This funding will also help the ATF expand the President's successful Youth Crime Gun Interdiction Initiative (YCGII), which helps law enforcement crack down on the illegal gun traffickers that supply firearms to juveniles and criminals, from 38 to 50 cities.

- ✓ **Putting More Police on the Streets.** Last year, President Clinton and Vice President Gore met their commitment to fund 100,000 new police officers for our streets. As called for by the President, the final budget contains over \$1 billion to help communities take the next step and hire up to 50,000 more police officers by FY 2005.
- ✓ **Hiring More Community Prosecutors.** The budget includes \$75 million for the Administration's initiative to extend the success of community policing to local prosecutors by helping states and localities hire new community prosecutors to address public safety and quality of life issues.
- ✓ **Fighting against Domestic Violence.** The President and Vice President have championed reauthorization of the historic Violence Against Women Act, which the President recently signed. The President won \$504 million in FY 2001 to combat domestic violence—\$289 at the Department of Justice and \$215 at the Department of Health and Human Services. These funds will help communities to expand prevention efforts and enhance the safety of more victims of domestic violence and sexual assault.
- ✓ **Saving Lives by Preventing Drunk Driving.** Congress has also reached agreement on a critical measure to help set a nationwide impaired driving standard of .08 blood alcohol content. This common-sense nationwide limit will save an estimated 500 lives a year and prevent thousands of injuries.
- ✓ **Developing Smart Gun Technology.** To help prevent accidental gun death and injuries of children who obtain access to guns, as well as other unauthorized gun use, the Administration won \$8 million to expand the development of "smart" gun technologies. These state-of-the-art gun safety technologies can limit a gun's use to its proper adult owner or other authorized users.
- ✓ **Investing in Law Enforcement Technology.** The final budget provides \$270 million to provide law enforcement with the latest crime-fighting and crime-solving technology.
- ✓ **Strengthening Police Integrity and Fighting Hate Crimes.** The budget provides \$17 million to help strengthen police integrity including hate crimes training for Federal, state, and local law enforcement, and other innovative initiatives to build trust between police and communities and promote police accountability.
- ✓ **Increasing Community Supervision of Released Offenders.** The budget contains a total of \$30 million for Project Reentry, an innovative Administration initiative to create "reentry partnerships" and "reentry courts" to help communities reduce recidivism for offenders returning to their communities from prison. This will complement \$75 million for Responsible Reintegration for Young Offenders grants and \$10 million in substance abuse and mental health services grants targeted towards reentry initiatives.
- ✓ **Continue the Youth Anti-Drug Media Campaign.** The Administration secured \$185 million to continue the successful national media campaign to regularly reach our youth with the message that drugs are wrong, dangerous and deadly.
- ✓ **Reauthorization of the Violent Crime Reduction Trust Fund (VCRTF).** The President fought for and secured a three-year extension of the Trust Fund to protect critical law enforcement funding in future budgets.

AMERICA'S ARMED FORCES AND 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 FY 2001 budget builds 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.

- ✓ **Providing Debt Relief.** President Clinton won \$448 million for the Heavily Indebted Poor Country trust fund over three years, including a \$210 million supplemental request for FY 2000. Under the Cologne Debt Initiative, savings from debt relief will be directed to education, health care, AIDS prevention, and other critical needs. The budget also includes \$37 million for the Tropical Forest Initiative to use debt relief funds in support of conservation and authorizes the use of IMF gold sales to pay for debt reduction. Unsustainable debt keeps many countries in poverty. For the average HIPC country, the share of scarce government revenue devoted to debt service could fall by 25 percent to 50 percent if they comply with their obligation to pursue economic reforms and promote poverty reduction.
- ✓ **Fighting AIDS and Funding Vaccines.** President Clinton won over \$450 million (*this is \$315 m in Foreign Operations and TBD in HHS and DOL*) to combat HIV/AIDS and \$125 million for other infectious diseases that plague the developing world. The budget also funds the President's Millennium Vaccine Initiative, including \$50 million for the Global Alliance for Vaccines and Immunization, \$267 million (*likely to be higher*) for AIDS vaccine research, and \$xx million for malaria and TB vaccine research. The AIDS vaccine research program is part of the Administration's overall AIDS research effort, which will receive an unprecedented level of support in this budget -- \$2.xx billion.
- ✓ **Maintaining a Strong and Capable Military.** Last year, President Clinton and Vice President Gore initiated a long-term, sustained increase in defense spending to protect our high level of military readiness and procure modern and effective weapons systems. This year's budget includes:
 - **More Resources.** The FY 2001 budget will pay for the Department of Defense's most critical needs, consistent with the President's budget request. It provides \$287.5 billion in discretionary budget authority, a \$17.5 billion increase. (*is this correct after 12/11 deal?*)
 - **Military Readiness.** The FY 2001 budget fully funds key compensation initiatives, including the Administration's requests for a 3.7 percent pay increase for military personnel, training, spare parts, equipment maintenance, and base operations. It also fully funds a new pharmacy benefit for military retirees over the age of 65, ensuring that those who dedicated their lives to military service benefit from comprehensive prescription drug coverage.
 - **Modernized Weapons Systems.** The bill fully funds key modernization programs such as the F-22 fighter aircraft, the CVN-77 Nuclear Aircraft Carrier, and National Missile Defense. America's armed forces must maintain their status as the best-equipped in the world.
- ✓ **Fighting Terrorism.** The bill includes \$118 million for counterterrorism initiatives, including adding agents to Joint Terrorism Task Forces, enhancing technology and intelligence gathering along the northern border, enabling Treasury law enforcement to respond to unanticipated terrorist incidents, and improving the tracking of terrorist assets.
- ✓ **Supporting Democracy and Stability.** The budget includes \$810 million for the newly independent states such as Kosovo and Yugoslavia, providing vital resources for democracy and reform.

- ✓ **Fighting Child Labor and Expanding Education in Developing Countries.** President Clinton won a \$40 million increase (*CHECK*) to strengthen educational systems in areas of developing countries, especially where abusive child labor is prevalent. Better access to basic education can be a catalyst for poverty reduction, maternal and infant health, the prevention and treatment of HIV-AIDS and other infectious diseases, and the elimination of abusive child labor. The budget also includes \$XXX in child labor customs enforcement \$40 million for the International Program for the elimination of child labor. Since 1995, the U.S. has funded projects to prevent or remove some 120,500 children in Africa, Asia and Latin America from dangerous or abusive work in many industries (including commercial agriculture, mining, fishing, the production of soccer balls, carpets, garments, fireworks, and footwear), as well as prostitution and domestic service.
- ✓ **Environmental and Labor Monitoring.**

Other requests – Dunno the funding levels:

- ✓ **Middle East Peace.** \$1.8 billion from the Economic Support Fund (ESF) and \$3.4 billion from Foreign Military Financing (FMF) to support the next phase of negotiations between Israel and its neighbors.
- ✓ **Expanded Threat Reduction Initiative (ETRI).** \$974 million to contain the spread of weapons of mass destruction (WMD) from the former Soviet Union and to promote stability.
- ✓ **Colombia Assistance.** \$954 million in FY2000 emergency supplemental appropriations plus \$318 million in new FY2001 for drug interdiction in Colombia.

FARM SAFETY NET

Because the 1996 Farm Bill fails to sufficiently support farm family incomes when crop prices fall or natural disasters strike, President Clinton and Vice President Gore proposed 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.

- ✓ **Helping farmers and ranchers recover from natural disasters and low prices for their commodities.** The budget includes over \$4 billion in assistance to farmers, ranchers, and rural residents who suffered losses from natural disasters, such as this summer's severe drought that impacted many parts of the country. This includes over \$2 billion to compensate crop producers for quantity and quality losses and over \$1 billion for livestock feed and dairy income assistance. In addition, the budget includes the President's proposal to extend the dairy price support program, providing further income support and security for dairy farmers.
- ✓ **Closing the "economic divide" in rural America.** The budget provides increases of \$2.7 billion for loans and grants for high-priority rural development programs which will improve the quality of life for rural residents, strengthen rural communities, and diversify the rural economy. More than 1.5 million more rural residents will receive access to safe, affordable drinking water through water and wastewater loans and grants; nearly 100,000 jobs will be created or saved through \$2.5 billion in guaranteed loans to rural businesses; and, over 60,000 very-low to moderate income rural families will receive single-family housing loans and loan guarantees, allowing many to own their own homes for the first time.

OTHER HIGHLIGHTS

Other Clinton-Gore initiatives funded by the 2001 budget include:

- ✓ **Protecting Youth and Holding Tobacco Companies Accountable.** *[will need to update depending on what happens with litigation funding]* Tobacco is one of the nation's most serious public health challenges. Every year, more than 400,000 Americans die from tobacco-related diseases; nearly 90 percent of them started smoking as children. The budget includes the funding necessary for the Department of Justice to proceed with the federal litigation effort to hold tobacco companies accountable for decades of unlawful conduct. This lawsuit seeks to prevent tobacco companies from continuing to engage in and profit from deception of the American public, particularly children, about the dangers of tobacco. This funding will allow the American people to have their day in court.
- ✓ **Expanding Civil Rights Enforcement.** The President requested a 13 percent increase for civil rights enforcement, bringing the total commitment to more than \$1 billion per year. **(not final yet –what did we get)** Funding for the Civil Rights Division of Justice was expanded from \$82 million in FY 2000 to \$92 million in FY 2001 – a 12 percent increase. Funding for the Equal Employment Opportunity Commission increased from \$281 million to \$304 million in FY 2000 – an eight percent increase.**(not final)**
- ✓ **Ensuring Equal Pay.** The President won \$41 million for his Equal Pay Initiative to train to employers on wage discrimination; train women in nontraditional jobs; provide for apprenticeships; and support industry partnerships. Within this initiative, the National Science Foundation (NSF) will invest \$20 million to remove barriers to career advancement for women scientists and engineers.
- ✓ **Funding the Native American Initiative.** The President and Vice President have won a \$XXX increase—the largest increase ever—for critical funding for Native American communities. The final budget provides \$293 million for Indian school replacement and repair; \$2.6 billion for the Indian Health Service; nearly \$80 million for this nation's tribal colleges, and \$11 million for Department of Justice initiatives.
- ✓ **Meeting Our Commitment to the Nation's Veterans.** The budget provides a \$1.5 billion increase for the Department of Veterans Affairs, the largest increase ever requested by any Administration. These resources will improve benefits and services to the nation's 24 million veterans, serve more patients while ensuring high quality and timely care, improve the delivery of benefit payments for veterans, and ensure that we meet our National Shrine commitment to cemeteries for veterans.
- ✓ **Promoting the Arts in America.** This year President Clinton proposed to expand resources for the National Endowment for the Arts to provide support for the important cultural, educational and artistic programs for communities across America. Working together, the President and the Congress were able to increase funding for the NEA to \$105 million, a \$7 million boost over last year's funding level and the first significant increase in the six years since the Republicans took control of the Congress.
- ✓ **Teaching the English Language and Civics.** *[will depend on whether it's funded in Labor-H]* The President and Vice-President won [\$50] million for the English Language/Civics Initiative—nearly double last year's funding. This program helps states and communities provide recent Limited English Proficient individuals with expanded access to quality English-language instruction linked to civics education, including understanding the U.S. government and public education systems, the workplace, and other key institutions of American life.

**PRESIDENT CLINTON, VICE PRESIDENT GORE, AND CONGRESSIONAL
DEMOCRATS WIN A BUDGET THAT INVESTS IN AMERICA'S PRIORITIES**
December 13, 2000

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MAINTAINING FISCAL DISCIPLINE WHILE MAKING KEY INVESTMENTS

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Fy 2001

February 7, 2000

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I. SUMMARY

THE CLINTON-GORE ADMINISTRATION'S FY2001 BUDGET: MAINTAINING FISCAL DISCIPLINE WHILE INVESTING IN THE AMERICAN PEOPLE

When President Clinton was elected, he implemented an economic plan which consisted of restoring fiscal discipline, investing in people, and opening markets abroad. The Clinton-Gore Administration are submitting their eighth budget -- and their fourth balanced budget. Like the previous budgets, this one not only maintains fiscal discipline but continues to make important investments in the American people.

FISCAL DISCIPLINE: CONTRIBUTING TO THE LONGEST EXPANSION IN U.S. HISTORY

President Clinton entered office determined to unleash the productive potential of the American people by putting the government's fiscal house back in order. As a result of fiscal discipline, interest rates have fallen and private investment has boomed, contributing to the longest expansion in U.S. history.

- **Record budget deficits have been erased.** In 1992 the deficit was a record \$290 billion and CBO projected that it would grow to \$455 billion by 2000. Instead we have a projected \$167 billion surplus, the third one in a row. *That is \$622 billion less savings drained by the government in one year alone.*
- **The largest pay-down of debt in history: \$297 billion.** In 1998 and 1999, the debt held by the public was reduced by \$140 billion. OMB is projecting that the government will pay down an additional \$157 billion in debt held by the public this fiscal year. That will bring the total debt pay down to \$297 billion -- the largest three-year debt pay down in American history. In contrast, under Presidents Reagan and Bush, the debt held by the public quadrupled.
- **Smallest government in over three decades while increasing key investments in our people.** Government spending has declined from 22.2 percent of the economy in 1992 to 18.7 percent of the economy in 1999 -- the lowest share since 1966. At the same time, the government has made important investments, including nearly doubling investments in education and training.
- **Tax burden for typical families is the lowest since the 1970s.** At the same time, the typical American family will shoulder the lowest Federal tax burden since 1978.
- **Investment has boomed.** The benefits of fiscal discipline for our economy have been enormous. Interest rates are lower than they would have been otherwise, helping to fuel seven consecutive years of double-digit investment growth for the first time in our Nation's history. That is a 12.1 percent real annual increase in investment in business equipment and software since 1993 -- compared to 4.7 percent annual growth from 1981 to 1992.
- **Unemployment is the lowest in a generation.** The unemployment rate in January 2000 was 4.0 percent -- the lowest in 30 years -- and America has created 20.8 million jobs since January 1993, with 92 percent -- 19.2 million -- of these in the private sector. At the same time, the underlying

core rate of inflation was 1.9 percent in 1999 -- the lowest rate since 1965.

- **The longest economic expansion in history.** The economy is entering its 107th month of economic expansion -- the longest economic expansion in U.S. history.

A BALANCED AND FISCALLY RESPONSIBLE BUDGET

The Clinton-Gore Administration's FY2001 budget provides a balanced and fiscally responsible framework to eliminate the debt by 2013, strengthen the solvency of Social Security and Medicare, and invest in key priorities like health and education. Under the President's budget:

- **The debt would be paid off by 2013.** President Clinton has proposed to use the entire Social Security surplus, \$2.2 trillion over 10 years, for debt reduction. In addition, over the next 10 years he would dedicate \$350 billion of the \$746 billion non-Social Security surplus to debt reduction, with the vast majority of it being used to extend Medicare solvency. *That is nearly half of the non-Social Security surplus for debt reduction.* The President's budget is projected to pay off the debt held by the public by 2013, the first time America will have been debt free since 1835.
- **Discretionary spending would be kept at tight but realistic levels.** The President's Budget is Based on a realistic, fiscally conservative plan that maintains our domestic priorities, including national defense, education, law enforcement, public health, the environment, and veterans programs. The President's budget precludes the use of emergency spending except in the case of truly unforeseen emergencies, and it makes sure that all spending is accounted for in the appropriate year. The budget proposes to keep the growth of spending slightly below the rate of inflation.
- **Medicare solvency would be extended for over a decade to at least 2025.** The President's FY2001 budget dedicates \$432 billion over 10 years -- an amount equivalent to over half the on-budget surplus -- to strengthen and modernize Medicare to prepare it for the health, demographic, and financing challenges of the 21st Century.
- **Social Security solvency would be extended to at least 2050.** The President would ensure that the benefits of the debt reduction that are due to Social Security are used to extend the life of Social Security. He would do this by devoting the entire Social Security surplus to debt reduction and then earmarking the interest savings from this debt pay-down to Social Security. These transfers would extend the life of Social Security to 2050. If a prudent portion of the transfers were invested for higher returns, solvency would be extended to 2054.
- **Health coverage would broaden.** The President's budget also invests \$110 billion over 10 years in a number of policies that would efficiently expand coverage to at least 5 million uninsured Americans and expand access to millions more by building on current options. Together with the State Children's Health Initiative enacted in 1997, that would cover 10 million uninsured people.

TAX RELIEF FOR WORKING FAMILIES

President Clinton and Vice President Gore proposing significant new tax relief for America's working families as part of a budget framework that maintains our fiscal discipline, makes investments in key priorities, strengthens the solvency of Social Security and Medicare, and pays down the debt by 2013. The President proposes \$351 billion of gross tax cuts over 10 years -- of which \$256 billion are paid for out of the surplus and \$96 billion are paid for with corporate

loophole closers and other measures. Highlights of the tax package include:

- **Retirement Savings Accounts (RSAs).** The President proposes a tax cut to provide generous and progressive incentives to encourage families to save and invest. (Cost: \$54 billion over 10 years.)
- **Tax Incentives to Encourage Small Businesses to Offer High-Quality Pensions.** The President would propose a 50 percent tax credit for employer's contributions to high-quality pensions. (Cost: \$17 billion.)
- **College Opportunity Tax Cut.** A College Opportunity Tax Cut to provide a choice between a tax deduction or a 28 percent tax credit on up to \$10,000 in tuition in order to make college, graduate school, and courses taken for a job more affordable. (Cost: \$30 billion.)
- **School Construction.** Tax credits for \$25 billion of bonds for the construction and modernization of up to 6,000 schools. (Cost: \$8 billion.)
- **Earned Income Tax Credit.** The President's budget would increase and expand the Earned Income Tax Credit to better reward work and family, reducing poverty for families with three or more children. (Cost: \$23 billion.)
- **Marriage Penalty and Broad Tax Relief.** The President's proposal would reduce the marriage penalty by increasing the standard deduction by more than \$2,000 for married, two-earner couples. (Cost: \$45 billion.)
- **Alternative Minimum Tax Relief.** The President proposes to ensure that the Alternative Minimum Tax does not penalize large families who play by the rules. (Cost: \$33 billion.)
- **Long-term Care.** A \$3,000 long-term care tax credit to compensate people with long-term care needs or their caregivers for the cost of care. (Cost: \$27 billion.)
- **Tax Credits for Medicare 55-65 and Americans In Between Jobs.** The President's budget would provide tax credits to help make his Medicare buy-in proposal affordable and to for people in between jobs. (Cost: \$12 billion.)
- **Child Care.** The President's proposal would expand the child care tax credit to defray up to 50 percent of expenses and make it refundable in order to help working families afford child care. (Cost: \$30 billion.)
- **New Markets Tax Credit.** More than double the proposed New Markets tax credit to spur \$15 billion of private investment in New Markets. (Cost: \$5 billion.)
- **Empowerment Zones.** The President's proposes to extend and expand Empowerment Zone tax cuts and to give all Empowerment Zones the same wage and business tax incentives. (Cost: \$4.4 billion.)
- **Better America Bonds.** The President proposes to establish \$10.75 billion of Better America Bonds to allow State, local, and tribal governments to borrow interest free in order to preserve green space, create or restore urban parks, protect water quality and clean up brownfields. (Cost: \$3 billion.)
- **Energy Efficiency.** In order to improve energy efficiency and help the environment, the President proposes \$9 billion in tax credits for energy-efficient cars, homes, and appliances. (Cost: \$9 billion.)
- **Philanthropy.** Encouraging philanthropy by allowing non-itemizers to take a tax deduction for charitable giving, improving the tax treatment of foundations, and allowing larger donations of stock and assets by individuals. (Cost: \$14 billion.)

MOVING FORWARD ON AN INVESTMENT AGENDA

Education and Training:

- **Largest Head Start Expansion in History.** An increase in Head Start's funding 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.
- **Universal After-School for Students in the Most Need.** \$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.
- **Accountability Fund.** An increase in funding from \$134 million to \$250 million to turn around failing schools.
- **Class Size Reduction.** \$1.75 billion -- an increase of \$450 million -- to hire 49,000 teachers in our public schools.
- **Teaching to High Standards.** A new \$1 billion teacher quality plan to recruit, train and reward good teachers.
- **School Construction and Modernization.** \$24.8 billion in tax credit bonds to build or modernize up to 6,000 schools. And a new \$1.3 billion initiative to provide urgent repairs for 5,000 schools each and every year.
- **College Opportunity Tax Cut.** A \$29.8 billion tax cut over the next 10 years to make college, graduate school, and job training more affordable for millions of families.
- **Increasing Support for College Access.** A nearly \$1 billion increase for initiatives such as the Pell Grant, SEOG, and Work Study programs.
- **Keeping Young People On Track for Success.** An increase of more than \$200 million for programs such as GEAR UP, TRIO, and College Completion Challenge Grants that prepare students to take full advantage of post-secondary educational opportunities.
- **Bureau of Indian Affairs (BIA) School Construction and Repair.** \$300 million, more than double last year's level, to replace and repair BIA-funded schools on reservations.

Child Care:

- **Tax Cuts to Enable Child Care.** A variety of measures offering tax relief so that good child care becomes affordable for working families.
- **Helping Low-Income Families Afford Child Care.** Expansion of 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.
- **Largest Head Start Expansion in History.** An increase in Head Start's funding 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.
- **Promoting Early Learning.** \$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.

Health Care:

- **Addressing the Nation's Multi-Faceted Long-term Care Needs.** A \$28 billion, 10-year investment in long-term care, the centerpiece of which is a \$3,000 tax credit for people with

long-term care needs or their caregivers -- tripling the credit over last year's proposal.

- **Patients Bill of Rights and Medical Privacy.** Assuring the Quality of Health Care through a Patients' Bill of Rights and by Protecting Medical Privacy.
- **Preventing Medical Errors and Improving Quality of Care.** Funds to improve medical errors prevention, patient safety research, and reporting and information dissemination.
- **Supporting Biomedical Research.** Almost \$19 billion, an increase of \$1 billion over last year's funding level, for biomedical research at the National Institutes of Health.
- **Combating the Spread of HIV / AIDS and Other Diseases.** A variety of initiatives to curtail HIV/AIDS and other diseases abroad and at home.

Environment:

- **Protecting our Environment and Public Health:** Overall, President Clinton and Vice President Gore propose a record \$42.5 billion in FY2001 -- an 11 percent increase over FY2000 and a 36 percent increase over FY 1993 -- to protect our natural resources, communities and families.
- **A Permanent Lands Legacy for America.** \$1.4 billion, the largest one-year investment ever in helping communities protect wildlife and open space; saving natural and historic treasures; and providing special assistance to coastal areas. In addition, the President is proposing a new, protected budget category to preserve this higher level of funding in future years.
- **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.
- **Protecting Forests and Biodiversity Around the World.** \$150 million for a new Greening the Globe initiative to help stem the loss of forests worldwide.
- **Building Livable Communities.** \$9.3 billion, a 14 percent increase, for the Administration's Livable Communities initiative to help communities grow in ways that enhance quality and strong economies.

Working Families:

- **Helping Low-Income Families Get to Work.** 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 budget also proposes to double Access to Jobs transportation funding to \$150 million to expand grants to communities to develop innovative public transportation solutions that help people get to work.
- **Helping Millions 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. Three years after enactment of the welfare reform law, the number of Americans on welfare is at its lowest level since 1969. The President and Vice President will continue these policies and work to see that the federal government fills its job openings with former welfare recipients when appropriate.
- **Ensuring Equal Pay.** \$27 million for the Equal Pay Initiative, an increase of \$12 million over Fiscal Year 2000, to provide training and assistance to employers on how to comply with equal pay requirements, to launch a public service announcement campaign on wage issues, to train women in nontraditional jobs, and other measures.
- **Fathers Work/Families Win Grants.** \$255 million in new competitive grants to promote responsible fatherhood and support working families, critical next steps in reforming welfare and

reducing child poverty.

Community Empowerment:

- **The New Markets Initiative.** Significant new tax credits and loans guarantee incentives to stimulate \$22 billion of new private capital investments in economically distressed communities 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, to provide low-cost bank accounts to working families.
- **Empowerment Zones.** The President's proposes to extend and expand Empowerment Zone tax cuts and to give all Empowerment Zones the same wage and business tax incentives. The Administration will also fight for the full \$150 million in annual funding for the Second Round of Empowerment Zones.
- **Creation of the Delta Regional Authority.** \$153 million for the creation of a new Delta Regional Authority to bring the resources of a Federal-state partnership to the fight for economic growth in the Mississippi Delta region.
- **Expanding Housing Vouchers.** \$690 million for 120,000 new housing vouchers to subsidize the rents of low-income families.
- **Encouraging Philanthropy.** \$14 billion over 10 years for a comprehensive package of new tax proposals to encourage philanthropy.

From Digital Divide to Digital Opportunity:

- **Private Sector Involvement in Bridging the Digital Divide:** \$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.
- **Teacher Training:** \$150 million to help train all new teachers entering the workforce to use technology effectively in the classroom.
- **Community Technology Centers:** \$100 million to create up to 1,000 Community Technology Centers in low-income urban and rural communities.
- **Public-Private Partnerships for Home Access:** \$50 million for a public/private partnership to expand home access to computers and the Internet for low-income families.

Research & Development:

- **Biomedical Research.** \$1 billion increase in biomedical research at the National Institutes of Health.
- **Nanotechnology.** \$495 million for the National Nanotechnology Initiative -- an increase of 83 percent.
- **National Science Foundation.** A \$675 million increase in the NSF's budget -- double the largest dollar increase in its history.

Safe Communities:

- **21st Century Policing Initiative.** The initiative funds: 50,000 more police for our streets by FY2005; access for law enforcement to the latest crime-fighting technologies; collaboration between new prosecutors and local law enforcement; and public-private partnerships to prevent crime.
- **Stopping Crime by Stopping Drugs.** \$215 million -- doubling current funding -- to move more

offenders off of drugs and away from crime.

- **Safe Schools.** \$250 million -- a \$100 million increase -- for the Safe Schools/Healthy Students Initiative to help communities develop community-wide responses to school and youth violence.
- **Supervising Released Offenders: Project Reentry.** \$60 million for a 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.
- **Reauthorization of the Violence Against Women Act.** The President's budget also includes \$516 million to combat domestic violence.
- **Improving Law Enforcement in Indian Country.** \$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.
- **Largest National Gun Enforcement Initiative in History.** \$280 million for the largest national gun enforcement initiative in history, including funding for: 500 ATF agents and inspectors; 1,000 gun prosecutors; comprehensive crime gun tracing; a new national integrated ballistics information network; and local anti-gun violence media campaigns.
- **Funding Innovative Smart Gun Technology.** \$10 million to fund the expansion, testing and replication of "smart" gun technologies that can limit a gun's use to its adult owner or other authorized users.
- **Strengthening Brady Background Checks.** Doubling funding to \$70 million for improvements in state criminal history records and in the speed and accuracy of Brady background checks.

United States Leadership in the World:

- **Kosovo.** \$175 million to bolster democracy in Kosovo and help the democratic opposition in Serbia.
- **Southeast Europe Initiative.** \$428 million to promote the political and economic integration of the Balkans into Europe and into the global community and economy.
- **Middle East Peace.** \$1.8 billion from the Economic Support Fund (ESF) and \$3.4 billion from Foreign Military Financing (FMF) to support the next phase of negotiations between Israel and its neighbors.
- **Expanded Threat Reduction Initiative (ETRI).** \$974 million to contain the spread of weapons of mass destruction (WMD) from the former Soviet Union and to promote stability.
- **Colombia Assistance.** \$954 million in FY2000 emergency supplemental appropriations plus \$318 million in new FY2001 for drug interdiction in Colombia.
- **Debt Forgiveness.** \$600 million for a U.S. contribution to the Heavily Indebted Poor Country 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.
- **AIDS/Vaccines.** To combat AIDS and other infectious diseases, especially in the developing world, the budget proposes \$100 million for AIDS prevention, \$50 million for the Global Alliance for Vaccines and Immunizations, increased funding for vaccine research, and a new tax credit that will encourage the development of vaccines.
- **Expanding the Fight Against Abusive Child Labor.** More than double combined investments in child labor from customs enforcement to helping children move out of dangerous work situations

and into schools.

America's Armed Forces:

- **Increased Funding.** Discretionary funding of \$292.2 billion in budget authority and \$278.6 billion in outlays for 2001 to strengthen our armed forces, 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.
- **Modernizing Weapons Systems.** \$60.3 billion for the procurement program, which is \$6.1 billion more than the 2000 level, to maintain our status as the best equipped armed force in the world.
- **Developing Missile Defenses.** \$1.9 billion in 2001 for an National Missile Defense system plus \$2.8 billion for other missile defense technologies and systems.

Restoring Fairness to Legal Immigrants:

- Overall, \$2.5 billion over five years to restore critical disability, health, and nutrition benefits to additional categories of legal immigrants.

Tobacco Policy:

- 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.
- \$3,000 assessment charged to the tobacco industry for every smoker under age 18 starting in 2004 if youth smoking has not been cut in half and to remain in effect until the youth smoking reduction goal has been met.

Farm Safety Net:

- **Farm Safety Net for Family Farmers.** Overall, an \$11 billion package to strengthen the farm safety net through 2002, when the next farm bill will be enacted to repair the weaknesses of the 1996 Farm Bill.
- **Income Assistance.** An estimated \$2.5 billion for the 2000 crop and \$3.1 billion for the 2001 crop on counter-cyclical farm income support payments.

Building One America:

- **Civil Rights Enforcement.** \$698 million -- a 13 percent increase -- for civil right enforcement agencies.
- **Ensuring Equal Pay.** \$27 million for the Equal Pay Initiative, an increase of \$12 million, to fund a variety of measures aimed at reducing disparities of pay between men and women who perform similar jobs.
- **Hate Crimes.** \$20 million to train Federal, state, and local law enforcement to prevent and respond to hate crimes and to promote police integrity.
- **Native American Initiative.** \$9.4 billion -- an increase of \$1.2 billion -- to fund school construction and repair and infrastructural upkeep on Indian reservations as well as budgetary

increases for tribal colleges, the Indian Health Service, the President's Indian Country Law Enforcement Initiative, and other programs as well.

II. OVERALL FRAMEWORK FOR THE FY2001 BUDGET

- Budget Framework
- Medicare
- Social Security
- New Opportunity Agenda
- Health Insurance Coverage
- Targeted Tax Relief

BUDGET FRAMEWORK

President Clinton and Vice President Gore's propose a balanced and fiscally responsible budget that eliminates the debt, strengthens the solvency of Social Security and Medicare, and invests in key priorities like health and education. By balancing competing needs and maintaining fiscal discipline, the Clinton-Gore Administration's FY2001 budget continues the successful strategy that has fostered the longest economic expansion in the Nation's history. Over 10 years, it uses the entire \$2.2 trillion Social Security surplus for debt reduction and devotes nearly half of the \$746 billion non-Social Security surplus to debt reduction. Under the President's budget:

- ✓ The debt held by the public would be paid off by 2013, resulting in lower interest rates and a stronger economy.
- ✓ Medicare solvency would be secured for at least 10 years to 2025, Medicare would be reformed to make it more efficient and competitive, and its benefits modernized with a new prescription drug benefit.
- ✓ The Social Security surplus would be dedicated to paying down the debt, and Social Security solvency would be extended to at least 2050.
- ✓ The budget framework is based on realistic discretionary spending levels that include investment in key priorities like education, health care, environment, public safety, and national security, while keeping overall spending growth slightly below inflation.
- ✓ A set of fair and responsible targeted tax cuts would provide tax relief for middle-class Americans while helping them save for retirement.

The President's Balanced and Responsible Budget Will Help Keep the Economy Strong, Building on the Progress That He Has Made in Bringing America's Fiscal House Back in Order. According to the Office of Management and Budget, in 2000 the debt held by the public will be \$2.4 trillion lower than it was projected to be when the President came into office. This achievement has kept interest rates down and confidence and investment up, contributing to the strongest American economy and fiscal position in generations.

- The \$167 billion surplus this year will be the largest on record. In 1992 the deficit was \$290 billion and projected to grow to \$455 billion this year. As a result of the President's seven year record on fiscal discipline, and particularly the major deficit reduction in 1993 and 1997, and the strong economy to which it contributed, the budget surplus for this year is projected to be \$167 billion, the largest dollar surplus on record. *Compared with the original projections, that is \$622 billion less borrowing drained by the government in one year alone.*
- The largest pay-down of debt in history: \$297 billion. In 1998 and 1999, the debt held by the public was reduced by \$140 billion. OMB is projecting that the government will pay down an additional \$157 billion in debt held by the public this fiscal year. That will bring the total debt pay-down to \$297 billion -- the largest three-year debt pay-down in American history. In contrast,

under Presidents Reagan and Bush, the debt held by the public quadrupled.

- Investment has boomed. The benefits of fiscal discipline for our economy have been enormous. Interest rates are lower than they would have been otherwise, helping to fuel seven consecutive years of double-digit investment growth for the first time on record.
- Unemployment is the lowest in a generation. The unemployment rate in January 2000 was 4.0 percent -- the lowest in thirty years -- and America has created 20.8 million jobs since January 1993.

President Clinton's Budget Would Pay Off the National Debt by 2013. President Clinton has proposed to use the entire Social Security surplus, \$2.2 trillion over 10 years, for debt reduction. In addition, over the next 10 years he would dedicate \$350 billion of the \$746 billion non-Social Security surplus to debt reduction. *That is nearly half of the non-Social Security surplus being used for debt reduction.* The President's budget is projected to pay off the debt held by the public by 2013, the first time America will have been debt free since 1835. Debt reduction will continue to benefit the economy and American families:

- Keeps investment and growth strong. With the government no longer draining resources from capital markets, interest rates are lower and businesses have more funds for productive investment. Paying off the debt would continue to help fuel investment and productivity growth while increasing productive capacity and restraining inflation.
- Saves money for families. Because of the deficit and debt reduction we have already done, it is estimated that a typical family with a home mortgage might expect to save roughly \$2,000 per year in mortgage payments.
- Saves money for taxpayers. Currently we spend 13 cents of every Federal dollar on net interest payments. These payments, which were once projected to grow to 26 percent of all federal spending in 2013, would be completely eliminated under the President's plan.
- Prepares for the retiring baby boomers. By paying off the debt, eliminating interest payments, and dedicating the resulting benefits to extending Medicare and Social Security solvency, debt reduction will free up funds for investment and boost workers' productivity and incomes, helping the Nation prepare for the challenge of the retiring baby boomers.

The President's Budget is Based on a Realistic, Fiscally Conservative Plan That Maintains Our Domestic Priorities, Including National Defense, Education, Law Enforcement, Health, the Environment, and Veterans Programs. The President's budget precludes the use of emergency spending except in the case of truly unforeseen contingencies, and it makes sure that all spending is accounted for in the appropriate year. The budget proposes realistic, fiscally conservative levels of spending that respond to the Nation's most pressing needs.

- Smallest government as a share of the economy since 1966. The President's proposal builds on a record of fiscal discipline. President Clinton's fiscal discipline has helped bring spending down from 22.2 percent of the economy in 1992 to 18.7 percent of the economy in 1999 -- the lowest share since 1966. Non-defense discretionary spending is now smaller as a share of the economy than any time on record (comparable data go back to 1962). In contrast, Federal government spending increased from 21.6 percent of GDP in 1980 to 22.2 percent in 1992.
- Spending growth slightly below inflation. The President's budget is based on spending plans that

are tight but realistic, keeping overall discretionary spending growth slightly below inflation.

- Invests in expanding health insurance to working Americans. The President's budget also invests \$110 billion over 10 years in a number of policies would efficiently expand coverage to at least 5 million uninsured Americans and expand access to millions more by building on current options. Together with the State Children's Health Initiative enacted in 1997, that would cover 10 million uninsured people.

President Clinton Will Strengthen and Modernize Medicare, Extending Its Solvency, While Paying Down the Debt to Prepare for Our Future Obligations. The President's FY2001 budget dedicates \$432 billion over 10 years -- an amount equivalent to over half the on-budget surplus -- to strengthen and modernize Medicare to prepare it for the health, demographic, and financing challenges of the 21st Century.

- Making Medicare more efficient, competitive and fiscally sound. The President's plan will dedicate \$299 billion of the non-Social Security surplus over 10 years to shore up Medicare's Hospital Insurance trust fund and pay-down publicly held debt. Coupled with reforms to add price competition and successful private-sector management tools to Medicare, these resources will extend Medicare solvency by at least a decade, extending its life until at least 2025.
- Modernizing benefits, including adding a prescription drug benefit. Over 3 in 5 Medicare beneficiaries lack dependable prescription drug coverage. The President's plan creates a voluntary prescription drug benefit that is accessible and affordable for *all* beneficiaries, managed competitively and efficiently, and provides high-quality, needed medications. It also creates a \$35 billion reserve fund that permits the Administration to work with Congress to design protections for catastrophic drug costs. If no consensus emerges, the reserve would be used for debt reduction.

President Clinton Has a Fiscally Responsible Plan to Extend the Solvency of Social Security. The President would ensure that the benefits of the debt reduction that are due to Social Security are used to extend the life of Social Security:

- Keeping Social Security surpluses for Social Security. The President proposes to lock away all of the Social Security surplus, a step that would pay down debt and prepare the government, and the Nation, for the retirement of the baby boomers.
- Social Security solvency and debt reduction transfers. After a decade of debt reduction, the President's plan earmarks the interest savings resulting from this debt reduction to the Social Security Trust Fund. By themselves, these fiscally prudent steps will pay down the government debt, reduce interest payments in the future, and provide resources to extend the solvency of the Social Security trust fund to 2050. If a prudent portion of the transfers were invested for higher returns, solvency would be extended to 2054. In contrast, the Republican so-called lockboxes would not extend the life of Social Security by a single day.

The President Is Committed to Fair and Responsible Targeted Tax Cuts for American Families. As part of a balanced and fiscally responsible framework, the President believes that we should have targeted tax cuts for working American families.

- Providing tax relief. The President proposes \$351 billion of gross tax cuts over 10 years – of which \$256 billion are paid for out of the surplus and \$96 billion are paid for with corporate loophole closers, elimination of tax shelters, and other measures.
- Targeted tax cuts for American families. The President's targeted tax cuts would address a variety of urgent national needs, including promoting progressive retirement savings, making higher education more affordable, increasing the reward to work and family in the Earned Income Tax Credit, helping families meet child care needs and provide long-term care for ill relatives, expanding health insurance options, helping communities build modern schools, promoting energy efficiency to mitigate global climate change, and encouraging investment in areas of our country which have not fully participated in our expansion.

MEDICARE

The Clinton-Gore Administration budget dedicates \$432 billion over 10 years – the equivalent of over half of the non-Social Security surplus – to strengthen and modernize Medicare. It includes a new, multi-billion dollar reserve fund that can be used to add protections against catastrophic drug costs to the President's prescription drug benefit. This financing commitment is part of the comprehensive reform plan that the President unveiled last June which is also included in the budget. This plan makes Medicare more fiscally sound, competitive, and efficient and it modernizes Medicare's benefits, including the provision of a long-overdue prescription drug benefit. The reforms coupled with the surplus dedication would extend the life of its trust fund by at least 10 years to at least 2025.

Making Medicare More Fiscally Sound, Competitive and Efficient. Since taking office, President Clinton has worked to pass and implement Medicare reforms that, coupled with the strong economy and the Administration's aggressive anti-fraud and abuse enforcement efforts, have saved hundreds of billions of dollars and helped to extend the life of the Medicare Trust Fund from 1999 to 2015. Yet, the doubling of Medicare enrollment with the retirement of the baby boom generation, coupled with the potential return of higher health cost growth in the future, will create unavoidable financing challenges for Medicare. Because the President is committed to not passing this burden on to the next generation, he has proposed a strong plan that not only provides the needed, new financing but provides the program with new private-sector tools and injects competition into the program. Specifically, the plan:

- **Allocates Nearly Three-fourths of Medicare Investment to Trust Fund Solvency.** It would be impossible to pay for a doubling in Medicare enrollment through competition, provider payment savings or beneficiary premium increases alone. To address the future financing shortfall, the budget dedicates \$299 billion of the surplus to Medicare over 10 years which not only helps to extend the financial health of the Trust Fund through 2025, but reduces publicly held debt since these funds will not be available for tax cuts or other spending.
- **Gives Traditional Medicare New Private Sector Purchasing and Quality Improvement Tools.** The President's proposal would make the traditional fee-for-service program more competitive through the use of market-oriented purchasing and quality improvement tools to improve care and constrain costs. It would provide new, broader authority for competitive pricing for current Medicare services, use of private disease management services that have demonstrated higher quality, coordinated care for beneficiaries with chronic illnesses, and other best-practice private sector tools.
- **Improves Price Competition in Medicare through the "Competitive Defined Benefit" Program.** The Competitive Defined Benefit proposal would, for the first time, inject true price and quality competition into Medicare. While keeping the same Part B premium for those remaining in

the traditional program, the policy would allow beneficiaries to pay lower premiums for choosing efficient private plans. Specifically, beneficiaries would have their Part B premium reduced by 75 cents of every dollar of savings that the private plan generates. For example, if a person chose a plan that saved \$10 they would get \$7.50 reduced from their premiums every month. Price competition would make it easier for beneficiaries to make informed choices about their plan options and would, over time, save money for both beneficiaries and the program.

- **Constrains Out-year Medicare Spending Growth and Continues to Ensure Program Integrity.** Since President Clinton took office, the life of the trust fund has been extended from 1999 to 2015 and spending growth has been reduced by two-thirds. But as health inflation increases, experts suggest that average Medicare spending growth per beneficiary will almost double for 2003-2010 compared to 1998-2002. The FY2001 budget includes the anti-fraud and waste proposals from the FY2000 budget and moderated out-year savings proposals to protect against a return to excessive growth rates.

Savings from Medicare total \$70 billion over 10 years. The budget preserves its commitment to the Balanced Budget Refinement Act, recognizing that in some cases Balanced Budget Act payment reductions were excessive. This budget's savings are about 33 percent less than the budget and reform plan savings proposed last year.

Modernizing Medicare's Benefits. Unlike virtually all private health plans, Medicare does not cover prescription drugs. Over three in five lack dependable insurance coverage for drugs. As such, those with the highest need pay the highest prices. The President's budget adds a long-overdue prescription drug benefit, and also improves preventive services and rationalizes cost sharing. Specifically, the plan:

- **Establishes a New Voluntary Medicare Prescription Drug Benefit that is Affordable to All Beneficiaries and the Program.** The drug benefit costs \$160 billion over 10 years; including savings, the net cost of the President's Medicare proposals would be \$98 billion over 10 years. The voluntary prescription drug benefit would be:
 - Accessible and voluntary. Optional for all beneficiaries. Provides financial incentives for employers to develop and retain their retiree health coverage
 - Affordable for beneficiaries and the program. Premiums of \$26 per month in the first year with lower or no premiums for low-income beneficiaries. Provides privately-negotiated discounts, gained by pooling beneficiaries' purchasing power, for all drug expenses. Has no deductible and pays for half of each beneficiary's drug costs from the first prescription filled each year up to \$5,000 in spending when fully phased in. Discounts continue after limit is reached.
 - Competitively and efficiently administered. Competitively selects private benefit manager to deliver benefit to enrollees in traditional program. No price controls, no new bureaucracy. Integrated into current eligibility and enrollment systems.

- **High-quality and provide necessary medications.** Private entities that use formularies must ensure access to medications off formulary if physician deems medically necessary. Requires use of state-of-the-art quality improvement tools.

- **Creates a Medicare Reserve Fund to Add Protections for Catastrophic Drug Costs.** To build on the President's prescription drug benefit, the budget includes a reserve fund of \$35 billion for 2006 through 2010, available to design protections for beneficiaries with extremely high drug spending. This reserve will permit the Administration to work in collaboration with Congress to design this enhanced prescription drug benefit. If no consensus emerges, the reserve would be used for debt reduction.

- **Improves Preventive Benefits in Medicare.** This proposal would:

- Eliminate the existing deductible and copayments for preventive services, including colorectal cancer screening, bone mass measurements, pelvic exams, prostate cancer screening, diabetes self management benefits, and mammographies.

- Develop and design a 3-year demonstration project on smoking cessation services.

- **Rationalizes Cost Sharing.** As proposed last year, the plan would rationalize the current cost sharing requirements for Medicare by:

- Re-instating 20 percent coinsurance and the Part B deductible for clinical laboratory services. The modest lab copayment would help prevent overuse and reduce fraud.

- Indexing the Part B deductible for inflation. Over time, inflation decreases the amount of the deductible in real terms. The deductible has been \$100 since 1991 and has only been increased three times since Medicare was created. The deductible would keep pace with inflation under this proposal.

- **Reforms Medigap.** The plan would reform private insurance policies that supplement Medicare (Medigap) by: (1) working with the National Association of Insurance Commissioners to add a new option with low copayments and to revise existing plans to conform with the President's proposals; (2) directing the Secretary of HHS to determine the feasibility and advisability of reforms to improve supplemental cost sharing in Medicare; (3) providing easier access to Medigap if a beneficiary is in an HMO that withdraws from Medicare; and (4) including people with disabilities and end stage renal disease (ESRD) in the initial 6 month open enrollment.

SOCIAL SECURITY

The Clinton-Gore Administration FY2001 budget proposes a plan to extend the solvency of Social Security. For almost 65 years, Social Security has been an unshakable covenant among generations. It provides a bond between workers and retirees, between the disabled and the able bodied. The President's proposal would build on this historic period of prosperity and budget surpluses to strengthen Social Security. The President's plan reserves the entire Social Security surplus for Social Security and debt reduction, and earmarks the benefits of paying down the debt held by the public to extend the solvency of Social Security. According to projections by the independent Office of the Actuary at the Social Security Administration, the President's proposed transfers would extend the solvency of Social Security to 2050. If a prudent portion of the transfers were invested for higher returns, solvency would be extended to 2054. The President's plan to strengthen Social Security is a central part of his fiscally disciplined framework to pay off the debt held by the public by 2013.

Social Security is the Cornerstone of our Retirement System. Social Security is the principal source of retirement income for two-thirds of the elderly. In 1959, the poverty rate for senior citizens was 35.2 percent. In 1998, it was 10.5 percent -- the lowest on record. Last year, Social Security benefits lifted roughly 15 million senior citizens out of poverty, but it must be noted that poverty remains too high for widows and other groups. And Social Security is more than just a retirement program. One in five beneficiaries is under the age of 62, receiving either disability benefits or survivors benefits.

Social Security is Projected to Become Insolvent By the End of 2034 As a Result of Demographic Pressures. Currently, Social Security takes in more payroll taxes than it pays out in benefits, and is building up its trust fund to pay future beneficiaries. But, as the baby boomers retire and life expectancies continue to rise, the number of people age 65 and over is projected to double -- from 35 million in 1998 to 72 million in 2035. In 1960, there were 5.1 covered workers for every Social Security beneficiary. In 1999 there were only 3.4 workers for every beneficiary. And by 2035, there are projected to be only 2.0 workers for every beneficiary.

The President's Plan Devotes Social Security Surpluses to Debt Reduction. The President's proposal devotes the entire Social Security surplus to paying down the debt held by the public. This is projected to reduce the debt held by the public by \$2.2 trillion over the next 10 years and produce interest savings.

The President Uses the Interest Savings To Extend the Solvency of Social Security. Although the so-called lockboxes proposed by Republicans would have used any interest savings to pay for an exploding tax cut, the President proposes to use the interest savings for the purpose of extending the solvency of Social Security. As an additional safeguard for fiscal responsibility, the President

proposes to limit the amount of the transfers to the available on-budget surpluses that are currently projected to result from the President's fiscally disciplined framework.

The President's Plan Transfers the Interest Savings to the Social Security Trust Fund From 2011 to 2050. The Social Security actuaries project that the interest savings that would occur from the reduction in publicly held debt due to transfers alone would total \$99 billion in 2011 and grow to \$205 billion in 2016. Under the intermediate projections of the Social Security Trustees, these potential interest savings would be transferred in full to the Social Security trust fund. Transfers would stay at the 2016 level through 2050. The total transfers in the first 5 years (2011-2015), as projected by the Social Security actuaries, would be \$690 billion.

The President's Plan Extends Solvency to at Least 2050. The Social Security trust fund is currently expected to be unable to pay benefits in full on a timely basis starting in 2034. According to projections by the Social Security actuaries, the President's proposed interest savings transfers would extend solvency to 2050. This is an extra 16 years added to the life of the trust fund. To put Social Security on an even firmer financial footing, the President also provides the option of allowing a limited and prudent portion of the transfers to be invested independently and without political interference in broad-based equity indexes. Under this plan, the Social Security actuaries project that the Social Security trust fund would hold about 3 percent of the total market value, on average, over the 30-year period 2011 through 2040. The combination of prudent investment in equities and the transfers is projected to extend the life of the trust fund to 2054.

Addressing Widow Poverty and Eliminating the Retirement Earnings Test. The President believes that, in the context of longer-term reforms, it is essential to improve the effectiveness of Social Security in combating widow poverty and to modernize it by eliminating the outdated retirement earnings test.

The President's Plan Provides a Foundation on Which to Build. The President remains committed to working together with Congress on a bipartisan basis to enact reforms that make Social Security solvent for at least 75 years. The President's proposal provides a sound starting point for such an agreement.

NEW OPPORTUNITY AGENDA

The Clinton-Gore Administration's FY2001 budget proposes a coherent program to build on the Nation's economic prosperity and expand its reach to every corner of America through an agenda rooted in three core values: community, opportunity and responsibility. It comprises a range of programs designed to ensure that working families have the tools and the opportunity to succeed.

REWARDING WORK AND HELPING FAMILIES

- **Expanding the Earned Income Tax Credit (EITC) to Reward Work and Family.** President Clinton proposes a \$23 billion plan to expand the Earned Income Tax Credit to reward work and family, including more relief with families with three or more children often facing the highest poverty rates. According to estimates by the Department of the Treasury, this EITC expansion would provide tax relief for 6.8 million working families.
- **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.
- **Expanding and Improving the Child Care Tax Credit for Working Families.** President Clinton will include in his FY2001 budget tax relief for families struggling to pay for child care. As part of a comprehensive child care initiative that includes subsidy assistance and new investments in child care quality, the President will propose to 1) make the Child and Dependent Care Tax Credit refundable for the first time; 2) increase the level of the credit; and 3) extend the credit to parents who stay at home to take care of their infants. The President will also propose tax incentives to encourage businesses to provide child care for employees. The child care package would benefit an estimated 8.1 million families and would cost \$30 billion over 10 years.
- **Helping 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 Progressive Savings Through Retirement Savings Accounts.** Retirement Savings Accounts (RSAs) would give 76 million low- and moderate-income Americans the opportunity to build wealth and save for their retirement through a progressive tax cut. A person who participated in this savings program for 40 years could accumulate over \$266,000 -- enough to produce \$24,000

- **Moving From Digital Divide to Digital Opportunity.** There is strong evidence of a “digital divide” – unequal access to technology by income, education level, race, and geography. To address this troubling trend, the President’s budget proposes a comprehensive package to help bridge the Digital Divide and to help create more digital opportunity for all Americans. To increase private-sector involvement in bridging the digital divide, the President 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. The President has an \$150 million Teacher Training initiative to help train all new teachers entering the workforce to use technology effectively in the classroom. The Digital Divide initiative also includes \$100 million to create up to 1,000 Community Technology Centers in low-income urban and rural communities and \$50 million for a Public-Private Partnerships for Home Access to expand access to computers and the Internet for low-income families.

HEALTH INSURANCE COVERAGE

The Clinton-Gore Administration's FY2001 budget includes a 10-year, \$110 billion initiative that would dramatically improve the affordability of and access to health insurance. Over 44 million Americans lack health insurance, and this has serious consequences. The uninsured are three times likelier than the privately insured not to receive needed medical care, and 50 to 70 percent more likely to need hospitalization for avoidable hospital conditions like pneumonia or uncontrolled diabetes. The President's proposal would expand coverage to at least 5 million uninsured Americans and expand access to millions more. Together with the State Children's Health Initiative enacted in 1997, that would cover nearly a quarter of all the uninsured people in America. It addresses the nation's multi-faceted coverage challenges by building on and complementing current private and public programs. Specifically, the initiative will: (1) provide a new, affordable health insurance option for families; (2) accelerate enrollment of uninsured children eligible for Medicaid and S-CHIP, which helps children in families with income too high to be eligible for Medicaid but too low to afford private insurance; (3) expand health insurance options for Americans facing unique barriers to coverage; and (4) strengthen programs that provide health care directly to the uninsured. In addition, the President has proposed a \$28 billion initiative to address the Nation's long-term care needs which, together with the health coverage initiative, would bring the cost to \$138 billion over 10 years.

Providing a New, Affordable Health Insurance Option for Families (\$76 billion over 10 years, about 4 million uninsured covered). Over 80 percent of parents of uninsured children with incomes below 200 percent of poverty (about \$33,000 for a family of four) are themselves uninsured. Yet, while states have aggressively expanded insurance options for children through Medicaid and the State Children's Health Insurance Program (S-CHIP), parents are often left behind. There are about 6.5 million uninsured parents with income in the Medicaid and S-CHIP eligibility range for children. These parents frequently do not have access to employer-based insurance, and when they do, cannot afford it. Recognizing that family coverage not only helps a large proportion of the nation's uninsured adults but also increases the enrollment of children, the President, Vice President, the National Governors' Association, and a wide range of groups including Families USA and the Health Insurance Association of America have called for building on S-CHIP to cover parents. The Administration's budget adopts this approach by:

- **Creating a New "FamilyCare" Program.** Under FamilyCare, states would have the option to cover parents in the same plan as their children. States would use the same systems and follow most of the same rules as they do in Medicaid and S-CHIP today, and the program would be overseen by the same state agency. State spending for FamilyCare would be matched at the same higher matching rate as S-CHIP (up to 15 percentage points higher than the Medicaid rate). To ensure adequate funding, \$50 billion over 10 years would be added to the current state S-CHIP allotments. To access this option, states would have to first cover children to 200 percent of poverty as 30 states now have done. Given states' enthusiastic response to S-CHIP and the NGA support for this option, we expect strong state response and significant expansions to parents under FamilyCare. If after 5

years, some states have not expanded coverage of parents to at least 100 percent of poverty (\$16,700 for a family of 4), a fail-safe mechanism would be triggered to require states to expand coverage to that level.

- **Assisting Families in Affording Private Employer-Based Coverage.** FamilyCare would also facilitate the option to pool state funding with employer contributions toward private insurance, which can be a cost-effective way to expand coverage. Under this option, families otherwise eligible for FamilyCare coverage could get assistance in purchasing their employers' health plan if it meets FamilyCare standards, is cost effective, and their employer pays for at least half of the premium. This minimum employer contribution, along with the S-CHIP crowd-out policies, should discourage employers from reducing or dropping coverage. This option is supported by the National Governors' Association as well.

Accelerating Enrollment of Uninsured Children Eligible for Medicaid and S-CHIP (\$5.5 billion over 10 years, an additional 400,000 uninsured children covered). Enrollment in S-CHIP doubled to 2 million children in 1999. Despite this encouraging trend, millions of children remain eligible but unenrolled in both S-CHIP and Medicaid. The Administration's budget includes ideas advocated by the Vice President that would give states needed tools to increase coverage by:

- **Allowing School Lunch Programs to Share Information with Medicaid (\$345 million over 10 years).** Since 60 percent of uninsured children are in the school lunch program, sharing eligibility information can efficiently help outreach efforts.

- **Expanding Sites Authorized to Enroll Children in S-CHIP and Medicaid (\$1.2 billion over 10 years).** This includes schools, child care resource and referral centers, homeless programs, and other sites.

- **Requiring States to Make their Medicaid and S-CHIP Enrollment Equally Simple (\$4.0 billion over 10 years).** Most states have carried over their S-CHIP simplification strategies like eliminating assets tests and using mail-in applications into the Medicaid program. This proposal would have all states do so to make enrollment easier for both programs.

Expanding Health Insurance Options for Americans Facing Unique Barriers to Coverage (\$28.5 billion over 10 years, about 600,000 uninsured people covered). Some vulnerable groups of Americans often lack access to employer-sponsored insurance and insurance programs like Medicare or Medicaid. These include older Americans, people in transitions (between jobs, turning 19 and entering the workforce, leaving welfare for work), and workers in small businesses. This plan addresses these specific and other problems by:

- **Establishing a Medicare Buy-In Option and Making It More Affordable Through a Tax Credit (\$5.2 billion for both the buy-in and credit over 10 years).** The rate of uninsured is growing fastest among people ages 55 to 65 and is expected to increase even faster in the future. Recognizing this, the President and Vice President have called on Congress to pass legislation that allows people ages 62 through 65 and displaced workers ages 55 to 65 to pay premiums to buy into

Medicare. The proposal also would require employers who drop previously-promised retiree coverage to allow early retirees with limited alternatives to have access to COBRA continuation coverage until they reach age 65 and qualify for Medicare. This year, to make this policy more affordable, the President proposes a tax credit, equal to 25 percent of the premium, for participants in the Medicare buy-in. Coupled with the tax credit for COBRA (described below), this policy will address both access to and the affordability of health insurance for this vulnerable group.

- **Making COBRA Continuation Coverage More Affordable (\$10.3 billion over 10 years).** The Consolidated Omnibus Budget Reconciliation Act (COBRA), passed in 1985, allows workers in firms with greater than 20 employees to pay a full premium (102 percent of the average cost of group health insurance) to buy into their employers' health plan for up to 18 to 36 months after leaving their job. However, fewer than 25 percent of people eligible for this coverage participate, in part due to cost. The Administration's budget includes a 25 percent tax credit for COBRA premiums to reduce the number of Americans who experience a gap in coverage due to job change.

- **Improving Access to Affordable Insurance for Workers in Small Businesses (\$313 million over 10 years).** Nearly half of uninsured workers are in firms with fewer than 25 employees. The President proposes to give small firms that have not previously offered health insurance a tax credit equal to 20 percent their contribution -- twice the credit he proposed last year -- towards health insurance obtained through purchasing coalitions. In addition, tax incentives would be given to foundations to help pay for start-up costs of these coalitions, and the Federal Employees' Health Benefits Program would make available technical assistance to purchasing coalitions.

- **Expanding State Options to Insure Children Through Age 20 (\$1.9 billion over 10 years).** Nearly one in three people ages 18 to 24 are uninsured mostly because they age out of Medicaid or S-CHIP or no longer are dependents in private plans. However, they often do not have jobs that offer affordable coverage. The budget would give states the option to cover people ages 19 and 20 through Medicaid and S-CHIP.

- **Extending Transitional Medicaid (\$4.3 billion over 10 years).** Many people leaving welfare for work take first jobs that do not offer affordable health insurance. Recognizing this, Congress passed a requirement in 1988 that extends Medicaid coverage for up to a year for those losing it due to increased earnings. This provision was extended in the welfare reform law to 2001. The budget makes this provision permanent and simplifies the state and family requirements to promote enrollment.

- **Restoring State Options to Insure Legal Immigrants (\$6.5 billion over 10 years).** States are prohibited from providing health insurance for certain legal immigrants who entered the U.S. after the enactment of welfare reform. The uninsured rate for people of Hispanic origin, some of whom are legal immigrants, was 35 percent in 1998 -- over twice the national average of 16 percent. The proposal would give states the option to insure children and pregnant women in Medicaid and S-CHIP regardless of their date of entry. It would eliminate the 5-year ban, deeming, and affidavit of support provisions. The proposal would also provide Medicaid coverage to disabled immigrants who would be made eligible for SSI by the FY2001 budget's SSI restoration proposal.

Strengthening Programs that Provide Health Care Directly to the Uninsured (At least \$1 billion over 10 years). Public hospitals, clinics, and thousands of health care providers give health care of the uninsured and receive inadequate compensation for doing so. Despite a rising need, reductions in government spending and aggressive cost cutting by private insurers has left less money in the health care system to address these needs. The President will renew his commitment to helping these providers by:

- **Increasing Funding for Increasing Access to Health Care for the Uninsured (+\$100 million for FY2001, \$1 billion over 5 years).** Last year, the President and Secretary Shalala proposed an historic new program to coordinate systems of care, increase the number of services delivered and establish an accountability system to assure adequate patient care for the uninsured and low-income. The Congress funded an initial \$25 million investment for this program. This year, the President proposes funding this initiative at \$125 million, a \$100 million increase over 2000, representing a down payment on the President's proposal to invest \$1 billion in this initiative. The Administration will also aggressively pursue an authorization to ensure that the program addresses health care safety net needs.
- **Investing in Community Health Centers (+\$50 million for FY2001).** The budget proposes a \$50 million increase to \$1.0690 billion in FY2001 to support and enhance the network of community health centers that serve millions of low-income and uninsured Americans.

TARGETED TAX RELIEF

President Clinton has worked to deliver tax relief to America's working families. In 1993, the President delivered a tax cut to 15 million working Americans through an expanded EITC. Then, in 1997, the President delivered a \$500 child tax credit, \$1,500 Hope Scholarships to make the first years of college universally available, and expanded IRAs. The result: the lowest Federal tax burden in more than two decades for a typical middle-income family. To build on this record of tax relief for working families, President Clinton is proposing significant new tax relief for America's working families as part of a budget framework that maintains fiscal discipline, makes investments in key priorities, strengthens the solvency of Social Security and Medicare, and pays down the debt by 2013. The President proposes \$351 billion of gross tax cuts over 10 years -- of which \$256 billion are paid for out of the surplus and \$96 billion are paid for with corporate loophole closers and other measures.

MAKING RETIREMENT MORE SECURE BY ENCOURAGING SAVINGS

- **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.

REWARDING WORK AND FAMILY

- **Expanding the Earned Income Tax Credit (EITC):** The President is proposing a \$23 billion plan to expand the EITC. According to estimates by the Department of the Treasury, the President's proposed EITC expansion would deliver tax relief for 6.8 million families, providing up to \$1,155 in additional tax relief. The President's proposal builds on the 1993 expansion signed into law by the President, which provided a tax cut for 15 million families.
- **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.

EXPANDING EDUCATION INCENTIVES

- **College Opportunity Tax Cut:** The President will propose a College Opportunity Tax Cut costing \$30 billion over 10 years to, for the first time, make tax deductible up to \$10,000 of tuition and fees for any post-secondary education (includes training and graduate school). Families would also have the option to take a 28 percent credit, which would be worth almost twice as much as a deduction for families in the 15 percent tax bracket. In general, the proposal would provide up to \$2,800 annually in tax relief per family.

- **Tax Credits For School Construction and Modernization:** To address this critical need, President Clinton is renewing his commitment to provide \$24.8 billion in tax credit School Modernization Bonds and Qualified Zone Academy Bonds over two years to modernize up to 6,000 schools. The cost would be \$8 billion over ten years.

MAKING HEALTH CARE MORE AFFORDABLE

- **Long-term Care Credit:** As part of a 10-year initiative that helps address the nation's multifaceted long-term care challenge, the President proposes a \$3,000 tax credit to compensate people with long-term care needs or their caregivers for the cost of care. The cost is \$27 billion over 10 years.
- **Expanding Health Coverage Through Targeted Tax Credits:** As part of his initiative to dramatically improve the affordability of and access to health insurance for at least 5 million uninsured Americans, the President will propose \$12 billion in targeted tax cuts to expand health insurance options for Americans facing unique barriers to coverage.

HELPING FAMILIES AFFORD CHILD CARE

- **Child Care Tax Credit.** President Clinton will include in his FY2001 budget tax relief for families struggling to pay for child care. As part of a comprehensive child care initiative that includes subsidy assistance and new investments in child care quality, the President will propose to 1) make the Child and Dependent Care Tax Credit refundable for the first time; 2) increase the level of the credit; and 3) extend the credit to parents who stay at home to take care of their infants. The President will also propose tax incentives to encourage businesses to provide child care for

employees. The child care package would benefit an estimated 8.1 million families and would cost \$30 billion over 10 years.

OPENING NEW MARKETS & EMPOWERING COMMUNITIES

- **A Major Expansion of the New Markets and Empowerment Zone Tax Credits:** As part of the President's New Markets initiative, which will spur at least \$22 billion in new capital investment in businesses in economically-distressed areas, the President has proposed to more than double the proposed New Markets tax credit at a cost of about \$5 billion over 10 years and expand Empowerment Zone Tax Incentives at a cost of \$4.4 billion.
- **New Markets Tax Credit.** The budget more than doubles the proposed New Markets tax credit to spur \$15 billion in new private investment. An entity making new equity investments in a selected community development projects would be eligible for a tax credit worth up to 25% of the cost of the investment. A variety of vehicles providing equity and credit to businesses in underserved areas would also be eligible.
- **Empowerment Zone Tax Incentives.** The President is proposing to expand the Empowerment Zones tax incentives to promote economic growth in underserved areas through expanding business investment incentives, ensuring that all Empowerment Zones get the wage tax credit, and the creation of a Third Round of 10 new Empowerment Zones.
- **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 \$3.1 billion over 10 years.
- **Increase the Low-Income Housing Tax Credit.** To expand and improve the supply of available low-income housing, the budget raises the allocation of low-income housing tax credits to States. The President proposes to raise the State per capita cap from \$1.25 to \$1.75 beginning in 2001 and index it for inflation thereafter at a cost of \$5.7 billion over 10 years. This proposal would provide additional incentives to build and make an additional 180,000 units of affordable housing available to working families over the next five years.

INCREASING ENERGY EFFICIENCY & IMPROVING THE ENVIRONMENT

- **Tax Credits For Energy-Efficient Cars, Homes, and Appliances.** Cars and light trucks currently account for 20 percent of U.S. greenhouse gas emissions. The budget provides for tax incentives to help curb these emissions by moving advanced technologies for the purchase of qualifying hybrid vehicles from the laboratory to the highway. Tax credits would be offered for the purchase of qualifying hybrid vehicles from 2003 through 2006; and the current tax credit for electric vehicles and fuel cell vehicles would be extended through 2006. The President is also proposing tax credits for the purchase of energy-efficient homes; for solar energy systems, for the purchase of energy-efficient heating and cooling equipment; and for wind and biomass power. The

cost of these proposals would be \$9 billion over 10 years.

ENCOURAGING CHARITABLE GIVING

- **Encouraging Philanthropy.** President Clinton will unveil a package of new tax proposals to encourage philanthropy. First, he will propose allowing non-itemizers to take a tax deduction for charitable giving. Second, he will propose new rules to make it easier for charitable foundations to make gifts in times of need. And third, he will propose to raise the limit for individual donations of appreciated assets like securities and real property. These proposals would cost \$14 billion over 10 years.

CURBING CORPORATE SHELTERS AND REDUCING UNWARRANTED TAX SUBSIDIES

The President also proposes sound tax policies, including proposals to curb corporate tax shelters and reductions in unwarranted tax subsidies, which pay for \$96 billion of the targeted tax cuts over 10 years. Tax shelters require taxes for everyone else to be higher and create perceptions of unfairness and disrespect for the system. The budget increases disincentives for entering into abusive transactions and attacks specific tax shelter transactions. The Department of the Treasury will continue to study additional remedies for corporate tax shelters and will work with Congress to address this issue.

III. THE CLINTON-GORE ECONOMIC RECORD

- The Economy Then and Now
- Paying Off the Debt
- A Smaller, But More Progressive Government

THE CLINTON-GORE ECONOMIC RECORD: WHAT A DIFFERENCE SEVEN YEARS MAKES

After seven years, the results of President Clinton and Vice President Gore's economic leadership for the American people are clear. In 1992, when Bill Clinton was elected President, the American economy was barely creating jobs and wages were stagnant. His bold, three-part economic strategy focused on establishing fiscal discipline; investing in education, health care, science and technology; and opening foreign markets so that American workers have a fair chance to compete abroad. Seven years later the results of this strategy are clear:

Deficits Replace By Surpluses: Keeping Us On Track to Be Debt Free by 2013

- **1992.** The deficit was \$290 billion -- the highest dollar level in history. When President Clinton took office, the Congressional Budget Office projected the deficit would grow to \$404 billion in 1999 and \$455 billion in 2000.
- **Today.** In 1999, we had a budget surplus of \$124 billion -- the largest dollar surplus on record (even after adjusting for inflation) and the largest as a share of our economy since 1951. This year the Administration forecasts a surplus of \$167 billion. With the President's plan, we are now on track to eliminate the nation's publicly held debt by 2013.

Government Spending: Lowest in Over Three Decades

- **1981-92.** Under Presidents Reagan and Bush, Federal government spending as a share of the economy increased from 21.6 percent in 1980 to 22.2 percent in 1992.
- **Today.** Under President Clinton, Federal government spending as a share of the economy has been cut from 22.2 percent in 1992 to 18.7 percent in 1999 -- its lowest level since 1966.

Taxes for Typical Families: Lowest in Over Two Decades

- **1981-92.** The total Federal tax rate rises for middle-income families from 23.7 percent in 1980 to 24.5 percent in 1992. (Total tax rates include both the employer and employee portion of the Social Security and Medicare payroll taxes.)
- **Today.** Under President Clinton, the total Federal tax rate for middle-income families has dropped from 24.5 percent in 1992 to 22.8 percent in 1999 -- that's the lowest tax rate since 1978. For families at one-half the median income, the effective Federal tax rate has been slashed from 19.8 percent in 1992 to 14.1 percent in 1999 -- that's the lowest tax rate since 1968.

Jobs Are Up: Nearly 21 Million Created Since January 1993

- **1981-1992.** In their three terms combined, Presidents Reagan and Bush created only 18.5 million new jobs despite the growth of the labor force from the maturation of the baby boom. Only 2.5 million jobs were created under President Bush, with nearly half of them in the public sector.
- **Today.** The economy has created 20.8 million new jobs since January 1993. This is the most jobs ever created under a single President. There have been an average of 248,000 jobs created per

month -- a faster rate than any President. And 19.2 million -- 92 percent -- of the new jobs were created in the private sector, the highest share since Harry Truman was President.

Faster Economic Growth: 3.9 Percent Per Year

- **1981-1992.** The economy grew an average 1.7 percent per year under President Bush and 2.8 percent per year during the Reagan-Bush years.
- **Today.** Since President Clinton took office, growth has averaged 3.9 percent per year.

Private-Sector Growth Is Up: 4.4 Percent Per Year

- **1981-1992.** The private sector of the economy grew 2.9 percent annually from 1981-1992.
- **Today.** The private sector of the economy has grown 4.4 percent annually since 1993.

Equipment and Software Investment Is Growing Faster Than Ever

- **1981-1992.** Real equipment and software investment rose just 3.8 percent annually during the previous Administration and only 4.7 percent annually for the entire Reagan-Bush period.
- **Today.** Real equipment and software investment is up 12.1 percent per year under President Clinton -- faster than any Administration on record. We have seen seven consecutive years of double digit growth in equipment and software investment, for the first time on record.

Homeownership Is Up: The Highest in American History

- **1981-1992.** The homeownership rate *fell* from 65.4 percent in 1981 to 64.2 percent in 1992.
- **Today.** In 1999, the homeownership rate was 66.8 percent -- the highest ever recorded.

Inflation is Down: The Lowest Core Rate In 35 Years

- **1981-1992.** The underlying core rate of inflation averaged 4.7 percent annually.
- **Today.** In 1999, the underlying core rate of inflation was 1.9 percent -- the lowest since 1965.

Welfare Rolls Dropped Dramatically: Lowest Since 1969

- **1981-1992.** The number of welfare recipients increased by almost 2.5 million (a 22 percent increase) to 13.6 million people.
- **Today.** Between January 1993 and June 1999, the number of welfare recipients dropped by 7.2 million (a 51 percent decline) to 6.9 million -- the lowest level since 1969.

Unemployment Is Down: The Lowest Rate in 30 Years

- **1981-1992.** The unemployment rate averaged 7.1 percent and rose to more than 10 percent in 1982 and 1983.
- **Today.** In January 2000, the unemployment rate was 4.0 percent -- the lowest rate in 30 years. The unemployment rate has been below 5 percent for 31 consecutive months.

Unemployment for African Americans the Lowest on Record

- **1981-1992:** African American unemployment reached 21.2 percent in January 1983-- a record high, and never dropped below 10 percent.
- **Today.** The African-American unemployment rate has fallen from 14.2 percent in 1992 to 8.0 percent in 1999 -- the lowest rate on record.

Unemployment for Hispanics Recovered From Record Highs to Achieve Record Lows

- **1981-1992.** Hispanic unemployment hit a record high of 15.7 percent in December 1982.
- **Today.** The Hispanic unemployment rate has dropped from 11.6 percent in 1992 to 6.4 percent in 1999 -- the lowest rate on record.

Real Wages Rising Again: Fastest Growth in Two Decades

- **1981-1992.** Real average hourly earnings *fell* 4.3 percent under Presidents Reagan and Bush.
- **Today.** Real wages have grown 6.6 percent under President Clinton. Real wages have grown for five consecutive years -- for the first time since the 1960s.

Poverty For African-Americans Dropped to Lowest On Record

- **1981-1992.** Between 1980 and 1992, the poverty rate for African American remained at 30 percent or more.
- **Today.** Since 1993, the African-American poverty rate has dropped from 33.1 percent to 26.1 percent in 1998 -- the lowest level recorded, and the largest five-year drop in African-American poverty since 1967-1972.

Poverty For Hispanics Dropped to Lowest Since 1979

- **1981-1992.** Between 1980 and 1992, the poverty rate for Hispanics increased from 25.7 percent to 29.6 percent.
- **Today.** Since 1993, the Hispanic poverty has dropped to 25.6 percent—the lowest since 1979.

Poverty For Single Mothers is the Lowest On Record

- **1981-1992.** Between 1980 and 1992, an additional 2.1 million families with single mothers were pushed into poverty.
- **Today.** Under President Clinton, the poverty rate for families with single mothers has fallen from 46.1 percent in 1993 to 38.7 percent in 1998 – the lowest level on record.

Family Income Up More Than \$5,000 Since 1993

- **1988-1992.** Median family income, adjusted for inflation, *fell* by \$1,864, dropping from \$44,354 in 1988 to \$42,490 in 1992.
- **Today.** Since 1993, real median family income has increased by \$5,046, rising to \$46,737 in 1998.

THE CLINTON-GORE ADMINISTRATION: PAYING OFF THE DEBT BY 2013

The Clinton-Gore Administrations' FY2001 budget proposes a plan to keep America on track to pay off the debt by 2013. An era of deficits has given way to an era of surpluses, with the unified budget surplus projected to rise to \$167 billion this year – the largest surplus ever and the third unified surplus in a row. The budget also projects the on-budget surplus, which excludes Social Security, to be \$19 billion in FY2000 – the second consecutive on-budget surplus. The President's budget builds on this historic fiscal strength with a plan to invest in key priorities like education and health, strengthen Social Security and Medicare, and pay down the debt by 2013.

LARGEST UNIFIED SURPLUS EVER

- **Instead of a \$455 billion deficit, a \$167 billion surplus this year – the largest ever.** In 1992, the deficit was \$290 billion – the largest dollar deficit in American history. In January 1993, the Congressional Budget Office projected that the deficit would grow to \$455 billion by 2000. Today, the Office of Management and Budget (OMB) is projecting a \$167 billion surplus -- the third consecutive surplus and the largest surplus ever, even after adjusting for inflation. *Compared with original projections, that is \$622 billion less in government drain on the economy and \$622 billion more available for private investment in one year alone.*
- **Largest surplus as a share of the economy since 1951.** The 2000 surplus is projected to be 1.7 percent of GDP - the largest surplus as a share of GDP since 1951.
- **Three surpluses in a row -- for the first time in over 50 years.** The \$167 billion projected surplus in FY2000 follows a surplus of \$124 billion in FY 1999 and \$69 billion in FY 1998. The last time America had three surpluses in a row was over fifty years ago in 1947-49. *The FY2000 surplus marks the eight consecutive year of fiscal improvement, for the first time in American history --surpassing the pre-Clinton best of five straight years.*
- **A projected on-budget surplus of \$19 billion in 2000-- the second consecutive on-budget surplus.** OMB projects that the on-budget surplus, which excludes Social Security, will be \$19 billion in 2000. This follows an on-budget surplus of \$0.7 billion in 1999. The last time America balanced the budget without using Social Security funds was in 1960. The President is committed to continuing to ensure that the entire Social Security surplus is protected for debt reduction.

LARGEST DEBT REDUCTION EVER

- **The President's plan would eliminate the debt by 2013 -- 2 years earlier than planned.** The President's plan to use the entire Social Security surplus for debt reduction, to devote the interest

savings from this debt reduction to extend the life of Social Security to at least 2050. The President's plan also uses nearly half of the non-Social Security surplus over the next decade for debt reduction and to extend the life of Medicare by shoring up the Hospital Insurance trust fund, would put America on the path to eliminate the debt in 2013. This is two years earlier than projected in the President's June 1999 plan.

- **Interest payments would be eliminated.** Currently we spend 13 cents of every Federal dollar on interest payments. These payments, which were once projected to grow to 26 percent of all federal spending in 2013, would be eliminated under the President's plan.
- **On track to pay down \$297 billion in debt held by the public over three years.** In 1998 and 1999, the debt held by the public was reduced by a combined \$140 billion. OMB is projecting that the United States will pay down an additional \$157 billion in debt held by the public this fiscal year. That will bring the total debt pay down to \$297 billion – the largest three-year debt pay down in American history.
- **The debt held by the public is on track to be \$2.4 trillion lower in 2000 than was projected when the President took office.** In 1993, the debt held by the public was projected by the Office of Management and Budget to balloon to \$5.9 trillion by 2000. Instead, shrinking deficits and surpluses in the last three years are projected to bring the debt down to \$3.5 trillion in 2000 -- \$2.4 trillion better than expected. In 1993, the debt held by the public was 49.5 percent of GDP and projected to rise to 64.7 percent of GDP in 2000. Instead, it has been slashed to a projected 36.3 percent of GDP.
- **As a result, interest payments on the debt in 2000 are \$128 billion lower than projected.** In 1993, the net interest payments on the debt held by the public were projected to grow to \$348 billion in 2000. Fiscal discipline has slashed this figure to a projected \$220 billion -- a \$128 billion improvement *for one year alone*.

REDUCING SPENDING WHILE CUTTING TAXES FOR MIDDLE-INCOME FAMILIES

- **Federal spending as a share of the economy is the lowest since 1966.** The spending restraint under President Clinton has brought spending down from 22.2 percent of GDP in 1992 to 18.7 percent of GDP in 1999 -- the lowest in over thirty years. At the same time, President Clinton has increased investments in education, technology and other areas that are vital to growth.
- **While balancing the budget and paying down the debt, President Clinton has provided tax relief for working families.** The tax cuts signed into law by the President in 1993 and 1997 -- for example, the expanded Earned Income Tax Credit, the \$500 child tax credit, the \$1,500 HOPE Scholarship Tax Credit, and the expanded IRAs have reduced taxes for American families. The total Federal tax rate for middle-income families has dropped from 24.5 percent in 1992 to 22.8 percent in 1999 -- that's the lowest tax rate since 1978. For families at one-half the median income, the effective Federal tax rate has been slashed from 19.8 percent in 1992 to 14.1 percent in 1999 -- that's the lowest tax rate since 1968.

WHAT FISCAL DISCIPLINE MEANS FOR AMERICA

- **Lower interest rates have already cut mortgage payments by \$2,000 for families with a \$100,000 mortgage.** Because of the policy of deficit and debt reduction, it is estimated that a family taking out a home mortgage of \$100,000 expects to save roughly \$2,000 per year in mortgage payments. *This has helped raise the homeownership rate to 66.8 percent in 1999 --the highest rate on record.*
- Lower interest rates cut car payments by \$200 annually for families taking out a typical car loan.
- Lower interest rates cut student loan payments by \$200 annually for a person with a typical student loan.
- **Lower debt will help maintain strong economic growth.** With the government no longer draining resources out of capital markets, businesses have more funds for productive investment. This has helped to fuel a 12.1 percent real annual increase in productive equipment and software investment since 1993 -- the seventh consecutive year of double digit growth, the strongest period of growth on record. This compares to 4.7 percent annual growth from 1981-92, a period that saw the debt held by the public quadruple.
- **Rising investment has contributed to a pickup in productivity growth.** Non-farm business productivity has grown at a 2.7 percent average annual rate for the last four years. This compares to 1.5 percent growth from the 1970s through the early 1990s.

WHAT THE EXPERTS SAY

Experts agree that President Clinton's 1993 economic plan helped reduce the deficit, lower interest rates, spur business investment, and strengthen the economy. The economy and the budget are now working in a virtuous circle -- lower deficits have led to lower interest rates which have led to faster business investment which led to faster growth which led to even lower deficits. Experts agree that the President's 1993 Economic Plan helped create this virtuous circle:

- **Alan Greenspan, Federal Reserve Board Chairman, 1/04/00 with President Clinton at Chairman Greenspan's re-nomination announcement:** "My colleagues and I have been very appreciative of your [President Clinton's] support of the Fed over the years, and your commitment to fiscal discipline "has been instrumental in achieving what in a few weeks-- will be the longest economic expansion in the nation's history."
- **Paul Volcker, Federal Reserve Board Chairman (1979-1987), in *Audacity*, Fall 1994:** "The deficit has come down, and I give the Clinton Administration and President Clinton himself a lot of credit for that. [He] did something about it, fast. And I think we are seeing some benefits."
- ***Business Week*, 5/19/97:** "Clinton's 1993 budget cuts, which reduced projected red ink by more than \$400 billion over five years, sparked a major drop in interest rates that helped boost investment in all the equipment and systems that brought forth the New Age economy of technological

innovation and rising productivity."

- **Goldman Sachs, March 1998:** One of the reasons Goldman Sachs cites for the "best economy ever" is that "on the policy side, trade, fiscal, and monetary policies have been excellent, working in ways that have facilitated growth without inflation. The Clinton Administration has worked to liberalize trade and has used any revenue windfalls to reduce the federal budget deficit."
- **Lehman Brothers, 1/10/94:** "Lower deficits, lower long-term rates and higher real growth was the overall promise. With the data now rolling in for December 1993, it seems clear that President Clinton delivered on all three counts..."

A SMALLER BUT MORE PROGRESSIVE GOVERNMENT

President Clinton and Vice President Gore have cut Federal spending and cut the Federal workforce, reversing twelve years when the Republicans exploded the deficit and more than quadrupled the debt. At the same time, the Clinton-Gore Administration has made investments in everything from education to science and technology to health care to tax relief for working families.

PAYING OFF THE DEBT BY 2013

- **The debt quadrupled under President's Reagan and Bush.** The debt held by the public increased from \$712 billion in 1980 to \$3.0 trillion in 1992. In early 1993, the debt was projected to rise to \$5.9 trillion in 2000. The President's fiscal discipline has slashed that to a projected \$3.5 trillion in 2000. *That is \$2.4 trillion less in debt than was projected seven years ago.*
- **On track to pay-down \$297 billion in debt held by the public over three years.** In 1998 and 1999, the debt held by the public was reduced by \$140 billion. The Office of Management and Budget (OMB) is projecting that the United States will pay-down an additional \$157 billion in debt held by the public this fiscal year. That will bring the total debt pay-down to \$297 billion --the largest three-year debt pay down in American history. *This keeps us on track to pay off the debt held by the public by 2013 --two years ahead of the President's previous projection.*

LOWEST GOVERNMENT SPENDING IN OVER THREE DECADES

- **Federal spending as a share of the economy is the lowest since 1966.** The fiscal restraint under President Clinton has brought spending down from 22.2 percent of GDP in 1992 to 18.7 percent of GDP in 1999 -- the lowest since 1966. At the same time, President Clinton has increased investments that are vital for future growth, including nearly doubling education and training. Under Presidents Reagan and Bush, Federal government spending as a share of the economy increased from 21.6 percent in 1980 to 22.2 percent in 1992.
- **Non-defense discretionary Federal spending as a share of the economy is the lowest on record.** Since President Clinton took office, non-defense discretionary spending has fallen from 3.7 percent of GDP in 1992 to 3.3 percent of GDP in 1999 -- the lowest as a share of the economy on record. Over this period, total discretionary spending fell from 8.6 percent of GDP to 6.3 percent of GDP, also the lowest on record. (Comparable data for these categories goes back to 1962.)
- **Discretionary spending down under President Clinton and up under the previous two Administrations.** Real discretionary spending has *fallen* by 1.1 percent per year under President Clinton; from 1980 to 1992, real discretionary spending *increased* 1.0 percent per year.

- **Lower general government spending -- as a share of GDP -- than any major economy in the world.** According to the OECD, the U.S. has lower total government spending --Federal, state, and local -- as a share of GDP than any major economy in the world.

SMALLEST FEDERAL WORKFORCE IN 40 YEARS

- **The smallest Federal civilian workforce in 40 years.** The Federal civilian workforce increased from when President Reagan took office to when President Bush left office. Since President Clinton took office, the Federal workforce has been cut by 377,000 "nearly a fifth" and is now lower than any time since 1960.

LOWEST TAXES FOR MIDDLE-INCOME FAMILIES IN OVER TWO DECADES

- **While balancing the budget and paying down the debt, President Clinton has provided tax relief for working families.** The tax cuts signed into law by the President in 1993 and 1997 -- for example, the expanded Earned Income Tax Credit, the \$500 child tax credit, the \$1,500 HOPE Scholarship Tax Credit, and expanded IRAs, have reduced taxes for American families. The total Federal tax rate for middle-income families has dropped from 24.5 percent in 1992 to 22.8 percent in 1999 -- that's the lowest tax rate since 1978. For families at one-half the median income, the effective Federal tax rate has been slashed from 19.8 percent in 1992 to 14.1 percent in 1999 -- that's the lowest tax rate since 1968.

IV. HIGHLIGHTS OF THE FY2001 BUDGET

- Education and Training
- Child Care
- Health Care
- Environment
- Working Families
- Community Empowerment
- From Digital Divide to Digital Opportunity
- Research & Development
- Safe Communities
- United States Leadership in the World
- America's Armed Forces
- Restoring Fairness to Legal Immigrants
- Tobacco Policy
- Farm Safety Net
- Building One America

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.

HEALTH CARE

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.

- **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.

WORKING FAMILIES

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.

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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 challenges 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.

a year of income in retirement.

- **Expanding Health Insurance Coverage to Uninsured Americans.** The President and Vice President will propose a 10-year, \$110 billion initiative that would dramatically improve the affordability of and access to health insurance for people under 200 percent of the poverty line. The proposal would expand coverage to at least 5 million uninsured Americans and expand access to millions more. Together with the State Children's Health Initiative enacted in 1997, that would cover 10 million uninsured people. The Program includes a new, affordable insurance option for families through the State Children's Health Insurance Program. In addition, in order to ensure that people do not lose their health insurance coverage between jobs, the President will propose a new 25 percent tax credit for COBRA continuation coverage.
- **Expansion of Housing Vouchers and Tax Credits 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, and increase and index the Low-Income Housing Tax Credit (LIHTC) which provides incentives to build and make available affordable housing to working families.
- **Additional Initiatives to Help Working Families.** The President's budget will contain \$255 million to promote responsible fatherhood and support working families as well as provisions that will make it easier for working families to own a car without jeopardizing their food stamps eligibility. These proposals are both critical steps in reforming welfare and emphasizing work.

PROMOTING OPPORTUNITY AND RESPONSIBILITY IN EDUCATION

- **Expanding on Early Childhood and Pre-School Programs.** High quality early learning childhood programs can significantly improve educational achievement, especially among low-income children. President Clinton and Vice President Gore are proposing a number of different initiatives to support this goal including:
- **Creation of the Early Learning Fund.** 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 childcare quality and readiness for school.
- **The Largest Head Start Expansion in History.** President Clinton and Vice President Gore have nearly doubled Head Start – expanding funding by 90 percent since 1993. The FY2001 budget boosts funding for Head Start by \$1 billion – the largest funding increase the program has ever experienced – to provide Head Start and Early Head Start slots to approximately 950,000 children, nearing the President's goal of serving one million children in 2002. This builds the foundation for the long-term goal of universal pre-school. The proposed increase for Early Head Start is \$144 million.
- **Fixing Failing Schools, Rewarding Success and Universal After School.** The President and Vice President are committed to a comprehensive approach to improve student achievement by investing in raising standards and increasing accountability. President Clinton's budget will more

than double the support for the Universal After-School program for students most in need; increase support for the Accountability Fund to \$250 million, boost funding for the Class Size Reduction program to \$1.75 billion, and include \$120 million for a Small Schools Initiative to reinvent high schools on a smaller and more human scale.

- **Expanding Opportunities to Make College More Affordable for Disadvantaged Youth by Nearly \$1 Billion.** In FY2001, President Clinton budget will propose nearly \$1 billion in increases to Pell Grants, SEOG and Work Study programs and for the creation of the College Completion Challenge Grants and Dual Degree Programs for Minority-Serving Institutions to help students have access to and stay in college.

- **Increasing Resources to Keep Youth on the Track to Success by Over \$400 Million.** President Clinton and Vice President Gore are dedicated to supporting critical investments in education and will propose over \$400 million in program increases to keep youth on the track to success in their FY2001 budget. These include: an expansion of GEAR UP, increased support of the TRIO Programs, expansion of Youth Opportunity Grants and Youth Training Formula Grants, additional funding for Youthbuild, expanding Job Corps, and a new \$20 million initiative known as Rewarding Achievement in Youth to support comprehensive training and education services to over 9,000 high achieving, low-income youth.

OPENING NEW MARKETS AND STRENGTHENING COMMUNITY EMPOWERMENT

- **Spurring \$22 Billion in New Investment in Economically Distressed Areas.** The President proposes a package of tax credits and loan guarantees to more than double the New Markets Tax Credit from last year (at a cost of \$5 billion over 10 years) to spur \$15 billion dollars in new investment in community development in economically distressed areas.

- **Expanding and Improving the Empowerment Zones Tax Incentives.** In addition, the budget proposes to expand the Empowerment Zone tax incentives to improve economic growth in the 31 existing Empowerment Zones, as well as create a third round of 10 new empowerment zones at a cost of \$4 billion over ten years. The President will also propose creation of new investment vehicles to help leverage private equity capital as well as expand existing programs to promote investments and provide greater access to capital in these distressed areas.

- **Creating First Accounts for Low-income Americans.** The President's budget will propose \$30 million to: encourage the creation of low-cost bank accounts known as First Accounts; to expand access to ATMs; and provide education low-income Americans about personal financial management.

- **Increasing Funding for Native Americans Communities.** In order to better serve Native American communities in the 21st Century, the President's budget includes an increase of \$1.2 billion over Fiscal Year 2000 for key new and existing programs assisting Native Americans and Indian reservations. This initiative brings together several agencies in order to address the needs of Native American communities comprehensively.

CONSENSUS INVESTMENTS IN EDUCATION PUT AT RISK

FINAL

The bipartisan agreement on education spending that Republican leaders abandoned in late October would provide critical investments in key education programs. If Congress backs away from the consensus budget plan, landmark investments in the quality of our nation's schools will be lost.

KEY EDUCATION PROGRAMS	FREEZE AT FY 2000 LEVEL	BIPARTISAN AGREEMENT	DIFFERENCE	IMPACT OF JEOPARDIZED RESOURCES
Class-Size Reduction in Early Grades: Third installment in the bipartisan commitment to help school districts hire and train 100,000 new teachers over 7 years to reduce class sizes in the early grades to an average of 18 students per class.	\$1.3 billion	\$1.75 billion	- \$450 million	Would prevent school districts from hiring approximately 12,000 new teachers to reduce classes in the early grades, denying about 648,000 children the benefits of smaller classes.
Urgent School Renovation: Provides support for short-term emergency repairs, such as repair of roofs, plumbing and electrical systems and meeting fire and safety codes.	\$0	\$1 billion	- \$1 billion	Would deny schools \$1 billion to help them make urgently needed building repairs and renovations.
Title I Accountability Fund: Strengthens accountability by accelerating State and local efforts to turn around the lowest performing Title I schools.	\$134 million	\$250 million	- \$116 million	Over 2,300 low-performing and failing schools would not get extra federal assistance to improve their academic performance.
Title I Grants to LEAs (excluding Accountability Fund): Helps disadvantaged students learn the basics and achieve to high standards.	\$7.807 billion	\$8.446 billion	- \$639 million	Would reduce or eliminate services to over 900,000 educationally disadvantaged students aimed at helping them reach the same high State standards expected of all children.
After-School: Offers families a safe place for their children to learn during the after-school and summertime hours.	\$453 million	\$1.026 billion	- \$547 million	Approximately 850,000 children and adults would not get extended learning opportunities in after-school centers. This figure excludes children and adults served by earmarked projects.
Eisenhower State Grants for Teacher Professional Development: Provides formula grants to States and school districts to help teachers improve their skills in core academic subjects.	\$335 million	\$585 million	- \$250 million	Nearly 15,000 school districts would not get \$250 million in additional Federal help to reduce the number of uncertified teachers and teachers who are not trained in the subjects they are teaching. Would deny participation to as many as 1.2 million teachers.

KEY EDUCATION PROGRAMS	FREEZE AT FY 2000 LEVEL	BIPARTISAN AGREEMENT	DIFFERENCE	IMPACT OF JEOPARDIZED RESOURCES
Eisenhower National Activities for Teacher Professional Development: Provide direct support, on a competitive basis, to projects that improve teacher quality.	\$38 million	\$82 million	- \$44 million	Would prevent support of important new initiatives to train early childhood educators and to help recruit talented mid-career professionals and college graduates into teaching.
Special Education: Helps States provide high-quality special education and related services to children with disabilities aged birth through 21 years.	\$6.0 billion	\$7.7 billion	- \$1.7 billion	Would deny valuable assistance to States in carrying out their responsibility to provide equal education opportunities to over 6 million children with disabilities. The Federal share of special education costs would drop from 15 percent to 12 percent.
Education Technology: Closes the digital divide by increasing access to computers and the Internet, and helps teachers effectively use technology in the classroom.	\$766 million	\$895 million	-\$130 million	Denies funding to approximately 480 new Community Technology Centers in 190 low-income rural and urban communities, and fails to provide more funds for Teacher Training in Technology.
Small, Safe, and Successful High Schools: Provides support for high schools to create smaller learning communities like schools-within-schools and career academies.	\$45 million	\$125 million	- \$80 million	Would deny as many as 425 high schools support to establish smaller learning communities of no more than 600 students.
Comprehensive School Reform Demonstrations: Helps schools implement comprehensive school reforms that are based on reliable research and effective practices.	\$220 million	\$260 million	- \$40 million	Would deny 541 additional schools the opportunity to carry out research-based reforms.
Safe and Drug Free Schools National Activities: Supports efforts to prevent youth violence and drug use.	\$111 million	\$155 million	- \$44 million	Would prevent additional support for the interagency Safe Schools/ Healthy Students program and funding to initiate Project School Emergency Response to Violence (SERV) to support schools and communities that suffer violent deaths or other traumatic crises.
Reading Excellence Act: Helps children learn to read well and independently by the end of the third grade.	\$260 million	\$286 million	- \$26 million	Would deny funding for services to help 100,000 children become successful readers.

KEY EDUCATION PROGRAMS	FREEZE AT FY 2000 LEVEL	BIPARTISAN AGREEMENT	DIFFERENCE	IMPACT OF JEOPARDIZED RESOURCES
Adult Education English Literacy/Civics Initiative: Provides English instruction, coupled with civics education, to recent immigrants and other LEP adults who lack the literacy skills necessary to effectively navigate U.S. public institutions and become full participants in the American economy	\$25.5 million	\$70 million	- \$44.5 million	Would deny critical English language and civics education services to nearly 150,000 additional immigrants and other LEP adults.
Vocational Education: Helps prepare students for their transition from school to occupation and lifelong learning in a technologically advanced society. Funds programs on the secondary and postsecondary level.	\$1.19 billion	\$1.24 billion	- \$50.3 million	Would cut significant funding for the integration of academic, vocational, and technical instruction, and the implementation of State standards and accountability systems.
Bilingual Education: Assists school districts in teaching English to limited English proficient (LEP) students and in helping these students meet the same challenging State standards required of all other students.	\$248 million	\$296 million	- \$48 million	Would deny the training and certification of over 5,600 additional bilingual education and English as a second language (ESL) teachers qualified to teach limited English proficient (LEP) students and would preclude funding for over 100 additional Instructional Services projects.
GEAR UP: Gives disadvantaged students and their families pathways to college through partnerships of middle and high schools, colleges and universities and through State-administered programs.	\$200 million	\$325 million	- \$125 million	Would deny approximately 600,000 low-income middle and high school students the tutoring, counseling, and mentoring they need to prepare for college. The Department of Education would be unable to fully fund continuation grants.
TRIO: Funds college outreach and student support services for disadvantaged individuals to help them enter and complete postsecondary education programs.	\$645 million	\$760 million	- \$115 million	Would deny TRIO the largest funding increase in its history. Projects would not be able to increase intensity of services, make technology improvements, or serve up to 75,000 additional disadvantaged students. Would also prevent the establishment of College Completion Challenge Grants, which would provide 17,500 needy college students with additional grant aid to help them stay in college.
Pell Grants: Provides scholarships to low-income undergraduate students.	\$7.6 billion Max Grant: \$3300	\$9.0 billion Max Grant: \$3800	- \$1.4 billion Max Grant: -\$500	Nearly 4 million needy college students receive Pell Grants. In general, Pell Grants for full-time students would be reduced by \$500.

KEY EDUCATION PROGRAMS	FREEZE AT FY 2000 LEVEL	BIPARTISAN AGREEMENT	DIFFERENCE	IMPACT OF JEOPARDIZED RESOURCES
SEOG: Provides grant assistance to low-income undergraduate students	\$631 million	\$691 million	- \$60 million	Over 100,000 additional needy undergraduates would not receive supplemental grant aid for college.
Work-Study: Helps undergraduate and graduate students pay for college through part-time work assistance	\$934 million	\$1.011 billion	- \$77 million	Nearly 80,000 additional students would not receive work assistance, and the President's pledge to serve one million students would not be met.
Hispanic-Serving Institutions: Supports colleges with large Latino populations.	\$42 million	\$69 million	- \$27 million	More than 70 institutions would not receive new grants to increase their capacity to serve Latino students.
Historically Black Colleges and Universities: Grants help ensure equal opportunity and quality academic programs.	\$149 million	\$185 million	- \$36 million	The average grant to HBCUs would be reduced by \$370,000.
Tribal Colleges and Universities: Supports institutions that serve Native Americans.	\$6 million	\$15 million	- \$9 million	24 fewer colleges would receive needed assistance to improve their ability to serve Native American students.
Learning Anytime, Anywhere Partnerships: Helps provide access to college for underserved populations through technology.	\$23 million	\$30 million	- \$7 million	Less funding would be available for projects to improve technology-based learning opportunities.
Child Care Access Means Parents in Schools: Provides campus-based child care for low-income parents attending college.	\$5 million	\$25 million	- \$20 million	Approximately 300 colleges would be denied grants to establish or expand child care programs.
Research, Statistics, and Assessment: Provides support for education research, the National Center for Education Statistics, and the National Assessment of Education Progress (NAEP).	\$277 million	\$304 million	- \$27 million	Would jeopardize existing studies and surveys as well as cancel plans for the Language Minority Initiative and several NCES activities, including the Birth Cohort of the Early Childhood Longitudinal Study and the Adult Literacy Study.
Head Start: Prepares low-income children for a lifetime of learning by providing early, continuous, and comprehensive child development and family support services.	\$5.3 billion	\$6.3 billion	- \$1 billion	Approximately 70,000 fewer children would participate in Head Start and be prepared for a lifetime of learning.

MEMO TO BARBARA CHOW ON FY 2001 EDUCATION PRIORITIES AND STRATEGIES

From: Bethany Little
Caroline Chang
David Lussier
Kendra Brooks

Date: September 20, 2000

Top Priorities

School Construction and Renovation

FY 2000: \$0

Request: \$1.3 B spending, \$25 B tax credit

Conference: \$0 targeted

Floor: \$1.3 B spending

We are requesting \$1.3 B in budget authority to make \$6.7 B in grants and interest-free loans for emergency repairs in 5,000 schools a year. In addition to the spending piece, we are also requesting authority to allocate nearly \$25 B in interest-free, tax credit bonds to states and LEAs to construct and renovate 6,000 schools, \$2.4 of which would be to expand the existing QZAB program.

- The Department of Education estimates that \$127 billion is necessary just for emergency needs to bring America's schools into good overall condition. According to the National Education Association, it would cost about \$300 billion for America's schools to address needs associated with rising enrollments, school repair, and technology infrastructure.
- The latest available data shows that the average public school was built 42 years ago, and we know that schools begin to deteriorate rapidly after 40 years.

Language. There are a number of options in how the \$1.3 B spending side would be administered, ranging from running a formula grant to States based on poverty and Title I, to targeting and leveraging requirements. **MORE ON OPTIONS, INCLUDING FOR CHARTER SCHOOLS**

Title I Accountability Grants

FY 2000: \$134 M

Request: \$250 M

Conference: \$0 set aside

Floor: \$250 M

The Accountability Fund is a key piece of our ESEA reauthorization proposal and is especially critical as we focus on turning around failing schools. Last year \$134 M was set aside from the Title I funds for this purpose, but as more states begin to identify failing schools, more funding is necessary to address the demand.

- Over 8,000 Title I schools -- nearly 18% -- have been identified as failing, but the most recent evaluation of Title I shows that over half received no additional assistance to help turn them around simply because States did not have the resources to help them improve.
- States and districts could use the funds to support a range of activities including providing technical assistance and professional development services, requiring low-performing schools to implement a proven reform model, implementing alternative governance structures such as charter schools, or even taking over a failing school.
- The recent RAND report shows that states with strong standards and accountability systems in place – what the Accountability Fund supports – have made the most significant gains in student achievement in the past ten years, in particular among disadvantaged students.

Language. Last year's agreement did not include the set-aside for states that we were seeking in this program. We recommend sticking to a 30 percent set aside to states and offering 20 percent as a compromise; if we need to send all funds to the districts, that could be used as a bargaining tradeoff to secure the \$250 M. Other possible concessions we could make in return for full-funding include lifting the priority requirement for schools in need of improvement (as opposed to those in corrective action) and relaxing the choice option for districts that do not have open slots to place students from failing schools. Finally, if possible, we should try to limit transportation costs associated with the choice provision to 10 percent.

Class Size Reduction

FY 2000: \$1.3 B

Request: \$1.75 B

Conference: \$0 targeted

Floor: \$1.65 B

In keeping with last year's budget fight and the continued high profile that class size reduction holds in the President's agenda, we need to stick close to our FY 2001 request of \$1.75 B. The conference contains no targeted funds for class size reduction, though hiring class size reduction teachers is an allowable use of the conference-funded block grants. At a \$1.65 B fallback level plus the proposed local match, 14,000 new teachers would be funded (compared to 16,700 at the \$1.75 B level) and support would be continued for the 29,000 already hired – and that would keep us on the path to the goal of hiring 100,000 teachers by 2005. Without the match, over 10,000 teachers could be hired at the \$1.65 B level.

- The recent RAND study showed that scores on the National Assessment of Educational Progress (NAEP) have been highest in States with the lowest student-teacher ratios.
- About one-third of the nation's elementary schools have been able to reduce average class size in the early grades from 23 to 18, and this has reached 90,000 classrooms and 1.7 million students.
- Teachers report a dramatic decrease in discipline problems and fewer students struggling with reading. In New York City – where 30% of students in grades K-3 are in smaller classes as a result of its class size reduction initiative – reported improvements include reduction in discipline referrals, improved teacher morale, increased emphasis on prevention rather than

remediation, and increased classroom participation by students.

Language: Authorizing language is necessary, as the language ensuring a dedicated funding stream only applied to FY 2000. Since last year's language was a bipartisan compromise, it would be acceptable as is, except that the proposed matching requirement would need to be added for FY 2001. **MORE ON LOCAL MATCH**

Teacher Quality

FY 2000: \$373 M

Request: \$1 B

Conference: \$473

Floor: \$900 M

Our \$1 billion teacher quality request provides for \$690 M for Teaching to High Standards State Grants (replacing the Eisenhower Professional Development Grants, funded at \$335 M in FY 2000); and \$310 M for National Activities (\$25 M Transition to Teaching: Troops to Teachers, \$40 M School Leadership Initiative, \$30 M Early Childhood Educator Professional Development, \$75 M Hometown Teachers, \$50 M Higher Standards Higher Pay, \$50 M Teacher quality incentive rewards, \$25 M Improvement of Teaching and School Leadership, and \$15 M Eisenhower Regional Math and Science Consortia.). The current conference includes \$435 M for the State Grants and \$38 M for the National Activities. We propose alternative levels of \$635 M for State Grants, which would fund high-quality professional development for 1,100,000 teachers, and of \$138 M for National Activities, which would allow for \$100 M to be split among the President's new initiatives.

- More than 2.2 million public elementary and secondary school teachers must be hired over the next decade. This need must be met with qualified, well-prepared teachers who are properly certified and will teach in their field of study.
- 66 percent of high school teachers have either an undergraduate or graduate major in an academic field, compared with 44 percent of middle school teachers and only 22 percent of elementary teachers.
- More than one-fourth of teachers enter the profession without having fully met state licensing standards.

Language. If we begin with our original request levels as our starting negotiating point, perhaps we could fall back on our alternative levels in exchange for two language modifications. We recommend a \$50 M set-aside from the State Grants to enable continuation of Goals 2000 activity such as standards and alignment of curricula. Also, to enhance local accountability, we recommend language to channel increases in funds to LEAs towards reducing the number of uncertified teachers.

21st Century Community Learning Centers

FY 2000: \$453 M

Request: \$1 B

Conference: \$600 M

Floor: \$900 M

An acceptable fallback of \$900 M would essentially double last year's level. Combined with a local match, \$900 M would support over 7,000 centers serving approximately 2.25 children (compared to 2.5 million at President's request). Important note: the President recently highlighted the \$1 B request in an arrival statement in relationship to the issue of latchkey children raised by a recent Urban Institute report.

- An estimated 8 million, and possibly up to 15 million, children are generally unsupervised after school.
- Studies by the FBI and youth groups show peak hours for juvenile crime and victimization are from 2 to 8 p.m. on schools days, ie, when youth are most often without supervision.
- Recent research has found that effective schools use extended learning time in reading and math to improve student achievement.
- One example: Highland Park reported a 40% drop in juvenile crime in neighborhoods around their after-school program, and in Brooklyn, nearly 3/4 of their program participants improved their grades by 5 points out of 100 in one or more of their classes.

Language: **Issue with Community Based Organizations (CBOs)**

Internet Filtering

Language: This is not a funding issue (except that it is an unfunded mandate), but rather a pure language battle. We anticipate that this will be one of the last issues negotiated, but it is an important one because of the onerous requirements and superceding of local control as well as because it could be said that the McCain/Istook/Santorum piece in the conference language in fact does not properly address the goal of protecting children from inappropriate materials on the Internet. The first and foremost point here is the establishment of procedures that will genuinely protect children in all communities – today and as Internet technology continues to evolve.

MORE ON OPTIONS

- 1) Strike rider
- 2) Santorum
- 3) Santorum plus required components of acceptable use policies

Other Priorities

Special Education National Activities

FY 2000: \$282 M

Request: \$316 M

Conference: \$302 M

Floor: \$310 M

Our request of \$316 M includes \$28 M in increases for IDEA, (\$45.2 M for the IDEA State Improvement program, \$53.5 M for the TA program, and \$74.4 M for research and innovation), and \$14 M more than the conference level of \$302 M. An acceptable fallback level would be

\$310 M, which would allow us to pursue full funding of the \$8 M requested increase for TA and Dissemination to help schools comply with relevant laws and to correct deficiencies found through Federal and state monitoring.

Small, Safe, and Successful High Schools

FY 2000: \$45 M

Request: \$120 M

Conference: \$45

Floor: \$90 M

The President's FY 2001 request of \$120 M would help about 600 high schools create smaller learning environments (schools within schools, career academies) of no more than 600 students. Research demonstrates that smaller learning environments improve sense of belonging, decrease negative behavior, and improve academic outcomes. The funding is coming out of the Fund for the Improvement of Education (FIE) under the existing smaller learning communities authority.

Bilingual Education

FY 2000: \$ 248 M

Request: \$ 296 M

Conference: \$

Floor: \$ 279 M

Research, Statistics and Assessment

FY 2000: \$

Request: \$

Conference: \$

Floor: \$

Our FY 2001 request includes \$325 M for Research, Statistics and Assessment, compared to \$277 M in FY 2000; the current conference contains \$287 M. If we could secure \$310 M, an additional \$7 M (\$13 M below request) would support LEP research and field initiated studies, and the remainder would go towards fully funding our request for statistics, to carry out critical activities such as the mandatory redesign of the Integrated Post-secondary Education Data System (IPEDS) and two separate longitudinal studies of early childhood cognitive development.

GEAR UP

FY 2000: \$200 M

Request: \$325 M

Conference: \$200 M

Floor: \$300 M

GEAR UP is of course a big legacy piece and is also an important part of the HEAP, so flat funding is really not desirable. At the \$300 M level, continuation grants would be covered with funds left over for a new competition. 1.2 million students would receive services at the \$300 M level, compared with 1.3 million at the President's request and just 710,000 at the \$200 M level.

- In 1998, 46% of low-income high school graduates enrolled in college the following fall, compared to 77% of high-income graduates. Similarly, 69% of white high school graduates – but only 62% of black and 47% of Hispanic graduates – enrolled in college the next fall.
- Research has shown that this gap is due largely to inadequate academic preparation for college, as well as a lack of information among low-income families about the requisite steps in preparing for college and the availability of financial aid.
- In both FY 1999 and FY 2000, only 27% of GEAR UP applicants were awarded grants.

Community Technology Centers

FY 2000: \$33 M

Request: \$100 M

Conference: \$53 M

Floor: \$100 M

Despite greater overall access to technology, the ‘Digital Divide’ has continued to increase. Our request of \$100 M is a tripling of last year’s funding level, and would provide funding for 1,000 new CTCs to extend access to adults and children alike in high poverty areas. The conference level would cut approximately 500 new centers.

- 750 applications were received for the FY 1999 Community Technology Centers Program competition, but there was only enough money to fund 40.
- The Commerce Department issued a 1998 report that showed community technology centers are particularly well used by those groups who lack access at home or work. These groups are also using the Internet at higher rates to search for jobs or take courses

Adult Education: English Literacy / Civics

FY 2000: \$26 M

Request: \$75 M

Conference: \$0 M

Floor: \$75 M

The \$75 level would provide ESL services and civics education to a quarter million limited-English-proficient adults. Last year the \$26 million was set aside through the State Grants Authority; though our 2001 request is for a set-aside in the National Activities authority, as a compromise we could again accept it again as a set-aside in the State Grants funds.

Project SERV

FY 2000: \$0

Request: \$10 M

Conference: \$0

Floor: \$10 M

Language. We do need authorizing language for this. Given current parental concerns about school safety, it shouldn’t be so difficult to secure funding for needs associated with school crises, however we didn’t get it last year. Nonetheless, the scrambling folks had to do to fill

needs after Columbine makes this a pretty big priority. We would prefer for the \$10 M to come from State Grants, though an acceptable alternative would be to support Project SERV with National Program funds.

America's Tests

FY 2000: \$0

Request: \$5 M

Conference: \$0

Floor: \$2 M

The FY 2000 budget requested \$16 M and \$0 was appropriated, though NAGB received \$2 M through the Fund for the Improvement of Education (FIE) program for America's Tests. The alternative amount of \$2 M would allow NAGB to fund two new studies, one on the best methods of reporting student assessment results to parents and teachers, and the other on testing accommodations for students with disabilities.

Recognition and Rewards

FY 2000: \$0

Request: \$50 M

Conference: \$

Floor: \$

Language. This would need authorizing language. The implementation of this is very complex. It would require giving NAEP more often and would not kick in until 2002, so it may be something we can concede.

Reading Excellence Act

FY 2000: \$260 M

Request: \$286 M

Conference: \$260?

Floor: \$286 M

Community Coaches

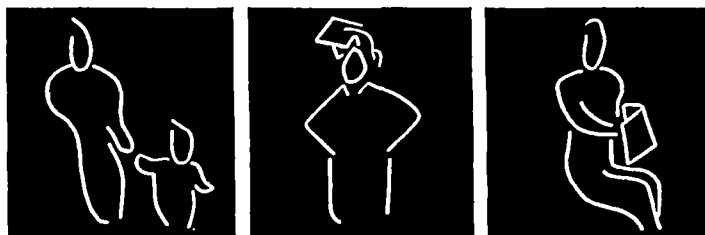
FY 2000: \$0

Request: \$5 M through CNS; budget amendment moved these funds to FIE

Conference: \$0

Floor: \$

This is a new program that would support 'community coaches,' or school-wide coordinators for community service activities, through the Do Something non-profit youth leadership organization. Do Something currently has over 100 community coaches, and the \$5 M funding level would support about 1000 new coaches.



COMMITTEE FOR EDUCATION FUNDING

EXECUTIVE COMMITTEE

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Coalition of Higher Education
Assistance Organizations

Laurie Westley, Vice President
Voyager Expanded Learning

Cyndy Littlefield, Treasurer
Association of Jesuit Colleges
and Universities

Joel Packer, Past President
National Education Association

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National Association of
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Federally Impacted Schools

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Association for Career and
Technical Education

Mark Schneiderman
Software & Information
Industry Association

Larry Zaglaniczny
National Association of Student
Financial Aid Administrators

Edward Kealy
Executive Director

Member

106th Congress
Washington, D.C.

November 7, 2000

Dear Member of the 106th Congress,

The Committee for Education Funding (CEF), a nonpartisan coalition of one hundred organizations reflecting the broad spectrum of the education community, greatly appreciates the bipartisan \$7.9 billion funding increase for education negotiated last month by leaders of the appropriations committees and the administration. This record increase for FY01 would take a significant step toward meeting the pressing educational needs of America's students.

We are greatly concerned, however, that this important victory for better educational opportunities will be lost if Congress does not complete action this month on the FY01 Labor, Health and Human Services, and Education appropriations bill. We urge you not to let this happen. Please pledge now to support and vote for the negotiated funding agreement. See the attached pledge.

Sustaining the education funding levels in the negotiated agreement would mean thousands of students would benefit from more adequate student aid, new afterschool programs, smaller class sizes and renovated buildings and additional federal assistance for special needs and to improve achievement. Take the pledge now and go the distance for education funding to secure the future for America's children, youth and adults!

Sincerely,

Ellin Nolan
President

Edward Kealy
Executive Director



COMMITTEE FOR EDUCATION FUNDING

Committee for Education Funding
122 C Street, NW
Suite 280
Washington, DC 20001
(202) 383-0083
www.cef.org

Members of the 106th Congress

Take the Pledge

Go the Distance for Education Funding!

Appropriations Leaders and the Administration reached an historic bipartisan agreement last month to increase education funding by \$7.9 billion. But, six weeks into the fiscal year, Congress has yet to complete action on education funding. Speaker of the House Dennis Hastert has publicly stated he intends to stand by the education figures in the negotiated agreement. Will you go the distance for education funding and support this historic \$7.9 billion increase for education funding?

☐

YES! I pledge to go the distance for education funding by supporting and voting for the historic \$7.9 billion increase for FY01 education funding to begin meeting the pressing educational needs of America's children, youth and adults!

Printed Name
U.S. Senator or Representative
106th Congress

Signature
U.S. Senator or Representative
106th Congress

Please return to the Committee for Education Funding
Fax: (202) 383-0097

Committee for Education Funding
**The Case for a Record \$7.9 billion
Increase in Education Funding**

1. RISING ENROLLMENT. Rapid increase in the number of students at all levels is placing enormous strains on facilities, personnel, and other resources:

- The number of elementary and secondary students will continue to set records, rising from 46 million in 1989 to over 54.4 million by the 2006-07 school year.
- The number of students enrolled in postsecondary education will rise to new records, increasing from 14 million to 16 million by the 2006-07 school year.
- Over the next 10 years, K-12 schools must recruit 2 million new teachers to cope with rising enrollments and the one-fourth of all teachers expected to retire.

2. GROWING STUDENT NEEDS. The proportion of students with special needs--including those living in poverty, with disabilities, and with limited English proficiency--continues to grow:

- At least 15 million K-12 students live in poverty--almost 30% of the total enrollment.
- More than 4 million postsecondary students come from low-income families, with the percentage expected to increase sharply over the next decade.
- Title I funding would have to triple to serve all eligible students.
- Almost 6 million K-12 students (11.5% of the total) have physical and/or cognitive disabilities, requiring special education services.
- Some 3.2 million K-12 students (6% of the total) have limited proficiency in English.

3. STUDENT FINANCIAL AID. Americans understand the importance of a college education and believe helping students pay for college is an important and desirable expenditure for the federal government.

- In 1979, Pell Grants comprised 76% of all federal funding for student aid. Today, loans account for 72% of student aid.
- The Perkins federal capital contribution has declined 78 percent since 1980.
- College enrollment is expected to grow by 11% over the next decade with one in five students coming from families below the poverty level.
- In 1997-98, more than 85 percent of the students who received federal SEOG grants came from families with annual incomes of less than \$20,000; more than 82 percent had family incomes under \$30,000.

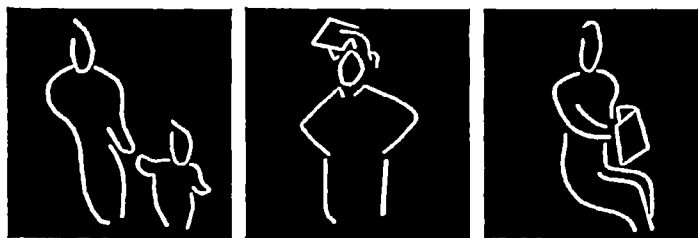
4. UNSAFE, OVERCROWDED, OUTDATED SCHOOLS. America's schools, colleges, and universities face aging and inadequate facilities. New resources for facilities are required to maintain low class size, enhance school discipline and safety, and accommodate new learning technology.

- Colleges and universities require approximately \$60 billion to modernize and replace aging facilities.
- U.S. K-12 schools require \$268 billion to repair or upgrade dangerous or sub-standard facilities and to meet increased enrollments.
- One-half of all schools have inadequate wiring for computers and communications technology.
- The average age of public schools is over 43 years.

5. INADEQUATE ACCESS TO TECHNOLOGY. Access to technology is increasingly important to academic success and career preparation. Yet, many schools and universities do not have the resources necessary to access and integrate the valuable resources of the information superhighway.

- In 1999, about 95% of all public schools had access to the Internet, but only 39% of classrooms in high poverty schools were connected.
- Postsecondary institutions require constant investment to keep pace and integrate a wide variety of technologies into teaching, research and information dissemination.
- Schools--especially in rural areas--are increasingly reliant on distance learning to offer many advanced and specialized courses.

Data compiled by the Committee for Education Funding, July 2000



COMMITTEE FOR EDUCATION FUNDING

Members of the 106th Congress

Take the Pledge — Go the Distance for Education Funding!

Appropriations Leaders and the Administration reached an historic bipartisan agreement last month to increase education funding by \$7.9 billion. But, six weeks into the fiscal year, Congress has yet to complete action on education funding. Speaker of the House Dennis Hastert has publicly stated he intends to stand by the education figures in the negotiated agreement. Will you go the distance for education funding and support this historic \$7.9 billion increase for education funding?

☐ **YES!** I pledge to go the distance for education funding by supporting and voting for the historic \$7.9 billion increase for FY01 education funding to begin meeting the pressing educational needs of America's children, youth and adults!

Printed Name
U.S. Senator or Representative
106th Congress

Signature
U.S. Senator or Representative
106th Congress

We urge you to take the pledge for America's students!

American Association of Classified School Employees
American Association of Colleges for Teacher Education
American Association of Community Colleges
American Association of Educational Service Agencies
American Association of School Administrators
American Association of State Colleges and Universities
American Council on Education
American Counseling Association
American Educational Research Association
American Federation of Labor and Congress of Industrial Organizations
American Federation of School Administrators
American Federation of State, County and Municipal Employees
American Federation of Teachers
American Library Association
American Student Association of Community Colleges
American Speech-Language-Hearing Association
America's Public Television Stations
Association for Career and Technical Education
Association of American Publishers
Association of Community College Trustees
Association of Educational Publishers
Association of Jesuit Colleges and Universities
Association of Proprietary Colleges
California Community Colleges Chancellor's Office
California State Superintendent of Public Instruction
California State University
Charlie Company
Close Up Foundation
Coalition of Higher Education Assistance Organizations
The College Board
Consortium for School Networking
Corinthian Colleges, Inc.
Council for American Private Education
Council for Exceptional Children

Council for Opportunity in Education
Council of Chief State School Officers
Council of Graduate Schools
Council of the Great City Schools
Education Legislative Service
Educational Testing Service
Georgetown University
Higher Education Consortium for Special Education
Illinois State Board of Education
International Reading Association
The John F. Kennedy Center for the Performing Arts
Magnet Schools of America
The McGraw-Hill Companies
Military Impacted Schools Association
National Alliance of Black School Educators
National Association for Bilingual Education
National Association of Classified School Employees
National Association for College Admission Counseling
National Association for Equal Opportunity in Higher Education
National Association of College and University Business Officers
National Association of Elementary School Principals
National Association of Federal Education Program Administrators
National Association of Federally Impacted Schools
National Association of Graduate-Professional Students
National Association of Independent Colleges and Universities
National Association of Private Schools for Exceptional Children
National Association of School Psychologists
National Association of Secondary School Principals
National Association of State Directors of Special Education
National Association of State Directors of Vocational Technical Education Consortium

National Association of State Student Grant and Aid Programs
National Association of State Title I Directors
National Association of State Universities and Land-Grant Colleges
National Association of Student Financial Aid Administrators
National Association of Student Personnel Administrators
National Board for Professional Teaching Standards
National Coalition for Literacy
National Community Education Association
National Council for the Social Studies
National Council of Higher Education Loan Programs
National Council of Teachers of English
National Education Association
National Education Knowledge Industry Association
National Indian Education Association
National Parent Teacher Association
National Rural Education Association
National School Boards Association
New Image Media
New York City Board of Education
New York State Education Department
Pennsylvania Higher Education Assistance Agency
Princeton University Office of Government Affairs
Public Education Network
School Social Work Association of America
Service Employees International Union AFL-CIO, CLC
Software and Information Industry Association
Sylvan Learning Systems
Texas Education Agency
The Title VI National Steering Committee
United States Student Association
University of California
Washington State Office of the Superintendent of Public Instruction

LABOR HHS EDUCATION CONFERENCE AGREEMENT

(Agreement As of October 29, 2000; Final Conference Report Not Yet Available)

\$ in millions	2000	2001 Request	House	Senate	Republican July Conference	Final October Conference
Perkins Loans	130	160	140	175	160	160
College Work Study	934	1,011	1,011	1,011	1,011	1,011
SEOG	621	691	691	691	691	691
Research, Development, Dissemination	277	325	277	287	287	306
Fund for Improvement of Education	244	137	145	142	149	372
<i>Teaching of American history</i>	--	--	--	50	50	50
<i>Comprehensive School Reform</i>	50	50	50	--	50	50
<i>School Counselors</i>	20	20	--	30	30	30
<i>Physical Education</i>	--	--	--	5	5	5
<i>High School Reform State Grants</i>	--	--	--	5	5	5
<i>Drop Out Prevention</i>	--	--	--	5	5	5
<i>Financial Counseling</i>	--	--	--	3	3	3
<i>Community Coaches</i>	--	5	--	--	--	5
Department Management	488	526	488	505	509	526

LABOR HHS EDUCATION CONFERENCE AGREEMENT

(Agreement As of October 29, 2000; Final Conference Report Not Yet Available)

\$ in millions	2000	2001 Request	House	Senate	Republican July Conference	Final October Conference
EDUCATION	35,605	40,095	37,142	40,275	40,626	43,478
Teacher Quality Initiatives, Total:	448	1,150	123	598	598	792
Eisenhower Teacher Training State Grant	335	690	--	435	435	585
National Teacher Quality Initiatives	113	460	123	163	163	207
School Leadership Initiative	--	40	--	--	--	--
Improvement of Teaching/Leadership	23	25	23	23	23	23
Hometown Teachers	--	75	--	--	--	--
Higher Standards, Higher Pay	--	50	--	--	--	--
Teacher Quality Incentives	--	50	--	--	--	--
Troops to Teachers/Talented Teachers	--	25	--	--	--	34
Early Childhood Educator Development	--	30	--	--	--	10
Eisenhower Regional Math and Science	15	15	15	15	15	15
Teacher Training in Technology	75	150	85	125	125	125
School Renovation	--	1,300	--	--	--	1,333
<i>Renovation and repair</i>	--	1,300	--	--	--	1,001
<i>Charter school facilities pilot program</i>	--	--	--	--	--	25
<i>IDEA/Technology</i>	--	--	--	--	--	307
Class Size 1/	1,300	1,750	--	--	--	1,750
Teacher Empowerment Act 1/	--	--	1,750	--	--	--
Title VI Block Grant 2/	366	--	366	3,100	3,100	400
21st Century After School Centers	453	1,000	600	600	600	1,026
Title 1 Grants to LEAS	7,941	8,357	7,941	8,336	8,272	8,697
<i>Title 1 Accountability Fund</i>	134	250	--	--	--	250
Comprehensive School Reform, Total	220	240	240	--	260	260
<i>Title 1</i>	170	190	190	--	210	210
<i>Fund for Improvement of Education</i>	50	50	50	--	50	50
Small, Safe and Successful Schools	45	120	45	--	45	125
Next Generation Technology	146	170	198	100	190	144
Star Schools	51	--	45	43	51	61
Community-based Technology Centers	33	100	33	65	53	80
Impact Aid	906	770	985	1,075	1,028	1,039
Safe and Drug Free Schools	600	650	599	642	634	644
Arts in Education	12	23	17	18	28	28
Reading Excellence Act	260	286	260	286	286	286
IDEA , Total	6,036	6,369	6,550	7,353	7,356	7,698
IDEA State Improvement	35	45	45	35	40	49
IDEA Technical Assistance	45	53	45	45	45	53
<i>IDEA Part B State Grants</i>	4,990	5,280	5,490	6,280	6,280	6,597
Indian Education	77	116	108	116	116	116
Recognition and Reward	--	50	--	--	--	--
OPTIONS to Improve Schools	--	20	--	--	--	--
Bilingual Education	248	296	248	279	279	296
National Institute for Disability	86	100	86	95	100	101
Vocational Education State Grants	1,056	856	1,100	1,071	1,100	1,100
Vocational Education Tech Prep 02	106	306	106	106	106	106
Adult Education State Grants	450	460	470	470	470	540
Adult Education National Programs	20	96	21	21	21	21
Learning Anytime Anywhere Partnerships	23	30	10	30	30	30
Hispanic Serving Institutions	42	63	69	63	69	69
HBCU 's	149	169	185	169	185	185
HBCU Dual Degree Programs	--	40	--	--	--	0
Howard University	219	224	226	224	226	232
Thurgood Marshall Scholarships	--	--	--	--	--	4
Olympic Scholarships	--	--	--	--	--	1
TRIO	645	725	760	737	760	760
LEAP	40	40	--	70	70	70
GEAR UP	200	325	200	225	200	325
Child Care Access	5	15	15	20	15	25
Pell Grants	7,640	8,356	8,308	8,692	8,571	9,036
<i>maximum Pell award</i>	3,300	3,500	3,500	3,650	3,650	3,800

HEALTH AND HUMAN SERVICES

The conference agreement provides \$50 billion for the Department of Health and Human Services, a \$7.3 billion or 17% increase over 2000. The conference agreement provides \$4.5 billion over the President's budget. House Democrats secured an additional \$1.8 billion over the July 2000 Republican agreement for additional health investments.

Low Income Heating Assistance

- Provides \$1.4 billion for LIHEAP in FY 2001 and FY 2002, which is \$300 million over last year, the Request, the House bill and Republican conference agreement for FY 2001. The Republican agreement did not contain any of the normal LIHEAP advance funding.

Caregivers Initiative

- Includes full funding of \$125 million requested by the President for the caregivers initiative which was recently authorized in the Older Americans Act. The House bill and Republican conference contained no funds for this program.

Expanding Health Care Access

- Includes full funding of \$125 million for the President's Health Care Access for Uninsured Workers initiative, which is \$100 million over last year. The House bill and Republican conference agreement contained no funds for this purpose.
- Includes \$1.17 billion for community health centers, an increase of \$150 million or 15% over last year.
- Includes \$3.0 billion for Substance Abuse and Mental Health Services, an increase of \$283 million over the House bill and \$165 million over the Republican conference agreement.

Improving Nursing Home Quality

- Includes an increase of \$10 million over the President's request for the Nursing Home quality improvement initiative, which is \$31 million over the Republican conference agreement, and \$46 million over the House bill that essentially eliminated these funds.

Supporting biomedical research

- NIH receives a \$2.7 billion or 15% increase for a total of 20% billion, which is \$1.7 billion over the House bill.

AIDS/HIV

- Funding for AIDS programs is \$256 million over the House bill, and \$253 million over the Republican conference.
- Ryan White AIDS programs receive \$1.8 billion, an increase of 14% over last year.
- Minority AIDS receives \$350 million, an increase of 40%.

- Would help an additional 600 large high schools serving more than 600,000 students to create smaller, safer, more personalized learning environments that have been shown to improve student achievement.

Closing the Digital Divide in Low-Income Communities

- \$80 million to create Community-Based Technology Centers in low-income communities, an increase of \$47 million or 142% over 2000 and over the House bill, and \$27 million over the Republican agreement.
- Approximately 600 new technology centers would be established in 200 high poverty communities that lack access to modern computers and technology.

Helping Students with Limited English Proficiency

- \$296 million for Bilingual Education, an increase of \$48 million or 19% over 2000 and the House bill, and \$17 million over the Republican agreement.
- An additional 11,400 teachers would receive training to address the severe shortage of well-trained bilingual education teachers

Helping Immigrants to Obtain English Literacy Skills and Civics Education

- \$540 million for Adult Education State Grants, an increase of \$90 million or 20% over 2000, \$70 million over the House bill, and \$70 million over the Republican agreement.
- Would assist 225,000 adults become literate, strengthen their basic skills, and obtain good jobs.
- Would help states and localities that are significantly affected by immigration and have large limited English proficient populations to receive additional assistance to serve more than 75,000 immigrants.

LABOR

The conference agreement provides \$12 billion for the Department of Labor, a \$854 million or 8% increase over 2000 and \$1.4 billion over the House bill. House Democrats secured an additional \$404 million over the July 2000 Republican agreement for additional worker training and safety investments.

Protecting Workers

- Worker protection programs at OSHA, MSHA, Pension and Welfare Benefits Administration, Employment Standards Administration, and the International Labor Affairs Bureau are up \$152 million or 13% over last year, and are \$147 million over the House bill, and \$33 million over the Republican conference agreement.

Expanding Job Training

- \$2.9 billion for youth job training programs, which is \$232 million or 9% over last year, and \$320 million over the House bill. These programs will help train 832,000 disadvantaged youth, which is 100,000 over last year.
- \$3.3 billion for adult job training programs, which is \$161 million or 5% over last year, and \$460 above the House bill. These programs will help train 1.7 million adults who are laid off or in need of job training to improve their skills and get a better job, which is 100,000 more were trained last year.

Increasing the Federal Contribution to Educating Disabled Students

- \$7.7 billion for the Individuals with Disabilities Act, an increase of \$1.7 billion or 28% over 2000, \$1.1 billion over the House bill, and \$342 million over the Republican conference agreement.
- Would provide \$6.6 billion for the Part B State Grant, a \$1.6 billion or 32% increase in funding over last year, increasing the federal contribution from 12% in 2000 to 15% in 2001.

Helping Needy College Students

- Would provide a \$3,800 maximum Pell Grant award, an increase of \$500 or 15% over 2000, \$300 over the House bill, and \$150 over the Republican conference agreement – the largest increase since the Pell Grant Program was fully implemented. This would provide Pell grants to 3.95 million students, an additional 139,000 students more than last year.
- \$1.0 billion for work study, an increase of \$77 million or 8%. This would reach the goal of helping 1.0 million students through work study, an increase of 78,000 more students than last year.
- \$691 million for SEOG, an increase of \$70 million or 11%. This would assist 1.2 million students, an increase of 104,000 more students than last year.
- \$70 million for LEAP, an increase of \$30 million or 75%. This would assist 200,000 students, an increase of 80,000 more students than last year.
- \$25 million for campus child care assistance, which is a fivefold increase over last year.

Helping Disadvantaged Youth Prepare for College

- \$760 million for TRIO, an increase of \$115 million or 18%. This would assist 800,000 students, an increase of 75,000 more students than last year.
- \$325 million for GEAR UP, an increase of \$125 million or 63%. This would help 1.3 million middle and high school students prepare for college, an increase of 590,000 students compared to last year.

Improving Teacher Quality

- \$792 million to improve teacher quality, an increase of \$344 million or 77% over last year and \$194 million over the Republican agreement.
- Would assist nearly 15,000 school districts to raise teacher quality, reduce the number of uncertified teachers, and provide training in core academic subjects to up to 1.2 million teachers.
- Approximately 89,000 additional future teachers would be trained in how to effectively use modern technology in their classrooms.
- Would provide \$31 million for new teacher recruitment initiatives modeled after *Teach for America* and *Troops to Teachers* to recruit into teaching, train and retain the best and brightest college graduates and mid-career professionals.

Making Our High Schools Smaller and Safer

- \$125 million, an increase of \$80 million or 178% over 2000, the House bill, and the Republican conference agreement.

LABOR HHS EDUCATION CONFERENCE SUMMARY

(Agreement as of 10/29/00; Final conference report has not been filed)

The decision of the Republican Leadership to reject the agreement reached by the Appropriations Committee on the Labor HHS Education Bill would have the effect of turning back a \$7.9 billion or 22% increase over last year for our local schools – the largest annual increase ever in the history of the Department of Education. The following describes the education, labor and health investments that were included in the bipartisan conference agreement reached on October 29, 2000.

EDUCATION

The conference agreement provides \$43.5 billion for the Department of Education, a \$7.9 billion or 22% increase over 2000 - largest annual increase in history of the Department. This is an increase of \$3.4 billion or 8% over the President's budget and \$6.3 billion or 17% over the House bill. House Democrats secured an additional \$2.8 billion over the July 2000 Republican agreement for additional education investments.

Creating Smaller Classes

- \$1.75 billion dedicated for the Class Size Reduction Program to reduce class sizes in the early grades, an increase of \$450 million or 35% over 2000 and the same as the President's request.
- Approximately 12,000 new highly qualified teachers would be hired, in addition to supporting 29,000 teachers already hired. An additional 648,000 children would get the benefits of smaller classes.

Modernizing and Repairing Dilapidated Schools

- \$1.33 billion for a new School Renovation Program, an increase of \$33 million over the President's request and \$1.33 billion over the House bill. The conference agreement provides \$1 billion in funding dedicated to school renovation; \$25 million for a new charter school facility financing pilot program, and \$307 million for technology activities and services to disabled children.
- Up to 5,000 schools could be renovated and repaired.

Creating New After School Centers

- \$1.026 billion for the 21st Century After School Center Program, an increase of \$26 million over the amount requested by the President, an increase of \$573 million or 126% over 2000, \$426 million over the House bill, and \$426 million over the Republican conference agreement.
- An additional 850,000 children would receive after school services and 4,200 new after school centers would be established.

Helping Disadvantaged Students and Turning Around Failing Schools

- \$8.7 billion for the Title 1 Program, an increase of \$756 million or 10% over 2000 and the House bill, and an increase of \$425 million over the Republican agreement.
- More than 900,000 disadvantaged students would receive extra help in reading and math.
- Includes \$250 million, an increase of \$116 million or 87% over 2000, for the Title 1 Accountability Fund to provide help to over 2,300 low-performing and failing schools.

MEMORANDUM TO BARBARA CHOW

From: Bethany Little
Caroline Chang
David Lussier
Kendra Brooks

Date: September 20, 2000

Take out non-essentials

TOP PRIORITIES

SCHOOL CONSTRUCTION AND RENOVATION

FY 2000: \$0

Request: \$1.3 B spending and \$25 B tax credit

Conference: \$0 targeted

Alternative Level: \$1.3 B spending (although it would be good to get Goodling's \$1.5 B number)

We are requesting \$1.3 B in budget authority to make \$6.7 B in grants and interest-free loans for emergency repairs in 5,000 schools a year. In addition to the spending piece, we are also requesting authority to allocate nearly \$25 B in interest-free, tax credit bonds to states and LEAs to construct and renovate 6,000 schools, \$2.4 of which would be to expand the existing QZAB program.

- The Department of Education estimates that \$127 billion is necessary just for emergency needs to bring America's schools into good overall condition. According to the National Education Association, it would cost about \$300 billion for America's schools to address needs associated with rising enrollments, school repair, and technology infrastructure.

Language Issues and Politics

- DPC concurs with OMB's suggestion to switch from the Administration's original proposal for a competitive grant and loan program managed by the Department to a formula grant to states for the \$1.3 billion. Basing this allocation on poverty and Title I (per Goodling's funding formula) should help negotiations and is more realistic for the Department to administer. We also concur that states should be required to leverage the money, and that at least 30% should be targeted to high-poverty districts.
- We suggest a set-aside for charter schools that would be distributed to states based on the number of eligible charter schools. States would be required to submit a plan to distribute and leverage this charter school set aside along with their overall allocation plan. Please let us know if you would like us to move forward on establishing a consensus position on this within the Administration.
- The DLC and charter school folks have been promoting a plan that would set aside money for a demonstration project on charter school funding. They would like to use this opportunity to push state and district funding for charter schools forward, and would like an allowable use of the money for new construction. They are under the impression that Goodling supports their proposal, so it may be raised. Given that the groups will not like any set aside, this would be difficult to justify, especially the new construction piece.

TITLE I ACCOUNTABILITY GRANTS

FY 2000: \$134 M

Request: \$250 M

Conference: \$0 set aside

Alternative Level: \$250 M

The Accountability Fund is a key piece of our ESEA reauthorization proposal and is especially critical as we focus on turning around failing schools. Last year \$134 M was set aside from the Title I funds for this purpose, but as more states begin to identify failing schools, more funding is necessary to address the demand.

- Over 8,000 Title I schools -- nearly 18% -- have been identified as failing, but the most recent evaluation of Title I shows that over half received no additional assistance to help turn them around simply because states did not have the resources to help them improve.
- States and districts could use the funds to support a range of activities including providing technical assistance and professional development services, requiring low-performing schools to implement a proven reform model, implementing alternative governance structures such as charter schools, or even taking over a failing school.
- The recent RAND report shows that states with strong standards and accountability systems in place -- what the Accountability Fund supports -- have made the most significant gains in student achievement in the past ten years, in particular among disadvantaged students.

Language Issues and Politics

- We recommend not going after our ESEA language, but instead accepting the language from last year's agreement. However that agreement did not include the set-aside for states that we were seeking in this program, and we recommend sticking to a 30 percent set aside to states and offering 20 percent as a compromise. Sending all funds to the districts could be a negotiated tradeoff to secure the \$250 M.
- Other possible concessions we could make in return for full-funding include: lifting the priority requirement for schools in need of improvement, and accepting a priority for those in corrective action; and extending the choice option to all failing schools, not just those receiving money from the Accountability Fund.
- *If possible, we should try to limit transportation costs associated with the choice provision to 10 percent.*

CLASS SIZE REDUCTION

FY 2000: \$1.3 B

Request: \$1.75 B

Conference: \$0 targeted

Alternative Level: \$1.65 B

In keeping with last year's budget fight and the continued high profile that class size reduction holds in the President's agenda, we need to stick close to our FY 2001 request of \$1.75 B. The conference contains no targeted funds for class size reduction, although hiring class size reduction teachers is an allowable use of the conference-funded block grants. At the \$1.75 B level, plus the proposed local match, 16,700 new teachers would be funded (compared to 14,000

at the \$1.65 B fallback level). Either level would continue support for the 29,000 teachers already hired –keeping us on the path to the goal of hiring 100,000 teachers by 2005. Without the match, over 10,000 teachers could be hired at the \$1.65 B level.

- The recent RAND study showed that scores on the National Assessment of Educational Progress (NAEP) have been highest in States with the lowest student-teacher ratios.
- About one-third of the nation's elementary schools have been able to reduce average class size in the early grades from 23 to 18, affecting 90,000 classrooms and 1.7 million students.
- Teachers in smaller classes report a dramatic decrease in discipline problems and fewer students struggling with reading. In New York City – where 30% of students in grades K-3 are in smaller classes as a result of its class size reduction initiative – reported improvements include reduction in discipline referrals, improved teacher morale, increased emphasis on prevention rather than remediation, and increased classroom participation by students.

Language Issues and Politics

- Authorizing language is necessary, as the language ensuring a dedicated funding stream only applied to FY 2000. Since last year's language was a bipartisan compromise, it would be acceptable as is.
- The proposed matching requirement would need to be added for FY 2001. We recommend not going after the match, other than to use it as a dispensable bargaining chip.
- Ideally we should go after a multi-year authorization through 2005 when we plan to reach our target of 100,000 teachers. Senate Dems are very supportive of this idea, and it plays nicely publicly. The President has had to fight for this every year, if Congress refuses to do a multi-year authorization, it is likely that they will try to kill it next year.

TEACHER QUALITY

FY 2000: \$373 M

Request: \$1 B

Conference: \$473

Alternative Level: \$773 M

Our \$1 billion teacher quality request provides for \$690 M for Teaching to High Standards State Grants (replacing the Eisenhower Professional Development Grants, funded at \$335 M in FY 2000); and \$310 M for National Activities (\$25 M Transition to Teaching: Troops to Teachers, \$40 M School Leadership Initiative, \$30 M Early Childhood Educator Professional Development, \$75 M Hometown Teachers, \$50 M Higher Standards Higher Pay, \$50 M Teacher quality incentive rewards, \$25 M Improvement of Teaching and School Leadership, and \$15 M Eisenhower Regional Math and Science Consortia.). The current conference includes \$435 M for the State Grants and \$38 M for the National Activities (including \$23 M for an existing program similar to the Improvement of Teaching and School Leadership request and \$15 M for the Eisenhower Consortia). We propose alternative levels of \$635 M for State Grants, which would fund high-quality professional development for 1,100,000 teachers, and of \$138 M for National Activities, which would allow \$100 M to be split among the President's new initiatives.

- More than 2.2 million public elementary and secondary school teachers must be hired over the next decade. This need must be met with qualified, well-prepared teachers who are properly certified and will teach in their field of study.

- 66 percent of high school teachers have either an undergraduate or graduate major in an academic field, compared with 44 percent of middle school teachers and only 22 percent of elementary teachers.
- More than one-fourth of teachers enter the profession without having fully met state licensing standards.

Language Issues and Politics

- If we use our original request levels as our starting negotiating point, we could fall back on our alternative levels in exchange for two language modifications: authorization for the Troops to Teachers: Transition to Teaching initiative; and Early Childhood Educators.
- We would also like to secure a \$50 M set-aside from the State Grants to support ongoing Goals 2000 activity (given that Goals 2000 is about to expire) such as alignment of curricula and professional development with standards.
- In our meeting last week, you mentioned a desire to use some of the State Grants money to help move our ESEA teacher certification and qualification requirements forward. We are concerned that the language drafted by the Department may not be the most effective way to achieve that goal, although we are uncertain of your objective. It would also be useful to know if any of our allies have developed language or clear visions for this (e.g. George Miller). If you have a few minutes to discuss, we may be able to be more helpful.

21ST CENTURY COMMUNITY LEARNING CENTERS

FY 2000: \$453 M

Request: \$1 B

Conference: \$600 M

Alternative Level: \$900 M

An acceptable fallback of \$900 M would essentially double last year's level. Combined with a local match, \$900 M would support over 7,000 centers serving approximately 2.25 children (compared to 2.5 million at the President's request).

- An estimated 8 million, and possibly up to 15 million, children are unsupervised after school.
- Studies by the FBI and youth groups show peak hours for juvenile crime and victimization are from 2 to 8 p.m. on schools days, i.e. when youth are most often without supervision.
- Recent research has found that effective schools use extended learning time in reading and math to improve student achievement.
- Examples: Highland Park reported a 40% drop in juvenile crime in neighborhoods around their after-school program, and in Brooklyn, nearly 3/4 of their program participants improved their grades by 5 points out of 100 in one or more of their classes.
- Some 90 percent of 21st Century Community Learning Centers grantees report partnering with community-based organizations. Roughly one-third of grantees report partnering with faith-based organizations. Sixty-two percent of grantees have entered into contracts with community-based organizations to provide program services, averaging about 40 percent of grant funding.
- On average, 21st Century Community Learning Centers work with six community partners to provide services, share techniques for conducting activities, set goals and objectives, provide volunteer staffing, give feedback on students, make paid staff available, and raise funds (in order of most common to least common shared activity).

Language Issues and Politics

- Between our ESEA proposal and the inclusion of the Gregg amendment, which would open up competition for 21st CCLC grants to CBOs, it is almost inevitable that we will need to negotiate on CBO access to this program. Currently CBOs are partners in ninety percent of 21st CCLC, but are unable to serve as the fiscal agent for the grants. Our ESEA proposal would allow CBOs to compete for up to 10% of all of the program funding (\$100 M if we receive the full \$1 B request). Despite the Department's objections, this is likely to be seen as the starting point of negotiations.
- Our position is that this 10% opportunity is ideal for a demonstration program to see if CBOs are effective providers of after school programs. The entire 21st CCLC initiative was started as a \$1 million demonstration program in 1997. The unabashed success of this program as is has merited increased investment. A \$100 million beginning for CBO participation is clearly a significant opportunity for CBOs to show that they can be equally, or more, effective after school providers.
- One key point is that any CBO acting as a fiscal agent should be required to work with schools or LEAs in developing and providing services. This will help ensure that the program continues to meet the critical purpose of helping students meet state academic standards by aligning activities with standards and curricula.
- The Department has recommended presenting the negotiators with the list of unfunded applicants from last year, and requesting \$250 million to fund down the slate to a score of 90. This would put many Members in the uncomfortable position of not funding programs in their district if they refuse that increase. Furthermore, in order to have any money for a new competition (which they are likely to want so that CBOs can apply), Congress will need to appropriate more money – hopefully getting us to \$1 billion or \$900 million.

OTHER PRIORITIES

INTERNET FILTERING

Language Issues and Politics:

The House Labor/H bill contains language, added by Rep. Istook, that combines provisions of the McCain, Istook and Santorum bills to require that schools and libraries use mandated filtering technology to protect children from inappropriate materials while online, and have acceptable use policies in place. If schools do not comply, they will not receive Title III funds provided for accessing the Internet and purchasing Internet-accessible computers, nor Universal Service Discounts (e-rate). In addition, the conference language is fatally inconsistent (e.g. it includes different effective dates for implementation and different filtering and tracking requirements). This is not a funding issue (except that it is an unfunded mandate), but rather a pure language battle. We anticipate that this will be one of the last issues negotiated, but it is an important one because of the onerous requirements that supercede local control. The foremost point here is the establishment of procedures that will genuinely protect children in all communities – both today and as Internet technology continues to evolve.

- Required filtering software is an unfunded Federal mandate, and Internet filtering software is often expensive to obtain and maintain. Because most schools and libraries operate on a network server, they cannot use the free software available online. Fairfax County Schools

spent \$1 million to install filtering software and spends \$200,000 for its operation. One town in Michigan chose to remove the Internet from the libraries rather than accept the expense and intrusion of filtering. This could widen the digital divide between poor and rich schools.

- Mandating a particular software and a technological “solution” limits local control over what kind of Internet training and protection a Local Education Agency may provide
- It is unclear that there is a problem to address here since locals have already worked hard to protect their children from objectionable material on the Internet. In an informal survey, the NEA found almost every district had some sort of filtering or an acceptable use policy, and 95 percent of public libraries already have a formal policy to regulate use of the Internet.
- Internet filtering software is not foolproof. Filters routinely block out sites that provide information on breast cancer, Planned Parenthood and Middlesex County New Jersey, while failing to block up to 15 percent of “objectionable” sites.
- Internet filtering software alone is inferior to acceptable use policies since it does not teach children and families how to become wise users and guides of the Internet. For example, filtering software does not address the information kids share in chat rooms or by e-mail.

Options

- First choice by all involved is to strike this entirely because it is both onerous and ineffective.
- Second choice would be to enact something reflecting the Santorum language. Santorum’s provisions was the only one that actually passed a vote, and it allows more local flexibility. We have described Santorum as “McCain plus” because it requires more local input and encourages the development of acceptable use policies that would likely go further than plain filtering. For example, these policies may require monitoring, student instruction in the proper use of the Internet or a signed agreement on the terms of use.
- A final option would be some formulation of Santorum with required components of acceptable use policies. For example, Santorum does not actually require that the acceptable use policy be implemented, or that it have the net effect of protecting minors from inappropriate material. It also does not define objectionable material, as the current conference language does. These pieces could be added fairly easily, and would probably be acceptable to the groups, although some say that in the event the provisions could not be removed entirely, they would prefer the not to re-work the conference language at all since it is egregious enough to make a good court case if passed.

SMALL, SAFE, AND SUCCESSFUL HIGH SCHOOLS

FY 2000: \$45 M

Request: \$120 M

Conference: \$45 M

Alternative Level: \$90 M

The President’s FY 2001 request of \$120 M would help about 600 high schools create smaller learning environments (schools within schools, career academies, etc.) of no more than 600 students. Research demonstrates that smaller learning environments improve students’ sense of belonging, decrease negative behavior, and improve academic outcomes. The funding currently comes out of the Fund for the Improvement of Education (FIE) under the existing smaller learning communities authority. No new language is needed, but the increase in funding is key. We are holding the small schools grants in case we decide to do an event to draw attention to the need for this increase.

GEAR UP

FY 2000: \$200 M

Request: \$325 M

Conference: \$200 M

Alternative Level: \$300 M

GEAR UP is a big legacy piece and an important part of the Hispanic Education Action Plan, so flat funding is really not acceptable. 1.2 million students would receive services at the fallback \$300 M level, compared with 1.3 million at the President's request of \$325 million. Only 710,000 students would be served at the \$200 M conference level.

- In 1998, 46% of low-income high school graduates enrolled in college the following fall, compared to 77% of high-income graduates. Similarly, 69% of white high school graduates – but only 62% of black and 47% of Hispanic graduates – enrolled in college the next fall.
- Research has shown that this gap is due largely to inadequate academic preparation for college, as well as a lack of information among low-income families about the requisite steps in preparing for college and the availability of financial aid.
- In both FY 1999 and FY 2000, only 27% of GEAR UP applicants were awarded grants.

SPECIAL EDUCATION NATIONAL ACTIVITIES

FY 2000: \$282 M

Request: \$316 M

Conference: \$302 M

Alternative Level: \$310 M

Our request of \$316 M includes \$28 M in increases for IDEA, (\$45.2 M for the IDEA State Improvement program, \$53.5 M for the TA program, and \$74.4 M for research and innovation), and \$14 M more than the conference level of \$302 M. An acceptable fallback level would be \$310 M, which would allow us to pursue full funding of the \$8 M requested increase for TA and Dissemination to help schools comply with relevant laws and to correct deficiencies found through Federal and state monitoring.

BILINGUAL EDUCATION

FY 2000: \$ 248 M

Request: \$ 296 M

Conference: \$279 M

Alternative Level: \$ 279 M

RESEARCH, STATISTICS AND ASSESSMENT

FY 2000: \$

Request: \$

Conference: \$

Alternative Level: \$

Our FY 2001 request includes \$325 M for Research, Statistics and Assessment, compared to \$277 M in FY 2000; the current conference contains \$287 M. If we could secure \$310 M, an additional \$7 M (\$13 M below request) would support LEP research and field initiated studies,

and the remainder would go towards fully funding our request for statistics, to carry out critical activities such as the mandatory redesign of the Integrated Post-secondary Education Data System (IPEDS) and two separate longitudinal studies of early childhood cognitive development.

COMMUNITY TECHNOLOGY CENTERS

FY 2000: \$33 M

Request: \$100 M

Conference: \$53 M

Alternative Level: \$100 M

Despite greater overall access to technology, the 'Digital Divide' has continued to increase. Our request of \$100 M is a tripling of last year's funding level, and would provide funding for 1,000 new CTCs to extend access to adults and children alike in high poverty areas. The conference level would cut approximately 500 new centers.

- 750 applications were received for the FY 1999 Community Technology Centers Program competition, but there was only enough money to fund 40.
- The Commerce Department issued a 1998 report that showed community technology centers are particularly well used by those groups who lack access at home or work. These groups are also using the Internet at higher rates to search for jobs or take courses

ADULT EDUCATION: ENGLISH LITERACY / CIVICS

FY 2000: \$26 M

Request: \$75 M

Conference: \$0 M

Alternative Level: \$75 M

The \$75 level would provide ESL services and civics education to a quarter million limited-English-proficient adults. Last year the \$26 million was set aside through the State Grants Authority; though our 2001 request is for a set-aside in the National Activities authority, as a compromise we could again accept it again as a set-aside in the State Grants funds.

PROJECT SERV

FY 2000: \$0

Request: \$10 M

Conference: \$0

Alternative Level: \$10 M

Language. We do need authorizing language for this, and the scrambling folks had to do to fill needs after Columbine makes this a pretty big priority. Given current parental concerns about school safety, it shouldn't be that difficult to secure funding for needs associated with school crises, however we didn't get it last year. We would prefer for the \$10 M to come from State Grants, though an acceptable alternative would be to support Project SERV with National Program funds.

AMERICA'S TESTS

FY 2000: \$0

Request: \$5 M
Conference: \$0
Alternative Level: \$2 M

The FY 2000 budget requested \$16 M and \$0 was appropriated, though NAGB received \$2 M through the Fund for the Improvement of Education (FIE) program for America's Tests. The alternative amount of \$2 M would allow NAGB to fund two new studies, one on the best methods of reporting student assessment results to parents and teachers, and the other on testing accommodations for students with disabilities.

RECOGNITION AND REWARDS

FY 2000: \$0
Request: \$50 M
Conference: \$
Alternative Level: \$

Language. This would need authorizing language. The implementation of this is very complex. It would require giving NAEP more often and would not kick in until 2002, so it may be something we can concede.

READING EXCELLENCE ACT

FY 2000: \$260 M
Request: \$286 M
Conference: *unclear*
Alternative Level: \$286 M

COMMUNITY COACHES

FY 2000: \$0
Request: \$5 M through CNS; budget amendment moved these funds to FIE
Conference: \$0
Alternative Level: \$

This is a new program that would support 'community coaches,' or school-wide coordinators for community service activities, through the Do Something non-profit youth leadership organization. Do Something currently has over 100 community coaches, and the \$5 M funding level would support about 1000 new coaches.