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cc:

Subject: SOTU Book: Outline of President Clinton's State of the Union Address

i just thought of this. in order to familiarize yourself with the admin's current proposals you should also read the FY01 and 2000 sotu documents [below is SOTU book, i'll also fwd budget book]

----- Forwarded by Ruby Shamir/OPD/EOP on 03/22/2000 05:01 PM -----

***Outline of President Clinton's State of the Union Address
January 27, 2000***

Fiscal Discipline and Economic Prosperity

- Maintaining Fiscal Discipline
- Paying Down the Debt by 2013
- Protecting and Strengthening Social Security
- Nearing the Longest Economic Expansion

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- Promoting Early Learning
- Fixing Failing Schools and Rewarding Success
- Class Size Reduction
- Small, Safe and Successful High Schools
- Teaching to High Standards
- Charter Schools
- School Construction and Modernization
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- \$400 Million to Keep Youth on Track for Success

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One America

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FISCAL DISCIPLINE AND NEARING THE LONGEST ECONOMIC EXPANSION IN U.S. HISTORY

Maintaining Fiscal Discipline

When President Clinton was elected seven years ago, America was burdened with a \$290 billion deficit, and our national debt had quadrupled over the previous 12 years. Interest rates were high and growth was low. The President and the Vice President set a new path of fiscal responsibility, opening markets, and investing in our people and new technologies. We passed strong deficit reduction packages in both 1993 and in 1997, and made tough choices in each and every budget. This has put the nation on a course of fiscal discipline, while continuing to invest in our people and our future.

Now we see the results of the last seven years: the first back-to-back budget surpluses in 42 years; last year's surplus of \$124 billion was the largest in our history. The latest numbers from the Treasury indicate the surplus for this year will be even larger. In just the last two years, we've already paid down \$140 billion of the national debt. Because we've resisted efforts to push our nation off the path of fiscal discipline with large and irresponsible tax cuts, our debt is \$1.7 trillion less this year than it was projected to be back in 1993.

Last year, the President asked the Congress to use every single dollar of our Social Security surplus to pay down the debt, and to use the interest savings from that debt reduction to lengthen the life of Social Security. This year the President has announced that because of the choices we have made, the budget he will submit for 2001 accelerates the date that we will be able to pay off our debt to 2013 -- two years earlier than we had originally planned. The President will do this by protecting Social Security funds, and dedicating the interest savings to Social Security, allowing us, in addition to paying off the debt, to extend the solvency of the Social Security trust fund to at least 2050. We will also be able to make Medicare secure now, through 2025. And we will be debt-free for the first time since 1835, when our nation just had 24 states and fewer than 15 million people.

Paying Down the Debt by 2013

In the State of the Union address, President Clinton will announce that his budget for 2001 would put America in a position to pay off the \$3.6 trillion debt by 2013 -- 2 years earlier than planned. The President will emphasize that this debt reduction would be accomplished by protecting Social Security funds -- and dedicating the interest savings to Social Security, allowing the Social Security solvency to be extended until at least 2050. In contrast, the Republican lockbox plans in Congress fail to extend the life of Social Security by even one day. The President also will announce that his budget will make Medicare secure through at least 2025 by devoting a substantial fraction of the surplus to Medicare solvency and debt reduction. The President's plan to pay down the debt will result in lower interest rates and stronger investment. For typical families it will mean lower mortgage payments and car payments. By strengthening the economy and eliminating the debt, the President's plan will help prepare the government -- and the Nation -- to meet the challenge of the retiring baby boomers.

Protecting and Strengthening Social Security

As he did in his 1998 and 1999 State of the Union addresses, the President will call on Congress to enact his plan to save Social Security first -- and strengthen it. For almost 65 years, Social Security has been an unshakable covenant among generations, between workers and retirees, between the disabled and the able bodied. For many Americans, Social Security, along with savings and pensions, is the foundation of retirement security. In his 1999 State of the Union Address, the President proposed a plan that would,

building on our historic period of prosperity and budget surpluses, use debt reduction to extend the life of Social Security without damaging and unnecessary benefit cuts or tax increases. In the last session of Congress, the President proposed specific legislation that reserves the entire Social Security surplus for Social Security and debt reduction and, in addition, devotes the interest savings from paying down the national debt to extending the life of Social Security from 2034 to 2050. If the interest savings were prudently invested in equities, solvency would be extended to 2054.

Nearing the Longest Economic Expansion in U.S. History

The President's leadership on fiscal discipline and economic strategy has helped the put the economy on track for the longest expansion in American history. The strong economy has benefited Americans in the form of more jobs, higher wages, lower inflation, greater homeownership, and an increasing sense of optimism about the future:

America is currently in the longest peacetime expansion in its history. By the end of February, the U.S. will have enjoyed 107 consecutive months of expansion -- the longest economic expansion in history.

Since President Clinton took office in 1993, the economy has created 20.4 million new jobs -- the highest number of jobs ever created under a single President. These are overwhelmingly good jobs: according to a study by the Council of Economic Advisers and the U.S. Department of Labor, 81 percent of all new jobs are located in industry/occupation categories that pay above-median wages.

The vast majority of the new jobs -- 18.8 million or 92 percent of the total -- were created by the private sector, the highest private sector share of job creation since Harry S. Truman was President.

The unemployment rate in 1999 fell to 4.2 percent -- the lowest rate in 30 years. For African Americans, the unemployment rate fell to 8.0 percent -- the lowest on record. For Hispanics, the unemployment rate fell to 6.4 percent -- the lowest on record.

The economy has expanded at 3.8 percent annually under President Clinton -- the fastest growth rate of any administration since President Johnson.

As a result of the strong economy and investments in people, 7.7 million people have been lifted out of poverty under President Clinton. The poverty has fallen to 12.7 percent -- the lowest rate since 1979. For African Americans and African American children, the poverty rate is the lowest on record. For Hispanics, the poverty rate is the lowest since 1980. For single mothers, the poverty rate has fallen to the lowest level in history.

In the third quarter of 1999, the homeownership rate rose to 67.0 percent -- the highest rate ever recorded. The homeownership rates for African Americans and Hispanics also reached record levels in 1999.

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

OPPORTUNITY AND RESPONSIBILITY IN EDUCATION

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. Head Start prepares low-income children for a lifetime of learning and development by providing early, rigorous and comprehensive child development. 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 FY 2001 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.

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.

Fixing Failing Schools and Rewarding Success

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 FY 2000 investment. The Administration's budget will maintain the commitment to serving all children, but will dedicate 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 school 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.

Accountability Fund -- In November, the Congress appropriated \$134 million for the President's accountability fund. This year, the President will increase funding for this initiative to \$250 million to turn around failing schools. This funding is used by states and localities to turn around low-performing schools by overhauling curriculum, improving staffing, or even closing the school and reopening it as a charter school. The accountability initiative also includes provisions expanding 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 high-performance 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 substantial overall improvements in student performance and significant narrowing of the achievement gap as indicated by performance on the National Assessment of Educational Progress (NAEP).

Class Size Reduction

The President's class size reduction initiative continues his commitment to reduce class size in the early grades by staying on a path to hiring 100,000 high quality teachers. The Administration's FY2001 budget will fund 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. Smaller classes allow teachers to spend more time on instruction and less time on discipline, and provide more individualized attention. Research shows that students attending small classes in the early grades make more rapid educational progress than students in larger classes. New teachers hired under this program must be qualified and know the subjects they are teaching.

Small, Safe and Successful High Schools

Research shows that smaller schools can boost academic achievement and extracurricular involvement and lead to fewer discipline problems. 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 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 classroom 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 and 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 teachers teaching outside their subject area. 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 empower high-poverty school districts to develop programs to recruit homegrown teachers to address the shortage of qualified teachers. Programs supported by this grant would make students aware, as early as middle school, 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 enter college and pursue academic 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.

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 started by parents, teachers, or community groups that are open to all and given a great deal of flexibility in exchange for agreeing to meet defined goals for student performance. Charter schools are one way to increase competition, provide options and choices for parents, and increase accountability in public education. When the President was first elected in 1992, there was only one charter school in the country. Now, according to the Department of Education, there are approximately 1,700 and 36 states and the District of Columbia have passed laws allowing the creation of charter schools. This proposed new funding will ensure that we can meet the President's goal of creating 3,000 public charter schools.

School Construction and Modernization

At least 2,400 new public schools will be needed nationwide by 2003 to accommodate rising enrollments and to relieve overcrowding. Thousands more will be needed in following years. To address this critical need, President Clinton is renewing his commitment to his School Modernization Bond proposal. It

provides \$24.8 billion in tax credit bonds over two years to modernize up to 6,000 schools. This proposal has an estimated cost of \$8 billion over ten years. Within this \$24.8 billion program, \$2.4 billion is reserved for Qualified Zone Academy Bonds. In addition, the 2001 budget includes a new \$1.3 billion school urgent/emergency renovation loan and grant proposal. This \$1.3 billion program could support nearly \$7 billion of renovation projects in high-need school districts with little or no capacity to fund urgent repairs. Both loans and grants would be made available, with the smaller grant program directed toward the neediest districts.

Preventing Youth Violence

Over the past year, the country has been traumatized by a spate of school shootings. The President has taken leadership to address the issue of preventing youth violence by establishing a National Campaign Against Youth Violence. The National Campaign is beginning a public engagement campaign on how best to prevent youth violence and is working with the best minds in the field of youth violence to identify and replicate best practices of prevention in local communities. The President's budget includes over \$8.8 billion, \$875 million above FY 2000, for programs throughout the government that work to target youth violence and programs that support the healthy development of young people including developing smaller high schools; promoting safe after-school opportunities; cracking down on illegal gun traffickers who supply guns to youth; and, helping communities develop and implement community-wide responses to school and youth violence through the Safe Schools/Healthy Students initiative. The Safe Schools program joins principals, parents, police and others in the community to collaborate on comprehensive strategies to address violence problems confronting children in and out of school. The President's new budget will provide a \$100 million increase for his safe schools initiative, investing a total of nearly \$250 million in this signature program.

College Opportunity Tax Cut

Since 1993, the President has taken numerous steps to make college more affordable and accessible, including direct student loans, Pell Grant increases, as well as the Hope Scholarship and Lifetime Learning tax credits, producing the biggest expansion in college opportunity since the GI Bill. This year the President goes one step further and calls on Congress to pass his College Opportunity Tax Cut to expand on previous educational tax cuts and make college, graduate school, and job training more affordable for millions of families. The President's proposal would give families 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. 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. When fully phased in, 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.

Nearly \$1 Billion In Increases To Pell Grants, SEOG, Work Study, And Other Programs:

Pell Grants. The Pell Grant program provides grants to economically disadvantaged young people to help pay the cost of a postsecondary education. The maximum Pell Grant in FY2000 is \$3,300. The President's FY2001 budget increases the maximum to \$3,500, more than 50 percent larger than the maximum grant in 1993, to make a college education more affordable for the nearly 4 million Pell Grant recipients. Funding for the Pell Grant program is increased by over \$716 million, bringing the total Pell Grant appropriation to \$8.356 billion.

SEOG. SEOG, the Federal Supplemental Educational Opportunity Grant 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 for SEOG, a \$60 million increase, the largest increase in 10 years. An estimated 1.2 million students (over 60,000 more than in 2000) will receive awards in 2001.

Work Study. Work Study provides students the opportunity to work their way through college. The FY 2000 budget achieved the goal of giving one million students the opportunity to participate in Work Study. The FY2001 budget includes \$1.011 billion for Work Study, an increase of \$77 million to continue this commitment to serve one million students.

College Completion Challenge Grants. The FY2001 budget creates a new initiative within the TRIO program called College Completion Challenge Grants (CCCCG). 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 CCCC 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.

Dual Degree Programs for Minority-Serving Institutions. The FY 2001 budget proposes a new program to increase opportunities for students at minority-serving institutions that offer four-year degrees. 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.

Over \$400 Million In Increases To Keep Young People On The Track To Success:

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 FY 2000, enough to provide services to over 750,000 students. The FY 2001 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 FY 2001 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.

Youth Opportunity Grants and Youth Training Formula 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 program was passed as part of the bipartisan Workforce Investment Act. Funded at \$250 million in FY 2000, this program would serve up to 50,000 of the most disadvantaged young people in central cities and rural communities across America. The President's FY2001 budget provides a 50 percent increase in funding to \$375 million, enough to serve an additional 25,000 youth in high poverty areas. In addition, the FY2001 budget provides a \$25 million increase (from \$1.001 billion to \$1.022), to the Youth Training Formula Grants, enough to provide job training and summer job opportunities to nearly 600,000 disadvantaged young people.

Youthbuild. The Youthbuild 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 and homeless people. The program also helps to expand the supply of housing in

these categories. Funded at \$42.5 million, the Youthbuild programs will provides opportunities for approximately 2,000 trainees in 2000. The FY2001 increases funding by 76% to \$75 million, enough to serve approximately 3,330 trainees.

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 Job Corps funding by \$33 million, bringing the total Job Corps budget to \$1.392 billion.

REWARDING WORK AND STRENGTHENING FAMILIES

Expanding the Earned Income Tax Credit (EITC)

President Clinton will call on Congress to pass his \$21 billion plan to expand the Earned Income Tax Credit – a key part of his opportunity, responsibility, and community agenda to reward work and family. 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 \$1,200 in additional tax relief for some of these hard-pressed, working families. The President's proposal would build on the EITC expansion that he signed into law in 1993 and which provided a tax cut for 15 million families. That expansion made the EITC even more effective at encouraging work and reducing poverty: In 1998, 4.3 million people were directly lifted out of poverty by the EITC -- more than double the number in 1993. The President's proposal would further increase the reward to work and family by: (1) increasing benefits for families with three children; (2) expanding the credit for married, two-earner couples; (3) rewarding families that are working hard to move into the middle class by lowering the phaseout rate; and (4) encouraging savings through simplification. To illustrate the effects of the President's proposed expansion: under current law, a married couple earning \$23,000 and with three kids qualify for a \$1,892 EITC; the President's proposed expansion would boost that amount to \$2,867 -- an increase of \$975.

Minimum Wage Increase

The President will call on Congress to pass a \$1 increase in the minimum wage. Despite the strongest economy in a generation, there are still millions of workers trying 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. That is why, in 1993, he expanded the Earned Income Tax Credit (EITC) and, in 1996, fought for and won a minimum wage increase. A working parent with two children earning the minimum wage in 1993 made \$10,559 with the EITC (in 1998 inflation-adjusted dollars) -- well below the poverty line. As a result of the expanded EITC and higher minimum wage, a similarly situated family in 1998 was above the poverty line -- making \$13,268 -- a 26 percent inflation-adjusted increase in their standard of living. The President's challenge to build on the success of these policies by raising the minimum wage by \$1 would help 11.4 million Americans -- 70 percent of whom are adults and 59 percent of whom are women. For a full-time, year-round worker at the minimum wage, the President's proposal would mean an additional \$2,000 per year, enough to buy 7 months of groceries or pay 5 months of rent.

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. The President will announce a \$27 million Equal Pay Initiative in his Fiscal Year 2001 budget, an increase of \$12 million over Fiscal Year 2000. 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 will call 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.

New Housing Vouchers for Hard-Pressed Working Families

The President's budget will include \$690 million for 120,000 new housing vouchers to help America's hard-pressed working 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, 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.

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.

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. 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, the Vice President has shown that you can both create a leaner government and one that leads by example.

New Initiatives to Collect More Child Support

Since the President took office, child support collections have nearly doubled. 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 initiatives to further increase child support

collections and crack down on parents who owe child support. Parents who owe past-due child support will have their gambling winnings intercepted and 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. Finally, the budget will require that child support orders be updated more frequently and increase the amount of child support paid directly to families.

New Fathers Work/Families Win Grants

The President's budget will contain \$255 million in new competitive grants in FY 2001 to promote responsible fatherhood and support working families, critical next steps in reforming welfare and reducing child poverty. The Clinton-Gore Administration's 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, child care, and other critical support for working families. \$10 million will be set aside for Indian and Native American grantees. Fathers Work/Families Win competitive grants will be run by one-stop career centers, community groups, and faith-based organizations under contract to local and state workforce investment boards.

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.

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.) This new initiative will be latest of the Administration's efforts to reduce teen pregnancy, which have resulted in the lowest teen pregnancy rates on record and an 18 percent decline in teen births from 1991 to 1998.

Helping Low-Income Families Afford Child Care

The President's budget expands the Child Care and Development Block Grant to help working families struggling to afford child care. The President's budget request will increase funding for child care subsidies by \$817 million in FY 2001, enabling the program to serve 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. The block grant is part of the Child Care and Development Fund, the primary federal subsidy program that helps families pay for child care, thereby enabling low-income parents to work. Today, millions of families who are eligible for assistance with their child care costs do not receive any help; in 1999, only about 12 percent of the 15 million low-income children eligible for assistance under federal law, received subsidies.

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 eliminating 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.

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. The President's budget includes \$539 million over five years for this tax credit..

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.

Encouraging the Pursuit of Higher Education by Offering College Campus Based Child Care

To encourage low-income parents to 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.

Retirement Savings Accounts To Help Families Save and Invest

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. The President's 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.

Expand Pension Coverage for Small Businesses

In an effort to encourage more small businesses to offer pensions for their employees, the President will also announce a proposal to provide a 50 percent tax credit for qualified contributions to employees' pensions. This provision would cost \$17 billion over 10 years.

Tax Relief for Working Families: Simplifying Taxes and Rewarding Marriage and Work

Today as part of his State of the Union Address, President Clinton will announce his plan to reduce the marriage penalty for married, two-earner couples by increasing the standard deduction by nearly \$2,000. The President will propose to increase the standard deduction for two-earner married couples to twice that of single filers, providing substantial tax relief for 9.1 million families. The President would provide an additional \$500 increase in the standard deduction for single-earner married couples that do not face a marriage penalty. He would also increase the standard deduction for single filers by \$250. The President's plan would cost \$45 billion over 10 years and benefit 42.1 million families.

HEALTH CARE

Patients' Bill of Rights

The President and Vice President 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. It should also not include provisions that do little more than further segment healthy from unhealthy populations without significantly expanding coverage for the currently uninsured.

Health Insurance Coverage Initiative

The President and Vice President strongly believe we should expand access to affordable health care coverage to more Americans. The budget proposes a 10-year, \$110 billion initiative that would expand coverage to at least 5 million uninsured Americans and expand access to millions more. It addresses the nation's coverage challenges by building on and complementing current private and public programs. Specifically, the initiative: (1) provides a new, affordable health insurance option for families called "FamilyCare," which builds on the State Children's Health Insurance Program to provide higher Federal matching payments to parents of children eligible for or enrolled in Medicaid or S-CHIP; (2) accelerates enrollment of uninsured children eligible for Medicaid and S-CHIP; (3) expands health insurance options for Americans facing unique barriers to coverage, including a Medicare buy-in with a new 25 percent tax credit; a new 25 percent tax credit for COBRA continuation coverage; an initiative to help small

businesses afford insurance, and new Medicaid options for vulnerable groups of Americans (people ages 19 and 20; people leaving welfare for work; legal immigrants); and (4) strengthens programs that provide health care directly to the uninsured. If enacted, this would be the largest investment in coverage since Medicare was created in 1965.

Strengthening and Modernizing Medicare

The President's budget includes a comprehensive plan to reform and modernize Medicare. This plan will: (1) make the program more efficient and competitive; (2) extend the solvency of the Health Insurance (HI) trust fund to at least 2025; (3) modernize benefits including adding a long-overdue, voluntary prescription drug benefit; and (4) create a reserve fund to be used for debt relief or to create bipartisan consensus to further strengthen the proposed drug benefit for Medicare beneficiaries. Building on the President's successful fight against fraud and waste, the plan would dedicate over \$300 billion in savings and surplus over 10 years to the HI trust fund, helping to meet the inevitable financing and health challenges that result from the aging of the baby boom. The proposed prescription drug benefit would be voluntary, available and affordable to all beneficiaries, including low-income beneficiaries who would pay low to no costs for coverage. It would be administered by private organizations like pharmaceutical benefit managers (PBMs) and would give financial incentives to employers who currently offer retiree prescription drug benefits to maintain coverage. Finally, a reserve fund would be created for debt reduction or, if there is bipartisan consensus, to strengthen the Administration's drug benefit by adding protections against the cost of catastrophic drug expenses.

Long-Term Care Initiative

The budget proposes a 10-year, \$28 billion initiative that helps address the nation's multifaceted long-term care challenge. It includes: (1) a \$3,000 tax credit to compensate people with long-term care needs or their caregivers for the cost of care; (2) a major new investment in the Older Americans Act for information and referral as well as direct support services for family caregivers; (3) a new Medicaid option to increase income eligibility levels for home and community based services to the same levels as nursing home residents; (4) a Housing and Urban Development program to encourage assisted living facilities for low-income elderly; and (5) a new option for Federal employees to purchase quality private long-term care insurance. The FY 2001 budget also includes an additional \$16.8 million to help states strengthen nursing home enforcement tools and increase Federal oversight of nursing home quality and safety standards.

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 President will highlight his 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.

Preventing Medical Errors and Improving Quality of Care

Late last year, the Institute of Medicine reported that as many as 98,000 Americans die from preventable medical errors each year. In response, the President instructed that the over 300 health plans serving Federal employees institute patient safety initiatives as a condition of participating in the program and directed all Federal agencies to conduct a comprehensive review of the steps they could take to reduce medical errors. In the coming weeks, the President will announce further actions we should take to help eliminate all preventable errors.

Major New Investment to Combat HIV and AIDS in the United States

The President has proposed to invest 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, pharmaceuticals critical to treatment, and other critical support services for people living with HIV and AIDS. The budget also includes an additional \$50 million for HIV prevention, the largest increase ever in funding for these activities, to encourage individuals at risk to avoid behaviors that can result in the transmission of the disease.

RESPONSIBILITY AND CRIME

21st Century Policing Initiative

In order to keep crime rates down to record low levels, and officers on the beat at all time highs, the President is committed to continuing the second year of his 21st Century Policing Initiative. The 21st Policing Initiative, builds on his successful COPS program that has funded 100,000 more community police for our streets, by: (1) providing resources for communities to hire and redeploy up to 50,000 more police for our streets by FY 2005 with an effort to target new police officers to crime "hot spots"; (2) 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; and (3) funding new state and local prosecutors to work with local law enforcement and the community to combat local crime problems; and (4) engaging all sectors of the community to prevent and fight crime by funding partnerships with probation parole officers, schools, and faith-based organizations.

Fighting Gun Crime with New National Gun Enforcement Initiative

Building on his successful strategy of combating gun violence that has helped lead to a 35 percent decline in gun crime, the President proposed \$280 million to fund the largest national gun enforcement initiative in history that 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 New Federal, State and Local Gun Prosecutors - The proposal will fund 1,000 new state and local prosecutors to combat gun crime and violence, 100 new federal gun prosecutors, and new gun enforcement teams to coordinate efforts with local law enforcement to remove gun criminals from our communities and put them behind bars.

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, and the Administration's Youth Crime Gun Interdiction Initiative (YCGII) will be expanded from 38 to 50 cities across the country.

New National Integrated Ballistics Information Network - The President's initiative will 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 initiative funds matching grants to support local media campaigns highlighting penalties for breaking gun laws, proper 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 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 committed 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.

Passing Common Sense Gun Legislation

In addition to pressing the Congress to pass his aggressive gun enforcement budget to give communities more and better tools to fight gun crime, President Clinton urged the Congress to make passage of pending common sense gun safety measures the first order of legislative business. Among the reforms he called on the Congress to enact include: closing the gun show loophole by requiring background checks and records at gun shows; requiring child safety locks for handguns sold; banning the importation of large capacity ammunition magazines; and banning violent juveniles from owning guns for life.

OPENING NEW MARKETS

The New Markets Initiative

The United States is currently in the midst of the longest peacetime expansion in its history. The strength and duration of this expansion has 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. These areas have tremendous potential as New Markets. The President's expanded New Markets initiative will spur \$22 billion in new capital investment in businesses in these economically distressed areas through a package of tax credits and loan guarantees. The package includes the following components:

More Than Doubling the New Markets Tax Credit -- The President proposes to more than double the New Markets tax credit to spur \$15 billion dollars 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 Zone Tax Incentives - These tax credits will extend and improve economic growth in the 31 existing urban and rural Empowerment Zones, administered by HUD and USDA, and support a 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, APICs would 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 President is asking for \$51.7 million in his 2001 budget to allow SBA to match equity investment and technical assistance funds to finance 10-20 new investment partnerships – New Markets Venture Capital Firms -- selected to provide both long-term growth capital and expert guidance to entrepreneurs who need both in order to transform their small businesses and great ideas into thriving companies.

Other Elements of New Markets - Other elements include: increasing the funding for SBA's microenterprise lending program; creating PRIME-- a program providing technical assistance to low-income entrepreneurs; boosting CDFI funding; expanding support for BusinessLINC to encourage large businesses to work with small businesses in new markets; and establishing 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.

Delta Initiative

In the Mississippi Delta, poverty remains at 175 percent of the national average. The President has proposed 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.

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 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. Some of the highlights of this initiative include: \$300 million for Bureau of Indian Affairs school construction and repair; \$349 million through the Department of Transportation for roads in Indian Country; \$650 million to provide rental and homeownership assistance through the Department of Housing and Urban Development (HUD); and \$2.6 billion for the Indian Health Service. Other key components of the Native American initiative include: "New Markets" economic development initiatives such as funding to create Native American Small Business Development Centers at the Small Business Administration; funding to create a Native American Economic Development Access Center at HUD; addressing the "digital divide" by creating a new program, in conjunction with the tribal colleges, to encourage Native Americans to enter information technology fields; funding 500 new Native American school administrators; increased funding for tribal colleges; \$49 million to fund technology, infrastructure, planning, and public works projects at the Economic Development Administration; and increased funding of \$103 million for the third year of the joint Department of Justice/Bureau of Indian Affairs Law Enforcement initiative.

Strengthening the Farm Safety Net

As the President has noted on numerous occasions since its passage, the 1996 Farm Bill fails to provide America's farmers with an adequate safety net. As prices have remained depressed for the past two years, the Federal government has provided over \$15 billion in emergency assistance. In order to provide American farmers and ranchers with the critical assistance that they need and deserve, the President's budget includes \$11 billion to strengthen the farm safety net until the next farm bill in 2002,

with three key components: conservation, supplemental income assistance, and crop insurance. The budget includes for FY 2001:

- \$1.3 billion to help family farmers take steps to protect water quality and the environment and to preserve farmland, including \$600 million for a new conservation security program that will assist farmers who voluntarily adopt comprehensive plans to curb erosion and protect water supplies from pesticide and nutrient runoff.

- \$3.1 billion for a new targeted supplemental income assistance program that will provide payments to producers whose farm revenue falls more than 92 percent below its 5-year average.

- \$640 million to subsidize the cost of crop insurance premiums, to allow farmers to purchase higher levels of coverage than are included in the basic catastrophic coverage.

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. And the gap is widening. 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. To address this troubling trend, the President will shortly unveil a comprehensive program that relies on all levels of government working in partnership with the private sector and non-profit organizations and also will lead high-tech executives and others on a New Markets tour focused on closing the Digital Divide.

GLOBAL CHANGE AND AMERICAN LEADERSHIP

Benefits of Expanding International Trade

Trade has been crucial to American prosperity. Since World War II, as the U.S. has led eight separate rounds of multilateral trade negotiations and signed hundreds of trade agreements, global trade has increased 15-fold, contributing to the most rapid, sustained economic growth ever recorded. Real production in the United States is up 5-fold and real average American per capita income is up 3-fold over this period. Still, there remains much work to be done. Ninety-six percent of the world's consumers live outside the US, many in countries that are only now achieving the means to become significant purchasers of American products.

Forging a New Consensus on Trade

American leadership over the last 50 years has helped develop a world trading system in which the United States is now the world's largest exporter and importer with over \$2 trillion worth of goods and services in trade each year. Since the creation of the General Agreement on Tariffs and Trade in 1948, Democratic and Republican Administrations, working in partnership with Congress, have concluded eight negotiating Rounds, opening markets for American goods, and helping advance basic principles of rule of law, transparency, and fair play in the world economy. Most recently, since the conclusion of the Uruguay Round in 1994, a more open world economy has helped American exports to rise by well over \$200 billion. This has contributed significantly to the rapid economic growth we have enjoyed over the past five years, and the continuation of the longest peacetime expansion in America's history. At the same time, it has helped us to gain high-skill, high-wage jobs, reverse a 20-year period of decline in wages, and in fact increase wages by 6% in real terms. Nevertheless, as President Clinton has said, we

need to build a new consensus on trade by putting a human face on the global economy. The five years since the WTO was founded as the successor to the General Agreement on Tariffs and Trade (GATT) have revealed areas where the institution can be further strengthened in this regard -- including greater transparency, a greater role in addressing workers' concerns about globalization through the establishment of a Working Group on Trade and Labor, and a commitment to sustainable development, including protection of the environment, as enshrined in the WTO's Preamble.

Trade Agreements Enforcement Initiative

The President is committed to ensuring that trade is free and fair and that American companies and workers benefit fully from our bilateral and multilateral trade agreements. He is proposing in FY 2001 that the Department of Commerce and related agencies have the resources necessary to monitor and enforce international trade agreements.

Child Labor

In his 1999 State of the Union address, President Clinton pledged: "[W]e will lead the international community to conclude a treaty to ban abusive child labor everywhere in the world." In June, he spoke to the ILO before it adopted the new convention and in December, with Senate advice and consent, he signed the convention on behalf of the United States. Now we must do more to help countries around the world make the convention's aspirations a reality, bringing education -- not hard labor -- to millions of children and preventing the loss of future generations of youth to abusive work. In the last two budgets, the United States became the world's largest contributor to the ILO's International Programme for the Elimination of Child Labor (IPEC). This year, the President proposes to expand support for international efforts to eliminate child labor.

African Growth and Opportunity Act

In the State of the Union, President Clinton called upon Congress to pass the African Growth and Opportunity Act (AGOA), an important and groundbreaking piece of legislation, which recognizes African countries' efforts to institute sound economic policies and reform. The House and Senate passed different versions of the legislation last year. The philosophy of the legislation is simple: America stands ready to help those African countries that undertake difficult reforms to build a better future. Effective aid, combined with strong reform and increased trade and investment, will help bring Africa into the global economy and create new markets for U.S. exports. American businesses, farmers, and workers all stand to benefit from expanding our trade with one of the largest underdeveloped markets in the world.

Caribbean Basin Trade Initiative

The President will work with Congress toward swift passage of legislation expanding our Caribbean Basin Initiative (CBI) trading relationship with Caribbean and Central American countries. As part of a package including the Africa Growth and Opportunity Act, the Senate passed legislation last fall similar to that which the Administration has proposed. The President's CBI enhancement legislation will create opportunities for American companies and workers as it provides enhanced market access and economic stimulus for countries devastated by Hurricane Mitch. The Administration is strongly committed to conclude, by 2005, negotiations for a Free Trade Area of the Americas, which will expand U.S. export opportunities throughout Latin America, and views CBI enhancement as a useful bridge to this initiative.

Promoting Democracy and Advancing Human Rights

Promoting democracy and advancing human rights has been a central priority of the Clinton-Gore Administration's foreign policy, one that he will again stress in his State of the Union address. Over the past seven years, the Clinton Administration has succeeded in ending bloodshed and reducing tensions in the Middle East, Northern Ireland, East Timor, Bosnia, Kosovo, Haiti, Sierra Leone and elsewhere has

offered new hope for peace, democracy and prosperity. This year the President will reaffirm his commitment to advance this cause by calling for continued support for his efforts to broker peace, promote democracy, protect human rights, defend religious freedom, and fully fund our diplomacy.

Leading the Global Campaign Against AIDS and Other Deadly Diseases

Although much progress has been made in the fight against AIDS and other deadly diseases, much more still needs to be done. To that end, President Clinton and Vice President Gore have stepped up the international battle to prevent, treat, and search for a cure for AIDS, which has disproportionately afflicted our poorest nations. The FY2001 budget that the President will send to Congress next month 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. Vice President Gore announced this additional funding during an address to the UN Security Council in early January. The President has also called for a new tax credit for sales of vaccines for malaria, tuberculosis, and AIDS to accelerate the development of these vaccines, creating an incentive for the pharmaceutical industry to invest in the development of vaccines for poor countries, which often cannot afford to buy the vaccines they need. This would build upon a proposed \$50 million investment in the vaccine purchase fund of the Global Alliance for Vaccines and Immunization. Finally, the President will call upon the World Bank and other multilateral development banks to dedicate an additional \$400 million to \$900 million annually of their low-interest-rate loans to expand immunization, prevent and treat common diseases, and build sound delivery systems for other basic health services.

U.S.-China Trade Agreement

Under the terms of the agreement, China has agreed to grant the United States *significant new access* to its rapidly growing market of over one billion people, while we have agreed simply to maintain the market access policies we *already* apply to China by granting it permanent Normal Trade Relations (NTR). The agreement slashes Chinese tariffs on our goods, opens China's markets to our services, and contains safeguards against unfair trading practices. The agreement also advances critical national security goals. WTO membership will spur China's economy, adding impetus to reforms there; introduce China to global economic competition and accelerate a process that is removing the government from vast areas of the country's economic life; open China's telecommunications market, including to Internet and satellite services, and thus expose China to information, ideas and debate from around the world; and oblige the government to publish laws and regulations and subject pertinent decisions to review of an international body, all of which will strengthen the rule of law in China and increase the likelihood that it will play by global rules as well. While WTO membership will not by itself or overnight transform China's human rights record, it will move the country in the right direction. The United States must grant China permanent NTR or risk ceding the full benefits of the agreement we negotiated to our Asian and European competitors. For all these reasons, the President will make passage of this historic legislation a high priority in the coming year.

Building Peace in the Middle East

After days of intense negotiations at Wye Plantation in November 1998, President Clinton brokered an historic agreement between Israelis and Palestinians that strengthens Israel's security, expands the area of Palestinian control in the West Bank, and enhances economic opportunities for the Israeli and Palestinian people. And in December of last year, President Clinton ended years of stalemate between Syria and Israel by achieving a resumption of Israeli-Syrian peace talks and hosting the highest level meeting ever between Israel and Syria after months of behind-the-scenes diplomacy. The United States has helped broker agreements between Israel and the Palestinians and between Israel and Jordan, and led the efforts toward a resumption of the Israeli-Syrian talks. The United States has stood firmly by those who have taken risks for peace, providing them with strong political, economic and material support;

and demonstrated to the enemies of peace that violence and terror will not succeed in disrupting the peace process. At the same time, the United States has maintained its long-standing commitment to the security of Israel, strengthened its ties with Egypt and Jordan, , and built a new relationship with the Palestinian Authority and the Palestinian people.

Bringing Peace to Northern Ireland

President Clinton's intensive diplomatic efforts helped achieve the landmark Good Friday Accord in April 1998, bringing new governing structures and a new era of cooperation to Northern Ireland. And in December of last year, both sides made historic progress towards implementation of the Accord, forming of an inclusive government in Northern Ireland, accepting the principle of consent with respect to any change in the territorial status of Northern Ireland, launching new institutions for North/South cooperation on the island, and taking the first steps to address the decommissioning of paramilitary weapons. In his State of the Union address, President Clinton reaffirmed his support for full implementation of the agreement, so Northern Ireland can pursue a prosperous, democratic course, free of violence and terror. The United States will also continue to support the International Fund for Ireland, which promotes reconciliation through economic regeneration projects targeting disadvantaged Irish border counties and Northern Ireland.

Reversing Ethnic Cleansing in Kosovo

This past year, President Clinton led the NATO Alliance in a 79-day air war that expelled Serb forces from Kosovo and restored self-government to the province, ending a decade of repression and reversing Slobodan Milosovic's brutal campaign of ethnic cleansing. In the face of Allied unity, American military superiority, and strong Presidential leadership, the Serb dictator capitulated, withdrawing his troops and permitting international peacekeepers to secure the peace for returning refugees. The President is now committed to winning the peace, joining European leaders in strengthening democracy and civil society in Kosovo, enhancing economic development and regional integration through the Stability Pact, and supporting opposition within Serbia to complete the democratization of the Balkans.

Protecting Our Computer Networks from Cyber Attack

In his State of the Union address, President Clinton reaffirmed his commitment to strengthen America's defense against the emerging threats cyber terrorists pose to our critical infrastructure, computer systems, and networks. Earlier this month, he launched the National Plan for Information Systems Protection and announced new budget proposals to protect our computer networks from cyber attack, including \$621 million to enhance federal research and development in computer security; \$50 million to create a new Institute for Information Infrastructure Protection; \$25 million to recruit, train and retain federal information technology experts; and \$10 million to design a Federal Intrusion Detection Network (FIDNET) which alerts the federal government to cyber attacks. President Clinton has increased funding on critical infrastructure substantially over the past three years, including a 16% increase in the FY2001 budget proposal to \$2.03 billion. He has also developed and funded new initiatives to defend the nation's computer systems from cyber attack. To jumpstart the FY01 program initiatives, the President will also propose a \$9 million supplemental this spring.

Combating International Crime

In his State of the Union address, President Clinton highlighted new measures to combat international money laundering, which facilitates illegal money flows, fosters corruption, and undermines democracy. Combating international money laundering has become an increasingly important issue for the United States. The last decade has seen an explosive proliferation of offshore banking centers that facilitate international criminal money flows. This proliferation also works against U.S. developmental goals by allowing easy placement of funds obtained from official corruption. There is also a growing concern that

these offshore centers can contribute to significant financial destabilization, by providing new avenues for unregulated capital flight and new opportunities for financial management entities incorporated in these jurisdictions to take advantage of the absence of supervisory authorities to engage in activities that would be prohibited in the United States.

Aiding Colombia to Fight Drugs and Strengthen Democracy

Eighty percent of the cocaine entering the U.S. is either processed, transported, or grown in Colombia. For the first time in years, a new administration, led by President Andres Pastrana, is taking the tough steps necessary to crack down both on narcotics traffickers and human rights violators. The President recently announced his support for a bold new plan developed by President Pastrana to both stem the tide of drugs entering the United States and to strengthen the Colombian economy and democracy. To assist the Colombians in this effort, the President has proposed a total of \$1.6 billion in funding over two years to help fight narcotics trafficking, provide economic alternatives for Colombian farmers who now grow coca and poppy plants, improve the judicial system, increase the protection of human rights, and crack down on money laundering. A portion of the investment will go to help train and equip special counter-narcotics battalions and to improve the Colombian capability to interdict traffickers by improving radar, aircraft, airfields, and intelligence-gathering equipment. The Administration will also propose \$95 million to purchase equipment to enable the Colombian National Police to eradicate more coca and poppy fields, and \$93 million for new programs to help the judicial system and promote the peace process. Most of the effort will be financed from the Colombian government's own resources. The aid from the United States is expected to be supplemented by multilateral agencies and our allies.

International Debt Relief

At their Summit last June, G-7 leaders endorsed a new initiative spearheaded by the President to enable Heavily Indebted Poor Countries (HIPC's) to receive deeper, broader and faster debt relief. Under the so-called Cologne Initiative, international financial institutions are developing a new framework for linking debt relief with poverty reduction. The goal is to boost resources for priority social expenditures, including health, child survival, AIDS prevention and education, as well as improve transparency in government budgeting and consultation with civil society in the development and implementation of economic programs. Together with earlier debt relief commitments, the Cologne Initiative provides for reduction of up to 70 percent of the total debts for these countries, decreasing the stock of debt from about \$127 billion today to as low as \$37 billion with the cancellation of official development assistance (ODA) debt by G-7 and other bilateral creditors. As part of the initiative, the President announced in September that the U.S. would seek to write off all of the \$5.7 billion it is owed by as many as 36 heavily indebted poor countries. Last fall, Congress passed part of the funding and authority necessary for the United State's full participation in the initiative, and the President is seeking approval of the remainder this year.

Leading the Way in Global Non-Proliferation

The Clinton-Gore Administration has led the effort to reduce the international threat of weapons of mass destruction. Over the past six years, the Administration has made unprecedented progress in curbing the proliferation of nuclear, chemical and biological weapons and the missiles that deliver them, in reducing the dangerous legacy of Cold War weapons' stockpiles and in promoting responsible conventional arms transfer policies. President Clinton was the first world leader to sign the Comprehensive Test Ban Treaty (CTBT) and has proposed a bipartisan dialogue this year to build a consensus that will lead to its eventual ratification. The United States has also ratified the Chemical Weapons Convention and is working to strengthen the 1972 treaty outlawing biological weapons and to achieve a positive Non-Proliferation Treaty Review Conference.

Strengthening Military Readiness

President Clinton and Vice President Gore have remained committed to ensuring that America's military remains the best-equipped, best-trained and best-prepared fighting force in the world, ready to face the continuing challenges posed by the post-Cold War world and the challenges of a new century. He has matched new commitments with new resources, requesting and receiving from Congress billions in additional defense spending in 1999, reversing declines that began a decade ago. The FY2000 budget proposed a six-year increase of \$112B for military readiness and modernization through a combination of new spending and budgetary savings, assuring the first sustained real (after inflation) increase for defense spending in over a decade. This plan increased military pay by the largest percentage since the early 1980s, and increased the 20-year retirement benefit from 40% to 50% of average base pay over the last three years of service. The President's 2001 Defense budget builds on this plan, ensuring military readiness remains first-rate for years to come. Moreover, significant increases are proposed for weapons modernization to guarantee the continued technological superiority of U.S. forces.

RESPONSIBILITY, OPPORTUNITY AND THE ENVIRONMENT

Lands Legacy

To meet the conservation challenges of a new century, President Clinton is proposing a new category of dedicated, discretionary funding to protect America's land, coastal and wildlife resources. In FY 2000, the President secured \$652 million for Lands Legacy, a 42 percent increase. For FY 2001, the President is proposing another substantial increase and creation of a new budget category to preserve this higher level of funding in future years. The proposed FY 2001 funding would dramatically increase support for state, local and tribal efforts to protect farmland, forests, urban parks and other local green spaces. It also would provide significant increases for federal, state, local and tribal efforts to protect ocean and coastal resources. In addition, Lands Legacy would supported federal protection of natural and historic lands across the country, with priorities including Civil War battlefields, the Florida Everglades, the Mojave Desert, and New England forests and wildlife refuges.

Climate Change

Against a backdrop of growing scientific consensus that the Earth is warming -- and that human activity is at least partly to blame -- the President is proposing a series of new initiatives to address global climate change. The President's FY 2001 budget will propose a new effort to accelerate the development and deployment of clean energy technologies in developing countries; increased funding for the research and development of bio-based technologies that use crops, trees and agricultural waste to make fuels and products; and start-up funding for a Clean Air Partnership Fund to support state and local efforts that achieve early reductions in both greenhouse gas emissions and ground-level air pollutants. Other elements of the Administration's climate change strategy include continued increases in both investments and tax incentives to spur the development and deployment of clean energy technologies and energy-efficient cars, homes, and appliances; cutting energy use by the Federal government; working with Congress to reward companies taking early, voluntary action to reduce greenhouse gas emissions; restructuring the electricity industry; and continued diplomatic efforts to fill in key details of the Kyoto Protocol and secure more meaningful participation by key developing countries in the fight against global warming.

Tax credits for energy-efficient cars, homes and appliances

Cars and light trucks (including minivans, sport utilities, and pickups) currently account for 20 percent of U.S. greenhouse gas emissions. The President's FY 2001 budget will propose tax incentives to help curb these emissions by moving advanced technologies for electric, fuel cell, and 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 also is proposing a 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.

Clean Energy for the 21st Century

Energy technology markets in developing countries are projected to total \$4 trillion to \$5 trillion over the next 20 years. To accelerate the development and deployment of clean energy technologies around the world, President Clinton is proposing the Clean Energy for the 21st Century: International Initiative -- a multi-agency effort to encourage remove market barriers to clean energy technologies in developing and transition countries and to provide new incentives for clean energy technology innovation and export. This initiative, which builds on a set of recommendations by the President's Committee of Advisors on Science and Technology (PCAST), will create as much as \$5 billion in new export revenues for U.S. companies and up to 100,000 new U.S. jobs, and will assist developing countries in powering their economic development while fighting air pollution and climate change.

Livable Communities

President Clinton and Vice President Gore are proposing to strengthen the Livable Communities initiative, which expands the choices available to communities to help them grow in ways that ensure a high quality of life and strong, sustainable economic growth. The Administration's FY 2001 budget will propose record funding for public transit and other programs to ease traffic congestion while reducing air pollution; matching grants to help neighboring communities develop collaborative "smart growth" strategies; and funding to provide communities with new information tools, and improve public safety by sharing crime data. The Administration also will propose tax credits for Better America Bonds, a new financing tool generating billions in bond authority for investments by state, local and tribal governments to preserve green space, create or restore urban parks, protect water quality, and clean up brownfields (abandoned industrial sites). By delivering tools and resources to the local level, where issues of growth management are most appropriately addressed, this initiative helps empower citizens to build more "livable communities" for the 21st century.

THE OPPORTUNITY AND RESPONSIBILITY OF SCIENCE AND TECHNOLOGY

Major New Investments in Science and Technology Research

President Clinton has announced that he will include a nearly \$3 billion increase in the "Twenty-First Century Research Fund" in his 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. The funding includes increased support in all scientific and engineering disciplines, including biomedical research, nanotechnology, information technology, clean energy, and university-based research. The President's budget includes:

\$1 billion increase in biomedical research at the National Institutes of Health. The President's FY 2001 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. 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. Nanotechnology - the ability to manipulate individual atoms and molecules - could revolutionize the 21st century in the same way that the transistor did the 20th. 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, and new materials ten times stronger than steel and a fraction of the weight.

A \$675 million increase in the National Science Foundation -- double the largest dollar increase in NSF's history. 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. 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.

Protecting Americans' Personal Privacy

As information technology transforms our government and our economy, a growing challenge is how to gain the benefits from the new technology while preserving one of our oldest values "privacy" in a variety of different settings:

Medical Records: This year the Clinton-Gore Administration will issue historic, final rules that will legally guarantee the 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. President Clinton also will support legislation to expand the scope and enforcement of those rules

Financial Information: Financial modernization legislation signed by President Clinton last year included important privacy protections, but more needs to be done. This year, the President will seek further protections, including consumer choice before financial firms can share their information within a corporate family.

Genetic Information: As the human genome project nears completion, genetic testing and information will be increasingly common to help predict, prevent, and treat diseases. However, there are real concerns that as this information becomes increasingly common that it will be used not to promote health in a protected manner, but will be used as a basis for discrimination. There are already examples of employers using this type of information as a basis not to hire or promote individuals and studies are showing that Americans fear that this information will be misused. The President will stress the need for strong action on this issue.

On-line: In the on-line world, the Clinton-Gore Administration has encouraged self-regulatory efforts by industry to address privacy issues posed by emerging technologies and will work with consumers, industry, and interested public officials to explore how best to address the growing practice of building detailed profiles of every action consumers take online.

COMMUNITY

Service And Philanthropy

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 the year 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.

Increasing Involvement of Interfaith Partnerships and Community Organizations

Already many faith 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 interfaith 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.

Increasing Charitable Giving

In his State of the Union address and his new budget, President Clinton today will unveil a package of new tax proposals to encourage philanthropy. First, he will propose allowing nonitemizers 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 making it easier for individuals to donate appreciated assets like securities and real property. Last October, the President and First Lady convened the first-ever White House Conference on Philanthropy. The conference highlighted the unique American tradition of charitable giving, and emphasized that at a moment of great prosperity, we must preserve and expand this tradition. These proposals will help do just that

One America

Civil Rights Enforcement

President Clinton's FY 2001 budget proposes a significant increase for civil rights enforcement to help ensure equal opportunity for all Americans. These funds will help to ensure that no American is discriminated against at work, a home, or in school. The President's budget request of \$698 million for civil rights enforcement agencies represents a \$81 million, or 13 percent increase, over last year's funding levels of \$617 million. Highlights of the President's package include: (1) \$98 million Civil Rights Division of the Department of Justice -- a 20 percent increase over the 2000 enacted level -- to expand investigations and prosecutions of criminal civil rights cases (including hate crimes and police misconduct), promote compliance with the Americans with Disabilities Act (ADA), and review redistricting plans; (2) \$322 million for the Equal Employment Opportunity Commission (EEOC) -- an increase of 15 percent over the 2000 enacted level -- to support the agency's effort to reduce the backlog of private sector cases to 28,000 by the end of 2001; (3) \$76 million for Department of Labor's Office of

Federal Contract Compliance Programs (OFCCP) -- an increase of 4 percent over the 2000 enacted level -- to expand the compliance assistance strategy to encourage Federal contractor compliance through increased outreach, education, and technical assistance, including providing contractors with the necessary tools to evaluate their equal employment practices; (4) \$50 million for Department of Housing and Urban Development's (HUD) fair housing efforts -- an increase of 14 percent over the 2000 enacted level -- to reduce housing discrimination, including funding for the final year of a three-year audit-based enforcement initiative and training for housing providers to ensure that individuals with disabilities have access to housing.

The Employment Non-Discrimination Act ("ENDA")

This bill would outlaw discrimination in hiring, firing, and promotions based on sexual orientation. It is designed to protect the rights of all Americans to participate in the job market without fear of unfair discrimination. The Act provides an exemption for small businesses, the Armed Forces, and religious organizations, including schools and other educational institutions that are substantially controlled or supported by religious organizations. The bill specifically prohibits preferential treatment on the basis of sexual orientation, including quotas. President Clinton and Vice President Gore are the first President and Vice President ever to back civil rights legislation for gays and lesbians. President Clinton originally announced his support for the legislation in October 1995.

The Hate Crimes Prevention Act

The President has urged Congress to pass, as one of its first orders of business, 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.

English Literacy/Civics Initiative

Like generations of immigrants past, today's immigrants are driven by a dream -- and to achieve that dream, they seek to learn the ways of this land 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, including understanding and navigating the U.S. government system, the public education system, the workplace, and other key institutions of American life. This important initiative is a powerful tool in building a stronger American community. For FY 2001, the Administration's budget request \$75 million for this initiative, a nearly \$50 million increase from FY 2000 enacted level.

Fairness to Immigrant Families

The Administration is committed to improving the way the Immigration and Naturalization Service (INS) conducts its business, particularly the naturalization process that bestows United States citizenship. The Administration's FY 2001 budget provides additional funds to INS to improve the naturalization process and reduce the application backlogs and to expand the process to ensure that all immigration benefits and services are provided in a fair, efficient, and timely manner. Furthermore, the Administration will continue to urge Congress to pass legislation that provides fairness for immigrant families by restructuring the INS; approving the Administration's proposal to support the process of democratization and stabilization now underway in Central American and Haiti by ensuring equitable treatment for migrants from these countries; and changing the registry date to permit long-term migrants

to adjust their status.

GOVERNMENTAL AND POLITICAL REFORM

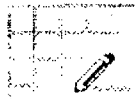
Enact Bipartisan Campaign Finance Reform

The President and the Vice President remain committed to the enactment of bipartisan campaign finance reform. Last year, the House of Representatives passed bipartisan reform. Tonight the President is challenging the Senate to follow suit and enact real reform early this year. Acceptable campaign finance reform legislation must meet five criteria: 1) it must be bipartisan; 2) it must be comprehensive; 3) it must reduce the amount of money that is raised and spent on federal elections; 4) it must help level the playing field between challengers and incumbents; and 5) it cannot favor one party over the other.

Reinventing Government

Three months into our Administration, the Vice President took charge of our reinventing government initiative. Seven years later, the government is the smallest it's been in nearly 40 years -- over 350,000 fewer employees. And it's focused on giving Americans customer service equal to the best in business by getting results they care about. We're tossing aside outdated bureaucratic binders and red tape that too often kept us from making a real difference in people's lives. But this is not just another exercise in "good government" -- our goal is nothing short of restoring the American people's trust in their government. When we started, only 21% of the American people trusted government to do the right thing all or most of the time -- down from 76% under President Kennedy. Today, that figure is back up to 40% -- a dramatic turnaround. But it's not nearly good enough. And we won't rest until "change" and "customer service" become a permanent part of the landscape and a majority of Americans trust their government again.

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Ruby Shamir
03/22/2000 05:03:55 PM

Record Type: Record

To: Heather H. Howard/OPD/EOP@EOP

cc:

Subject: The Clinton-Gore Administration FY2001 Budget: Summary Documents

THE CLINTON-GORE ADMINISTRATION FY2001 BUDGET: MAINTAINING FISCAL DISCIPLINE WHILE MAKING KEY INVESTMENTS

Summary Documents

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 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.

- **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

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 (CCCCG). 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 CCCC program is designed to address this problem with a comprehensive approach including pre-freshman summer programs, support services and increased grant aid to students. This \$35 million initiative will improve the chances of success for nearly 18,000 students.

- **Youth Opportunity Grants and Youth Training Formula Grants.** These competitive grants provide comprehensive employment and training assistance to youth, primarily out-of-school youth in high poverty areas. The President's FY2001 budget provides a 50 percent increase in funding to \$375 million, enough to serve 85,000 youth in high poverty areas. In addition, the FY2001 budget provides

a \$22 million increase (to \$1.022 billion) for the Youth Activities formula grant program. This level will provide job training and summer job opportunities to about 612,000 disadvantaged young people.

- **Youthbuild.** This program is targeted to 16-24 year old high school dropouts, and provides disadvantaged young adults with education and employment skills through rehabilitating and building housing for low-income families and homeless people. Funded at \$75 million, the Youthbuild programs will provide opportunities for approximately 3,330 trainees in 2001.
- **Job Corps.** Job Corps is the nation's largest and most comprehensive residential education and job training program targeted at impoverished young people. The FY2001 budget increases funding by \$35 million, bringing the total budget to \$1.393 billion.

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

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

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

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

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

CHILD CARE

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

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

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

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

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

Universal After-School for Students in the Most Need. The President and Vice President propose to invest \$1 billion in the 21st Century Community Learning Centers program to help ensure that every child in every failing school can have a safe place to learn during the after- school and summertime hours. This more than doubles the FY2000 investment. The Administration's budget will maintain the commitment to serving all children, but will dedicate much of the increase to help those children most in need of academic assistance as part of a comprehensive approach to help low-achieving students meet high academic standards. The budget provides sufficient funding to make after- or summer-school programs universally available to all students attending Title I school identified as low-performing, nearly tripling the number of children served by the program to 2.5 million.

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

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

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

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

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

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 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 sign-up." 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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