Budget – FY 2001 General

PHOTOCOPY
PRESERVATION

TALKING POINTS:

The President's Budget

February 7, 2000

President Clinton's budget proposal maintains the balanced, fiscally responsible approach that has brought us the longest economic expansion in American history. The President's plan eliminates the debt by 2013 using honest, realistic numbers; makes investments in the future while strengthening Social Security and Medicare; and provides tax relief for working families.

Sticks With The Balanced Approach That Has Brought Us The Longest Economic Expansion In American History: The President's budget relies on a balanced approach, which maintains fiscal discipline, eliminates the national debt, extends the solvency of Social Security and Medicare, provides a tax cut and funds essential investments in our future. By providing balance and maintaining fiscal discipline, this budget upholds the successful strategy that has brought us the longest economic expansion in the nation's history.

Puts The Nation On A Fiscally Responsible Path To Eliminate The National Debt By 2013, Making Our Nation Debt-Free For The First Time Since 1835: The President's plan will eliminate the national debt by 2013, the first time our nation has been debt-free since 1835. The President's successful policy of fiscal discipline and deficit reduction has already allowed us to pay off $150 billion in debt. Total debt reduction through 2000 is projected at $300 billion. By maintaining our fiscal discipline, we can eliminate the national debt in thirteen years, and devote the savings from debt reduction to Social Security. Last year, the government paid $230 billion in interest costs to finance the national debt, payments that, under the President's plan, would become unnecessary.

The Smallest Government As Share of the Economy Since 1966: Federal spending as a share of the economy is the lowest since 1966. President Clinton brought spending down from 22.2 per cent of the economy (GDP) in 1992 to 18.7 percent of the economy in 1999. At the same time, President Clinton has increased investments in education, technology and other areas that are vital to growth. 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.

An Honest Budget with Realistic Funding Levels: The President's budget is an honest budget that proposes fiscally responsible and realistic levels of spending that respond to the nation's pressing needs. These levels are lower than the average increase of spending passed by Congress in the past two years -- levels which have only been achievable through Congressional reliance on gimmicks that attempt to disguise the true spending levels.

Maintains Fiscal Responsibility And Makes Investments In Our Future: The President's budget maintains fiscal discipline, puts us on a path to eliminate the debt by 2013 – *and* provides for investment in issues critical to our future, including education, research and development, the environment, and defense and diplomacy.

Additionally, the President's budget helps American's working families through investments in childcare, health care, support for farm and rural communities, and other key areas.

Specifically, the budget helps America's working families by expanding the successful health insurance program (State Children's Health Insurance Program) to more low-income children and extending it to their hard-pressed parents. Established with bipartisan support as part of the 1997 Balanced Budget Act, SCHIP has already enrolled 2 million children of working low-income parents. The budget also provides a comprehensive package to provide support for falling crop prices and target assistance to certain segments of the farm and rural communities.

Strengthens Social Security And Extends Solvency To 2050: The President's commitment to Social Security has resulted in acceptance of the need to protect the Social Security Surplus. Now we must meet the next challenge by strengthening Social Security for the future. The President's plan to pay down and eliminate the national debt results in savings in interest costs, which are devoted to strengthening and extending the solvency of Social Security. The combined interest savings and transfers from the surplus in the President's budget extend the solvency of Social Security to 2050. The plan also invests half the transfers from the surplus in equities up to but not beyond 15% of the Social Security Trust Fund.

Strengthens And Modernizes Medicare By Extending Solvency To 2025 And Creating A Voluntary Prescription Drug Benefit: The President's plan extends the solvency of Medicare until 2025 and modernizes Medicare with a needed prescription drug benefit. The solvency of Medicare is extended until 2025 by devoting a portion of the surplus over 10 years to this essential program. Today, three out of four older Americans lack decent, dependable private-sector prescription drug coverage. And modern medications are more central to treatment today than they were when Medicare was established thirty-five years ago. The President's budget addresses this problem by providing seniors with a new voluntary prescription drug benefit.

Over $250 Billion In Tax Cuts And Credits For America's Working Families. The President's plan proposes $256 billion net for tax cuts and credits for America's working families, including reducing the marriage penalty for married two earner couples, expanding the Earned Income Tax Credit, helping families finance higher education, child care and long-term care, as well as expanding health insurance options for those facing unique barriers to coverage. The President's plan also establishes Retirement Savings Accounts, to give 76 million Americans the opportunity to build wealth and save for their retirement.

The balanced approach of this plan provides for all these essential needs, while still preserving the fiscal discipline that has balanced the budget, made our prosperity possible, and resulted in the longest economic expansion in history.

Framework for Social Security and Medicare Reform and Fiscal Discipline
(in billions of dollars)

	2001	Total '01-'10
Current Services Unified Surplus	**171**	**2,919**
Allocation of Surplus:		
Social Security lockbox	160	2,169
Available on-budget **surplus**	**12**	~~749~~ 746
Health initiatives:		
Medicare solvency	15	299
Reserve for catastrophic prescription drug coverage	--	35
Prescription drugs	-0	98
Health coverage	1	91
Discretionary spending	-3	-32
Net tax cut	0	256
Farm safety net	4	14
Other mandatory and offsets	-1	-14
Tobacco policy	-4	-66
Restoring budgetary conventions	-10	-10
Debt service	0	64
Remaining On-Budget Surplus	**9**	**16**

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Nonhealth Mandatory Proposals
(In billions of dollars)

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	2001	2001-10
Initiatives:		
Farm safety net programs	4.2	14.0
Legal immigrant and income support initiatives	0.0	9.9
Child care: Early learning fund	0.4	3.0
Fund Round II Urban Empowerment Zones	0.0	1.2
Extend welfare-to-work	-0.5	0.1
Payments to Social Security for military service credits *	0.3	3.0
Other	0.7	4.8
Total initiatives	5.1	36.0
Offsets for mandatory:		
Superfund tax extension	-1.4	-12.9
Extend customs user fees	--	-11.8
Education student loan offsets	--	-3.2
Other	-0.3	-8.2
Total offsets for mandatory	-1.7	-36.1
Offsets for discretionary:		
FAA user fees	-0.7	-9.0
Harbor services fees	-0.4	-2.8
Federal reserve transfer	-3.8	-3.8
Other	-2.6	-4.9
Total offsets for discretionary	-7.5	-20.5
Repeal mandatory timing shifts	-4.0	-4.0
Tobacco policy	-4.1	-65.9
Total nonhealth mandatory proposals	-12.2	-90.4

* Funded within social security

Produce list of other mandatory offsets for discretionary

Investing in Our Nation's Priorities

- $ 3 billion for the Early Learning Fund and universal after-school learning opportunities.
- Providing 100,000 highly trained, quality teachers to reduce class size.
- $25 billion to repair, renovate and renew our children's schools and $120 million to create smaller, safer and better high schools.
- Making college more affordable for families with a $30 billion College Opportunity Tax Cut, preparing kids for college through an expanded GEAR-UP, and helping students afford and be able to stay in school with College Completion Challenge Grants, Pell Grants and other initiatives.

- Expanding the Earned Income Tax Credit to provide tax relief for 6.8 million families, building on the President's 1993 EITC expansion, which provided a tax cut for 15 million families.
- Increasing the minimum wage by $1 to give a raise to 11.4 million Americans.
- Helping Americans balance work and family with increased child care assistance and a broader child care tax credit.
- Creating Retirement Savings Accounts (RSAs) to help working families save and invest.
- Simplifying taxes and rewarding marriage and work through reducing the marriage penalty.

- Providing health insurance coverage for 5 million uninsured Americans and access to millions more.
- Strengthening and modernizing Medicare, including adding a long overdue voluntary prescription drug benefit.
- Helping families cope with long term care costs through a $3,000 tax credit and other initiatives.

- Ensuring safer neighborhoods with 50,000 well-equipped community police.
- Keeping criminals and their guns off the streets with common-sense gun legislation and a historic $280 million new gun crimes enforcement initiative.
- Funding testing and replication of Smart Gun technology to limit a gun's use to its adult owner or other authorized users.

- More than doubling the New Markets Tax Credit and expanding other incentives to spur $22 billion in new investment in underserved rural and urban areas.
- Increasing opportunity for Native Americans with a $1.2 billion increase for key initiatives.
- Ensuring that family farmers have an adequate safety net.
- Closing the Digital Divide so that all Americans can fully participate in America's economic, social, and political life.

- Forging a partnership with Colombia to fight drugs and stop money laundering.
- Significant increases for weapons modernization to guarantee the continued technological superiority of U.S. forces.

- Providing resources through the Livable Communities initiatives to expand choices for communities to help them grow while easing traffic congestion and air pollution, preserving green space and cleaning up industrial toxic waste sites.

- Making a nearly $3 billion increase in the 21st Century Research Fund. This will include a $1 billion increase in biomedical research at the National Institutes of Health, a new $495 million National Nanotechnology Initiative, a $675 million increase in the National Science Foundation and nearly $600 million more in information technology research.
- Increasing funding to keep Americorps on track for 100,000 members each year by the year 2004.
- Providing tax incentives to encourage philanthropy building on the first-ever White House Conference on Philanthropy convened by the President and First Lady.

FY2001 Budget Tax Proposals
(in billions of dollars)

	2001	2001-2010
Provide tax relief:		
Expand educational opportunities	-0.7	-39.2
Provide poverty relief and revitalize communities 1/	-2.5	-42.0
Make health care more affordable 1/	-0.1	-40.1
Strengthen families and improve work incentives 1/	-0.4	-62.9
Promote expanded retirement savings, security, and portability	0.1	-77.3
Provide AMT relief for families and simplify the tax laws 1/	-0.9	-38.2
Encourage philanthropy	-0.6	-13.9
Promote energy efficiency and improve the environment	-0.2	-9.3
Modify international trade provisions and provide other tax relief 2/	-0.5	-8.3
Subtotal, provide tax relief 1/ 2/	**-5.9**	**-331.2**
Refundable credits	**-0.0**	**-20.1**
Total gross tax relief including refundable credits 2/	**-5.9**	**-351.4**
Eliminate unwarranted benefits and adopt other revenue measures:		
Limit benefits of corporate tax shelter transactions	2.3	22.9
Allow RICs a dividends paid deduction for redemptions only in cases where the redemption represents a contraction in the RIC	0.1	3.7
Repeal lower-of-cost-or-market inventory accounting method	0.5	2.1
Require recapture of policyholder surplus accounts	0.1	2.2
Modify rules for capitalizing policy acquisition costs of life insurance companies	0.5	11.8
Eliminate non-business valuation discounts	0.3	6.1
Replace sales-source rules	0.3	6.7
Other 2/	1.8	40.1
Subtotal, eliminate unwarranted benefits/adopt other measures 2/	**5.9**	**95.6**
Tax relief including refundable credits 2/	**-0.0**	**-255.7**

Note: For detail on Administration revenue proposals see Table S-12.

1/ Amounts shown are the effect on receipts.

2/ Net of income offsets.

CBO Baseline Projections of the On-Budget Surplus

(Billions of dollars)

	2001	2001-2010
Maintain 2000 Program Levels	11	838
Hard Freeze at 2000 Levels	22	1,858
Assume Discretionary Caps	69	1,918

-- Of the three CBO paths, only one represents a realistic policy -- maintaining 2000 program levels.

-- Discretionary assumptions are the only difference among the three paths.

-- Each of the three paths assumes $2.3 trillion of the Social Security surplus being used for debt reduction.

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Discretionary Spending Levels
(Budget authority in billions of dollars)

	1998	1999	2000
Original Balanced Budget Act Limits:			
BA	**527**	**533**	**537**
Enacted Spending:			
BA	**534**	**571**	**592**
Amount Over Caps:			
BA	**7**	**38**	**54**
Year-to-Year Increase:			
Total Spending:			
BA		37	20
Percentage Change		7.0%	3.5%

Where have we ended up in each of the past two years?

-- In 1999 and 2000, using emergency designations, timing shifts, advance appropriations and other alternative funding mechanisms, spending exceeded the caps by $38 billion and $54 billion, respectively.

-- From 1998 to 1999, spending grew by $37 billion or 7 percent; from 1999 to 2000, spending grew by $20 billion or 3.5 percent.

Alternative CBO Discretionary Funding Levels

(In billions of dollars)

	2001	2010	2001-2010
Maintain 2000 Program Levels:			
Budget Authority............	606	758	
Hard Freeze at 2000 Levels, Impact on Total Discretionary Spending:			
Budget Authority............	586	586	
Reduction from 2000 Program Levels............	-20	-172	
Percentage Difference............	-3%	-23%	-14%
Assume Discretionary Caps, Impact on Total Discretionary Spending:			
Budget Authority............	540	670	
Reduction from 2000 Program Levels............	-66	-88	
Percentage Difference............	-11%	-12%	-12%

-- This reduction assumes cuts would be spread proportionately across defense and non-defense

-- Under a hard freeze at the 2000 levels, discretionary funding ~~for non-defense~~ would be cut by 14 percent (relative to 2000 program levels) over the 2001 -- 2010 window.

-- 3 percent in 2001 and 23 percent in 2010;

-- The current discretionary caps would require a signficantly larger cut in 2001 -- 11 percent, but a smaller cut over the 10-year period.

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Impact of Discretionary Hard Freeze With Defense Growth
(In billions of dollars)

	2001
Non-Defense Discretionary, Assuming President's Request for Defense Military:	
Budget Authority	294
Reduction from 2000 Program Levels	-28
Percentage Difference	-9%
Non-Defense Discretionary, with President's Request Plus $10 Billion for Defense Military:	
Budget Authority	284
Reduction from 2000 Program Levels	-38
Percentage Difference	-12%

-- Prudent fiscal policy has to be on a realistic starting point.

~~What happens~~ if discretionary spending ~~is~~ frozen at 2000 levels, while the President's request for Defense is fully funded?

-- Unrealistic reductions – 9 percent – would be required. Examples of the programmatic impacts in 2001 of such a cut include:

- -- WIC: 665,000 fewer low-income women, infants, and children on WIC.
- -- Head Start: 43,000 fewer children and their families served by Head Start.
- -- Title I: 1.1 million fewer children would receive educational services.
- -- Veterans Affairs: over 280,000 veterans would lose access to health care.
- -- EPA Superfund: $226 million cut, eliminating funding for 26 new federally-led cleanups.
- -- Law Enforcement: Would cut FBI staff by over 2,500 FTE, including over over 1,000 FBI agents.

These cuts should NOT, and would not be made.

~~If the President's request plus $10 billion is provided for Defense -- as was the case in 2000 -- funding for other priority programs would be~~ cut by 12 percent

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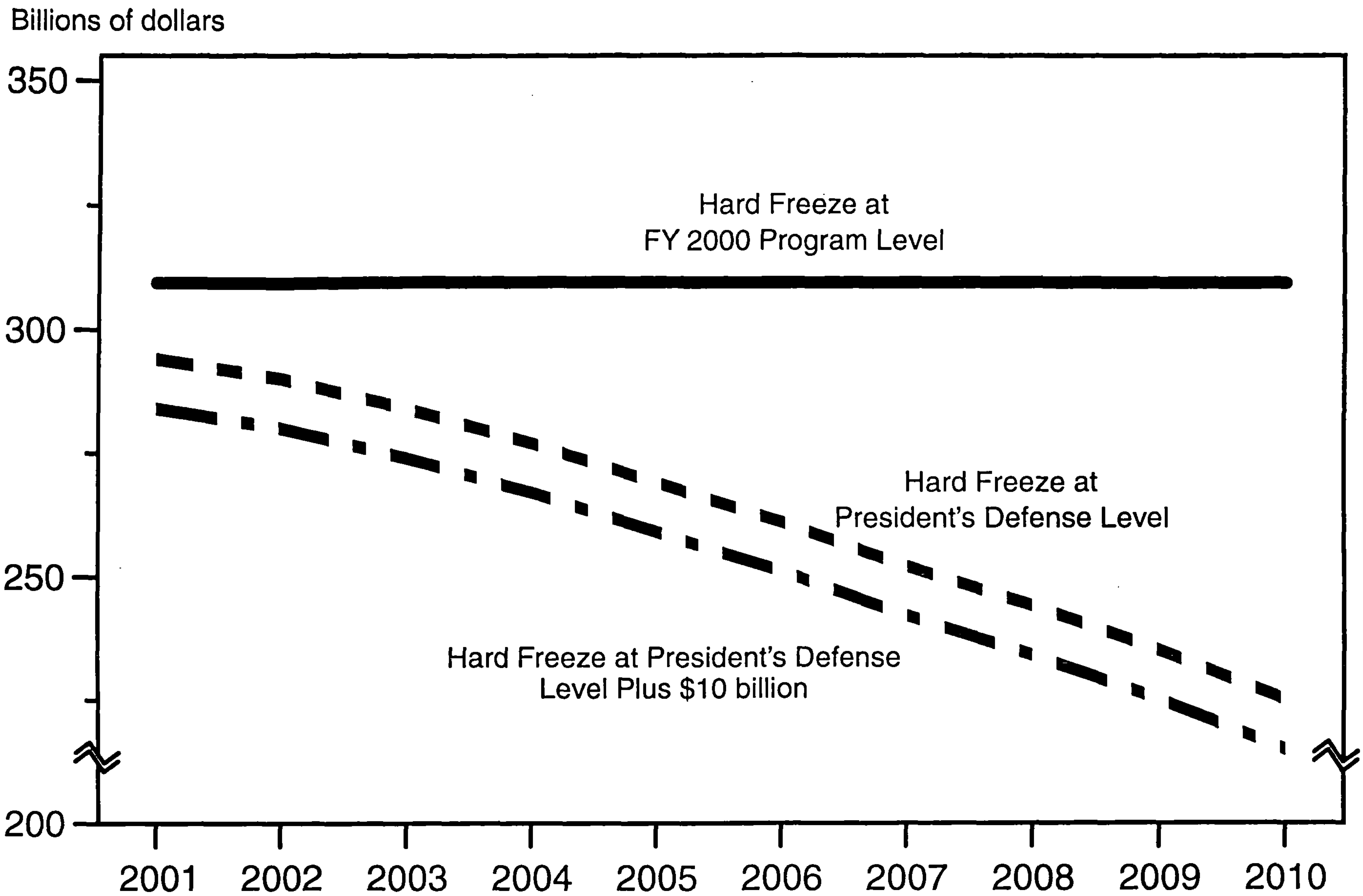
Last year Congress increased Defense by $10 billion above the President's Budget. A comparable increase would require all other programs to be

Alternative Non-Defense Discretionary Levels



Assuming a hard freeze on Non-Defense Discretionary spending and fully funding the President's defense request, NDD programs would be cut by 25% below 2000 program levels in 2005, and would be cut by 44% in 2010.

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Restoring Budgetary Conventions
(In billions of dollars)

Restore tradtional discretionary outlay timing	
Defense pay	3.5
Defense obligations delay	1.3
Subtotal, defense	4.7
Nondefense pay	0.8
Nondefense obligations delay	0.5
Total, discretionary outlays	6.0
Restore traditional mandatory outlay timing	
Veterans compensation	1.8
Suplemental security income	2.2
Medicare	4.5
Total, mandatory outlays	8.5
Advance appropriations (Budget authority)	14.4

The President's Budget says no to gimmicks, precludes the use of emergency spending except in the case of truly unforeseen emergencies, and makes sure all spending is accounted for in the year it belongs.

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Current Services Surpluses
(in billions of dollars)

	2001	Total '01-'10
Unified surplus	171	2,919
Off-budget	160	2,173
On-budget	11	746

-- The only realistic approach is a current services baseline.

-- The Administration's surplus numbers are based on this approach.

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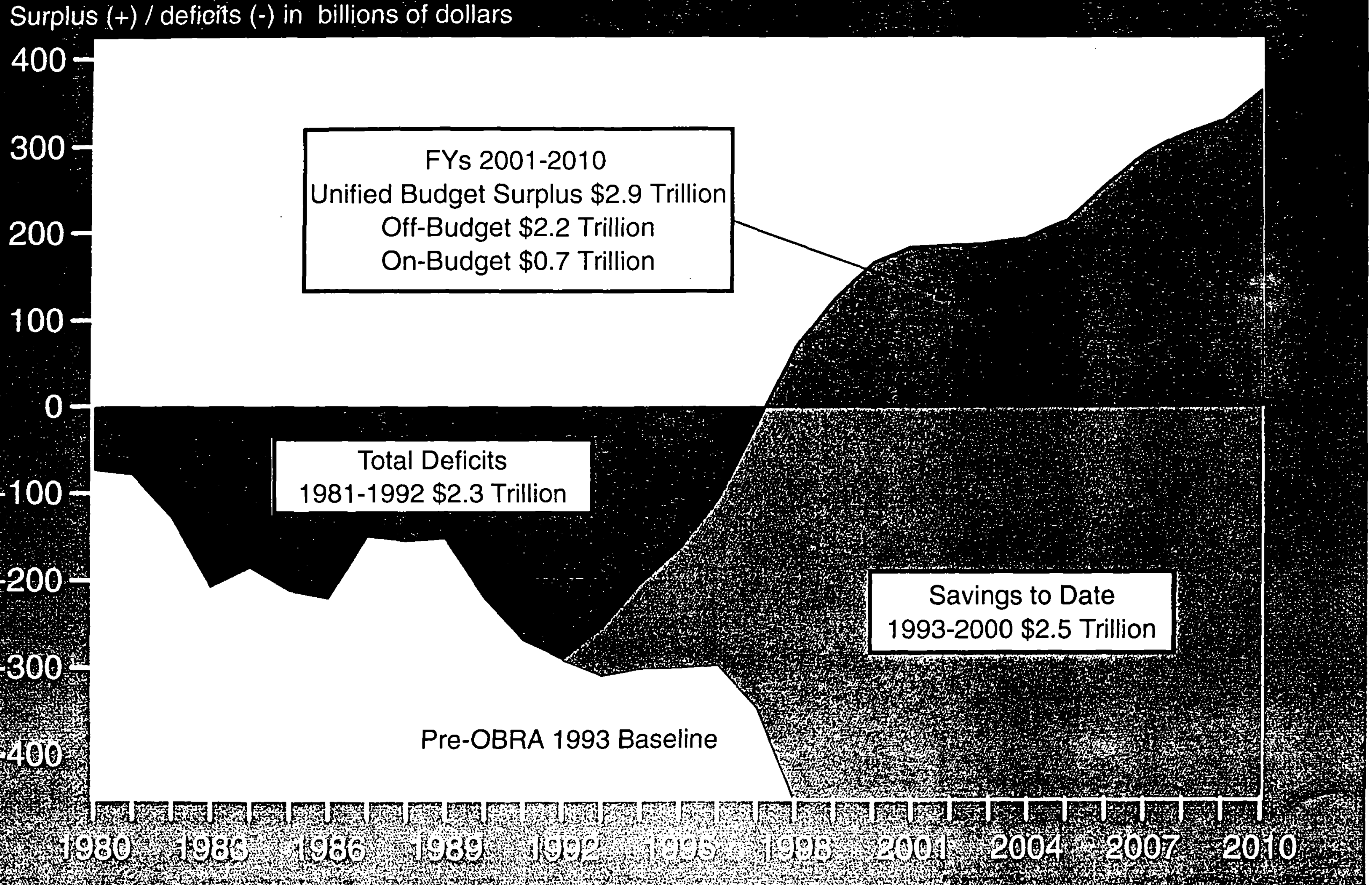
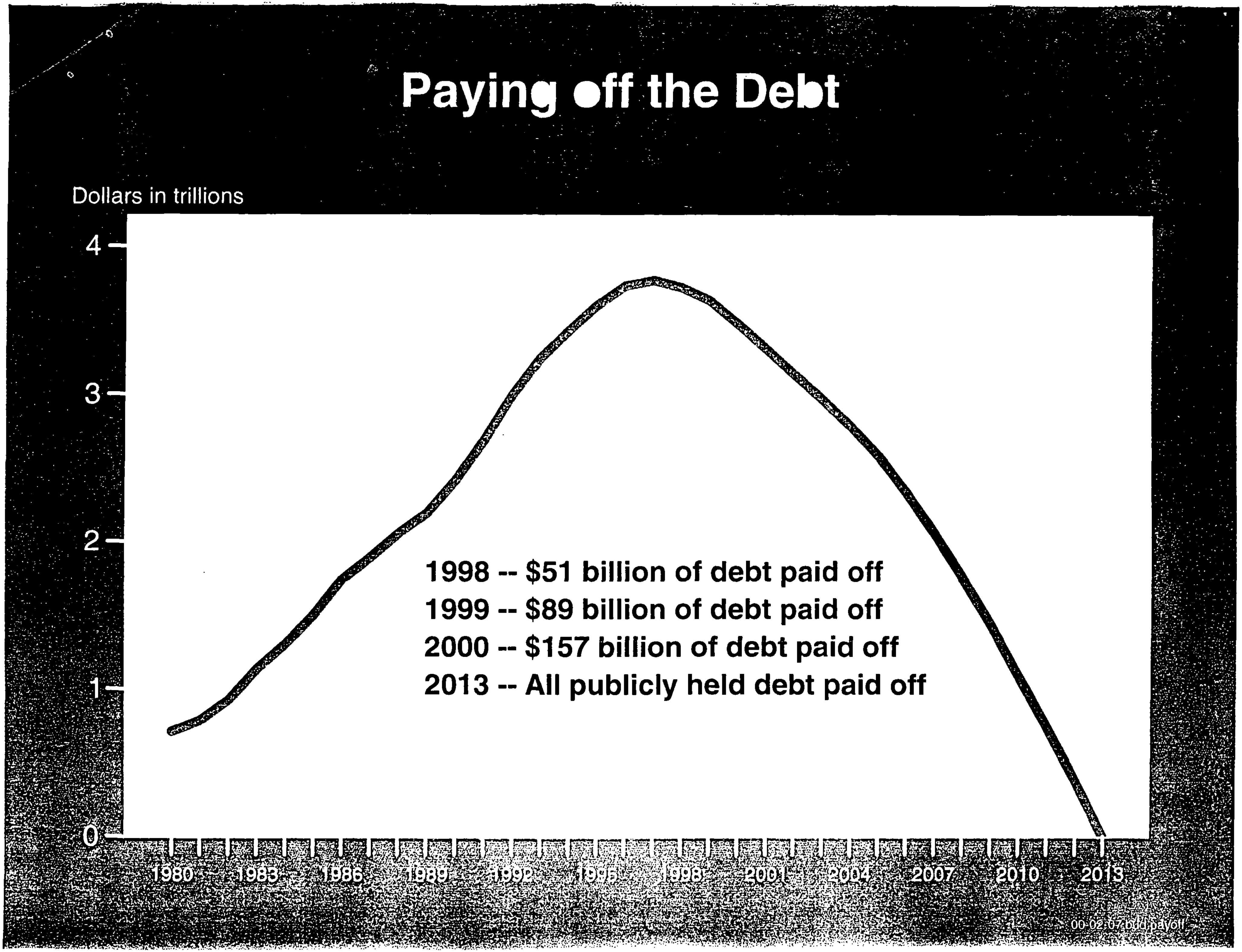
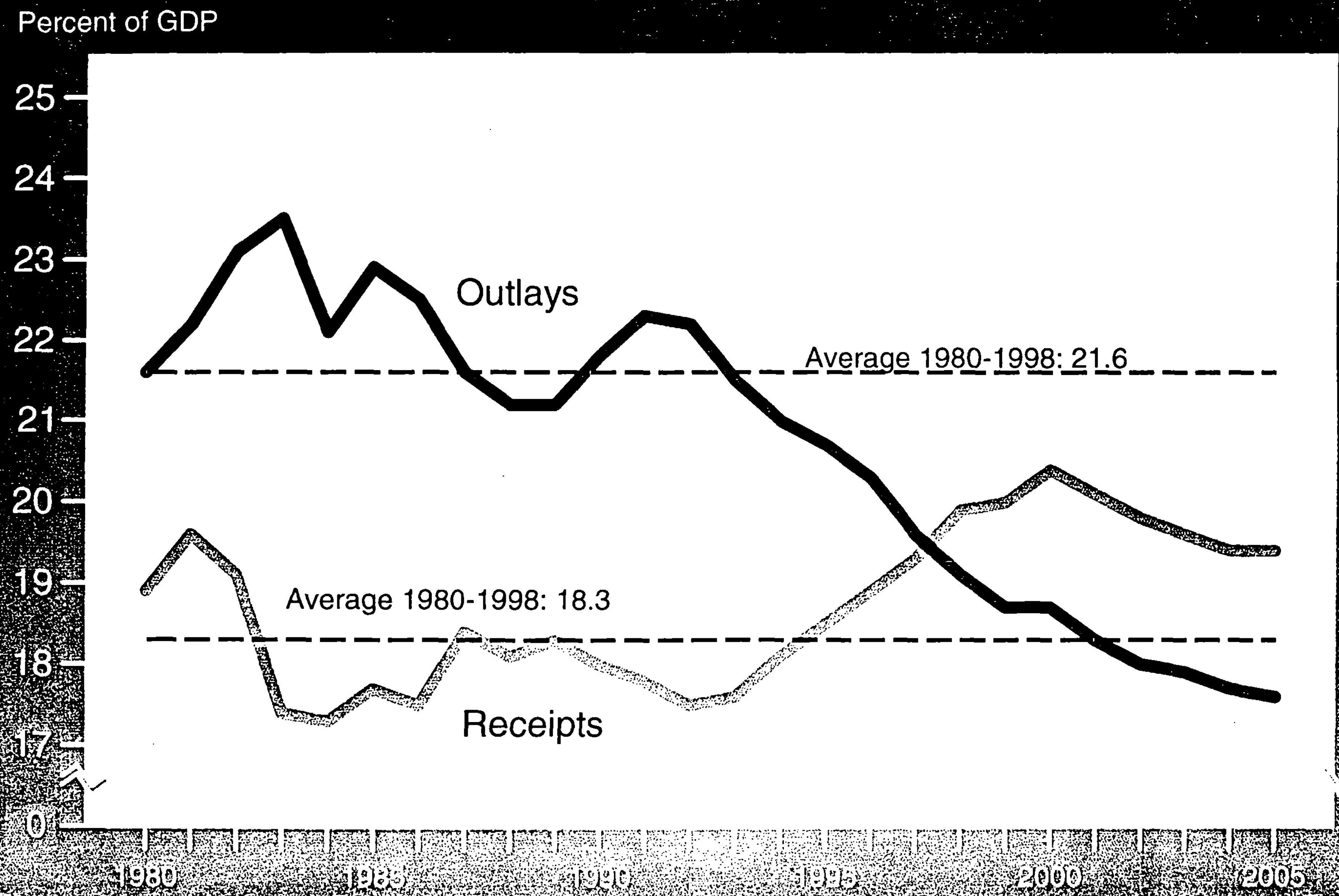
Fiscal Discipline - Surpluses Follow Years of Deficits



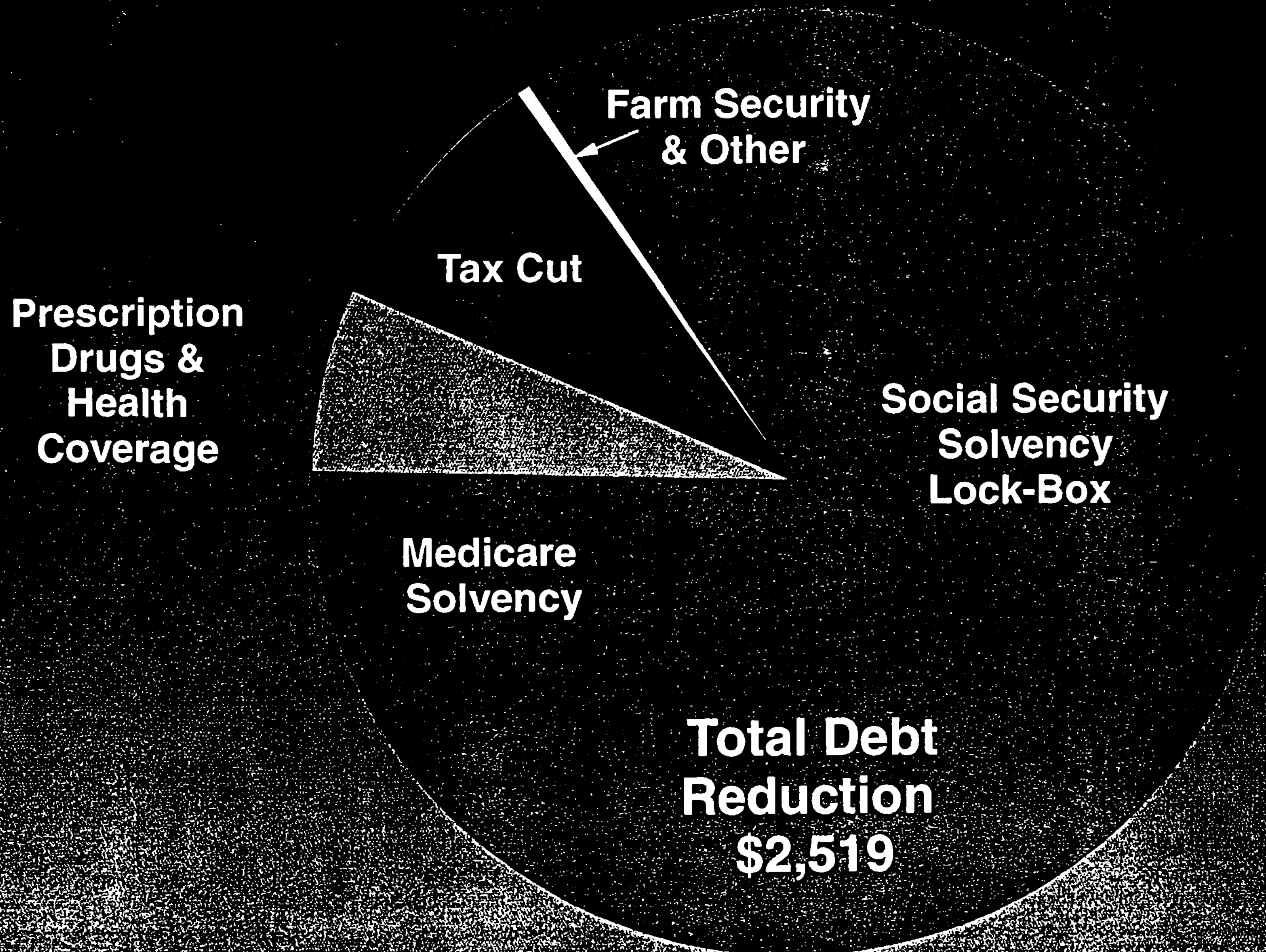

Paying off the Debt
Dollars in trillions
4
3
2
1
0
1980
1983
1986
1989
1992
1995
1998
2001
2004
2007
2010
2013
1998 -- $51 billion of debt paid off
1999 -- $89 billion of debt paid off
2000 -- $157 billion of debt paid off
2013 -- All publicly held debt paid off

The Budget was Balanced by Both Cuts in Spending and Increases in Receipts



Allocation of Current Services Surpluses: FY 2001-2010

Cumulative Surpluses
$2,919 billion



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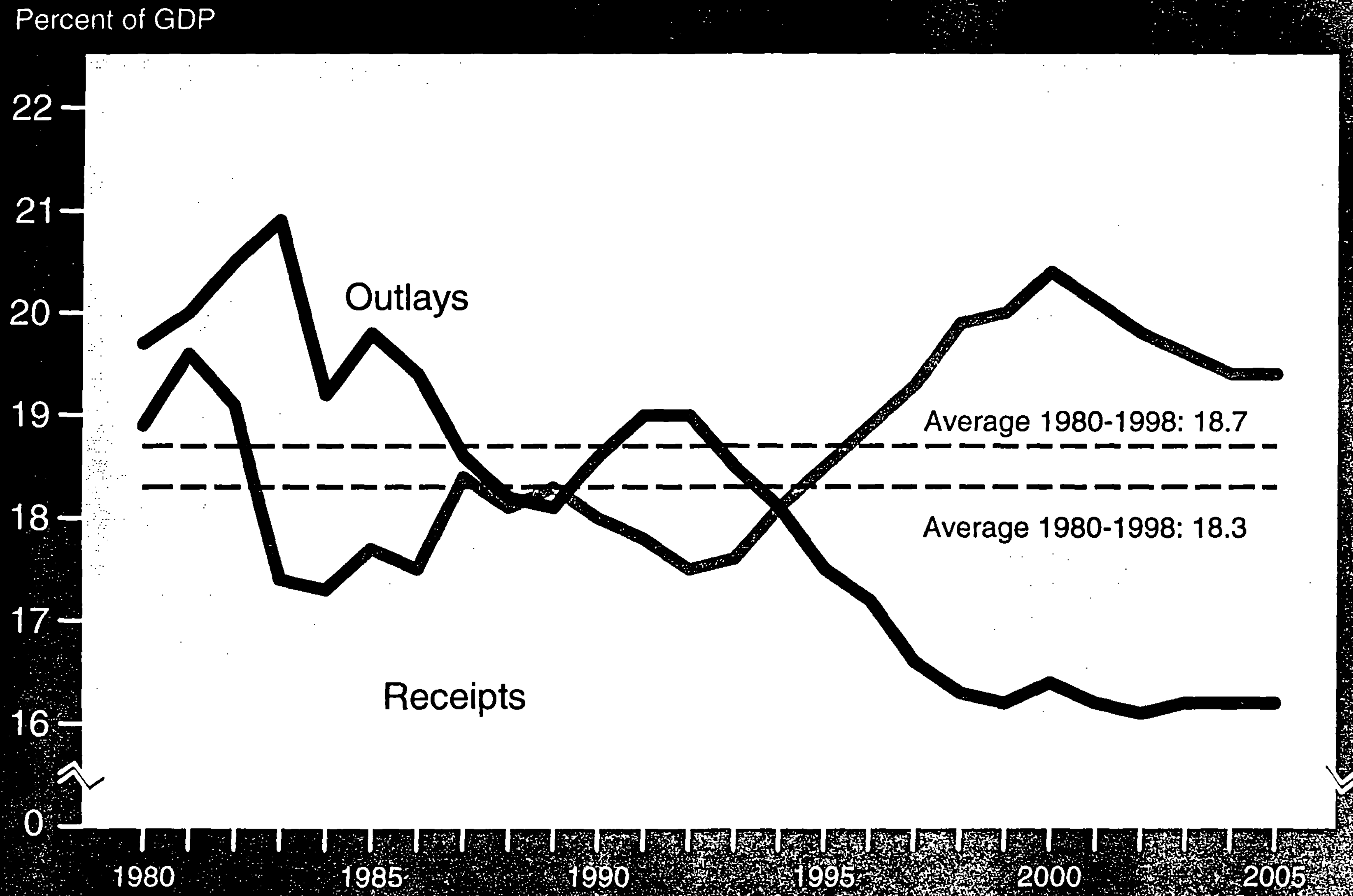
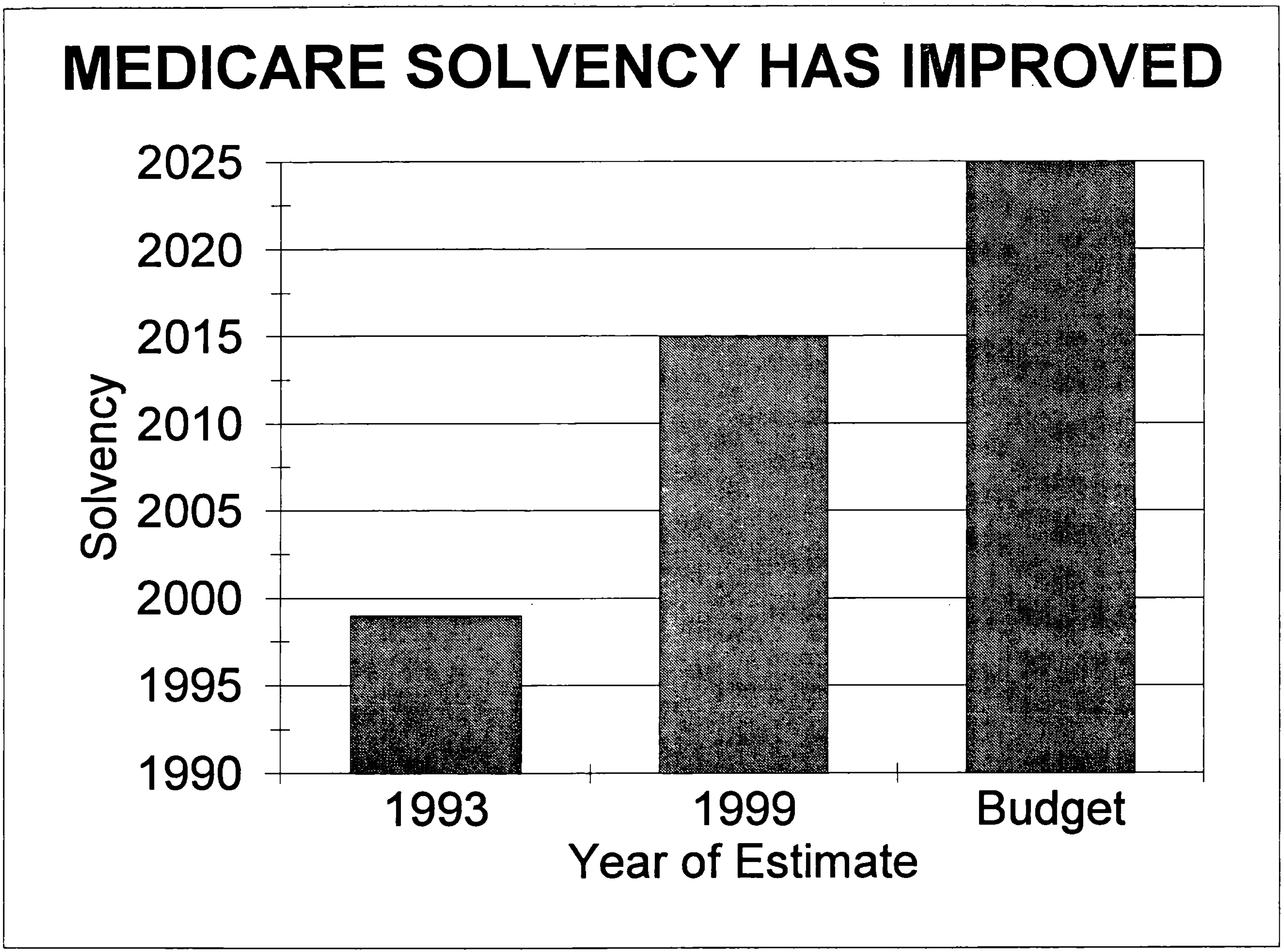
The Budget was Balanced by Both Cuts in Spending and Increases in Receipts (Excluding Interest)




MEDICARE SOLVENCY HAS IMPROVED
Solvency
2025
2020
2015
2010
2005
2000
1995
1990
1993
1999
Budget
Year of Estimate

BASE SCENARIO: TOTAL DISCRETIONARY AT CURRENT SERVICES FROM 2000 FORWARD

- Same as scenario 1 shown in previous meeting except discretionary policy surplus and prescription drugs are based on the latest, corrected scoring.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
Discretionary Policy Surplus	**0**	**17**	**11**	**14**	**20**	**72**	**100**	**118**	**141**	**173**	**63**	**667**
Net Tax Cut	3	8	9	10	15	26	38	43	47	51	45	250
Prescription Drugs	-1	-1	5	11	10	11	13	15	17	20	24	103
Medicare Solvency	0	9	2	0	0	34	44	50	61	82	11	283
Health Coverage	1	4	4	4	5	6	7	8	9	9	18	56
Tobacco Offsets	-3	-4	-4	-10	-12	-7	-7	-7	-7	-7	-34	-70
Financing Cost	0	0	1	2	3	4	7	10	14	19	5	60
Resulting Surplus	**0**	**2**	**-4**	**-2**	**-2**	**-2**	**-2**	**-1**	**-2**	**-2**	**-6**	**-15**

BALANCE SCENARIO A

- Same as base scenario except lower Medicare solvency and $1 billion reductions in:
  - Net tax cut in 2005
  - Prescription drug in 2004
  - Health coverage in 2002 and 2003
  - Tobacco in 2003 and 2004 (increase in revenue)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
Discretionary Policy Surplus	**0**	**17**	**11**	**14**	**21**	**72**	**100**	**118**	**141**	**173**	**63**	**667**
Net Tax Cut	3	8	9	~~10~~12	~~14~~17	26	38	43	48	52	43	250
Prescription Drugs	-1	-2	4	10	11	12	13	15	18	20	23	102
Medicare Solvency	0	11	0	0	0	32	43	49	60	80	11	275
Health Coverage	~~1~~2	~~3~~4	~~3~~4	4	5	6	7	8	9	9	17	55
Tobacco Offsets	-3	~~-4~~-3	~~-5~~-3	-~~11~~8	-~~12~~9	-7	-7	-7	-7	-7	-36	-72
Financing Cost	0	0	1	1	2	4	7	10	14	19	4	58
Resulting Surplus	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Potential Added Resources	~~1~~0	~~2~~ ~~4~~0	~~3~~ ~~2~~	~~5~~ ~~2~~	~~6~~ 0	**7**	**7**	**8**	**9**	**10**	**17**	**58**
			0	0								

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BALANCE SCENARIO B: TOTAL DISCRETIONARY GROWING AT 2.2 PERCENT FROM 2000 BASE

- Discretionary policy is essentially the same as the base scenario, except discretionary spending in 2002 forward is based on 2.2 percent growth from the 2000 base, not the 2.6 percent growth assumed for current services.

- Undoes all of the $1 billion reductions in Balance Scenario A.
- Net tax cut is $55 billion over the first 5 years.
- Mid-session Review scoring for Medicare solvency.
- $125 billion in additional resources from 2006-10 for other purposes.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
Discretionary Policy Surplus	0	21	18	24	33	88	120	142	169	207	**96**	**823**
Net Tax Cut	3	10	11	12	19	24	36	41	45	49	55	250
Prescription Drugs	-1	-2	4	11	11	12	13	15	18	20	24	103
Medicare Solvency	0	12	3	5	7	24	37	46	61	86	27	281
Health Coverage	1	4	4	4	5	6	7	8	9	9	18	56
Tobacco Offsets	-3	-4	-4	-10	-12	-7	-7	-7	-7	-7	-34	-70
Rainy day fund / Social Security solvency	0	0	0	0	0	25	25	25	25	25	0	125
Financing Cost	0	0	1	2	3	5	9	14	19	25	6	78
Resulting Surplus	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Potential Added Resources	**1**	**2**	**3**	**5**	**6**	**7**	**7**	**8**	**9**	**10**	**17**	**58**

NOTE: "DISCRETIONARY POLICY SURPLUS" IS A PRELIMINARY ESTIMATE FOR THIS POLICY

DISCRETIONARY SPENDING UNDERLYING BALANCE SCENARIO B

ALL NUMBERS ARE PRELIMINARY, PRE-OMB ESTIMATES

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
DELTA FROM CURRENT SERVICES												
Defense	2	-3	-1	1	9	0	-1	-2	-4	-5	8	-4
Non-defense	3	-4	-8	-10	-12	-14	-16	-17	-19	-21	-31	-118
Total	6	-7	-9	-9	-3	-14	-17	-20	-23	-26	-23	-122
PERCENTAGE CUT RELATIVE TO CURRENT SERVICES												
Defense	1%	-1%	0%	0%	3%	0%	0%	-1%	-1%	-2%	1%	0%
Non-defense	1%	-1%	-2%	-3%	-3%	-4%	-4%	-4%	-5%	-5%	-2%	-3%
Total	1%	-1%	-1%	-1%	-1%	-2%	-2%	-3%	-3%	-3%	-1%	-2%
LEVEL OF BUDGET AUTHORITY												
Defense	292	296	302	309	317	324	331	339	346	354		
Non-defense	322	319	327	333	339	347	354	362	370	378		
Total	614	615	629	642	657	671	686	701	716	732		
LEVEL OF OUTLAYS												
Defense	284	285	294	304	320	318	325	332	339	346		
Non-defense	352	353	358	365	371	378	385	393	402	410		
Total	635	638	653	670	691	695	710	725	741	756		

Targets
Tax Cut Options

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2000-2005	2000-2010
	Fiscal Years												
	($'s in billions)												
Target Net Cut	**0.0**	**0.0**	**-5.0**	**-6.0**	**-8.0**	**-11.0**	**-27.0**	**-40.0**	**-47.0**	**-52.0**	**-54.0**	**-30.0**	**-250.0**
Current Status	0.0	-4.5	-12.5	-17.0	-21.5	-33.5	-36.5	-39.0	-41.0	-46.0	-48.0	-89.0	-299.5
Short-fall	0.0	-4.5	-7.5	-11.0	-13.5	-22.5	-9.5	1.0	6.0	6.0	6.0	-59.0	-49.5

Provisions that can be dialed

- EITC
- Standard deduction/marriage penalty
- Life-time learning credit
- Long-term care credit
- Child and dependent care expansion and refundability
- 15% credit for nonemployer health insurance

[1B/yr for PSA in start '02 ^ 03]

04

PSA	3.1
~~[illegible]~~ DCTC refundable	2.7
Health	3.2
Marriage	2.1
LT Care med exp	1.0
EITC/Pw	7.0
	18.1

28/10 yr. 03 ~ 04 better the credits phased in refund in '03 or '04. can't tell

Net Tax 3 ~~8~~ 10 14 19 | 28 35 45 45 55

6/10

1/3

CURRENT STATUS OF ON-BUDGET SURPLUS
(in billions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total '01-'10
Mid-session baseline on-budget surplus	6	24	65	58	78	93	141	174	203	241	279	1,357
Impact of economics (incl debt service)	30	39	36	25	16	15	16	17	15	12	10	201
Enacted legislation and reestimates	-18	1	4	10	14	19	19	19	16	11	14	128
Revised on-budget baseline surplus	18	65	105	93	107	127	177	210	235	264	303	1,686
Fund DoD topline	--	-22	-22	-16	-18	-17	-4	2	9	16	18	-54
Fund NDD at freeze with adjustments	--	-44	-55	-57	-50	-51	-49	-46	-44	-42	-34	-473
Fund inflation for NDD beyond 2001	--	--	-5	-12	-20	-28	-37	-46	-55	-65	-75	-341
Fund agriculture safety net	-0	-4	-3	-1	-1	-1	-0	-0	-0	-0	-0	-9
Mandatory offsets and adjustments	-4	6	2	2	2	1	1	1	0	0	0	16
Related debt service	-0	-2	-6	-11	-17	-22	-29	-35	-42	-50	-58	-272
Revised on-budget surplus/deficit(-)	**14**	**-0**	**17**	**-2**	**4**	**9**	**59**	**86**	**102**	**123**	**155**	**553**
MEMORANDUM:												
Revised on-budget surplus with alternative NDD policies:												
Surplus with 1/2 inflation for NDD	14	-0	19	4	15	24	80	112	135	163	202	**755**
Surplus with 2/3 inflation for NDD	14	-0	18	2	11	19	73	103	124	150	186	**687**
Surplus with inflation at GDP for NDD	14	-0	18	1	9	16	69	98	117	142	176	**646**

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BASE SCENARIO

- Assumes base discretionary and Medicare policies
- Net tax cut of $250 billion – with $50 billion over the first 5 years
- Health coverage costing $50 billion over 10 years
- Tobacco offsets of $7 billion per year

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
Surplus w/ NDD at Inflation	**0**	**20**	**-1**	**5**	**10**	**60**	**86**	**102**	**124**	**155**	**34**	**561**
Net Tax Cut	0	5	9	15	21	30	40	41	43	45	50	250
Prescription Drugs	-2	-1	5	11	11	11	13	15	17	20	23	100
Medicare Solvency	1	16	2	5	7	13	20	23	33	55	31	175
Health Coverage	1	2	3	4	5	6	6	7	7	8	15	48
Tobacco Offsets	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-35	-70
Financing Cost	0	0	0	1	2	4	7	10	14	19	2	56
Resulting Surplus	**7**	**6**	**-12**	**-23**	**-29**	**3**	**7**	**13**	**15**	**16**	**-52**	**2**

HYPOTHETICAL BALANCE SCENARIO #1

- Grow non-defense discretionary at two-thirds of current services inflation (1.7 percent instead of 2.6 percent)
- Net tax cut of $30 billion over first 5 years (MSR USAs cost $26 billion over the first 5 years)
- Continue to start drug benefit in 2003 but phase in more slowly (hypothetical stream)
- Continue to start health coverage in 2001 but phase in more slowly (hypothetical stream)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
Surplus w/ NDD at 2/3rds of Inflation	**0**	**22**	**3**	**12**	**20**	**74**	**104**	**124**	**150**	**186**	**57**	**695**
Net Tax Cut	0	5	6	8	11	27	40	47	52	54	30	250
Prescription Drugs	-2	-1	2	5	7	11	13	15	17	20	11	88
Medicare Solvency	8	25	2	5	7	37	48	57	71	97	48	358
Health Coverage	1	1	1	2	2	4	5	5	6	6	5	30
Tobacco Offsets	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-35	-70
Financing Cost	0	-1	-1	0	0	1	4	7	11	16	-2	38
Resulting Surplus	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

HYPOTHETICAL BALANCE SCENARIO #2 – ALTERNATIVE MEDICARE SCORING

- Same discretionary and tax cut as Scenario #1
- Same prescription drugs and coverage as the base scenario (i.e., normal phase in)
- As in the MSR framework, additions to Medicare solvency are matched by debt reduction over 5 and 10 years. (Unlike the MSR, in 2001 and 2002 there is more debt reduction than solvency; and in 2003-05 there is more solvency than debt reduction.)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
Surplus w/ NDD at 2/3rds of Inflation	**0**	**22**	**3**	**12**	**20**	**74**	**104**	**124**	**150**	**186**	**57**	**695**
Net Tax Cut	0	5	6	8	11	27	40	47	52	54	30	250
Prescription Drugs	-2	-1	5	11	11	11	13	15	17	20	23	100
Medicare Solvency	8	23	0	0	0	34	46	54	68	94	31	326
Health Coverage	1	2	3	4	5	6	6	7	7	8	15	48
Tobacco Offsets	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-35	-70
Financing Cost	0	0	0	0	1	3	6	9	13	18	0	49
Resulting Surplus	**0**	**0**	**-3**	**-4**	**-1**	**0**	**0**	**0**	**0**	**0**	**-7**	**-7**

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Closing the Opportunity Gap/Childcare

	FY00 Enacted	FY01 Settlement	Opportunity Gap Add	New FY01 Total	Additional Outlays Needed	Total (+/-) over FY00	Comments
Child Care							
Head Start	5267	5901	366.0	6267	135	1,000	
			282		*104*		*First part of Head Start Increase. Total increase of $1 billion to serve 70,000 additional children.*
Head Start(childcare) - Non Add							
Head Start (COG) - Non Add			*84*		*31.0*		*Second part of Head Start Increase. Total increase of $1 billion to serve 70,000 additional children.*
Child Care Development Block G	1,183	1,183	817	2000	588	817	
Early Learning Fund	0	0	600	600	372	600	
Total	**6,450.0**	**7,084.0**	**1,783.0**	**8,867.0**	**1,095.0**	**2,417.0**	
Elementary and Secondary							
Community Based Technology	32.5	65.0	35.0	100.0	1.8	67.5	Threefold increase in the program.
Indian Education	77.0	84.7	30.8	115.5	3.7	38.5	50 percent increase in the program.
Arts in Education	11.5	16.5	6.5	23.0	0.3	11.5	Doubles funding for this program.
Class Size	1,300.0	1,500.0	250.0	1,750.0	12.5	450.0	Funds 47,000 teachers with proposed match
Special Ed	6,036.6	6,336.6	35.0	6,371.6	1.8	335.0	Administration's largest request ever for SPED
After School	453.7	900.0	100.0	1,000.0	5.0	546.3	Provides universal after school or summer school for all failing schools and both for some schools.
Charter Schools	145.0	145.0	30.0	175.0	1.5	30.0	
Additional ED programs			2.0	2.0			
Youth Opportunity Grants	250.0	250.0	200.0	450.0	0.0	200.0	Serve an additional 40,000 youths.
Total	**8,306.4**	**9,297.9**	**689.3**	**9,987.1**	**26.5**	**1,678.8**	
Preparing for College							
GEAR UP	200.0	300.0	25.0	325.0	3.0	125.0	Serves a total of 855,000 students.
AP Online	0.0	0.0	10.0	10.0	0.5	10.0	Provides AP and other courses online
SAT/ACT Test Prep	0.0	0.0	10.0	10.0	1.2	10.0	Provides low income students access to commercial test prep services.
Total	**200.0**	**300.0**	**45.0**	**345.0**	**4.7**	**145.0**	
College							
Dual Degree/MSI's	0.0	0.0	40.0	40.0	4.8	40.0	New initiative w/ HCBU's/HSI's/TCU's.
TRIO	645.0	695.0	30.0	725.0	3.6	80.0	Helps support college prep/retention programs.
SEOG	631.0	656.0	35.0	691.0	3.5	60.0	Increases grant aid for the poorest students.
HBCU	148.8	165.0	4.0	169.0	0.5	20.3	Meets or exceeds request by CBC
HSI	42.3	58.5	4.0	62.5	0.5	20.3	Meets or exceeds request by CHC
Total	**1,467.0**	**1,574.5**	**113.0**	**1,687.5**	**12.9**	**220.5**	
Supporting Working Families							
Welfare to Work Fathers	0.0	0.0	250.0	250.0	25.0	250.0	Replaces mandatory welfare-to-work program.
Paid Leave	2.0	2.0	18.0	20.0	5.0	18.0	State grants to test leave policies
Total	**2.0**	**2.0**	**268.0**	**270.0**	**30.0**	**268.0**	
Total	**16,425.4**	**18,258.4**	**2,898.3**	**21,156.6**	**1,169.1**	**4,729.3**	

Approximate Five- and Ten-Year Revenue Cost for An **Illustrative** Package of New Initiatives (in Billions)

	2000-2005	2000-2010
Encourage saving		
Core:		
USAs/Pensions *	30.0	100.0
Total	30.0	100.0
Poverty Relief and Revitalizing Communities		
Core:		
Increase EITC credit rate for 3 or more kids (increase max credit by $500); (2) 2-earner allowance; (3) slower phaseout for 2 kids	8.3	19.2
New markets tax credit -- double allocation	1.0	2.0
Digital Divide:	1.2	2.2
Improve access to computers and the internet *		
Encourage sponsorship of zone academies (double and include libraries and tech centers)		
Modify & expand workplace literacy to include worker training and technology training *		
Extend and expand empowerment zone incentives	2.0	4.0
Index the cap for low-income housing credit	0.0	0.3
Option: Make the child and dependent care tax credit refundable	*2.9*	*8.1*
Total	12.5	27.7
Education		
Core:		
Expand the lifetime learning credit	6.0	10.8
Option: Refundability		
Total	6.0	10.8
Health Care		
Package One:		
Tax credit for COBRA continuation coverage	4.0	10.0
25 percent credit for Medicare buyin *	4	8
Expand tax credit for small business health coalitions +	0.1	0.3
Increase tax credit for long-term care expenses to $2,000 +	3.4	8.2
Option: Refundable credit		
Total, package one	11.5	26.5
Package Two:		
15 percent credit for nonemployer health insurance	10.0	30.0
Expand tax credit for small business health coalitions +	0.1	0.3
Increase tax credit for long-term care expenses to $2,000 +	3.4	8.2
Option: Refundable credit		
Total, package two	13.5	38.5

Approximate Five- and Ten-Year Revenue Cost for An **Illustrative** Package of New Initiatives (in Billions)

	2000-2005	2000-2010
Simplify and Cut Taxes		
Alternatives		
AMT: Allow dependent exemptions in excess of 1 (phased in)	4.7	31.0
Encourage electronic filing *	2.0	4.0
Simplify taxation for small businesses *	1.0	2.0
Total, recommended option	4.7	31.0
Marriage Penalty/Middle Class Tax Relief		
Alternatives:		
Raise the standard deduction by $250 for single, $500 for joint filers		
Higher standard deduction for two-earner couples	20.0	40.0
Higher standard deduction for two-earner couples (phased in)		
Standard deduction for couples twice that of singles effective 2001		
Total, recommended option	20.0	40.0
Encourage Philanthropy		
Reduce excise tax on foundations	1.8	4.0
Option: Above the line deduction for nonitemizers		
100% deduction over $500 for single filers; $1,000 for joint filers		
$750 floor for single; $1,500 for joints (x% deduction) *	*2.0*	*6.0*
Total	3.8	10.0
Totals (assumes health package one)	88.5	246.0

Estimates are highly preliminary

* Estimate even more preliminary than most (or plug number)

Provisions in italics are uncertain

Both option

Budget Themes

The following are the suggested principal themes for new initiatives in this year's budget: (1) Encourage saving; (2) Poverty relief and revitalizing communities; (3) Education; (4) Health; (5) Provide AMT relief and simplify the income tax; and (6) Middle-income relief, reduce work disincentives and marriage penalties.

Encourage Saving

Your advisors have agreed that a progressive savings package should cost about $100 billion over 10 years. There is disagreement among your advisors as to the form the progressive savings vehicle should take.

- Encourage saving by low and moderate income taxpayers by targeted incentives, such as USAs, or an additional credit for contributions to IRAs and 401(k) type plans.
- Adopt the simplifications in Portman-Cardin.
- Encourage small employers to set up and maintain pension plans, and encourage them to make automatic contributions.

Poverty Relief and Revitalizing Communities

Your advisors have agreed to a core poverty package costing about $28 billion over ten years. The package includes:

- enhancing the EITC by:
  - providing targeted marriage penalty relief
  - increasing the phaseup rate for taxpayers with 3 or more children
  - moving the beginning of the phaseout range back for taxpayers with 3 or more children; and
  - reducing the phaseout rate for taxpayers with 2 or more children.
- doubling the size of last year's proposed New Markets tax credit
- extending the availability of tax benefits to existing empowerment zones and possibly increasing the number of empowerment zones,
- reducing the digital divide by providing tax incentives to improve access to computers and the internet in low-income areas,
- enhancing last year's budget proposal by indexing the caps for the low-income housing credit.

- *Option: should the Child and Dependent Care Tax Credit be made refundable? This would cost $8.1 billion over 10 years.*

Education

Your advisors have agreed that last year's education package should be enhanced by making the Lifetime Learning credit more attractive. Below is an option for expanding the Lifetime Learning credit:

- Making higher education more affordable by:
  - ➢ accelerating the increase in the limit on qualified expenses eligible for the lifetime learning credit to $10,000, and
  - ➢ for the first $5000 for the first $5000 from 20% to 30% credit, and
  - ➢ allowing a 10% credit for the second $5,000.

This package would cost $10.8 billion over 10 years.

Health

Core:

Your advisors have agreed to the following two tax incentives for health care:

- expansion of last year's budget proposal to provide tax credits for small businesses who purchase through coalitions (*in both packages*)
- Increase the maximum amount of last year's proposed long term care credit from $1000 to $2000. (*in both packages*)

In addition, two options for additional tax relief in the health area have been developed:

1. Option one: (the cost of the core package plus this option is $27-32 billion/10 yrs.)
   - a tax credit for taxpayers purchasing COBRA coverage between jobs
   - a tax credit for Medicare buy-in by those age 55 – 64
2. Option Two: (the cost of the core package plus this option is $38 billion/10 yrs.)
   - provide a tax credit for the purchase of health insurance outside the employer market

Provide AMT relief and simplify the income tax

We are reviewing several options to retarget the alternative minimum tax so that it applies to rich tax-aggressive people instead of middle income people with large families or those who use personal credits. The options range in cost from $5 billion to $95 billion over 10 years. The Secretary of the Treasury recommends an option that would cost about $32 billion over 10 years.

- Without fixing this problem, over 15 million middle income taxpayers will become subject to the AMT over the next ten years and tens of millions more will have to undertake complex calculations. This ultimately could lead to calls for replacement of the current income tax.

- Because more and more taxpayers become subject to the AMT over time, waiting to fix this problem will become cost prohibitive over time.
- In 2002, more than half of those affected by the AMT will have AGIs under $100,000.
- The pattern of revenue losses matches the pattern of on budget surpluses (i.e., much larger in the out-years)

Other relatively low-cost simplification options are being developed.

Provide Moderate-Income Tax Relief, Reduce Work Disincentives, and Reduce Marriage Penalties

There are several options for reducing work disincentives and providing marriage penalty relief:

- Reduce the number of itemizers by increasing the standard deduction. (This could cover both single and joint filers or be limited to marriage penalty relief, as discussed below).
- Reduce marriage penalties by providing either all joint filers or two-earner couples a higher standard deduction.
- Also, as discussed above, we would reduce marriage penalties by providing a larger EITC for two-earner couples.

Encourage philanthropy

- Tax accounting could be simplified for foundations and provide them with needed flexibility by repealing the 1 percent excise tax on foundation income.
  - ➢ This will immediately translate into higher giving for foundations that are giving the minimum amount.
- Provide an above-the-line percentage deduction for nonitemizers who make charitable contributions above a floor (e.g., $750 for single filers and $1500 for joint filers).

CP's 20 + ?

Org Dir 25

Bz Prog 10

NWL – need 5k in '02 on TDV.

BLF – can start in middle if need for MH (3B/5 pattern still)

SO/SC – $215 – maybe more?

TDV – if poss, 10k or 25k in '01 or 04 keep to a MIN + ramp up to yrs 3.4.5. when need $

Locals

1 chartng – FOCUS

~~BE~~

we need TDV pg for BLF in mand. rule, not for NWL in discret.

	NO NIH	NIH ◎ 645 mil
NIH	—	160 (110
AIDS	50	50
Vaccines	25	25
State	100	75
Lands	75	50
Human face / Anthrax	70	70
Intl Child Labor	45	25
Title XX	75	—
Veterans Education	160	145

20 paid leave
260 [illegible]

GLF shift to mandatory

CA — medicaid.

Base elements:

- Discretionary $778 billion over capped baseline
- Medicare HI savings of $60 billion
- Prescription drugs (net) of $100 billion

12/28

Package 1: Base Package

SURPLUS AVAILABLE FOR MEDICARE TRANSFERS AND TAX CUTS												
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	**2000-05**	**2000-10**
Baseline After Discretionary	0	30	10	16	19	55	77	92	107	160	**76**	**567**
Baseline After Discretionary, Prescription Drugs, and HI savings	1	31	3	0	1	34	53	64	76	125	**36**	**388**

Possible allocation from remaining surplus:

A) Tax cuts: $250
Medicare solvency: $168 Solvency to 2021

B) Tax cuts: $250
Coverage: $30
Medicare solvency: $138 Solvency to 2021

Package 2: Reduce Discretionary By $100 Billion Relative to Base

SURPLUS AVAILABLE FOR MEDICARE TRANSFERS AND TAX CUTS												
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	**2000-05**	**2000-10**
Baseline After Discretionary	0	39	20	26	32	69	93	108	125	181	**117**	**693**
Baseline After Discretionary, Prescription Drugs, and HI savings	1	39	13	11	13	48	68	81	94	145	**77**	**514**

Possible allocation from remaining surplus:

A) Tax cuts: $250
Medicare solvency: $288 Solvency to 2024

B) Tax cuts: $250
Coverage: $30
Medicare solvency: $254 Solvency to 2024

Package 3: Traditional scoring for Medicare HI savings and delay prescription drugs by one year

SURPLUS AVAILABLE FOR MEDICARE TRANSFERS AND TAX CUTS												
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	**2000 -05**	**2000 -10**
Baseline After Discretionary	0	30	10	16	19	55	77	92	107	160	**76**	**567**
Baseline After Discretionary, Prescription Drugs, and HI savings	0	32	11	11	8	43	64	76	88	139	**63**	**473**

Possible allocation from remaining surplus:

A) Tax cuts: $250
Medicare solvency: $314 Solvency to 2027

B) Tax cuts: $250
Coverage: $30
Medicare solvency: $280 Solvency to 2026

Package 4: Use Tobacco as an Offset.

SURPLUS AVAILABLE FOR MEDICARE TRANSFERS AND TAX CUTS												
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	**2000 -05**	**2000 -10**
Baseline After Discretionary	0	39	19	25	29	65	88	103	119	173	**112**	**659**
Baseline After Discretionary, Prescription Drugs, and HI savings	1	39	12	9	10	44	64	76	88	138	**71**	**481**

Possible allocation from remaining surplus:

A) Tax cuts: $250
Medicare solvency: $255 Solvency to 2023

B) Tax cuts: $250
Coverage: $30
Medicare solvency: $221 Solvency to 2023

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

THE DIRECTOR

cc Eric
Chris
+ return

December 14, 1999

MEMORANDUM FOR GENE SPERLING
BRUCE REED
NEAL LANE
GEORGE FRAMPTON

FROM: Jack Lew
Sylvia Mathews

SUBJECT: FY 2001 Initiative Proposals

Attached for your review is a table listing the initiatives discussed in the policy councils' memorandums to the President. I would appreciate if you could review the document to ensure that all of your proposals have been included and help us fill in the missing cost information for the proposals. We may discuss these issues with the President as early as Thursday, so it would be helpful to get any comments and information you can provide as soon as possible tomorrow morning. If you have any questions or comments, please call Rob Nabors at x55604.

· Class size — want a difference from [illegible]
— [illegible] on 10-15 yr path

· Fathers — can pass — need $250; [illegible] more
- VP
- [illegible]
- [illegible], not [illegible]

- school construction (1-1.5B, w/ [illegible])

· [illegible], need $125 more

· changes 1.8
· after [illegible] 900-13

FY 2001 Initiative Proposals
($ in billions)

	FY 2001 Cost	FY 2001-2005 Cost	FY 2001-2010 Cost
Science and Technology for the 21st Century	**1.500**		
Restoring balance by focusing on university-based research			
Correct dispairities between disciplines			
Breakthrough research for the New Millenium			
Millenium fund for University Research	**	**28.000**	
Double University-based Research in five years			
Clean Energy for the 21st Century	**0.204**		
Global Clean Energy in the 21st Century	0.183		
Clean Air Bond	0.021		
A Permanent Lands Legacy	**1.350**		
Greening the Globe	**0.150**		
Global Forest Fund	0.100		
Debt-For-Nature	0.050		
Clean Waters Across America	**3.000**		
Wastewater systems improvements	1.500		
Reduce contamination from farming/ranching	0.500		
Restoration of wetlands & Gulf of Mexico Dead Zone	0.500		
Assist States with Great Lakes pollution	0.500		
Building More Livable Communities		**1.400**	
Better America Bonds ($1.4 B over five years)			
Expanding transportation choices			
Next generation of brownfields redevelopment			
Strengthening and Modernizing Medicare			
Plan to Strengehen and Modernize Medicare			
Medicare Preventive Benefit Authority			
Immunosuppressive Drug Extension Adjustment		0.100	
Cancer Clinical Trials (three years 2002-2004)		0.750	

FY 2001 Initiative Proposals
($ in billions)

	FY 2001 Cost	FY 2001-2005 Cost	FY 2001-2010 Cost
Improving Access to Affordable Health Insurance Coverage			
Family Health Insurance Initiative		5 to 18	
Medicaid Option to Cover Poor Adults			
Tax Credit for Individual Insurance to Address Current Tax Inequity		15.000	35.000
Encouraging Small Businesses to Offer Health Insurance		1.000	2.500
Medicare Buy-In for Cerain 55 to 65 Year Olds		1.800	2.900
Medicaid Coverage for Certain Women with Breast Cancer		0.300	
All Federal Workers have Access to Employer Based Insurance			
Tax Credit for COBRA Continuation Coverage			
Finishing the Job of Targeting and Enrolling Uninsured Children			
Encouraging School-Based Outreach		1.000	3.000
Ensuring Seamless Health Insurance Coverage for Children		0.500	
Long-Term Care Initiative		6.000	
Discretionary Initiatives			
Preventing Medical Errors	0.060		
Internet Drug Sales	0.011		
Preventing Breast and Prostate Cancer	0.020		
Improving Nursing Home Quality	0.031		
Education Funds for Children's Hospitals	0.104		
Addressing Mental Illness	0.100		
HIV and AIDS	0.100		
Access for Uninsured Americans	0.100		
Investment in Biomedical Research	.5 to 1.5		
Safeguards Against Scientific and Biomedical Abuses			
Early Childhood/Universal Preschool	**0.800**		**30 to 40**
Increase Head Start Funding	0.400		
Early Childhood Learning Fund	0.400 — 0		
Universal Afterschool	**0.550** above passback		**20 to 30**

Gun Enforcement

FY 2001 Initiative Proposals
($ in billions)

School construction
Class size

	FY 2001 Cost	FY 2001-2005 Cost	FY 2001-2010 Cost
Turning Around Every Failing School	**0.300**		**3 TO 5**
Closing the Digital Divide	**0.770**		**10.000**
Community Technology Centers	0.070		
Develop Universal Internet Access	0.100		
Teacher Training for the Internet	0.100		
School Internet Modernization Fund	0.500		
Closing the Opportunity Gap for College	**0.420**		**10.000**
Keeping Students On Track to College	0.250		
AP Courses Online and Test Prep for Poor Kids	0.070		
Refundable Hope Scholarship and Pell Grant Increase			
Challenging Students to Complete College	0.100		
Demanding Responsible Fatherhood	**0.250**		**5.000**
Rewarding Work and Family	**1.000**		**10 to 15**
Expanding Housing Vouchers		3 to 6	
Expanding Health Coverage			
Extend CHIP to Parents		5 to 18	10 to 35
Outreach to Enroll Uninsured Children In Medicaid	0.200		3.000
Restore Option to Cover Legal Immigrants			3.000
Progressive Savings Accounts			
Rewarding Work and Family Through the EITC and Child Care			
Making the EITC Even More Pro-Work			11.000
EITC Increases for three children			8.000
Child Care Block Grant in Discretionary Budget	0.800		
Making the Dependent Care Tax Credit Refundable		4.000	8.000
New Markets Initiative and Empowerment Zones			
Expanded New Markets Tax Credit			4.000
Expanded Empowerment Zones Credit			
Expanded Low-Income Housing Tax Credit			3.2+

FY 2001 Initiative Proposals
($ in billions)

	FY 2001 Cost	FY 2001-2005 Cost	FY 2001-2010 Cost
Making Homeownership More Affordable			
Expanding Faith-based Involvement			