State of The Union 1999

CAMPAIGN FINANCE REFORM INITIATIVES

1. Reaffirm Support For McCain-Feingold. Challenge to the new Congress to pass this legislation by the Spring.

CIVIL RIGHTS INITIATIVES

1. Enhance the Community Relations Service program at Justice. (part existing program to be enhanced; part new policy). Since 1964, CRS has contributed significantly to community stability through the effective resolution of thousands of racial and ethnic community conflicts. Since the 1980s, their budget has been decimated (from a staff of over 300 to a current staff of 45). An increase in funding for this program fits well with the President's Race Initiative. This initiative could (1) enhance CRS's current ability to respond to racial unrest in communities (like Jasper, TX) by increasing staff (with an emphasis of field and regional conciliators) and enhanced technology; (2) provide community mediation and conflict resolution training to local governments, law enforcement, community groups and other stakeholders (techniques that can be used by communities as an alternative to litigation); (3) allow the CRS to fulfill their commitment to provide technical assistance on hate crimes to the 93 U.S. attorneys around the country. (Cost: ??? but less than $10 million)

2. Promoting Racially Integrated Communities. Enlist private real estate industry in a national campaign that promotes that promotes the advantages of housing integration (similar to the effort being formed re: diversity in higher education). (no cost)

3. Civil Rights Coordination. This initiative would create an inter-agency civil rights coordinating council to (1) improve cross agency coordination of civil rights enforcement; (2) expand and coordinate data collection across agencies; (3) coordinate research on the extent of racial discrimination in the country (including developing models for paired testing in emerging areas, such as employment and public accommodations); and (4) include a linking of data bases across enforcement agencies. This is an idea put forward last year by the civil rights agencies and this year (in a slightly modified form) by Counsel's office. (Cost: ?? -- (probably very little, except perhaps for the data base linkage).

4. Ensuring Equal Pay. A program to be run by the EEOC and DOL to advance outreach to businesses and employees to educate them about the legal requirements for paying equal wages, provide technical assistance, improve training for EEOC employees and resources for increases in enforcement capabilities. In addition, funding for research to better understand the nature and extent of compensation discrimination. Also funding for a Women in Non-Traditional Occupations Initiative, which will identify best practices, emphasize anti-discrimination and anti-harassment activities, and explore incentives to improve access to and acceptance of women into glass ceiling and nontraditional opportunities such as construction, "high tech," and manufacturing. (Cost: $18.7 million for EEOC and $9.8 million for DOL). Tom! [illegible]

5. Hate Crimes Legislation. We should continue to push for our hate crimes legislation.

COMMUNITY EMPOWERMENT INITIATIVES

Access to Capital and Credit

1. CDFI Tax Credit. We are looking at a proposal to extend tax incentives to encourage investment in CDFIs, which would leverage additional private investment in distressed areas and stimulate the economic revitalization of those areas. Under the proposal, $100 million in non-refundable tax credits would be made available to the CDFI Fund to allocate among equity investors in qualified CDFIs between 2000 and 2009. The allocation of credits would be determined by the CDFI Fund using a competitive process similar to the one used for grants, loans, and equity investments. The maximum amount of credit allocable to a particular investment would be 25 percent of the amount invested, though the CDFI Fund could negotiate a lower percentage. One downside with this proposal is that it would not assist non-profit CDFIs nor those that issue stock, such as mutual organizations.

2. Microcredit Initiative. We are working with an interagency team to identify means to amplify Administration support for microenterprise finance -- both domestically and internationally. We are examining whether to build on Senators Kennedy's and Domenici's PRIME legislation which would provide technical assistance to microenterprise. We are also looking at increased funding for CDFI initiatives specifically targeted to microenterprise (both for operational and lending purposes), and CRA and other regulatory reform designed to enhance bank lending to microenterprise funds. On the international side, we are looking at whether we can increase microenterprise funding for USAID or through MDBs (either as a direct appropriation or potentially more innovative means, e.g., "debt for development" swaps), some portions of which may come under the aegis of support for countries hardest hit by the financial crisis.

<u>Creating Jobs/Making Work Pay</u>

1. Clean Water, Parks, and Communities Bonds. We are examining three potential proposals to encourage "green" infrastructure projects. The first model uses the same financing mechanism as your school construction proposal -- providing tax credits to state and local areas on their bond authority -- to provide incentives to communities to clean up the environment. This proposal would cost about $1 billion over five years and would leverage about $4-$5 billion in environmental investments. Communities could issue these zero-interest bonds for a menu of projects: protecting and improving water quality; cleanup of contaminated sediments; waterfront reclamation and revitalization; stormwater runoff control; purchasing of green spaces to prevent sprawl; park enhancements and revitalization, and brownfields cleanup. The second model, which provides a smaller incentive than the first model, would create new tax-exempt bond authority for these state and local areas to invest in clean water, parks, and communities. The advantage of this model is that it builds on the current system of bond finance. The final model would allocate tax credits (like the Low-Income Housing Tax Credit) to states and local areas to provide to the developers of these green infrastructure projects.

2. Employment Tax Credits. The Work Opportunity Tax Credit (WOTC) and the Welfare-To-Work Tax Credit (WTW) encourage employers to hire and retain members of certain economically disadvantaged targeted groups. Individuals must be certified as a member of a target group before the employer can claim a credit. Targeted groups under WOTC include certain welfare recipients and economically disadvantaged groups, and vocational rehabilitation referrals. The maximum credit is $2,400. The WTW targets long-term welfare recipients and individuals who are no longer eligible for welfare because of federal or state time limits. The maximum credit is $8,500, if the employee stays with the employer for two years, thus encouraging retention. The WOTC is slightly more generous for short-term employment. Both credits will expire on June 30, 1999. Under this proposal the two credits would be made permanent.

<u>Affordable Housing and Promoting Homeownership for All Americans</u>

1. Expansion of Low Income Housing Tax Credit. Last year, you proposed a 40-percent expansion of the Low-Income Housing Tax Credit (LIHTC) to spur the private-sector to develop more affordable rental housing for low-income Americans. However, Congress failed to act despite large bipartisan support in both the House and the Senate. We recommend you re-propose increasing the cap on the LIHTC from $1.25 per capita to $1.75 per capita. This proposal would restore the value of the credit to its 1986 level and will help develop an additional 150,000-180,000 affordable housing units over the next five years. This proposal would cost $1.6 billion over five years.

2. **Homeownership Tax Credit.** We are examining two different types of tax credits to promote homeownership among lower-income families, who generally do not benefit from the mortgage interest deduction. The first proposal would use the model of the Low-Income Housing Tax Credit to create a Low-Income Homeownership Tax Credit. Under this proposal, low-income families would receive a low- or zero-interest second mortgage, which would reduce their upfront costs (e.g., downpayment and closing costs) and investors would receive the tax credit as their return on their investment. The second proposal is a $5,000 tax credit for first-time homebuyers in Empowerment Zones or Enterprise Communities. (The 1997 Balanced Budget Act included a similar proposal for first-time homebuyers in the District of Columbia.) We are analyzing both of these proposals to see which one most effectively reduces barriers to homeownership among lower-income families, while being fiscally sound.

3. **Expansion of Private Activity Bond Cap/Mortgage Revenue Bonds.** Within their volume cap, states and local government may issue tax-exempt bonds for a variety of purposes. State and local governments use about one-third of their private activity bond allocation for mortgage revenue bonds (MRBs), which helps state and local areas provide below-market mortgages to first-time homebuyers with relatively low incomes. However, the volume cap on private activity bonds, and thus MRBs, has not changed since 1986. Most community development groups view private activity bonds as yours, since you were the one who permanently extended it in 1993. If Congress acts this year to increase the cap -- which is likely since it is supported by a majority of both houses -- we are concerned that you may lose this issue as one of your legacies. Therefore, we are looking to accelerate the increase in the cap that was included in this year's budget agreement. Treasury estimates that a 50-percent increase in 2000 -- which would restore its value to its 1986 level -- would cost $500 million over five years.

4. **Incremental Tenant-based Section 8 Vouchers.** In order to build on the success of securing new incremental vouchers last year, we recommend seeking an additional 50,000 welfare-to-work housing vouchers and another 25,000 units to meet the needs of the homeless, including elderly homeless and homeless veterans.

5. **Regional Affordable Housing Initiative.** We are examining whether to propose a Regional Affordable Housing Initiative (RAHI) as a competitive pilot program. This proposal would be designed to result in a more balanced distribution of affordable housing across participating metropolitan regions. In particular, the program seeks to increase the availability of affordable housing in areas with high growth in low-skilled jobs and inadequate supplies of housing for low-income workers.. This proposal could be funded through HUD's HOME program and would cost $125 million over five years.

6. **Elderly Housing Initiative.** This proposal includes a three-pronged approach to tackle the needs for elderly housing. This initiative would provide new capital to improve the quality of elderly housing, meet the changing needs of elderly residents and provide an alternative to nursing home care -- such as assisted living -- and provide more choice for the elderly by providing new vouchers. This initiative would cost $600 to $700 million in FY2000.

CONSUMER INITIATIVES

1. Consumer Bill of Rights. A consumer bill of rights to address a number of areas such as enforcement, notice to consumers, and dissemination of information. We could announce this bill of rights as a package, but then pull out separate pieces for separate events as with the Patients' Bill of Rights area. We could include a number of different areas such as the following: **Consumers' Bill of Rights for the 21st Century:** Bringing Basic Consumer Protections to the High-Tech Marketplace. (Cost for the entire package: $12.5 million for the Federal Trade Commission).

A. Consumers have a right to accurate information in the electronic marketplace. We have entered the Information Age, but sometimes information misleads rather than inspires consumers. On the Internet, many advertisements are confusing because important information is missing, hidden, or inaccurate. To fix this problem, we need to make sure that existing laws are in step with new technology. All agencies should review and revise their consumer disclosure laws to ensure that they are as effective online as they are on paper.

B. Consumers have a right to protection from fraud in the electronic marketplace. Congress should extend the criminal wire fraud and mail fraud statutes to cyberspace and prohibit deceptive practices online. We could provide 30 additional FTEs for the Federal Trade Commission's Bureau of Consumer Protection to detect and enforce antifraud laws on the Internet and to expand consumer education efforts.

Too many

C. Consumers have a right to control their personal information in the electronic marketplace. Consumers should be able to shop in cyberspace without fear of prying eyes. They should know if a web site wants to collect information about them, and they should have a choice about how that information will be used. Consumers should have access to their personal information to make sure it is accurate and their personal data should be kept secure. [Congress just passed an identity theft law.] This proposal would fund 15 FTEs to staff the FTC's Bureau of Consumer Protection Internet Privacy initiative.

D. Consumers should have one place to go for help and information. Consumers should have a one-stop shop for their Internet fraud problems, and law enforcement should be able to respond to respond to reported consumer fraud quickly and effectively. The Federal Trade Commission already operates the Consumer Response Center, which puts mail, telephone, and Internet fraud complaints in one database called Consumer Sentinel. This database contains over 150,000 complaints that are shared with officials across the U.S. and Canada. This proposal would fund a toll-free complaint number for the FTC's Bureau of Consumer Protection.

E. Consumers have a right to protection in the global marketplace. Schemers and criminals hide behind borders, even as they travel through borderless cyberspace, to victimize consumers everywhere. In order to bring these persons to justice, we need to strengthen our extradition treaties and change our laws so that we can share information and increase cooperation with our law enforcement partners around the globe. This proposal would provide funding for the FTC's Bureau of Consumer Protection to develop a global version of Consumer Sentinel, train law enforcement personnel to use it, and bring meaningful law enforcement actions against international cybercrooks.

2. Slamming/Cramming. Cramming, in which con artists add bogus charges to consumers' telephone bills, and slamming, the unwanted switching of long-distance telephone service from one carrier to another, and are the top two respective complaints reported to the National Fraud Information Center in 1998. In 1997, the FCC received more than 20,000 complaints from customers who were slammed. So far, the FCC has fined slammers, announcing a $5.7 million fine this year, and announced voluntary guidelines for cramming that local telephone companies say they will follow. We could add money for enforcement to the FCC and/or DOJ. In May, the Senate overwhelming passed legislation that would impose new penalties on slammers and would eliminate common slamming methods, such as contest entry forms that, when signed by unsuspecting customers, authorize a switch of their long-distance carriers. We should continue to seek this legislation.

3. Basic Banking Fee Disclosure Project -- In order to respond to the outrage consumers feel about ATM surcharges, without supporting economically questionable regulation of ATM fees, we are developing a proposal to make publicly available a list of fees charged by financial institutions on an individual or geographic basis to be published periodically over the Internet. The services profiled would include, but would not be limited to charges for access to ATMs. (Cost: $3-5 million)

CRIME INITIATIVES

Crime Bill II

The 1994 Crime Act will expire at the end of the FY 2000 budget cycle, guaranteeing that the next Congress will have to consider major crime legislation. In his State of the Union and FY 2000 budget -- before the Crime Act lapses and before Republicans act on their own legislation -- the President should challenge Congress to extend his popular COPS program and pass a new crime that builds on the core elements of the successful 1994 Crime Act -- more police, tougher punishment and better prevention.

To do this, we will need about $1.3 billion in new funds to preserve the Crime Act's current funding level of $5.8 billion per year. Approximately $4.5 billion is already built into the FY 2000 and future budgets for future crime bill programs (Interestingly, the only crime bill program not built into future budgets is the President's COPS program). With this commitment of funds, we could reconstitute the same broad-based coalition of law enforcement leaders, local elected officials, gun advocates and community groups that strongly supported the 1994 Crime Act, and work with them to develop the next generation of tough, smart anti-crime proposals. Total funding: $5.8 billion in FY 2000, $29 billion through 2004.New funding: $1.3 billion in FY 2000, $6.3 billion through 2004. Major components of this new crime bill could include:

1. $1.4 billion for Community-Oriented Policing and Prosecution Services (COPPS). With the President's pledge to help fund 100,000 more police likely to be fulfilled before the end of next summer, the FY 2000 budget will only include about $300 million for the COPS program. Already mayors and police chiefs are calling for COPS to be extended, and Senate Democrats quietly proposed such an extension in a crime bill they introduced at the end of this past Congress. We should take the lead in proposing to extend -- and expand -- a new COPPS initiative that includes:

> **A. $500 million for more police on the street.** Similar to the current program, these funds would be used to hire, redeploy and retain an estimated 5,000 to 6,000 police each year.
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> **B. $400 million for a 21st Century Policing initiative.** These funds would be used for police training, technology and equipment, including: bolstering our 35 Regional Community Policing Training Centers; fostering partnerships between police departments and universities (i.e., the partnership between the Boston Police Department and Harvard's Kennedy School); expanding the use of computerized mapping to promote increased accountability in reducing crime (i.e., New York's COMPSTAT model); improving police academy instruction; promoting minority recruitment of police officers; and other existing programs like the Police Corps and law enforcement scholarships initiatives.

C. $400 million for community prosecutors. Although Congress has been reluctant to fund our proposals for juvenile and community-based prosecutors, it will be much more difficult for Congress to oppose direct funds for prosecutors if they are linked to the popular COPS initiative. Thus, we should dedicate $400 million of the new COPPS initiative to hire, train and equip the nation's prosecutors to join their local police in fighting crime on a more pro-active basis.

D. $100 million for community crime fighting. Lastly, a new COPPS program should set aside funds to engage community residents, local government agencies and the private sector in solving crime problems and improving the quality of life in neighborhoods. These funds could be used to recruit seniors to help police identify and respond to abandoned cars, neglected properties and other crime-breeding conditions; to establish citizen police academies and teach neighborhood residents problem solving; and to enlist local environmental agencies to crackdown on illegal dumping in the inner city, which is often run by gangs.

2. $720 million for promoting punishment and deterrence. Rather than propose additional funding for the punishment title of a new crime bill, we would shift the emphasis from prison construction to promoting swifter and more certain punishment for all persons under criminal justice supervision. Specifically, we would reallocate the Crime Acts current prison funding as follows:

A. $150 million for criminal aliens. This simply reimburses states for the costs of incarcerating criminal aliens at current funding levels.

B. $285 million for general prison construction. This represents a cut of about $210 million for Violent Offender Incarceration and Truth-in-Sentencing grants.

C. $285 million for Certainty of Punishment. We envision this initiative to increase the ability of states and local criminal justice systems to promote swift and certain punishment by: supporting statewide efforts, such as those proposed by Maryland and Connecticut, to systematically drug test and, if necessary treat, all drug offenders; establishing community-based courts and corrections that target and appropriately punish quality of life and nuisance crimes (i.e., prostitution, vandalism and public drunkenness), which would otherwise be ignored by local prosecutors and courts; funding teams of probation officers to work proactively with local police to closely supervise problem gang members, recovering drug addicts and sex offenders likely to repeat their crimes.

3. $150 million to keep guns out of the hands of criminals. Of course, any new crime bill should include the President's firearms priorities, which are largely budget neutral (i.e., juvenile Brady, Brady II, federal CAP legislation and child safety locks). We should also, however, consider the following new proposals: (1) closing the loophole that exempts many firearms sales at gun shows and flea markets from Brady background checks; (2) expanding the President's Youth Crime Gun Interdiction Initiative (YCGII) -- to trace all crime guns and investigate gun traffickers -- to an additional 20-40 cities; and (3) assembling gun strike forces, or teams of federal prosecutors and ATF agents, that would target cities with high levels of gun violence, crack down on illegal gun trafficking and prosecute felons and fugitives identified through the Brady National Insta-Check System. Estimated funding for these last two initiatives would be about $150 million.

4. $100 million for preventing crime through common sense values. In addition to other crime bill prevention programs (i.e., $285 million in juvenile justice initiatives), we should also invest $100 million to promote values-based crime and violence prevention. Consistent with the efforts of Rev. Eugene Rivers and other ministers, who are trying to mobilize 1,000 black churches to work with youth in 50 of the nation's worst neighborhoods, we should fund comprehensive prevention programs that seek to involve faith-based and other institutions that can help instill and reinforce common sense values in troubled youth.

5. $3.4 billion to extend other popular initiatives from the 1994 Crime Act. With about $2.4 billion in annual funding dedicated to the above mentioned programs, the remainder -- or about $3.4 billion annually -- would be available to extend and build upon other initiatives from the 1994 Crime Act, including -- a new Violence Against Women Act, more drug courts, substance abuse treatment for federal and state prisoners, telemarketing fraud programs, and additional support for the FBI, DEA, ATF and other federal law enforcement agencies.

Safe, Disciplined and Drug-Free Schools

At the White House Conference on School Safety, the President announced that he would overhaul and strengthen the Safe and Drug-Free Schools Program to help local school districts ensure that students have safe, disciplined and drug-free environments for learning. Under this proposed reform, schools will have to adopt rigorous, comprehensive school safety plans that include: tough, but fair discipline policies, such as zero tolerance for guns and drugs; safe passage to and from schools; effective drug and violence policies and programs; annual school safety and drug use report cards; links to after school programs; efforts to involve parents; and crisis management plans. New funding: $394 million in FY 2000, $1.97 billion through FY 2004 Total funding: $1 billion in FY 2000, $5 billion through FY 2004 To assist school districts in meeting these more challenging standards, a new Safe, Disciplined and Drug-Free Schools Initiative should include:

1. $700 million for states to fund comprehensive school safety plans. Although this represents an increase of $174 million from the current state formula program, fewer schools will ultimately receive more funds for much broader-based plans. Also, states will have to provide these grants on a competitive -- not formula -- basis.

2. $250 million to target schools with serious crime and drug problems. This represents an increase of $220 million for national school safety initiatives, including funds for a new $12 million School Emergency Response to Violence initiative.

3. $50 million for drug prevention coordinators. This is the same request General McCaffrey submitted for last year's budget.

Teen Courts

Studies show that if children make it to their 18th birthday without using illegal drugs, alcohol or tobacco, they are likely to avoid chemical dependence for the rest of their lives. To help keep kids from ever turning to substance abuse -- and to reinforce the message that there are consequences associated with drinking, smoking and taking drugs -- communities throughout the country are turning to teen courts that hold young, first-time offenders accountable for their actions. Teen courts capitalize on the strength of peer influence and send a strong message to offending youth that young people and the community will not condone their law-breaking behavior. Sentences typically include community service, counseling and victim restitution. There are currently about 500 teen courts operating nationwide, and they also cover other offenses, such as curfew violations, graffiti and drinking and driving. New funding $50 million in FY 2000, $250 million through FY 2004. Total funding: $50 million in FY 2000, $250 million through FY 2004 With $50 million in new funding, we could create 500 to 700 new teen courts each year.

Ensuring Parity for Substance Abuse Treatment

Despite recent increases in federal spending on substance abuse treatment, appropriate treatment is still not available to nearly half of those who need it. To help fill this treatment gap, we should propose legislation that puts substance abuse treatment on par with other medical and surgical benefits. Similar to the Mental Health Parity Act signed into law by the President in September 1996, parity legislation for substance abuse treatment would generally prohibit health care providers already providing some substance abuse benefit from setting annual or lifetime dollar limits on substance abuse treatment benefits at a lower level than those set for other medical and surgical benefits.

Youth Drug Testing

While overall drug use remains flat -- and nearly 50% below its peak in 1979 -- youth drug use has increased dramatically and consistently since 1991. Thus, in addition to educating youth about the dangers of illegal drugs and funding effective drug prevention programs, we should promote zero tolerance for drug use through innovative youth drug testing,. New funding: $50 million in FY 2000, $250 million through FY 2004.Total funding: $50 million in FY 2000, $250 million through FY 2004.

1. $25 million for mandatory pre-licensure drug testing. To deter drugged driving by youth and provide a strong incentive for teens to stay drug-free, we should allocate new funds for the Department of Transportation to work with states to drug test first-time applicants for drivers licenses.

2. $25 million for school-based drug testing. To help school districts throughout the country replicate Miami's school-based drug testing initiative, we should provide the Department of Education with $50 million to fund local school districts' efforts to drug test middle and high school students if their parents consent. Drug test results would be delivered directly to parents, and provisions could be made to refer students who fail drug tests to treatment.

Expanding Medicaid Coverage for Drug Treatment

Under current law, Medicaid serves as a major barrier to provide treatment for certain poor, substance-abusing women. The Institutions for Mental Diseases (IMD) exclusion under Medicaid bars reimbursement for almost all residential substance abuse services in free-standing programs, which is often the most effective form of treatment for pregnant substance abusers. Moreover, any women who is otherwise eligible for Medicaid -- but who also enrolls in a residential treatment program -- loses her Medicaid eligibility for any services, including prenatal and postpartum health care. In order to remove this obstacle to increased treatment for a high-need population, we should support legislation to remove the IMD exclusion as it applies to residential treatment for pregnant, post-partum women, and possibly other low-income, heavy drug users. New funding: at least $550 million through FY 2004. Total funding: at least $550 million through FY 2004.

Drug and Tobacco Enforcement

During the tobacco debate, we met with representatives from state, local and federal law enforcement who were concerned about the impact that tobacco legislation might have on their agencies, especially as a result of increased smuggling. In response to their concerns, we developed a drug and tobacco enforcement initiative that we believe addressed the law enforcement community's concerns and should be included in the FY 2000 budget. New Funding: $300 million in FY 2000, $1.5 billion through FY 2004.Total Funding: $300 million in FY 2000, $1.5 billion through FY 2004. This proposal includes:

1. $200 million for drug enforcement and tobacco anti-smuggling grants. We propose creating a new Justice Department grant program to allow state and local law enforcement agencies to hire additional personnel, pay overtime costs, procure equipment and form multi-jurisdictional task forces that integrate federal, state and local law enforcement efforts to combat drug trafficking and tobacco smuggling.

2. $100 million for ATF and Customs agents. We would also provide $75 million to hire additional ATF agents and $25 million to fund more Customs agents to concentrate on drug and tobacco enforcement activities at the federal level.

3. Alcohol Use By Youths and Binge Drinking. We are developing a variety of options for Presidential actions regarding alcohol abuse. The alternatives include: endorsing legislation sponsored by Rep. Joe Kennedy establishing voluntary codes for alcohol ads directed towards kids; banning alcohol billboards near schools; a regulatory measure to discourage alcohol advertising on youth-oriented web sites; codifying a ban on liquor ads on TV; a notice of inquiry to FCC to study the effects of alcohol ads on children; and an educational program we are exploring with the Department of Education using their Safe and Drug Free Schools Program -- Rep. Kennedy also has a bill on this subject. As you know, the Foundation sponsored by the Distillers has approached us regarding participating in these efforts (they already have a policy banning billboards but would publicly support this move).

Technology

Tom/mary

1. Crime Technology. We have put 100,000 new cops on the streets, now we should make sure they are trained and equipped with the best technology ever. The package will have quantitative commitments: we will solve X% of unsolved crimes, Y reduction in response times. The package will likely have 5 parts: a federal Quick Response Center that local departments can call regarding getting the best technology immediately; a technology subsidy program for local departments; a training program run through the National Guard; expanding the current DOJ pilot program on interagency work; and linking the state, federal, and county forensics departments. The current cost is about $1 billion and the paper is being developed primarily by OSTP and DOJ. It would also highlight 5 recent new technologies that have come out of our existing research centers such as the one in Rome, NY.

Crimes Against Women

Tom/mary

1. Violence Against Women Act (VAWA II). In 1994, Congress passed 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. Despite VAWA I's success, legislators and advocates alike agree that many gaps in our laws remain. Building upon these successful initial steps, VAWA II extends programs more comprehensively. Protection orders become national, hotlines are expanded, and a college-affected program is created. (Cost: $1.6 billion over 4 years; $100 million increase in the first year over authorized level; VAWA needs to be reauthorized in FY2001)

Guns

Tom/mary

1. Criminal Disarmament Act. Research shows that most gun-related felonies are committed by felons, probationers, or parolees. However, prosecutors do not consistently prosecute felons in possession of guns. This bill is a list of possible actions designed to take guns out of the hands of felons including: making it a mandatory condition of probation and parole not to carry weapons and to submit to searches; forcing DNA sampling of all convicted violent felons; broadening dissemination of names of probationers and parolees and release conditions to police; and creating gun courts. (DOJ is evaluating the cost)

EDUCATION INITIATIVES

Class Size Reduction.

One of the most critical challenges we face next year is to put the class size reduction proposal onto firm, long-term footing so that we can reach 100,000 teachers and an average class size of 18. Accomplishing this will require that we improve the predictability of funding by moving the program to the mandatory side of the budget, restoring the cost sharing requirements that help achieve our goal on time, and restoring the full array of accountability measures in your original proposal, including required competency testing for new teachers. Our best chance for accomplishing this would be to include this in a budget reconciliation bill, if there is one next year. If not, we will have to accomplish this through the annual appropriations bill once again. Either way, our legislative effort will be accompanied by a communications strategy that will provide you with a platform to press the issue (e.g., a Education Department sponsored Class Size Reduction conference, the release of guidance to local districts on implementing the program, the awarding of first year funding, etc.).

Ending Social Promotion.

Your Education Opportunity Zones proposal was the vehicle for advancing your challenge to end social promotions. However, because this proposal address a number of other issues as well (i.e., rewarding successful school districts, turning around failing schools and removing low performing teachers) it was too complicated to sell to the press and the public. The proposal was also unable to gain traction in Congress; in the next Congress the most optimistic scenario is a two year effort to include this proposal in the reauthorization of the Elementary and Secondary Education Act. Therefore, we propose a different approach in order to advance this agenda. We can simplify the message and the proposal to its essence: end social promotions and the federal government will help finance the after-school and summer school necessary to provide extra help to students who need it. Rather than creating a new program, we instead propose a $300 million increase in the 21st Century Learning fund, to $500 million. Priority for these funds would be given to districts that have adopted policies to end social promotion, and successful applicants would have to show the steps they are taking during the regular school day to help children meet standards in the first place -- with early intervention, smaller classes, well prepared teachers, and curriculum aligned to promotion standards.

Teacher Quality and Recruitment

1. Attracting talented new teachers into high-poverty schools and shortage areas like math and science, and special education. More than 2 million teachers must be hired in the next ten years to accommodate record student enrollments and an aging teaching force. This provides a challenge to recruit an adequate *number* of teachers, but perhaps even more important is the opportunity to ensure a *quality* teaching force for decades by attracting talented young people and mid-career professionals into high-poverty schools and shortage subject areas. With 2/3 of teachers in classrooms in the year 2006 still to be hired, there may be no better long-term strategy to improve the quality of the teaching force by attracting talented young people into teaching as well as mid-career professionals such as retirees from the military, individuals in firms being downsized, doctoral students who face tough job markets for professorships in higher education, teachers' aides, and other professionals with expertise in math, science, or engineering.

> **A. Recruiting talented young people into teaching.** A $100 million increase for the newly enacted Teacher Quality Section of the Higher Education Act could provide scholarships and other support to help (over five years) an approximately 60,000 additional high-ability prospective teachers that commit to teaching in high-need schools. We would need to couple this funding level with appropriations earmarking most of it specifically for the newly enacted teacher recruitment

component of this program; otherwise, under current law only 10% of these funds would be earmarked for scholarships, while the rest would be split evenly between teacher education programs and state education agencies. Kennedy and Jeffords are likely to support this approach, though Bill Goodling may be an obstacle.

B. Recruiting mid-career professionals into teaching and supporting alternative routes to certification. While the successful Troop-to-Teachers program is currently being phased out because the era of military downsizing has ended, a new initiative could preserve some of the successful components of this effort while expanding its reach to a broader range of mid-career professionals (including military personnel, employees in firms being downsized, graduate students facing grim prospects on the academic job market, an other professionals with expertise in math, science, and technology). We would propose a $55 million competitive grant program to states that submitted plans for expanding high-quality alternative routes to certification for mid-career professionals and recruiting a wide array of mid-career professionals into teaching. This funding would a) create a center in each state winning a grant to provide information, counseling, and brokering services to mid-career professionals interested in teaching, giving a preference to the expansion of existing Troops-to-Teachers and other centers with a demonstrated track record, b) create or expand alternative recruitment and certification programs that help mid-career professionals enter into teaching by providing structured ways to enter teaching, and covering the costs of mentors in the classroom for the first two years and course work needed to complete alternative certification, c) support a national public relations campaign focusing on the importance of the teaching profession and encouraging young people and mid-career professionals to consider careers in teaching. We are exploring whether this program could best be incorporated into the Higher Education Act provisions mentioned above, or the Eisenhower Professional Development program.

2. Campaign to Strengthen Teacher Education. The Higher Education Act enacted last year provides the platform and tools for a nationwide campaign to strengthen teacher education, including a new requirement for (states to produce) report cards on the quality of schools of education, and a new grant program to help states strengthen teacher certification standards, and institutions of higher education strengthen teacher preparation programs. The elements of the campaign include: (1) issuing regulations to implement the education school report card provisions, including a model report card; (2) conducting grant competitions to strengthen state certification requirements (to approximately 20 states) and to form lighthouse teacher preparation partnerships between institutions of higher education and local school districts; (3) a meting you would hold with university presidents and state education leaders in which you challenge them to take the steps necessary to strengthen or close down education schools; (4) efforts by Secretary Riley to amplify the message around the country; and (5) a request for additional funds for these programs in the FY 2000 budget.

3. Reducing Out-of-Field Teaching. Depending upon the subject area, between 25% and 55% of secondary school teachers are teaching subjects in which they lack a major or minor in college, and the percentage of teachers teaching out -of- field is higher in urban and isolated rural schools. To address this, we propose an increase of ($50-100 million) for Eisenhower national programs, to be used to send teachers who are teaching out-of-field back to college to take additional courses in the subjects they are teaching. The funds would be targeted to teachers who teach out of field on a continuing rather than one-time basis. While the bulk of the funds should be targeted to urban schools, we have not yet determined whether the funds should be made available to states, directly to local school systems, or both. We are also working to determine the best way to link these funds to a requirement that new secondary teachers pass competency tests in the subject(s) they will teach before being hired.

4. School Leadership Academies. While our primary emphasis must be on improving the quality of teachers, we can strengthen the effectiveness of our teacher programs (including our new initiatives in reading and class size reduction) by careful attention to strengthening the quality of elementary school principals. Research has long shown that principal leadership is a key to school effectiveness, yet little has been done at the national, state or local level to upgrade the management and instructional leadership skills of principals. To address this, we propose a new initiative, initially targeted to elementary school principals in high poverty school districts, that would establish XX principal leadership academies. Initial funding (approximately $50 million) would be provided under the national programs of the Eisenhower Professional Development, and the overall program would be expanded to other communities and to secondary schools through our ESEA reauthorization proposal. The academies, established competitively, would involve partnerships among school districts, institutions of higher education, nonprofits and businesses with particular expertise in management training. The academies would be responsible for providing high quality training and ongoing support to principals on such topics as instructional leadership, effective reading instruction, teacher evaluation, school discipline, and overall management skills.

Expanding Public School Choice

1. Continuing to expand Charter Schools. We will propose a $20 million increase in charter schools funding, to $120 million. This will enable us to support the start up of an estimated 2,027 schools, and keep us on track to 3,000 charter schools by 2002.

2. Expanding Public School Choice. In addition to continuing our efforts to expand charter schools, we are developing several additional possible approaches to expanding public school choice that can provide alternatives to conventional public schools and may promote school integrateion, especially for students in urban school systems. The approaches we are developing include:

> **A. Work-Site Schools.** We propose the use of magnet school grants and tax credits to encourage the creation of public schools located at work sites. These schools are developed in partnerships between school districts and local businesses and serve primarily children of the employees. The teachers, curriculum, and instructional materials are provided by the district, and the facilities and upkeep are provided by the company. The experience of the thirty existing work-site schools show that these schools (1) can be more diverse than other schools, because work sites are more diverse than residential neighborhoods (2) provide new facilities at no cost to the district (3) save employers costs associated with employee turnover and absenteeism and (4) increase parental involvement in the schools. Companies would be eligible for tax credits against a portion of the costs of the facilities provided to local districts. School districts, in partnership with businesses, would be eligible to compete for grants to support the costs of planning and implementation, including curriculum development, staff training, and coordination between the district, employers, work-site schools, and neighboring schools. Estimated funding for grants: 50 districts at an average of $1 million per year. (Total cost $50 million.) The cost of the tax credit has not been established.
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> **B. Interdistrict Magnet Programs.** We are exploring expanding the magnet school program to fund interdistrict magnet schools -- schools created by two or more school districts that are open to all students from participating districts to reduce racial isolation. This expansion would be targeted toward urban districts with high concentrations of minority and poor students that partner with suburban districts. These grants would fund planning and implementation activities, including curriculum development, teacher training, student recruitment, and instructional personnel for the magnet program, equipment, extended day instructional activities and public information efforts to promote and explain these programs to affected communities. In FY 2000, we would fund planning expenses for 50 projects at a cost of $25 million ($500,000 per project), though the implementation costs are estimated at an average of $2.5 million per project, for an annual cost of $125 million in FY

2001 and beyond.

C. University-Based Schools. We are also exploring an initiative to help create K-12 magnet schools on university campuses. This approach would take advantage of the facilities and resources of urban universities and locate new public schools in desirable locations, a combination which could be attractive to a wide range of parents and could therefore help promote school integration. In addition, locating schools on college campuses would complement the goals of the GEAR UP program, by sparking college aspirations of low income students and facilitating mentoring and tutoring programs. In FY 2000 we could fund approximately 50 projects at an average cost of $1.5 million. (Total cost: $75 million).

ENVIRONMENT INITIATIVES

Lands Legacy

Elena: CEQ may have something in this domain as well

1. Partnership For America's Resources. In discussions with Interior and CEQ, we believe you should consider an initiative that builds on the Administration's conservation achievements to protect and restore precious lands across the country. This proposal would voucus on purchasing and restoring lands and could include 1)Northern Forests; 2) Urban Parks; 3) and land along the Missouri River. A larger proposal would draw down on funds from the Land Water Conservation Fund and other existing sources. This would cost around $3 billion. A more targeted proposal being looked at by CEQ would cost in the range of $400 to $500 million.

FAMILIES INITIATIVES

1. Expansion of the Child Care and Development Block Grant. We propose to expand the Child Care and Development Block Grant as previously proposed in the FY 1999 Budget. The block grant is the primary federal child care subsidy program, helping low-income working families struggling to pay for child care. Funds are distributed by formula to the states to operate direct child care subsidy programs, as well as to improve the quality and availability of care. Currently, over one million children are served by the program, leaving roughly nine million children who are eligible but unserved. **Cost: $7.5 billion over five years.**

2. Expansion of the Child and Dependent Care Tax Credit. The Child and Dependent Care Tax Credit provides tax relief for families who pay for the care of a child under 13 or a disabled dependent or spouse in order to work. The credit is equal to a percentage of the taxpayer's employment-related expenditures for child or dependent care, with the amount of the credit depending on the taxpayer's income. As in the FY 1999 Budget, we propose increasing the credit for families earning under $60,000, providing an additional average tax cut of $358 for these families and eliminating income tax liability for almost all families with incomes below 200% of poverty ($35,000 for a family of four) who take the maximum allowable child care expenses under the law. **Cost: $5.1 billion over five years to expand the credit for three million working families.**

3. New Parent Paid Leave Plan. Many workers who have access to unpaid (whether through the FMLA or employer-provided leave) are unable to take it because they simply cannot afford to do so. To address this problem, the President could propose a New Parent Paid Leave Plan to provide eligible parents with partial wage replacement for up to six or twelve weeks following birth or adoption. The cost of the plan will vary considerably based on the selected eligibility criteria. One option: all new parents with median income or below (roughly $37,000/yr) who have been in the workforce for at least one year would be eligible for a $200/week partial wage replacement for up to four weeks (weekly figure based on average UI benefit).

Eligible workers would be required to use the federal benefit immediately following birth or adoption and before using any employer-provided leave benefit, but could receive the benefit whether or not they ultimately returned to work. The program would be administered through the Unemployment Insurance System. **Cost of option: very roughly, $875 million for FY 2000 (including start-up and administrative expenses).** We will have more options and better costing next week.

4. FMLA Expansion to Businesses with 25 Workers. Since the Family and Medical Leave Act was enacted in 1993, millions of Americans have taken FMLA-covered leave to care for a newborn or adopted child, attend to their own serious health needs, or care for a seriously ill parent, child or spouse -- without fear of losing their job or health insurance. Under current law, workers are eligible for FMLA coverage only if they work at a business with *50 or more* employees and if they have worked at least twelve months and 1,250 hours for the employer. (Today, about 67 million Americans -- over half of all workers -- are covered by the FMLA. Senator Dodd proposed lowering the threshold to businesses with 25 or more employees, and Senator Kennedy champions a proposal to lower the threshold to 10. While the President has consistently referenced his support for expanding the FMLA benefit, the Administration has not formally presented a proposal in this area. **We recommend advancing a specific proposal to lower the FMLA threshold to 25 or more workers, expanding coverage for up to ten million more American workers. No budget implications.**

5. Parent Education and Support Fund. The White House Conference on Early Childhood Development and Learning spotlighted the critical importance of children's earliest years of life to their development and later success in life. Parents play the central role in providing children with developmentally appropriate stimulation and attention during these years. In addition, studies have revealed the promise of home-visitation programs to reduce child abuse and support children's development. We propose the creation of a competitive grant program administered by HHS to fund parent education and support programs, including the development or expansion of home visitation programs, efforts to educate and engage parents in child care and other efforts to improve child care quality, and the establishment of "second chance maternity homes" to support teen mothers and teach parenting skills. This fund would support programs such as HIPPY, Parents as First Teachers, home visitation, and other parenting education programs. **Cost: $500 million over five years.**

6. Tax Relief for Parents, Including Parents who Stay at Home. The following are a series of proposals that would benefit families in which a parent stays at home (all estimates are rough and preliminary). We are currently exploring a variety of iterations of each proposal, but will settle on only one proposal. Also note that these proposals interact differently with an expanded Child and Dependent Care Tax Credit, and therefore, the selection of one of these policies will be informed by our decision on the DCTC. Options:

> **A. Expand the Child Tax Credit.** The Child Tax Credit is currently $500 per child for children under 17. We propose to double the credit to $1,000 per child for those children under the age of four. The Child Tax Credit begins to fade out for taxpayers whose adjusted gross income exceeds $110,000 each year ($75,000 if not married). **Cost: Roughly $11 to $13 billion over 5 years.** Another option is to double the credit for families with children under the age of two, which would cost roughly $4 billion over five years.
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> **B. Increase the Standard Deduction.** Most lower-income families (incomes of less than $50,000) do not itemize their deductions, choosing to take the standard deduction (and using the simpler form) instead, while most higher income families choose to itemize. Therefore, a proposal to expand the standard deduction for children would help lower-income families. Currently, the standard deduction is roughly $7,200 for married couples, and $6,350 for heads of households. We could increase the standard deduction by $1,000 for families with children for each child under 3, regardless of the marital status of the parents, and would cover roughly 3 million taxpayers (three quarters of whom

are married couples) and 3 million children. The average benefit would be $170 per taxpayer. **Cost: $2.5 to $3.5 billion over five years.** We are currently exploring a variety of other options, including a proposal to expand the standard deduction by $2,000 per family.

C. Expand the DCTC. We could extend the benefits of our DCTC proposal to stay-at-home parents with children age three and under, by applying the same eligibility guidelines and assuming minimum child-care expenses of $150 per family per month. This proposal would also phase out the credit for families with annual income over $105,000. **Cost: A variant of this proposal was estimated at roughly $13 billion over 5 years ($8 billion above our DCTC proposal).**

7. Expansion of After-School Programs. An estimated five million school-age children spend time as "latchkey kids" without adult supervision during a typical week. Research indicates that during these unsupervised hours children are more likely to engage in at-risk behavior, such as crime, drugs, and alcohol use. To meet this pressing demand, the President can propose a dramatic expansion of after-school care. Areas of expansion:

A. 21st Century Learning Centers. The program increases the supply of after-school care in a cost-effective manner primarily by funding programs that use public schools and their existing resources, such as computers, gymnasiums, and sports equipment. We should build on the success of our recent expansion of the program by increasing funding by $500 million this year. **Cost: $700 million for FY 2000.** [Part of these funds would be used for summer-school programs for school districts that end social promotion.]

B. Supporting community-based after-school programs. Because so many of the most effective after-school programs are community based, such as the Boys and Girls Clubs, we propose expanding the Department of Justice's At-Risk Youth Initiative. We propose expanding the program by $50 million, but targeting the funds for after-school initiatives by community-based organizations. **Cost: $250 million over five years.**

C. Expanding AmeriCorps' support for after-school. An expanded AmeriCorps could increase the availability of after school and summer programming for children and youth while providing additional opportunities for young adults to earn money for college through service. AmeriCorps Members serve with many of the major community-based organizations that provide after school care (including YMCA, Save the Children, and Boys and Girls Clubs); many others serve in public schools. We propose supporting a targeted initiative in which ten thousand AmeriCorps Members would conduct a 10-week summer program involving up to 100,000 middle-school children. **Cost: Roughly $35 to $40 million per year, or a cost of $200 million over five years.**

8. Child Welfare: Children "Aging Out" of Foster Care. Each year, nearly 20,000 18-year-olds "age out" of the public child welfare system. These young adults entered foster care due to abuse and neglect, were unable to return to their birth families, and were not adopted. Federal financial support for these young people ends just at the time they are making the critical transition to adulthood. Research shows that they face unstable housing and homelessness, low educational achievement, depression, poor health, and violence and incarceration. When they turn 18, they also very often find themselves with no health insurance, as Medicaid eligibility ends at age 18. Areas for increased investment:

A. Expand the Independent Living Program. Administered by HHS, the Independent Living Program provides services to foster care children aged 16 to 18 to help them (1) make the transition to independence by earning a high school diploma; (2) receive vocational training; and (3) learn daily living skills such as budgeting, locating housing, planning a career, and finding a job. Begun in 1986, the program assists 85,000 young people and has been funded at $70 million since 1992. **We recommend increasing the Independent Living Program by 50 percent -- to $105 million in FY 2000 and $525 over five years.**

B. Expand the Transitional Living Program. The Transitional Living Program is an HHS-administered, $15 million competitive grant program that funds community-based organizations that provide services to this population, including housing support. We recommend doubling the increasing **to $30 million in FY 2000 and $75 million over five years.**

C. Provide Medicaid Coverage. We recommend giving states the option of using Federal Medicaid dollars to provide health care coverage for this population -- **cost TBD; roughly hundreds of millions over 5 years).**

9. Child Welfare: Adoption Registry. In 1996, the President called for a plan to double to number of children adopted each year from the foster care system. *Adoption 2002* -- the initiative developed by HHS in response to President's charge -- included efforts to break down barriers to adoption. The Administration secured $10 million in FY 1999 for HHS discretionary Adoption Opportunities Grants for this purpose. One use of this grants will be the creation of an Internet-based adoption registry of foster care children waiting to be adopted, so that prospective adoptive parents can learn about these waiting children. **We recommend increasing the Adoption Opportunities grants by 20 percent to $12 million for FY 2000 and$60 million over five years, targeted to the upkeep of this Internet-based national adoption registry.**

10. Child Welfare: Court Improvement. The Adoption and Safe Families Act of 1997, aimed at moving children in foster care more quickly to adoptive and other permanent homes, shortened the timeframes in which permanency decisions must be made for children in foster care. This has put more pressure on an already over-burdened and resource-deficient family and juvenile court system. Courts particularly need additional support to improve automation and computer systems to track foster care children and to reduce the pending backlogs of abuse and neglect cases. In addition, the Court Appointed Special Advocate program, which pairs a trained volunteer with child abuse cases to serve in an advocacy role, needs to be expanded to under-served areas. We recommend the creation of a new DOJ-administered grant program to automate the data collection and tracking of proceedings in abuse and neglect courts and a one-time grant to expand CASA to under-served areas. **Cost: TBD, roughly 15 million for FY 2000 and $55 million over five years.**

11. [Flexible Work Hours for Families. Bruce/Elena: We are beginning to think through this proposal, and are looking for guidance as to whether we should continue to pursue it.] Options:

A. Tax credit for businesses that provide flexible work schedules for their employees. We propose to offer tax credits to companies that offer a variety of family-friendly benefits, including flexible work hours for their employees, compressed work weeks, part-time work with benefits, job sharing, career sequencing, and extended parental leave. Such a tax credit would enable parents to spend more time with their children by providing companies, both small and medium sized, the ability to respond to the time crunch families are facing. In addition, it builds on our flex-time and family-leave proposals. Awaiting estimation by Treasury.

B. Subsidies: We propose that the Commerce Department would make grants to states who would in turn provide grants to eligible businesses that provide flexible work hours for their employees, including flexible work hours for their employees, compressed work weeks, part-time work with benefits, job sharing, career sequencing, and extended parental leave. Within the grant-making process, priority would be given to small and medium sized businesses. Businesses would be required to ensure that the funds would be used to supplement and not supplant any ongoing efforts in this area. **Very rough cost estimate: $500 million over five years.**

FOOD SAFETY INITIATIVES

1. Food Safety. Theme: National Food Safety Crackdown. We propose deputizing the literally thousands of state and local agencies that regulate food safety in order to develop a vertically integrated national food safety inspection system. We will be proposing MOU's, legislation, and resources to integrate standards, leverage resources, and expand coverage in each of the crucial areas: surveillance, research, inspections, and education. In addition, this proposal includes working with the states to achieve full adoption of the model Food Code for restaurants and developing performance standards for food service workers. We also will continue to seek legislation that will give USDA the authority to issue mandatory recalls and impose civil penalties for unsafe meat and poultry. (Cost: $87 million of additional money. $49 million for FDA, $18 for CDC, $20 USDA.)

HEALTH CARE INITIATIVES

Long-Term Care

This initiative could be part of a "preparing for Medicare long-term reform" package; a women's initiative if coupled with pension policies for women or family leave policies; or with an elderly housing initiative (policies to promote maintaining home ownership, beginning to promote assisted living facilities, and ensuring quality in nursing homes).

1. Long-term care tax credit. (new policy) Along with the lack of coverage of prescription drugs, the poor coverage of long-term care represents a major cost burden for the elderly and their families. Long-term care costs account for nearly half of all out-of-pocket health expenditures for Medicare beneficiaries. This proposal would give people with three or more limitations in activities of daily living (ADL) or their caregivers a tax credit of up to $1,000 to help pay for formal or informal long-term care. (Cost: About $6 billion over 5 years).

2. Offering private long-term care insurance to Federal employees. (new policy) Since expanding Federal programs alone cannot address the next century's long-term care needs, the Federal government -- as the nation's largest employer -- could serve as a model employer by promoting high-quality private long-term care insurance policies to its employees. Under this proposal, OPM would offer its employees the choice of buying differing types of policies and use its market leverage to extract better prices for these policies. There would be no Federal contribution for this coverage. (Cost: Small administrative costs; OPM estimates about 300,000 participants).

3. Family Caregiver Support Program. (new policy) About 50 million people provide some type of long-term care to family and friends. Families who have a relative who develops long-term care needs often do not know how to provide such care and where to turn for help. This proposal would give grants from the Administration on Aging to states to provide for a "one-stop-shop" access point to assist families who care for elderly relatives with 2 or more ADL limitations and/or severe cognitive impairment. This assistance would include providing information, counseling, training and arranging for respite services for caregivers. (Cost: About $500 -750 million over 5 years; discretionary).

4. Nursing home quality initiative. (expanding on administrative initiative) On July 21, the President announced an initiative to toughen enforcement tools and strengthen Federal oversight of nursing home quality. On October 22nd, the Justice Department and HCFA held a conference to begin to develop other quality/anti-fraud and abuse initiatives with enforcement agencies from around the nation. Proposals to respond to these challenges and to implement the initiatives the President outlined in July can be included in the budget or as freestanding legislation. The initiative will no doubt include new enforcement provisions (e.g., increased penalties, etc.), as well as new funds to conduct more frequent surveys of repeat offenders and improve surveyor training. We are also working with DHHS and HUD to explore the possibility of establishing a Commission to oversee HCFA's nursing home enforcement efforts as well as to begin to look at other types of housing where health care is offered (e.g., assisted living facilities). (Costs: $500 - 750 million over 5 years).

Disability

This health initiative could be packaged with the non-health ideas such as the "Bridge" integration grant proposal and the access to information technologies initiative.

1. Jeffords-Kennedy Work Incentives Improvement Act. (Congressional proposal; not passed in 1998) In the final budget negotiations this year, the Administrative put the Jeffords-Kennedy bill on its list of priorities for passage. This bill would enable people with disabilities to go back to work by providing an option to buy into Medicaid and Medicare, as well as other pro-work initiatives. Although it was rejected by Republicans, the Administration has been stating that we will continue to fight to give people with disabilities the opportunity to work -- including the critical health insurance that makes work possible. (Cost: About $1.2 billion over 5 years).

2. Tax credit for work-related impairment expenses for people with disabilities. (new policy) Almost 75 percent of people with significant disabilities are unemployed; for many, the high costs of support services/devices, as well as the potential to lose Medicaid or Medicare coverage, prevent them from seeking and keeping jobs. This proposal would give a tax credit of $1,000 to $5,000 (depending on the design and costs) to people with disabilities who work, in recognition of their formal and informal costs associated with employment. This policy complements the Jeffords-Kennedy Work Incentive proposal, described above, but has the advantage of helping people in all states irrespective of whether states take up optional coverage. (Cost: Depends on the options; $1 to 2 billion over 5 years).

3. Promoting Medicaid de-institutionalization. One of the biggest frustrations for people with severe disabilities and their families is the "institutional bias" in Medicaid -- meaning the tendency to simply put people with great health care needs in nursing homes rather than develop viable, community-based alternatives. In 1998, HHS funded a small demonstration project in 4 states to test different models for offering people with disabilities the choice of care settings. This proposal would build on these tests by developing and propagating models that give people residing in a nursing home after a "date certain" a choice of care settings. (Cost: $50 million over 5 years).

4. Medigap reform for people with disabilities. In 1997, the President endorsed bipartisan legislation from Rockefeller, Chafee and Nancy Johnson that makes Medigap supplemental insurance more accessible to beneficiaries. The Balanced Budget Act did include some of its important protections for seniors on Medicare, but essentially excluded beneficiaries with disabilities from this reform. This proposal would make all Medigap insurers provide Medigap to people with disabilities when they sign up for Medicare. It would also ensure that they get a guaranteed issue Medigap option when in the event that their HMO withdraws from Medicare. (Cost: not clear that there will be costs).

Modernizing Medicare

These policies could "lay the groundwork" for the recommendations of the Medicare commission and re-affirm our ongoing commitment to improve and modernize Medicare.

1. **Adopting private sector, competitive pricing strategies.** (FY 1998 budget) The President has consistently supported giving the Health Care Financing Administration the same tools to manage health care costs as are used by private sector plans. This includes competitive pricing for services like durable medical equipment and other supplies; expanding the competitive pricing demonstration for managed care; and adopting new payment methodologies like Centers of Excellence, among others. Although these ideas are being considered by the Medicare Commission, the President could take the lead on increased competition within Medicare since he has supported this approach in the past. (Savings: $0.1 to $0.5 billion, depending on the policies).

3. **Reducing Medicare fraud and overpayment.** (Some FY 1999 policies; some new policies) Medicare fraud poses a serious threat to its financial well-being. In every budget for the last 5 years, the President has proposed new initiatives to help combat excessive payments and provider fraud in Medicare. Last year alone, Medicare saved over $1 billion through these efforts. The President announced last January a 10-point plan for reducing fraud and overpayment, including provisions like reducing overpayments for drugs and ensuring Medicare does not pay for claims that ought to be paid by private insurers. HHS and the Department of Justice continue their efforts to enforce current policies and develop new ones. (Savings: From $1 to 3 billion over 5 years, depending on the policies).

4. **Protecting beneficiaries from HMO withdrawals from Medicare.** This year, a number of HMOs have pulled out of Medicare with only a few months notice, leaving 50,000 beneficiaries with no plan options in their areas. These withdrawals are causing beneficiaries unnecessary hardships as they rush to find alternative sources of coverage. The President has stated his determination to work with the Secretary of HHS and Congress to develop legislation to prevent this behavior in the future (e.g., limit the time between when a plan files to participate in Medicare and when enrollment begins, making it less necessary for plans to pull out at the last minute). (Cost: not clear that there will be costs).

5. **Prescription drug coverage for Medicare beneficiaries.** (new policy) The lack of coverage for prescription drugs in Medicare is widely believed to be its most glaring shortcoming. Virtually every private health plan for the under-65 population has a drug benefit, in recognition of the medical community's reliance on prescriptions for the provision of much of the care provided to Americans. Lack of Medicare coverage of drugs results in high out-of-pocket beneficiary costs -- which will only become larger in the next century since the vast majority of advances in health care interventions will be pharmacologically-based. Responding to this fact, Republicans and Democrats on the Medicare Commission, as well as almost every health care policy expert, are consistently stating that reforming Medicare without addressing the prescription drug coverage issue would be a mistake. We are developing a wide variety of options, including a means-tested Medicaid option, a managed care benefit only approach, a traditional benefit for all beneficiaries, and an unsubsidized purchasing mechanism that uses Medicare's size as leverage for drug discounts for beneficiaries. If desirable, a proposal could be included in the budget or coordinated with the March release of the Medicare Commission's recommendations. (Cost: Varies significantly depending on proposal, ranging from $1 to 20 billion a year).

6. **Redesigning and increasing enrollment in Medicare's premium assistance program** (extension of July executive action and new policy). Over 3 million low-income Medicare beneficiaries are eligible but do not receive Medicaid coverage of their Medicare premiums and cost sharing. Many more may not get enough assistance through the new, BBA provision that is supposed to help higher income beneficiaries. We

are developing a range of proposals that build on the President's actions in this area to better utilize Social Security Offices to educate beneficiaries about this program, to reduce administrative complexity for states and to give them incentives to engage in more aggressive outreach efforts. (Costs vary depending on policies; up to $500 million over 5 years).

7. Cancer clinical trials demonstration (FY 1999 budget; not passed). Less than three percent of cancer patients participate in clinical trials. Moreover, Americans over the age of 65 make up half of all cancer patients, and are 10 times more likely to get cancer than younger Americans. This proposed three-year demonstration, extremely popular with the cancer patient advocacy community, would cover the patient care costs associated with certain high-quality clinical trials. (Cost: $750 million over 3 years).

8. Providing needed education funds to children's hospitals. (new policy) Medicare has invested billions of dollars in graduate medical education to hospitals since 1966. However, because of its current formula, free-standing children's hospitals are forced to shoulder the majority of the cost of training pediatricians, placing them at a severe financial disadvantage. This proposal would consider addition funding outside of Medicare to provide reimbursement for the training costs incurred by children's hospitals. Addressing children's hospitals' education financing has bipartisan support, and Senator Frist has made this a priority for the Medicare Commission. (Costs: depends on the proposal).

Health Insurance Coverage Expansions

The rising number of uninsured makes the need to propose insurance expansions important.

1. Small business purchasing cooperatives (different version in previous budgets; not passed). Over a quarter of workers in firms with fewer than 10 employees lack health insurance — almost twice the nationwide average. This results in large part because administrative costs are higher and small businesses pay more for the same benefits as larger firms. This initiative encourages the development of purchasing groups modeled on FEHBP by allowing them to be considered non-profits (which will facilitate private foundation support), providing Federal grant support, and having the Office of Personnel Management provide technical assistance. We are also considering giving employees who purchase coverage through the purchasing groups with tax credits to encourage them to take up coverage. (Cost: about $50 to 100 million over 5 years).

2. Children's health insurance outreach (FY 1999 budget; not passed and new policy). To date, 42 states have had their CHIP plans approved. These new expansions have great potential to help uninsured children, but not if families do not know or understand the need for insurance. Moreover, over 4 million uninsured children are eligible for Medicaid today. To facilitate spending on outreach, this proposal would allow states to draw down more of its CHIP allotment for outreach. An additional proposal is to pay for a nationwide toll-free number that connects families with state eligibility workers. NGA is sponsoring this line for one year only; such a line is essential for the nationwide media campaign that we are planning to launch in January with the NGA. (Cost: small but unknown at this point; could be funded through tobacco recoupment)

3. Demonstration of Medicare buy-in for people ages 55 to 65 (full proposal in FY 1999 budget; not passed). Americans ages 55 to 65 have a greater risk of becoming sick; have a weakened connection to work-based health insurance, and face high premiums in the individual insurance market. The latest report shows that the uninsured are growing at the fastest rate in this age group; by 2010, the number of uninsured people age 55 to 65 will nearly double. Building on last-year's proposal, we could allow a limited number of people ages 62 to 65 and displaced workers ages 55 to 65 to buy into Medicare. As a demonstration, this might gain the support that it lacked last year. (Cost: at least $500 million over 5 years, which would assist about 30,000 people).

Public Health

Tom Lonary

1. National Cardiac Arrest Emergency Plan. Each year, 350,00 Americans suffer cardiac arrest. The American Heart Association estimates that a national plan in this area could save almost one-third, or 100,000 lives. We are working with HHS to endorse a Cardiac Arrest Survival Act which provides for: (1) the development of a model state training program for cardiac arrest care providers in lifesaving interventions, including the use of defibrillators; (2) the development of model state legislation to ensure access to emergency medical services (Good Samaritan laws); and (3) coordination of a national database to track incidence of cardiac arrest to determine whether cardiac arrest care providers can improve survival rates.

PUBLIC HEALTH TO COME

HOMELESSNESS INITIATIVES

1. Fighting Homelessness. A three-part proposal which would: (1) assist the approximately 250,000 homeless veterans by increasing residential alternatives, community-based contracted care, job preparation activities, stand down activities (community-sponsored events that conduct one-stop service delivery programs for homeless veterans), the distribution of clothing, and long-term housing. This measure would provide the single largest investment into breaking the cycle of homelessness among veterans; (2) allow VA to sell surplus property with 10 percent of proceeds going to homeless veterans; and (3) a demonstration project targeted to the chronically homeless which would test the most promising models for moving chronically homeless to self-sufficiency using a combination of permanent housing and links to mainstream services. Research shows that the chronically homeless, who are less than 10 percent of the entire homeless population, use approximately 50 percent of the resources. (Cost: Total is $105 million -- $60 million for VA and $45 million for HUD demonstration project)

IMMIGRATION INITIATIVES

1. Adult Literacy (ESL) linked to civics instruction (new policy). Approximately 25% of adults with the most serious literacy needs are immigrants. This proposal would target a portion of the overall Adult Literacy effort to ESL for recent immigrants. In addition, because many within this same population are also in need of civics and/or citizenship education, the literacy/English-language classes could have a component that is designed to instruct on basic civics and citizenship information. The third wrinkle to this idea is technology. According to the Department of Education, technology can be a useful instruction tool for adults (because it allows instruction to take place in private; at home; at night; etc.). Thus, we could structure a competitive grant program (through the Department of Education) where successful proposals would have three components: (1) English language instruction for adults; (2) an instructional component related to civics and citizenship; and (3) with preference for programs that use technology (internet; video-links). (Cost: ?? -- addition to Andrea's list of literacy ideas)

NATIONAL SERVICE INITIATIVES

1. Ending Taxability of AmeriCorps Award. Change the tax status of AmeriCorps education awards so that they are not taxable. Comparable benefits, including the GI Bill, are not taxable. This tax liability has caused economic hardship, particularly for former AmeriCorps members who are enrolled in college full-time after completing their service and do not have the resources to pay the tax. Cost: $6-11 million (due to a recent ruling by the IRS, this estimate is expected to be revised downward shortly).

2. Expand AmeriCorps for After School. Expand service programs to provide volunteers to serve as

afterschool and summer school coordinators, tutors and mentors. (1) Expand AmeriCorps. Increase the availability of afterschool and summer programming for children while providing additional opportunities for young adults to earn money for college through service. Cost: $80 million for 10,000 AmeriCorps members providing combination of after-school and summer-school programs for 100,000 students (~~assumes 50% community match~~). (2)AmeriCorps*Seniors: Expand and rename existing demonstration program currently providing 1,000 seniors to 9 sites for tutoring and mentoring activities. In exchange for providing 15-20 hours service per week, seniors are eligible for incentives including, a small lifelong learning award ~~or an offset on the cost of prescription drugs~~. Evaluations have shown increased test scores among the participating students and increased community involvement in the local schools. Cost: $~~2-3~~ million for 10,000 AmeriCorps Seniors.
25

3. Encourage High Schools to Offer/Require Service Learning. The Learn and Serve America program provides formula grants to states to implement school-based service activities. CNS is proposing the addition of a competitive component targeted toward large-scale implementation of service programs in schools. Some states and districts, including Maryland, Chicago, and (est. fall 1999) California are integrating service into their graduation requirements. This proposal would target technical assistance, including school-based service coordinators and curriculum implementation, for those states and districts that are implementing service learning programs and/or requirements. Cost: CNS has requested $80 million, an increase of $37 million for FY 2000.

NATIVE AMERICANS

Tom/Mary

1. 1000 New Teachers for Native American Students. This initiative creates an American Indian Corps of Teachers (ACT) and has three parts: (1) funding for 25 grants to institutions to create teacher training programs for Native American communities; (2) creating five centers to provide continuing education for in-service teachers to improve the quality of teaching to Native American communities; and (3) a fellowship program that will fund 1000 new American Indian and Alaska Native teachers over 4 years by providing for their expenses while attending school, including child care. (Cost: $37.5 million in first year (fellowships are $80 million over 4 years); Julie and Mary have been working on this together)

WELFARE REFORM INITIATIVES

Refocus the Welfare to Work Program

In order to continue our investment in the hardest to employ, we should reauthorize the Welfare-to-Work program for five years at current funding levels of $1.5 billion annually. Within this funding level, we could:

1. Target $300 million in competitive grant funds for work-focused projects to address the challenges of literacy, substance abuse, and disabilities. We could designate a similar set aside within the competitive grants funds to be awarded in FY 1999. The remaining $75 million in competitive grants would be available for innovative projects to help the hardest to serve welfare recipients get and keep jobs.

2. Target $200 million for work-focused responsible fatherhood grants. These grants would help fathers succeed in the workforce through a combination of retention and rapid re-employment services and work-based skill upgrading. Only fathers who are fulfilling their child support obligations would be eligible for these services. Fathers participating in employment activities could also take part in efforts designed to increase the involvement of fathers in their children's lives. As an alternative funding source, we could allow the states to transfer up to a certain portion of their TANF block grants for such fathers programs and leave these funds as general Welfare-to-Work formula grants.

3. Formula Grants. Continue approximately $925 million in formula grants, with possible amendments to direct more formula funds to the highest poverty areas, increase funds for tribes, improve eligibility criteria if current factors prove an impediment, and encourage services for two-parent families (many of whom face issues related to literacy, substance abuse and disabilities).

Increase Employment Opportunities for Individuals with Low Literacy Levels

Historically, individuals with low education levels have remained on welfare longer, and there is an increasing concentration of individuals with English language barriers on the welfare rolls in some places.Policies we are considering include:

1. Workplace. a new tax credit and/or Federal grants to encourage employers to provide adult basic education classes at the worksite, and setting aside funds for work-based literacy projects within Welfare-to-Work competitive grants (this would not require new legislation)

2. Community. Expanding the infrastructure and funding for adult basic education through the Adult Education program, encouraging the development of programs focused on easing the transition to the U.S. for new immigrants (through ESL and civics classes), subsidizing the provision of child care on college campuses and other adult education sites, and launching a national information campaign to make people aware of the problem of functional illiteracy and of available services;

3. Home. Using the new *Learning Anytime Anywhere Partnerships* to create software for adult basic education using $200 computers (e.g., WebTV, game players) and subsidizing public housing projects that create computer literacy programs.]

Expand employment-focused substance abuse treatment

Various estimates show at least 20 percent of welfare recipient have substance abuse issues, and this percentage rises within those remaining on the rolls. In general, programs that effectively integrate treatment and welfare to work efforts, and knowledge about how to do so, are both lacking, although a handful of states have developed innovative approaches. To encourage these efforts we should (1) Push to maintain the SAMSHA block grant increase we obtained in FY 1999 and (2) Target a portion of SAMSHA capacity grants to innovative programs that effectively combine treatment and work. This initiative would be accompanied by a technical assistance/best practices effort for states and communities, jointly funded and managed by DOL, SAMHSA and ACF. (Cost: it is not yet clear whether we should request additional treatment funds for this purpose. $1 million for technical assistance).

Increase Employment Opportunities for Individuals with Disabilities

There are a significant number of things we can do to help people with disabilities who are on TANF, SSI, or SSDI go to work, in addition to setting aside Welfare-to-Work competitive grant funds.

1. New BRIDGE grant program. In March, you issued an Executive Order directing the federal agencies to create a coordinated and aggressive national policy to increase employment of adults with disabilities. The "Building Resources for Individuals with Disabilities to Gain Employment" ("BRIDGE") program is one of several new proposals to grow out of this effort. BRIDGE is a competitive grant program designed to increase the employment rate of adults with disabilities by fostering integration at the local level of employment-related services and support services to adults with disabilities. (Cost: $750 million over 5 years)

2. Information and Communication Technologies for People with Disabilities. NEC has developed draft proposals now being vetted to ensure that new technologies will be designed from the beginning to be accessible to people with disabilities. Ideas include leveraging federal government procurement, investing in R&D, funding industry consortia, training the next generation of engineers (NEC will provide a more detailed write up.)

3. Expanding the Defense Department's "CAP" program. The Defense Department's Computer Accommodations Program ("CAP") purchases equipment for DOD employees with disabilities to allows them to keep working if they become disabled, or for new employees just joining the workforce. By using a central $2 million fund for such purchases, individual offices do not have to bear the cost within their own budgets, and are less likely to be deterred from hiring a person with a disability. Making this program available to other agencies has the strong support of the Administration's appointees with disabilities, in particular for Tony Coelho, chair of the President's Committee on Employment of People with Disabilities. (Cost $10-$25 million over five years).

4. Kennedy-Jeffords/Employment-Related Tax Credit. In addition, the Kennedy-Jeffords legislation, described in the health section, will play a critical role increasing access to health care for people with disabilities returning to work.

Full Funding for Job Access and Reverse Commute Grants.

The Omnibus Budget Act appropriated $75 million for FY 1999 ($25 million above the FY 1999 guaranteed funding level). TEA-21 set guaranteed funding from the Highway Trust Fund at $75 million for FY 2000. DOT has requested $150 million in its FY 2000 budget. We may also want to pursue a legislative change to the way funds flow to tribal areas -- currently, states must select tribes as applicants.

Child Support Law Enforcement Initiative

This initiative will increase the prosecution of egregious child support violators by establishing multi-agency investigative teams to identify, analyze, and investigate cases for prosecution. This investigative effort will result in more cases being referred to the U.S. Attorney offices ready to prosecute. HHS's Office of Child Support Enforcement, Office of the Inspector General, and Office of Investigations, working with state and local law enforcement and child support agencies, have already launched a pilot project in Columbus Ohio, which will cover 5 states (Illinois, Indiana, Michigan, Minnesota, and Ohio). This proposal would put these units in place all across the nation within the next several years. Additionally, it would provide paralegals dedicated to child support cases to the 83 U.S. Attorneys offices that do not now have them. In July, you signed into law the Deadbeat Parents Punishment Act, creating two new categories of felonies for the most egregious child support evaders. (Cost: about $10 million over 5 years).

Exclude from Medicare Doctors that Owe Child Support

We should make the following health related child support proposals: 1) to exclude doctors and other providers who are delinquent in child support from the Medicare program, i.e., don't allow them to bill services to Medicare and 2) provide health professional loans only to those who attest that they do not owe child support. Both changes would require legislation.

State of the Union 1999 11/2 4:15

Families Agenda for the Fiscal Year 2000 Budget

Over the last 30 years, there have been increasing pressures on the family --more dual-earner couples, families working longer hours, all creating a squeeze that leaves parents with less and less time with their children. At the very least, this time squeeze is a source of anxiety for parents --at its worst, it places more children at risk. As part of the fiscal year 2000 budget, the Clinton Administration can put forward an agenda that puts families first by helping parents as they cope with this most important of all duties --raising their children.

Expansion of the Child Care and Development Block Grant. We propose to expand the Child Care and Development Block Grant as previously proposed in the FY 1999 Budget. The block grant is the primary federal child care subsidy program, helping low-income working families struggling to pay for child care. Funds are distributed by formula to the states to operate direct child care subsidy programs, as well as to improve the quality and availability of care. Currently, over one million children are served by the program, leaving roughly nine million children who are eligible but unserved. **Cost: $7.5 billion over five years.**

Expansion of the Child and Dependent Care Tax Credit. The Child and Dependent Care Tax Credit provides tax relief for families who pay for the care of a child under 13 or a disabled dependent or spouse in order to work. The credit is equal to a percentage of the taxpayer's employment-related expenditures for child or dependent care, with the amount of the credit depending on the taxpayer's income. As in the FY 1999 Budget, we propose increasing the credit for families earning under $60,000, providing an additional average tax cut of $358 for these families and eliminating income tax liability for almost all families with incomes below 200% of poverty ($35,000 for a family of four) who take the maximum allowable child care expenses under the law. **Cost: $5.1 billion over five years to expand the credit for three million working families.**

New Parent Paid Leave Plan. Many workers who have access to unpaid (whether through the FMLA or employer-provided leave) are unable to take it because they simply cannot afford to do so. To address this problem, the President could propose a New Parent Paid Leave Plan to provide eligible parents with partial wage replacement for up to six or twelve weeks following birth or adoption. The cost of the plan will vary considerably based on the selected eligibility criteria. One option: all new parents with median income or below (roughly $37,000/yr) who have been in the workforce for at least one year would be eligible for a $200/week partial wage replacement for up to four weeks (weekly figure based on average UI benefit). Eligible workers would be required to use the federal benefit immediately following birth or adoption and before using any employer-provided leave benefit, but could receive the benefit whether or not they ultimately returned to work. The program would be administered through the Unemployment Insurance System. **Cost of option: very roughly, $875 million for FY 2000 (including start-up and administrative expenses).** We will have more options and better costing next week.

Def of family - up to state. State Option

FMLA Expansion to Businesses with 25 Workers. Since the Family and Medical Leave Act was enacted in 1993, millions of Americans have taken FMLA-covered leave to care for a newborn or adopted child, attend to their own serious health needs, or care for a seriously ill parent, child or spouse -- without fear of losing their job or health insurance. Under current law, workers are eligible for FMLA coverage only if they work at a business with *50 or more* employees and if they have worked at least twelve months and 1,250 hours for the employer. (Today, about 67 million Americans -- over half of all workers -- are covered by the FMLA. Senator Dodd proposed lowering the threshold to businesses with 25 or more employees, and Senator Kennedy champions a proposal to lower the threshold to 10. While the President has consistently referenced his support for expanding the FMLA benefit, the Administration has not formally presented a proposal in this area. **We recommend advancing a specific proposal to lower the FMLA threshold to 25 or more workers, expanding coverage for up to ten million more American workers. No budget implications.**

Parent Education and Support Fund. The White House Conference on Early Childhood Development and Learning spotlighted the critical importance of children's earliest years of life to their development and later success in life. Parents play the central role in providing children with developmentally appropriate stimulation and attention during these years. In addition, studies have revealed the promise of home-visitation programs to reduce child abuse and support children's development. We propose the creation of a competitive grant program administered by HHS to fund parent education and support programs, including the development or expansion of home visitation programs, efforts to educate and engage parents in child care and other efforts to improve child care quality, and the establishment of "second chance maternity homes" to support teen mothers and teach parenting skills. This fund would support programs such as HIPPY, Parents as First Teachers, home visitation, and other parenting education programs. **Cost: $500 million over five years.**

Tax Relief for Parents, Including Parents who Stay at Home. The following are a series of proposals that would benefit families in which a parent stays at home (all estimates are rough and preliminary). We are currently exploring a variety of iterations of each proposal, but will settle on only one proposal. Also note that these proposals interact differently with an expanded Child and Dependent Care Tax Credit, and therefore, the selection of one of these policies will be informed by our decision on the DCTC. Options:

a. <u>Expand the Child Tax Credit</u>. The Child Tax Credit is currently $500 per child for children under 17. We propose to double the credit to $1,000 per child for those children under the age of three. The Child Tax Credit begins to phase out for taxpayers whose adjusted gross income exceeds $110,000 each year ($75,000 if not married). **Cost: Roughly $11 to $13 billion over 5 years.** Another option is to double the credit for families with children under the age of two, which would cost roughly $4 billion over five years.

b. <u>Increase the Standard Deduction</u>. Most lower-income families (incomes of less than $50,000) do not itemize their deductions, choosing to take the standard deduction (and using the simpler form) instead, while most higher income families choose to itemize. Therefore, a proposal to expand the standard deduction for children would help lower-income families. In FY 2000, the standard deduction will be roughly $7,400 for married couples, and $6,500 for heads of households. We could increase the standard deduction by $1,500 for families with children for each child under 4, regardless of the marital status of the parents, and would cover roughly 4 million taxpayers (three quarters of whom are married couples) and 4.4 million children. The average benefit would be $223 per taxpayer. **Cost: $3.7 billion over five years.** We are currently exploring a variety of other options, including a proposal to expand the standard deduction by $2,000 per family.

c. Expand the DCTC. We could extend the benefits of our DCTC proposal to stay-at-home parents with children age three and under, by applying the same eligibility guidelines and assuming minimum child-care expenses of $150 per family per month. This proposal would also phase out the credit for families with annual income over $105,000. **Cost: A variant of this proposal was estimated at roughly $13 billion over 5 years ($8 billion above our DCTC proposal).** no one likes (but this is Chafee proposal)

Expansion of After-School Programs. An estimated five million school-age children spend time as "latchkey kids" without adult supervision during a typical week. Research indicates that during these unsupervised hours children are more likely to engage in at-risk behavior, such as crime, drugs, and alcohol use. To meet this pressing demand, the President can propose a dramatic expansion of after-school care. Areas of expansion:

a. 21st Century Learning Centers:. The program increases the supply of after-school care in a cost-effective manner primarily by funding programs that use public schools and their existing resources, such as computers, gymnasiums, and sports equipment. We should build on the success of our recent expansion of the program by increasing funding by $300 million this year. **Cost: $500 million for FY 2000.**

b. Supporting community-based after-school programs. Because so many of the most effective after-school programs are community based, such as the Boys and Girls Clubs, we propose expanding the Department of Justice's At-Risk Youth Initiative. We propose expanding the program by $50 million, but targeting the funds for after-school initiatives by community-based organizations. **Cost: $250 million over five years.**

c. Expanding AmeriCorps' support for after-school. An expanded AmeriCorps could increase the availability of after school and summer programming for children and youth while providing additional opportunities for young adults to earn money for college through service. AmeriCorps Members serve with many of the major community-based organizations that provide after school care (including YMCA, Save the Children, and Boys and Girls Clubs); many others serve in public schools. We propose supporting a targeted initiative in which ten thousand AmeriCorps Members would conduct a 10-week summer program involving up to 100,000 middle-school children. **Cost: Roughly $35 to $40 million per year, or a cost of $200 million over five years.**

Child Welfare: Children "Aging Out" of Foster Care. Each year, nearly 20,000 18-year-olds "age out" of the public child welfare system. These young adults entered foster care due to abuse and neglect, were unable to return to their birth families, and were not adopted. Federal financial support for these young people ends just at the time they are making the critical transition to support for these young people ends just at the time they are making the critical transition to adulthood. Research shows that they face unstable housing and homelessness, low educational achievement, depression, poor health, and violence and incarceration. When they turn 18, they also very often find themselves with no health insurance, as Medicaid eligibility ends at age 18. Areas for increased investment:

a. Expand the Independent Living Program. Administered by HHS, the Independent Living Program provides services to foster care children aged 16 to 18 to help them (1) make the transition to independence by earning a high school diploma; (2) receive vocational training; and (3) learn daily living skills such as budgeting, locating housing, planning a career, and finding a job. Begun in 1986, the program assists 85,000 young people and has been funded at $70 million since 1992. **We recommend increasing the Independent Living Program by 50 percent -- to $105 million in FY 2000 and $525 over five years.**

b. Expand the Transitional Living Program. The Transitional Living Program is an HHS-administered, $15 million competitive grant program that funds community-based organizations that provide services to this population, including housing support. We recommend doubling the increasing **to $30 million in FY 2000 and $75 million over five years.**

c. Provide Medicaid Coverage. We recommend giving states the option of using Federal Medicaid dollars to provide health care coverage for this population -- **cost TBD; roughly hundreds of millions over 5 years).**

Child Welfare: Adoption Registry. In 1996, the President called for a plan to double to number of children adopted each year from the foster care system. *Adoption 2002* -- the initiative developed by HHS in response to President's charge -- included efforts to break down barriers to adoption. The Administration secured $10 million in FY 1999 for HHS discretionary Adoption Opportunities Grants for this purpose. One use of this grants will be the creation of an Internet-based adoption registry of foster care children waiting to be adopted, so that prospective adoptive parents can learn about these waiting children. **We recommend increasing the Adoption Opportunities grants by 20 percent to $12 million for FY 2000 and$60 million over five years, targeted to the upkeep of this Internet-based national adoption registry.**

Child Welfare: Court Improvement. The Adoption and Safe Families Act of 1997, aimed at moving children in foster care more quickly to adoptive and other permanent homes, shortened the timeframes in which permanency decisions must be made for children in foster care. This has put more pressure on an already over-burdened and resource-deficient family and juvenile court system. Courts particularly need additional support to improve automation and computer systems to track foster care children and to reduce the pending backlogs of abuse and neglect cases. In addition, the Court Appointed Special Advocate program, which pairs a trained volunteer with child abuse cases to serve in an advocacy role, needs to be expanded to under-served areas. We recommend the creation of a new DOJ-administered grant program to automate the data collection and tracking of proceedings in abuse and neglect courts and a one-time grant to expand CASA to under-served areas. **Cost: TBD, roughly 15 million for FY 2000 and $55 million over five years.**

[**Flexible Work Hours for Families.** Bruce/Elena: We are beginning to think through this proposal, and are looking for guidance as to whether we should continue to pursue it.] Options:

a. Tax credit for businesses that provide flexible work schedules for their employees. We propose to offer tax credits to companies that offer a variety of family-friendly benefits, including flexible work hours for their employees, compressed work weeks, part-time work with benefits, job sharing, career sequencing, and extended parental leave. Such a tax credit would enable parents to spend more time with their children by providing companies, both small and medium sized, the ability to respond to the time crunch families are facing. In addition, it builds on our flex-time and family-leave proposals. Awaiting estimation by Treasury.

b. Subsidies: We propose that the Commerce Department would make grants to states who would in turn provide grants to eligible businesses that provide flexible work hours for their employees, including flexible work hours for their employees, compressed work weeks, part-time work with benefits, job sharing, career sequencing, and extended parental leave. Within the grant-making process, priority would be given to small and medium sized businesses. Businesses would be required to ensure that the funds would be used to supplement and not supplant any ongoing efforts in this area. **Very rough cost estimate: $500 million over five years.**

State of The Union - 1999

Paul J. Weinstein Jr.
10/21/98 11:09:19 AM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc: Cynthia A. Rice/OPD/EOP, Andrea Kane/OPD/EOP
Subject: New Ideas Update

We had a major meeting of the working group on Community Empowerment yesterday to discuss tax ideas. Treasury made their argument against most proposals. On the housing front, we have the LIHTC expansion and we are working through some ideas on the homeownership end for low-income individuals. On the capital and credit side, everyone is in favor of the CDFI tax credit. On the employment side, there is some discussion of proposing to make WOTC and WTW permanent. I think we would be interested in what your thoughts are on that. As a policy matter, Treasury believes the EITC is much more effective in bringing people out of poverty, but they, the NEC, and OMB don't want to increase the EITC because they believe Republicans would turn around and cut the credit. We have also asked Treasury to work on the Environmental Bond proposal for distressed urban areas. EPA did another redraft but it needs work. I don't think Treasury favors this idea but Orszag and I believe it is good and Dimond has made me aware of a big Michigan ballot initiative to use bonds to finance urban cleanup. The proposal is backed by all the leading Republicans in the state. One area we still have not been able to make any headway is developing a tax incentive to promote commercial development directly. While the enviro bond and the CDFI tax credit would encourage commercial development indirectly or through intermediaries, some believe we should provide a tax incentive targeted to developers who would buildsupermarkets, drug stores, and other commercial properties in distressed communities.

Next week, Orszag and I will meet with Deich (OMB) to discuss agency submissions and the new ideas process.

State of the Union 1999

SOTU '99

Health Care
1. LT care tax credit
2. Kennedy-Jeffords
3. PBOR

Tobacco (separate bills)
1. Menu (McCain plus tobacco control, incl counterads)
2. FDA + lookback (+Graham?)
3. Price increase to pay for LT care, farmers, tax cuts, Medicare, drugs/border control
4. Require insurers to cover cessation

Welfare Reform
1. ESL, drug testing/treatment for long-termers
2. Something on child support ($ for prosecutors; deadbeat work program)
3. Fatherhood work proposal
4. Values-based grants

Education
1. School construction
2. 100,000 teachers / teacher quality / recruitment $ in Title 2 / teacher buyouts / tenure / stock options
3. No social promotion : Summer school program (mandatory); Title I condition
4. Private sector / national test : Private $; ACHIEVE; Title I condition
5. Goals summit??
6. Universal public school choice (Title I?)
7. Afterschool increase
8. Failing schools? (Title I)
9. Schools at work

Family
1. Family bill (tax credits, parent grants, stay-at-home)
2. Child care
3. Crackdown on binge drinking

Crime
1. Drug bill (tobacco $)
2. Require insurers to provide drug treatment (or expand Medicaid) (and drug testing)
3. Values-based crime
4. Concealed weapons, gun shows
5. COPS/Crime Bill II
6. Zero homicide initiative

Consumer/Empowerment
1. ATMs/Consumer bill of rights
2. Empowerment tax credits

CDC superbug

State of The Union 1999

Bruce N. Reed
10/26/98 05:28:44 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:
Subject: High-tech ideas

Our list of ideas is light on science and technology ideas, which is unfortunate, since this will be the last State of the Union of the Milennium. In addition to Chris's crusade against Superbug, we might consider: 1) smart gun technology; 2) gun detectors; 3) more high-tech wrinkles in our child support crackdown; 4) the next idea in education technology; 5) an adoption registry; 6) cures for the various diseases that will plague the globe once the new Milennium hits; etc. We should also think about some possible consumer-oriented responses to this technological advance -- privacy protections, etc.

Anybody who comes up with a good high tech idea wins a free clock radio.

Message Sent To:

Jose Cerda III/OPD/EOP
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State of the Union 1999 NEC

November 3, 1998

Draft of Literacy Paragraph

Partnership for a Literate America. An alarming number of American adults -- 44 million according to the National Adult Literacy Survey -- struggle with a job application, cannot read to their children, or are left on the welfare rolls because they lack basic skills. Many have a learning disability and never knew it. Often, they do not know where to get help, are embarrassed to seek it, or cannot because of family responsibilities. Others are immigrants who face long waiting lists in many cities where they seek English-as-a-Second Language courses. We are exploring how to provide these Americans with *every possible opportunity* to get screened for learning disabilities, improve their basic skills (in reading, writing, and arithmetic), and learn to speak English: at the workplace, in the community, or in the privacy [and/or, convenience?] of their home.

Policies we are considering include: (1) **Workplace**: a new tax credit and/or Federal grants to encourage employers to provide adult basic education classes at the worksite, and setting aside funds for work-based literacy projects within Welfare-to-Work competitive grants (this would not require new legislation); (2) **Community**: expanding the infrastructure and funding for adult basic education through the Adult Education program, encouraging the development of programs focused on easing the transition to the U.S. for new immigrants (through ESL and civics classes), subsidizing the provision of child care on college campuses [at Adult Ed sites -- I don't think the new $5 M is just colleges, could be adult ed schools] , and launching a national information campaign to make people aware of the problem of functional illiteracy and of available services; and (3) **Home**: using the new *Learning Anytime Anywhere Partnerships* to create software for adult basic education that is the next best thing to a one-on-one tutor, and subsidizing public housing projects that create computer literacy programs.

State of the Union 1999

WELFARE REFORM BUDGET IDEAS (October 29, 1998)

Help the Hardest to Employ Move Into Jobs

There are several ways to expand the Administration's efforts to help those who may face greater challenges to making a successful transition from welfare to work, including people with low basic skills, substance abuse problems, and disabilities. We can address these issues both by refocusing the $3 billion Welfare-to-Work fund and increasing resources through other funding streams and agencies, as described below.

mandatory

In addition, in order to target resources to the hardest to employ, we may wish to amend the $1.5 billion Welfare-to-Work program during reauthorization to direct more funds to the highest poverty areas, increase funds for tribes, increase funding for competitive grants, and encourage assistance for two-parent families (many of whom face issues related to literacy, substance abuse and disabilities). We are also exploring whether in the TANF program we could offer additional incentives to the states to invest more of these funds in innovative, work-focused efforts to help those with substance abuse, low literacy, and disabilities make a successful transition from welfare to work.

Increase Employment Opportunities for Individuals with Low Literacy Levels

Historically, individuals with low education levels have remained on welfare longer, and there is an increasing concentration of individuals with English language barriers on the welfare rolls in some places.

- **Set aside within WTW competitive grant funds for work-based literacy projects.** (new policy, should not require legislation) Low education level is currently an eligibility criteria for WTW funds, and a few competitive grants are focusing on work-based approaches to increasing basic skills, for immigrants and other populations. To encourage additional services for individuals who need to learn English and other adults with low basic skills, we could direct DOL to set aside approximately $100 million of the $375 million competitive grant funds for work-based literacy projects. A high priority should be given to projects with strong employer involvement. (Cost: None).

- **Create 21st Century Workforce Education Initiative.** (new grant idea submitted by ED, not currently included in their FY 2000 budget proposal). Barriers preventing more adults from participating in Adult Education include time, the need to work, and child care and transportation. Providing access to services on or near the work site that complement work and are supported by employers would greatly assist individuals to raise their literacy

1-1.5 bn per year (total)
comp — 300 m. for set-asides
- literacy
- drug testing/treatment
- disabilities
plus further 200 m.
rest: same as now
formula?

levels and succeed in the workplace. Education has proposed grants to help support partnerships of business, labor, and education organizations to improve the basic literacy skills of current or newly hired workers to meet the demands of a global economy. These should be closely linked to the One-Stop system created under the Workforce Investment Act. While Adult Ed programs are not income-targeted, many of those with the lowest literacy levels are poor and either unemployed or working in low-wage, part-time jobs. Nearly half are black or Hispanic, and one-quarter are immigrants. Adult Ed programs typically require a 25% state match -- we may want to allow this match to be met by employers and/or by WTW and TANF funds. [ED is refining and costing out the proposal for NEC's E&T meeting on 11/6.]

why not in WTW?

- **Increase funding for Adult Education, including ESL.** There is evidence of large unmet need for adult ed services, particularly for ESL in urban areas and for basic education for out-of-school youth. ED has proposed a $15 million increase in Adult Ed Basic Grants for FY 2000, from $385 million in FY 1999 to $400 million. States provide a 25 percent match, and decide how much of the Adult Ed funds to use for ESL. ED also received $7 million in FY 1999 for ESL discretionary grants, and has proposed a $20 million expansion in FY 2000. Within the Department's proposed funding level, or with additional funds, ED could create incentives for states or communities to expand adult basic skills and ESL services to address the long-waiting lists in some areas and also to expand capacity of work-focused ESL. (Cost: Need 5 year cost from Ed)

Increase Employment Opportunities for Individuals with Substance Abuse Problems

Various estimates show at least 20 percent of welfare recipient have substance abuse issues, and this percentage rises within those remaining on the rolls. In general, programs that effectively integrate treatment and welfare to work efforts, and knowledge about how to do so, are both lacking, although a handful of states have developed innovative approaches.

- **Set aside within WTW competitive grants for work-focused substance abuse treatment.** (new policy, should not require legislation) Substance abuse is one of the eligibility criteria for WTW funds and several competitive grants focus specifically on this issue. We could direct DOL to set aside approximately $100 million within the competitive grants for work-focused substance abuse services. (Cost: None).

- **Support employment-focused substance abuse treatment.** States have flexibility within the SAMHSA block grant to determine which populations to serve and what kind of treatment models to fund. Block grant funding increased significantly in FY 1999 and we believe SAMHSA is proposing

TOBACCO MENU?

another significant increase in FY 2000. In order to encourage the development of innovative programs that effectively combine treatment and work, there is a need for new models, better information about promising practices, and better information about available resources that can be tapped to expand capacity (including TANF and WTW funds). SAMHSA awards targeted capacity grants to communities who demonstrate the need to target specific substance abuse issues. We could target a certain portion of these grants to communities who propose work-focused treatment models, with priority to joint applications from treatment providers and TANF or WTW agencies. This initiative would be accompanied by a technical assistance/best practices effort for states and communities, jointly funded and managed by DOL, SAMHSA and ACF. We are also exploring how to focus prevention efforts on children in TANF families. (Cost: grants within current funding levels, $1 million for technical assistance).

Increase Employment Opportunities for Individuals with Disabilities

There are a significant number of things we can do to help people with disabilities who are on TANF, SSI, or SSDI go to work.

- **Set aside within WTW competitive grants for employment services for welfare recipients with disabilities.** (new policy, should not require legislation) While disability is not a specific eligibility criteria for WTW funds, there is a close correlation with other hard-to-serve factors. For example, a learning disability may contribute to a poor work history or low education level. Several non-profit competitive grantees are focusing on this population, and several states have formed good partnerships between their TANF and Vocational Rehabilitation services. To attract additional communities and providers to develop innovative approaches, we could direct DOL to set aside approximately $100 million in competitive grants to help welfare recipients with disabilities get and keep jobs. This would be accompanied by an interagency technical assistance effort to improve coordination across agencies and programs. (Cost: None)

- **New BRIDGE grant program.** In March, you issued an Executive Order directing the federal agencies to create a coordinated and aggressive national policy to increase employment of adults with disabilities. The "Building Resources for Individuals with Disabilities to Gain Employment" ("BRIDGE") program is one of several new proposals to grow out of this effort. BRIDGE is a competitive grant program designed to increase the employment rate of adults with disabilities by fostering integration at the local level of employment-related services and support services to adults with disabilities. (Cost: $750 million over 5 years)

- **Information and Communication Technologies for People with Disabilities.**

NEC has developed draft proposals now being vetted to ensure that new technologies will be designed from the beginning to be accessible to people with disabilities. Ideas include leveraging federal government procurement, investing in R&D, funding industry consortia, training the next generation of engineers (NEC will provide a more detailed write up.)

- **Expanding the Defense Department's "CAP" program.** The Defense Department's Computer Accommodations Program ("CAP") purchases equipment for DOD employees with disabilities to allows them to keep working if they become disabled, or for new employees just joining the workforce. By using a central $2 million fund for such purchases, individual offices do not have to bear the cost within their own budgets, and are less likely to be deterred from hiring a person with a disability. Making this program available to other agencies has the strong support of the Administration's appointees with disabilities, in particular for Tony Coelho, chair of the President's Committee on Employment of People with Disabilities. (Cost $10-$25 million over five years).

- **Kennedy-Jeffords/Employment-Related Tax Credit.** In addition, the Kennedy-Jeffords legislation, described in the health section, will play a critical role increasing access to health care for people with disabilities returning to work.

Helping New Workers Succeed in the Workforce

Skill Upgrading for Entry Level Workers

NO

As part of it's FY 2000 budget request, DOL has proposed amending WTW to allow up ~~to one-third of~~ the WTW funds ($500 million of the $1.5 billion) to be used to upgrade the skills of entry level workers. Eligible individuals would include former welfare recipients and other low income individuals who qualify for the EITC, with priority given to certain non-custodial parents. This initiative would be permissive rather than mandatory -- states could opt to use a portion of their formula grant for this expanded purpose and population. Employers would be required to match the federal contribution and commit to hire former welfare recipients for the positions vacated by the upgraded employees. DOL's proposal would provide access to upgrade training to a broader range of entry level workers, not just those who have been on welfare. DOL is currently refining the proposal, but one option is to use $250 million to help low income/entry level workers upgrade skills so they can move up the career ladder and increase their earnings, and target the other $250 million for a broader responsible fathers initiative (see below).

NOT JOBS

NO

YES

Expand Access to Cars for Individuals Moving from Welfare to Work

We continue to pursue several small initiatives that would increase access to cars without having the federal government directly purchase cars for individuals. Possibilities include: 1) Donate surplus federal vehicles to welfare to work programs who could in turn lease or sell them to current and former welfare recipients for whom public transit is not a viable option, including those living in rural areas. This could be modeled after the initiative to donate federal computers to schools. 2) Identify a modest amount of seed money for a new national intermediary established to expand the number of community-based revolving loan programs for low income families to purchase cars ($5 - $10 million).

~~Welfare to Work Tax Credits~~

~~See Community Empowerment section.~~

~~Connection between TANF and Unemployment Insurance.~~

~~While there continues to be substantial interest in this issue, it is probably best considered within the broader context of UI reform. DOL's FY 2000 budget has a placeholder for UI reform, and OMB is convening a discussion on the issue later this week.~~

~~Additional Welfare-to-Work Housing Vouchers.~~

~~See Community Empowerment section.~~

Full Funding for Job Access and Reverse Commute Grants.

The Omnibus Budget Act appropriated $75 million for FY 1999 ($25 million above the FY 1999 guaranteed funding level). TEA-21 set guaranteed funding from the Highway Trust Fund at $60 million for FY 2000. DOT has requested $150 million in its FY 2000 budget. We may also want to pursue a legislative change to the way funds flow to tribal areas -- currently, states must select tribes as applicants.

BR: 2 conditions
have to focus on work - have to be working
do right thing on child support (whatever that happens to be) (whether paying or not)

Promote Responsible Fatherhood

To states or PICs (not DOL comp grants)

Responsible Fatherhood Grants

~~Take away WtoW entirely~~

There is growing interest at all levels of government and across a broad spectrum of society in helping fathers be responsibly involved in their children's lives through both financial and emotional support. Increasing the employment and earnings of low income fathers will increase the financial support they can provide for their children. This support is particularly critical for children whose custodial parents are moving from welfare to work. These fathers are generally motivated to

Priority to values-based providers?

work, but they tend to have intermittent, low-paying jobs. They also have high rates of involvement with the criminal justice system. Employment efforts should therefore focus on helping these fathers succeed and advance in the formal workforce through a combination of retention and rapid re-employment services, and work-based skill upgrading.

We continue to work through a number of funding and scope issues, but one option would be to designate $250 million from the WTW funds that could be matched by TANF and child support funds. Funds could be allocated on a formula basis to states who submit a joint plan from their TANF, child support, and WTW agencies. This plan would identify a local service delivery approach that ensured involvement of appropriate local stakeholders, including community-based organizations. While the primary focus would be employment, funds could also be used to support parenting, peer support, mediation and other services for fathers who were participating in work and cooperating with child support. States could propose innovative modifications to the child support system to remove barriers preventing the system from working appropriately for this population. We might also consider expanding funding for Access and Visitation grants for fathers who are 'playing by the rules', i.e. paying their child support obligations and participating in activities to increase their employment. For equity reasons, it may be appropriate to allow some level of service to any low income father who is supporting his children (whether living with them or not), but the primary focus could be non-custodial fathers (or parents) whose children are current or former TANF recipients.

NO

Congressman Shaw is expected to reintroduce his Fathers Count block grant proposal next session and this grant proposal could be a basis for developing a bipartisan initiative. He proposed $2 billion over 5 years, beginning with $200 million in Year 1, growing $100 million per year to $500 million in Year 5.

NO

Other options for expanding the federal focus on low income fathers include: requiring states to serve a certain proportion of fathers in their formula grant programs or designating a competitive grant set-aside. We could also broaden WTW eligibility criteria to include any non-custodial parent of a child on welfare who needs employment assistance in order to meet their child support responsibilities (currently, the father needs to meet the WTW hard-to-serve criteria).

???

Any fathers initiative should be accompanied by a strong interagency technical assistance and evaluation component since this is a relatively new field. We could direct HHS and DOL to identify existing resources, or request approximately $5 million in FY 2000 funding, for: a how-to guidebook that compiles lessons from past programs, promising practices, and resource information; electronic clearing house with links to research, existing programs, and resources with an interactive forum for information; and an 800 number communities can call for information. It may also be appropriate for DOJ and HUD to participate.

Child Support Law Enforcement Initiative

TINY!

This initiative will increase the prosecution of egregious child support violators by establishing multi-agency investigative teams to identify, analyze, and investigate cases for prosecution. This investigative effort will result in more cases being referred to the U.S. Attorney offices ready to prosecute. HHS's Office of Child Support Enforcement, Office of the Inspector General, and Office of Investigations, working with state and local law enforcement and child support agencies, have already launched a pilot project in Columbus Ohio, which will cover 5 states (Illinois, Indiana, Michigan, Minnesota, and Ohio). This proposal would put these units in place all across the nation within the next several years. Additionally, it would provide paralegals dedicated to child support cases to the 83 U.S. Attorneys offices that do not now have them. In July, you signed into law the Deadbeat Parents Punishment Act, creating two new categories of felonies for the most egregious child support evaders. (Cost: about $10 million over 5 years).

State of the Union 1995

10,000 New Child Support Workers

At a recent meeting of child support advocates and state staff, several barriers were cited as obstacles to collecting more child support:

1) States aren't investing enough money -- even though two thirds of state costs are funded by the federal government, many states are not investing adequate resources in their child support efforts. Research shows there's a correlation between child support staff resources and child support collections. However funding alone is not the issue -- the state of Ohio doubled its child support funding and increased its collection rate from about 25 to about 30 percent.

2) State political structures interfere with efficient operations. In many states, the state, the counties, and the district attorneys all play a role, creating many bureaucratic procedures. The agency that collects child support is often not rewarded with the incentive funding the state earns for its performance.

To help overcome these obstacles, we could propose to fund 10,000 new child support workers, but make them available only to states that agree to certain structural reforms. States could fill some of these positions with former welfare recipients or fathers who owe child support. This increase of 10,000 child support workers would increase child support staff by about 20 percent.

Exclude from Medicare Doctors that Owe Child Support

We have two health related child support proposals: 1) to exclude doctors and other providers who are delinquent in child support from the Medicare program, i.e., don't allow them to bill services to Medicare and 2) provide health professional loans only to those who attest that they do not owe child support. Legislative changes would be needed for both of these.

Child Support Law Enforcement Initiative

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State of the Union 1999

Michael Cohen
10/26/98 10:43:56 AM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc: Laura Emmett/WHO/EOP
Subject: ed strategy meeting stuff

As you requested at team leaders meeting

--------------------- Forwarded by Michael Cohen/OPD/EOP on 10/26/98 11:44 AM ---------------------------

Michael Cohen
10/22/98 03:45:32 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP

cc:
Subject: ed strategy meeting stuff

At the meeting we need to:

1. Light a fire to get policy development process moving re: big SOTU issues (teacher quality, standards, choice,)

2. Consider key strategic choices:

   New ideas vs. status quo aproach to ESEA reauthorization -- Congressional dems may want to simply hold on to what we've got; R's will push block grants and vouchers;

   New ideas as legislative proposals vs. budget requests and executive action/bully pulpit -- No one thinks Congress will pass any El/Sec legislation in its first session; how do we ensure some victories/progress at the end of the year?

   How do we approach Class Size next year -- seek authorization; mandatory vs. discretionary; another appropriations fight?

Possible directions for specific issues

1. Standards/Assessment/Accountability

Options for moving forward on national standards and tests:

seek explicit authorization as part of NAEP/NAGB (or ESEA) reauthorization;

seek private funding for our testing proposal

work with ACHIEVE or others to create standards and tests from the "bottom up"--by developing measure of aligned to common content standards across states or cities

endorse existing standards (e.g., New Standards)
require use of national tests (or assessments aligned to NAEP achievement levels) as measure of effectiveness of Title 1

Talk to: Schwartz, Finn, Tucker, Ambach, Casserly, Ravitch, NEA, AFT, Bingaman, Romer...

<u>Advancing agenda for ending social promotions</u>

Keep as condition of Education Opportunity Zones II proposal
Require states/districts to have requirement that kids meet standards at key transition points in order to be promoted as part of Title 1
Develop a series of bully pulpit activities, building on release of ED's Guide to Ending Social Promotions

<u>Strengthening Accountability for Results</u>

Incentives for states to close achievement gaps
Tie funding to results (as in Education Opportunity Zones -- districts eligible if they show they have already achieved results; continued funding dependent upon increased achievement)

2. Public School Choice

Make choice (more) universally available as condition of receiving some federal education funds (Title 1??? son of Goals 2000???)
Provide support for specific choice models (magnet schools, interdistrict choice, postsecondary enrollment options, work-site schools)

3. Teacher Quality

Expand funding for Title II recruitment/preparation programs
State teacher training academies (e.g., in reading, math, science, etc.) using proven practices
Incentives for Board-certified teachers to teach in Title 1 schools
State and local teacher quality (block) grants to address:

<u>State</u>

upgrading licensure/certification/testing
mentoring/induction
training/professional development
performance-based teacher evaluation/quality standards
teacher accountability: rewarding success and removing incompetence
State accountability for specific performance measures (e.g., decrease number of teachers with emergency certification and teaching out-of-field; student achievement gains tied to quality measures

<u>Local</u>

improved recruitment/hiring

mentoring/induction
training/professional development
performance-based teacher evaluation/quality standards
teacher accountability: rewarding success and removing incompetence
Local accountability for specific performance measures (e.g., decrease number of teachers with emergency certification and teaching out-of-field; student achievement gains tied to quality measures

4. National education summit???

How do we mark the 10-yr. anniversary of the Charlottesville education summit (9/99) and the 2000 timeline for the National Education Goals

Should we continue to have national education goals and if so, what should be the process for establishing them and for tracking progress toward achieving them? (Note: NGA and NEGP is wrestling with same issues; current plan is to defer any decision until after new governors come on board. Carper's theme for year as chariman is raising student achievement through technology, standards/accountability, and extended learning time. POTUS will be invited to NGA August meeting, which will be devoted entirely to these topics; NGA possibly will add ½ day session after meeting to deal with summit anniversary/goals

State of the Union 1999

Sent to mustn't [illegible]

Community Empowerment Agenda For State of the Union & FY2000 Budget

<u>Access to Capital and Credit</u>

1. **CDFI Tax Credit** -- We are looking at a proposal to extend tax incentives to encourage investment in CDFIs, which would leverage additional private investment in distressed areas and stimulate the economic revitalization of those areas. Under the proposal, $100 million in non-refundable tax credits would be made available to the CDFI Fund to allocate among equity investors in qualified CDFIs between 2000 and 2009. The allocation of credits would be determined by the CDFI Fund using a competitive process similar to the one used for grants, loans, and equity investments. The maximum amount of credit allocable to a particular investment would be 25 percent of the amount invested, though the CDFI Fund could negotiate a lower percentage. One downside with this proposal is that it would not assist non-profit CDFIs nor those that issue stock, such as mutual organizations.

2. **SBIC Proposal.**

<u>Creating Jobs/Making Work Pay</u>

1. **Clean Water, Parks, and Communities Bonds.** Modeled after the Administration's school construction proposal and Governor Engler's Clean Michigan Initiative, this proposal would encourage green infrastructure projects. We are examining a proposal to provide tax credits to state and local areas on their bond authority, providing incentives to communities to clean up the environment. This proposal would cost about $1 billion over five years and would leverage about $4-$5 billion in environmental investments. (This proposal would use the same mechanism -- Qualified Zone Academy Bonds -- as our school construction initiative). Communities could issue these zero-interest bonds for a menu of projects, such as brownfield redevelopment and cleanup; non-point source pollution; protecting and improving water quality; cleanup of contaminated sediments; waterfront reclamation and revitalization; purchasing of green spaces to prevent sprawl; park enhancements and revitalization, and lead hazard control.

2. **Employment Tax Credits.** As you know, the Work Opportunity Tax Credit (WOTC) and the Welfare-To-Work Tax Credit (WTW) encourage employers to hire members of certain economically disadvantaged targeted groups. Individuals must be certified as a member of a targeted group before the employer can claim a WOTC or WTW. Targeted groups under WOTC include family assistance recipients for any 9 months during an 18 month period, certain economically disadvantaged groups, and vocational rehabilitation referrals. The maximum credit is $2,400. The WTW targets long-term welfare recipients and individuals who are no longer eligible for welfare because of federal or state time limits. The maximum credit is $8,500. The WTW is available for the first two years of employment with the employer and thus is potentially more generous than the WOTC. The WOTC is more generous for short-term employment. Both credits will expire on June 30, 1999. Under this proposal the two credits would be made permanent.

hw

COST: (?)

<u>Affordable Housing and Promoting Home ownership for All Americans</u>

1. **Expansion of Low Income Housing Tax Credit** -- Last year, you proposed a 40-percent expansion of the Low-Income Housing Tax Credit (LIHTC) to spur the private-sector to develop more affordable rental housing for low-income Americans. However, Congress failed to act despite large bipartisan support in both the House and the Senate. We recommend you re-propose increasing the cap on the LIHTC from $1.25 per capita to $1.75 per capita. This proposal would restore the value of the credit to its 1986 level and will help develop an additional 150,000-180,000 affordable housing units over the next five years. This proposal would cost $1.6 billion over five years.

2. **$5,000 Homeownership Tax Credit For First-Time Homebuyers in Distressed Communities** -- We are examining whether to propose a $5,000 tax credit for first-time homebuyers in distressed communities (e.g., high-poverty areas). The 1997 Balanced Budget Act included a similar proposal for first-time homebuyers in the District of Columbia. Since most studies show that the major barrier for homeownership among lower-income families is closing costs and the downpayment, this proposal would offset those costs and boost homeownership among lower-income families (who have a significantly lower homeownership rates than wealthier Americans). This proposal would also make the tax system more equitable since lower-income families generally do not benefit from the mortgage interest deduction. One problem with this proposal is that the tax credit may not be of great assistance to some potential homeowners who do not have the resources *and* can not wait for the benefits from tax credit the following April. To ensure that these people could benefit from credit, we are looking at whether it would be possible to allow individuals to sell the credit to the mortgage lender.

3. **Increase Mortgage Credit Certificates** -- To further boost homeownership among lower-income families, we are looking at a proposal to expand the cap on "mortgage credit certificates" which allow state and local housing authorities to provide a tax credit to families of up to $2,000 per year for mortgage interest paid. We are examining whether to increase the maximum allowable credit to $4,000. Mortgage credit certificates are subject to the volume cap on tax-exempt private activity bonds. While this year's budget agreement raises this cap, we are also looking at whether there is a way to expand the pool of mortgage credit certificates an state or local housing authority can provide. Two possible proposals in this area are: (1) propose further increase in private activity bond cap or (2) propose to create an independent volume cap for mortgage credit certificates.

4. **Incremental Tenant-based Section 8 Vouchers** -- In order to build on the success of securing new incremental vouchers last year, we will recommend that you seek an additional 50,000 welfare-to-work housing vouchers and another 50,000 units to meet the needs of the homeless, including elderly homeless and homeless veterans. Stable housing conveniently located for access to employment and transportation is a essential element in successfully making this difficult transition. Almost a million families with children who depend on welfare as their primary source of income have worst case needs for housing; over 1 million additional families with wages as their primary source of income also have worst case needs. Thus, this support is important not only for initially moving more families off of welfare, but also for helping them maintain decent housing while in entry-level jobs. As with the FY 1999 Welfare to Work Vouchers, these vouchers will be awarded competitively to PHAs with a working relationship with their welfare agencies and the agencies administering Department of Labor welfare to work grant funds. Applicants will also have to show how the use of the vouchers will support these welfare to work efforts. HUD is proposing to target 50,000 of the incremental units to the homeless to meet an unmet demand for permanent housing. The Department's homeless assistance funds have provided a great deal of assistance for individuals and families in need of emergency or transitional housing; in the last 11 years the Supportive Housing Program has provided 125,000 transitional housing beds for homeless individuals and families.

However, these beds turn over, on average, every six to nine months, but shelter providers are having difficulty helping their clients move into permanent housing because of the severe shortage of affordable housing in many localities. This proposal would cost $600 million in FY2000.

5. **Regional Affordable Housing Initiative** -- We are examining whether to propose a Regional Affordable Housing Initiative (RAHI) as a competitive pilot program. This proposal would be designed to result in a more balanced distribution of affordable housing across participating metropolitan regions. In particular, the program seeks to increase the availability of affordable housing in areas with high growth in low-skilled jobs and inadequate supplies of housing for low-income workers. RAHI pursues this goal by promoting the creation and implementation of regional, as opposed to jurisdiction-by-jurisdiction affordable housing strategies. It would provide technical assistance and project planning and implementation funding to partnerships that have agreed to create and adhere to an affordable housing plan (including regulatory streamlining) that integrates job and housing development across local jurisdictions. This proposal could be funded through HUD's HOME program and would cost $125 million over five years.

5. **Elderly Housing Initiative.**

State of the Union 1999 ~~COPPPPS~~ COPS +

NEW CRIME AND DRUG INITIATIVES
(October 29, 1998)

I. Crime Bill II

Total funding: $5.8 billion in FY 2000, $29 billion through 2004
New funding: $1.3 billion in FY 2000, $6.3 billion through 2004

The 1994 Crime Act will expire at the end of the FY 2000 budget cycle, guaranteeing that the next Congress will have to consider major crime legislation. In his State of the Union and FY 2000 budget -- before the Crime Act lapses and before Republicans act on their own legislation -- the President should challenge Congress to extend his popular COPS program and pass a new crime that builds on the core elements of the successful 1994 Crime Act -- more police, tougher punishment and better prevention.

To do this, we will need about $1.3 billion in new funds to preserve the Crime Act's current funding level of $5.8 billion per year. Approximately $4.5 billion is already built into the FY 2000 and future budgets for future crime bill programs (Interestingly, the only crime bill program not built into future budgets is the President's COPS program). With this commitment of funds, we could reconstitute the same broad-based coalition of law enforcement leaders, local elected officials, gun advocates and community groups that strongly supported the 1994 Crime Act, and work with them to develop the next generation of tough, smart anti-crime proposals. Major components of this new crime bill could include:

+ 300 in prosecs / technol.

A. $1.4 billion for Community-Oriented Policing and Prosecution Services (COPPS). With the President's pledge to help fund 100,000 more police likely to be fulfilled before the end of next summer, the FY 2000 budget will only include about $300 million for the COPS program. Already mayors and police chiefs are calling for COPS to be extended, and Senate Democrats quietly proposed such an extension in a crime bill they introduced at the end of this past Congress. We should take the lead in proposing to extend -- and expand -- a new COPPS initiative that includes:

so 800 ↑

750

1. ~~$500~~ million for more police on the street. Similar to the current program, these funds would be used to hire, redeploy and retain an estimated 5,000 to 6,000 police each year.

300 mostly technology

2. ~~$400~~ million for a 21st Century Policing initiative. These funds would be used for police training, technology and equipment, including: bolstering our 35 Regional Community Policing Training Centers; fostering partnerships between police departments and universities (i.e., the partnership between the Boston Police Department and Harvard's Kennedy School); expanding the use of computerized mapping to promote increased accountability in reducing crime (i.e., New York's COMPSTAT model); improving police academy instruction; promoting minority recruitment of police officers; and other existing programs like the Police Corps and law enforcement scholarships initiatives.

includes 100 - 150 of current funding for tech

make hot spot focus

250

150 currently budgeted

3. ~~$400~~ **million for community prosecutors.** Although Congress has been reluctant to fund our proposals for juvenile and community-based prosecutors, it will be much more difficult for Congress to oppose direct funds for prosecutors if they are linked to the popular COPS initiative. Thus, we should dedicate $400 million of the new COPS initiative to hire, train and equip the nation's prosecutors to join their local police in fighting crime on a more pro-active basis.

how to describe this? Need better handle

partnerships - police + comm-based groups

4. **$100 million for community crime** ~~**fighting.**~~ prevention Lastly, a new COPS program should set aside funds to engage community residents, local government agencies and the private sector in solving crime problems and improving the quality of life in neighborhoods. These funds could be used to recruit seniors to help police identify and respond to abandoned cars, neglected properties and other crime-breeding conditions; to establish citizen police academies and teach neighborhood residents problem solving; and to enlist local environmental agencies to crackdown on illegal dumping in the inner city, which is often run by gangs. kids example

B. $720 million for promoting punishment and deterrence. Rather than propose additional funding for the punishment title of a new crime bill, we would shift the emphasis from prison construction to promoting swifter and more certain punishment for all persons under criminal justice supervision. Specifically, we would reallocate the Crime Acts current prison funding as follows:

1. **$150 million for criminal aliens.** This simply reimburses states for the costs of incarcerating criminal aliens at current funding levels.

2. **$285 million for general prison construction.** This represents a cut of about $210 million for Violent Offender Incarceration and Truth-in-Sentencing grants. Take half + spend it

?

probation supervision — coerced abstinence

3. **$285 million for Certainty of Punishment.** We envision this initiative to increase the ability of states and local criminal justice systems to promote swift and certain punishment by: supporting statewide efforts, such as those proposed by Maryland and Connecticut, to systematically drug test and, if necessary treat, all drug offenders; establishing community-based courts and corrections that target and appropriately punish quality of life and nuisance crimes (i.e., prostitution, vandalism and public drunkenness), which would otherwise be ignored by local prosecutors and courts; funding teams of probation officers to work proactively with local police to closely supervise problem gang members, recovering drug addicts and sex offenders likely to repeat their crimes. non-police; corrections + CB

C. $150 million to keep guns out of the hands of criminals. Of course, any new crime bill should include the President's firearms priorities, which are largely budget neutral (i.e., juvenile Brady, Brady II, federal CAP legislation and child safety locks). We should also, however, consider the following new proposals: (1) closing the loophole that exempts many firearms sales at gun shows and flea markets from Brady background checks; (2) expanding the President's Youth Crime Gun Interdiction Initiative (YCGII) -- to trace all concealed weapons ?

Treas. wants to do only 5

crime guns and investigate gun traffickers -- to an additional 20-40 cities; and (3) assembling gun strike forces, or teams of federal prosecutors and ATF agents, that would target cities with high levels of gun violence, crack down on illegal gun trafficking and prosecute felons and fugitives identified through the Brady National Insta-Check System. Estimated funding for these last two initiatives would be about $150 million. w/locals too

can be done through other programs

D. $100 million for preventing crime through common sense values. In addition to other crime bill prevention programs (i.e., $285 million in juvenile justice initiatives), we should also invest $100 million to promote values-based crime and violence prevention. Consistent with the efforts of Rev. Eugene Rivers and other ministers, who are trying to mobilize 1,000 black churches to work with youth in 50 of the nation's worst neighborhoods, we should fund comprehensive prevention programs that seek to involve faith-based and other institutions that can help instill and reinforce common sense values in troubled youth. now 95 m for at-risk youth initiative

(already there)

E. $3.4 billion to extend other popular initiatives from the 1994 Crime Act. With about $2.4 billion in annual funding dedicated to the above mentioned programs, the remainder -- or about $3.4 billion annually -- would be available to extend and build upon other initiatives from the 1994 Crime Act, including -- a new Violence Against Women Act, more drug courts, substance abuse treatment for federal and state prisoners, telemarketing fraud programs, and additional support for the FBI, DEA, ATF and other federal law enforcement agencies.

Biden proposal - mostly new spending

II. Safe, Disciplined and Drug-Free Schools

New funding: $394 million in FY 2000, $1.97 billion through FY 2004
Total funding: $1 billion in FY 2000, $5 billion through FY 2004 Almost doubling

At the White House Conference on School Safety, the President announced that he would overhaul and strengthen the Safe and Drug-Free Schools Program to help local school districts ensure that students have safe, disciplined and drug-free environments for learning. Under this proposed reform, schools will have to adopt rigorous, comprehensive school safety plans that include: tough, but fair discipline policies, such as zero tolerance for guns and drugs; safe passage to and from schools; effective drug and violence policies and programs; annual school safety and drug use report cards; links to after school programs; efforts to involve parents; and crisis management plans. To assist school districts in meeting these more challenging standards, a new Safe, Disciplined and Drug-Free Schools Initiative should include:

A. $700 million for states to fund comprehensive school safety plans. Although this represents an increase of $174 million from the current state formula program, fewer schools will ultimately receive more funds for much broader-based plans. Also, states will have to provide these grants on a competitive -- not formula -- basis. b~~[illegible]~~ ~~[illegible]~~ ~~[illegible]~~

comp grants from states.

New Crime Bill, Same Principles - Police, Punishment, Prevention
2 ~~Process~~

Really need only $100 million more

B. $250 million to target schools with serious crime and drug problems. This represents an increase of $220 million for national school safety initiatives, including funds for a new $12 million School Emergency Response to Violence initiative. comp grants from fed govt.

C. $50 million for drug prevention coordinators. This is the same request General McCaffrey submitted for last year's budget.

III. Teen Courts

FORGET?

New funding: $50 million in FY 2000, $250 million through FY 2004
Total funding: $50 million in FY 2000, $250 million through FY 2004

Studies show that if children make it to their 18th birthday without using illegal drugs, alcohol or tobacco, they are likely to avoid chemical dependence for the rest of their lives. To help keep kids from ever turning to substance abuse -- and to reinforce the message that there are consequences associated with drinking, smoking and taking drugs -- communities throughout the country are turning to teen courts that hold young, first-time offenders accountable for their actions. Teen courts capitalize on the strength of peer influence and send a strong message to offending youth that young people and the community will not condone their law-breaking behavior. Sentences typically include community service, counseling and victim restitution. There are currently about 500 teen courts operating nationwide, and they also cover other offenses, such as curfew violations, graffiti and drinking and driving. With $50 million in new funding, we could create 500 to 700 new teen courts each year.

IV. Ensuring Parity for Substance Abuse Treatment

No funding required

soft mandate

Despite recent increases in federal spending on substance abuse treatment, appropriate treatment is still not available to nearly half of those who need it. To help fill this treatment gap, we should propose legislation that puts substance abuse treatment on par with other medical and surgical benefits. Similar to the Mental Health Parity Act signed into law by the President in September 1996, parity legislation for substance abuse treatment would generally prohibit health care providers already providing some substance abuse benefit from setting annual or lifetime dollar limits on substance abuse treatment benefits at a lower level than those set for other medical and surgical benefits.

V. Youth Drug Testing

~~FORGET~~?
Make part of Safe + Drug Free

New funding: $50 million in FY 2000, $250 million through FY 2004
Total funding: $50 million in FY 2000, $250 million through FY 2004

While overall drug use remains flat -- and nearly 50% below its peak in 1979 -- youth drug use has increased dramatically and consistently since 1991. Thus, in addition to educating youth about the dangers of illegal drugs and funding effective drug prevention programs, we should promote zero tolerance for drug use through innovative youth drug testing, including:

A. $25 million for mandatory pre-licensure drug testing. To deter drugged driving by youth and provide a strong incentive for teens to stay drug-free, we should allocate new funds for the Department of Transportation to work with states to drug test first-time applicants for drivers licenses.

B. $25 million for school-based drug testing. To help school districts throughout the country replicate Miami's school-based drug testing initiative, we should provide the Department of Education with $50 million to fund local school districts' efforts to drug test middle and high school students if their parents consent. Drug test results would be delivered directly to parents, and provisions could be made to refer students who fail drug tests to treatment.

VI. Expanding Medicaid Coverage for Drug Treatment

not sure of this yet

New funding: at least $550 million through FY 2004
Total funding: at least $550 million through FY 2004

Under current law, Medicaid serves as a major barrier to provide treatment for certain poor, substance-abusing women. The Institutions for Mental Diseases (IMD) exclusion under Medicaid bars reimbursement for almost all residential substance abuse services in free-standing programs, which is often the most effective form of treatment for pregnant substance abusers. Moreover, any women who is otherwise eligible for Medicaid -- but who also enrolls in a residential treatment program -- loses her Medicaid eligibility for any services, including prenatal and postpartum health care. In order to remove this obstacle to increased treatment for a high-need population, we should support legislation to remove the IMD exclusion as it applies to residential treatment for pregnant, post-partum women, and possibly other low-income, heavy drug users.

VII. Drug and Tobacco Enforcement

New Funding: $300 million in FY 2000, $1.5 billion through FY 2004
Total Funding: $300 million in FY 2000, $1.5 billion through FY 2004

During the tobacco debate, we met with representatives from state, local and federal law enforcement who were concerned about the impact that tobacco legislation might have on their agencies, especially as a result of increased smuggling. In response to their concerns, we developed a drug and tobacco enforcement initiative that we believe addressed the law enforcement community's concerns and should be included in the FY 2000 budget. This proposal includes:

A. $200 million for drug enforcement and tobacco anti-smuggling grants. We propose creating a new Justice Department grant program to allow state and local law enforcement agencies to hire additional personnel, pay overtime costs, procure equipment and form multi-jurisdictional task forces that integrate federal, state and local law enforcement efforts to combat drug trafficking and tobacco smuggling.

B. $100 million for ATF and Customs agents. We would also provide $75 million to hire additional ATF agents and $25 million to fund more Customs agents to concentrate on drug and tobacco enforcement activities at the federal level.

Anything on elder crime? Roll it in as part of crime bill.

- new agents
- training
- partnerships

1. Get school uniform retailers to kick back profits into school safety.

2. major ins cos give rebate to homeowners who store + lock guns

State of the Union 1999

HEALTH BUDGET IDEAS (November 1, 1998)

1. Long-Term Care: This initiative could be part of a "preparing for Medicare long-term reform" package; a women's initiative if coupled with pension policies for women or family leave policies; or with an elderly housing initiative (policies to promote maintaining home ownership, beginning to promote assisted living facilities, and ensuring quality in nursing homes).

- **Long-term care tax credit**. (new policy) Along with the lack of coverage of prescription drugs, the poor coverage of long-term care represents a major cost burden for the elderly and their families. Long-term care costs account for nearly half of all out-of-pocket health expenditures for Medicare beneficiaries. This proposal would give people with three or more limitations in activities of daily living (ADL) or their caregivers a tax credit of up to $1,000 to help pay for formal or informal long-term care. (Cost: About $6 billion over 5 years).

- **Offering private long-term care insurance to Federal employees.** (new policy) Since expanding Federal programs alone cannot address the next century's long-term care needs, the Federal government -- as the nation's largest employer -- could serve as a model employer by promoting high-quality private long-term care insurance policies to its employees. Under this proposal, OPM would offer its employees the choice of buying differing types of policies and use its market leverage to extract better prices for these policies. There would be no Federal contribution for this coverage. (Cost: Small administrative costs; OPM estimates about 300,000 participants).

- **Family Caregiver Support Program.** (new policy) About 50 million people provide some type of long-term care to family and friends. Families who have a relative who develops long-term care needs often do not know how to provide such care and where to turn for help. This proposal would give grants from the Administration on Aging to states to provide for a "one-stop-shop" access point to assist families who care for elderly relatives with 2 or more ADL limitations and/or severe cognitive impairment. This assistance would include providing information, counseling, training and arranging for respite services for caregivers. (Cost: About $500 -750 million over 5 years; discretionary).

- **Nursing home quality initiative.** (expanding on administrative initiative) On July 21, the President announced an initiative to toughen enforcement tools and strengthen Federal oversight of nursing home quality. On October 22nd, the Justice Department and HCFA held a conference to begin to develop other quality/anti-fraud and abuse initiatives with enforcement agencies from around the nation. Proposals to respond to these challenges and to implement the initiatives the President outlined in July can be included in the budget or as freestanding legislation. The initiative will no doubt include new enforcement provisions (e.g., increased penalties, etc.), as well as new funds to conduct more frequent surveys of repeat offenders and improve surveyor training. We are also working with the Department to explore the possibility of establishing a Nursing Home Commission to oversee HCFA's efforts. (Costs:$750 million over 5 years).

2. Disability. This health initiative could be packaged with the non-health ideas such as the "Bridge" integration grant proposal and the access to information technologies initiative.

- **Jeffords-Kennedy Work Incentives Improvement Act**. (Congressional proposal; not passed in 1998) In the final budget negotiations this year, the Administrative put the Jeffords-Kennedy bill on its list of priorities for passage. This bill would enable people with disabilities to go back to work by providing an option to buy into Medicaid and Medicare, as well as other pro-work initiatives. Although it was rejected by Republicans, the Administration has been stating that we will continue to fight to give people with disabilities the opportunity to work -- including the critical health insurance that makes work possible. (Cost: About $1.2 billion over 5 years).

- **Tax credit for work-related impairment expenses for people with disabilities**. (new policy) Almost 75 percent of people with significant disabilities are unemployed; many of those within the population cite the cost of employment support services/devices, as well as the potential to lose Medicaid or Medicare coverage, as the primary barriers to seeking and keeping employment. This proposal would give a 50 percent tax credit, up to $5,000, for impairment-related work expenses. This policy overlaps to some degree with the Jeffords-Kennedy Work Incentive proposal, described later, but has the advantage of helping people in all states irrespective of whether states take up optional coverage. (Cost: At least $800 million over 5 years, would help about 300,000 people).

- **"Date Certain" demonstrations.** One of the biggest frustrations for people with severe disabilities and their families is the "institutional bias" in Medicaid -- meaning the tendency to simply put people with great health care needs in nursing homes rather than develop viable, community-based alternatives. In 1998, HHS funded a small demonstration project in 4 states to test different models for offering people with disabilities the choice of care settings. This proposal would build on these tests by developing models to give people residing in a nursing home after a "date certain" a choice of care settings. (Cost: $50 million over 5 years).

3. Modernizing Medicare. These policies could "lay the groundwork" for the recommendations of the Medicare commission and re-affirm our ongoing commitment to improve and modernize Medicare.

- **Adopting private sector, competitive pricing strategies**. (FY 1998 budget) The President has consistently supported giving the Health Care Financing Administration the same tools to manage health care costs as are used by private sector plans. This includes competitive pricing for services like durable medical equipment and other supplies; expanding the competitive pricing demonstration for managed care; and adopting new payment methodologies like Centers of Excellence, among others. Although these ideas are being considered by the Medicare Commission, the President could take the lead on increased competition within Medicare since he has supported this approach in the past. (Savings: $0.1 to $0.5 billion, depending on the policies).

- **Reducing Medicare fraud and overpayment.** (Some FY 1999 policies; some new policies) Medicare fraud poses a serious threat to its financial well-being. In every budget for the last 5 years, the President has proposed new initiatives to help combat excessive payments and provider fraud in Medicare. Last year alone, Medicare saved over $1 billion through these efforts. The President announced last January a 10-point plan for reducing fraud and overpayment, including provisions like reducing overpayments for drugs and ensuring Medicare does not pay for claims that ought to be paid by private insurers. HHS and the Department of Justice continue their efforts to enforce current policies and develop new ones. (Savings: From $1 to 3 billion over 5 years, depending on the policies).

- **Protecting beneficiaries from HMO withdrawals from Medicare.** This year, a number of HMOs have pulled out of Medicare with only a few months notice, leaving 50,000 beneficiaries with no plan options in their areas. These withdrawals are causing beneficiaries unnecessary hardships as they rush to find alternative sources of coverage. The President has stated his determination to work with the Secretary of HHS and Congress to develop legislation to prevent this behavior in the future (e.g., limit the time between when a plan files to participate in Medicare and when enrollment begins, making it less necessary for plans to pull out at the last minute). (Cost: not clear that there will be costs).

- **Medigap reform for people with disabilities.** In 1997, the President endorsed bipartisan legislation from Rockefeller, Chafee and Nancy Johnson that makes Medigap supplemental insurance more accessible to beneficiaries. The Balanced Budget Act did include some of its important protections for seniors on Medicare, but essentially excluded beneficiaries with disabilities from this reform. This proposal would make all Medigap insurers provide Medigap to people with disabilities when they sign up for Medicare. It would also ensure that they get a guaranteed issue Medigap option when in the event that their HMO withdraws from Medicare. (Cost: not clear that there will be costs).

- **Prescription drug coverage for Medicare beneficiaries.** (new policy) The lack of coverage for prescription drugs in Medicare is widely believed to be its most glaring shortcoming. Virtually every private health plan for the under-65 population has a drug benefit, in recognition of the medical community's reliance on prescriptions for the provision of much of the care provided to Americans. Lack of Medicare coverage of drugs results in high out-of-pocket beneficiary costs -- which will only become larger in the next century since the vast majority of advances in health care interventions will be pharmacologically-based. Responding to this fact, Republicans and Democrats on the Medicare Commission, as well as almost every health care policy expert, are consistently stating that reforming Medicare without addressing the prescription drug coverage issue would be a mistake. We are developing a wide variety of options, including a means-tested Medicaid option, a managed care benefit only approach, a traditional benefit for all beneficiaries, and an unsubsidized purchasing mechanism that uses Medicare's size as leverage for drug discounts for beneficiaries. If desirable, a proposal could be included in the budget or coordinated with the March release of the Medicare Commission's recommendations. (Cost: Varies significantly depending on proposal, ranging from $1 to 20 billion a year).

- **Redesigning and increasing enrollment in Medicare's premium assistance program** (extension of July executive action and new policy). Over 3 million low-income Medicare beneficiaries are eligible but do not receive Medicaid coverage of their Medicare premiums and cost sharing. Many more may not get enough assistance through the new, BBA provision that is supposed to help higher income beneficiaries. We are developing a range of proposals that build on the President's actions in this area to better utilize Social Security Offices to educate beneficiaries about this program, to reduce administrative complexity for states and to give them incentives to engage in more aggressive outreach efforts. (Costs vary depending on policies; up to $500 million over 5 years).

- **Cancer clinical trials demonstration** (FY 1999 budget; not passed). Less than three percent of cancer patients participate in clinical trials. Moreover, Americans over the age of 65 make up half of all cancer patients, and are 10 times more likely to get cancer than younger Americans. This proposed three-year demonstration, extremely popular with the cancer patient advocacy community, would cover the patient care costs associated with certain high-quality clinical trials. (Cost: $750 million over 3 years).

- **Providing needed education funds to children's hospitals.** (new policy) Medicare has invested billions of dollars in graduate medical education to hospitals since 1966. However, because of its current formula, free-standing children's hospitals are forced to shoulder the majority of the cost of training pediatricians, placing them at a severe financial disadvantage. This proposal would modify the distribution formula to provide reimbursement for the training costs incurred by children's hospitals. Addressing children's hospitals' education financing has bipartisan support, and Senator Frist has made this a priority for the Medicare Commission. (Costs: depends on the proposal).

4. Health Insurance Coverage Expansions. The rising number of uninsured makes the need to propose insurance expansions important.

- **Providing new coverage options for people ages 55 to 65** (FY 1999 budget; not passed). Americans ages 55 to 65 have a greater risk of becoming sick; have a weakened connection to work-based health insurance, and face high premiums in the individual insurance market. The latest report shows that the uninsured are growing at the fastest rate in this age group; by 2010, the number of uninsured people age 55 to 65 will nearly double. This three-part initiative would: (1) allow Americans ages 62 to 65 to buy into Medicare, through a premium designed so that this policy is self-financed; (2) offer a similar Medicare buy-in to displaced workers ages 55 and over who have involuntarily lost their jobs and health care coverage; and (3) give retirees 55 and over whose retiree health benefits have been ended access to their former employers' health insurance. A proposal such as this would be minimally necessary for any serious consideration of proposals to raise Medicare's eligibility age. (Cost: $1.5 billion over 5 years, which would assist about 300,000 people).

- **Voluntary purchasing cooperatives** (FY 1997, 1998, and 1999 budgets; not passed). Over a quarter of workers in firms with fewer than 10 employees lack health insurance — almost twice the nationwide average. This results in large part because administrative costs are higher and small businesses pay more for the same benefits as larger firms. Building on previous year's proposals, this proposal would encourage coops to develop by allowing them to be considered non-profits -- which facilitates their receiving private foundation support. This would complement Federal grants that would provide seed money for establishing cooperatives. The Office of Personnel Management would provide technical assistance, so that this coops are modeled on the Federal Employees Health Benefits Program (FEHBP). We also could possibly link coops to CHIP or tax credits to encourage employees to purchase insurance through them. (Cost: about $50 to 100 million over 5 years).

- **Children's health insurance outreach** (FY 1999 budget; not passed and new policy). To date, 42 states have had their CHIP plans approved. These new expansions have great potential to help uninsured children, but not if families do not know or understand the need for insurance. Moreover, over 4 million uninsured children are eligible for Medicaid today. Last year's budget included several policies to promote outreach, including allowing states to temporarily enrolling uninsured children in Medicaid through child care referral centers, schools, etc; and allowing States to access extra Federal funds for children's outreach campaigns. An additional proposal is to pay for a nationwide toll-free number that connects families with state eligibility workers. NGA is sponsoring this line for one year only; such a line is essential for the nationwide media campaign that we are planning to launch in January with the NGA. (Cost: Between $400 and $1 billion over 5 years; could be funded through tobacco recoupment)

- **Medicaid options for older children and uninsured adults** (new policy). Nearly one in three people ages 18 to 24 lack health insurance and about 8 million poor adults are uninsured. Yet, under current Medicaid rules, states cannot expand to these groups without a budget-neutral waiver. A broad option would be to create a new eligibility class for uninsured adults. A narrower option is to focus on young adults or children losing Medicaid because they turn 18 years old. This extension would be administratively simple, targeted, and help young people whose first jobs often lack health insurance. A related option is to extend Medicaid coverage to foster children turning age 18 (part of a larger package for such children). (Cost: Unknown at this point).

- **Health coverage for workers between jobs** (FY 1997 and 1998 budgets; not passed). Because most health insurance is employment based, job changes put families at risk of losing their health care coverage. Many families do not have access to affordable health insurance when they are between jobs because they work for firms that do not offer continuation coverage or cannot afford individual insurance. The proposal would provide temporary premium assistance for up to six months for workers between jobs who previously had health insurance through their employer, are in between jobs, and may not be able to pay the full cost of coverage on their own. (Costs depend on whether it is done as a demo (about $2.5 billion over 5 years, which would help about 600,000 people) or nationwide (about $10 billion over 5 years, which would cover about 1.4 million persons)).

Add asthma

5. Public Health / Underserved Populations

- **Combating Resistance to Anti-biotics (Super Bug).** Recent reports have indicated that resistance to anti-biotics is becoming a major public health crisis. Some viruses, such as pneumonia and many hospital-based infections becoming resistant to even the strongest anti-biotics, causing prolonged illnesses and even death. For example, pneumonia, which impacts over 500,000 Americans per year, is becoming resistant to the strongest antibiotics. CDC believes that this critical public health problem is on track to affect more and more viruses as it is becoming more difficult to develop new effective antibiotics. However, this problem could be reduced if we knew more about which viruses are likely to become resistant and why and if drugs were prescribed and used more appropriately. For example, there are over 50 million inappropriate outpatient antibiotic prescriptions written annually. The budget could fund a major public health campaign that would: educate consumers and health providers to help assure appropriate use of antibiotics; assure awareness about appropriate guidelines; and improve surveillance and research efforts to understand which antibiotics are at risk for becoming ineffective and why. (Cost: up to $50 million in FY 2000).

- **Improving Access to Health Care in Underserved Rural Areas.** The 25 million Americans that live in rural areas frequently do not have access to adequate health care services. For example, the physician-to-patient ratio is more than 80 percent lower in rural communities and more rural Americans are uninsured and lack access to health care services. The budget could include an initiative that would help maintain and improve access to health care in rural communities by: giving grants to help develop creative emergency services to enable rural health facilities to remain operational and responsive to the needs of their populations; providing assistance to states to help take advantage of a Balanced Budget Act provision that provides higher Medicare payments to hospitals that revamp services to meet the specific needs of their communities; and increasing the number of health professionals in rural communities by providing loan repayments or scholarships to train rural Americans who are likely to stay in the communities to become nurse practitioners. (Cost: approximately $100 million in FY 2000).

- **Reauthorizing the Older Americans' Act.** The Older Americans' Act has played a critical role in responding to the diverse needs of our nation's seniors. For example, it provides 240 million meals to over one million vulnerable seniors each year through its meals-on-wheels program; finances and supports an ombudsman program that helps resolve tens of thousands of problems affecting nursing home residents and other vulnerable populations, including abuse and neglect; and, in many communities, it provides the type of adult day care that gives families a much-needed respite from caregiving responsibilities. Many in the aging community believe the fact that the Congress has not reauthorized this program in several years undermines this program and the critical services. We could propose a reauthorization of this program to enhance emphasis on ombudsman and other programs, while proposing an increase for many of these critical programs.

- **Improving Access to Emergency Room Care for Veterans.** As part of the President's request to bring Federal health programs into compliance with the patients' bill of rights, the issue of whether the VA provides veterans adequate access to emergency room services has been widely publicized. The VA currently only reimburses for VA emergency visits at VA hospitals, which is certainly not consistent with the patient protection to assure emergency services when and where the need arises. We expect Senator Daschle to offer a proposal to extend veterans' access to emergency room services, and it may well be advisable for us to address this issue so we are not perceived as falling short on our commitment to apply the patients' bill of rights where we can. (Cost: VA's current proposal costs $550 million per year. However, OMB has been working to dramatically reduce the costs of this proposal).

- **Enhancing Drug Approvals, Food Safety, and other FDA priorities.** The FDA has unprecedented new challenges, including: a surge in promising technologies and drugs that need approval; increasingly challenging diseases, such as AIDS and emerging pathogens; important public health issues such as food and blood safety; as well as major new statutory responsibilities from FDA reform. However, funding for this agency has not increased in several years. This has serious implications for the agency, as food inspections, organ banks, and drug companies are rarely inspected and it is more challenging to meet drug approval needs. Since Congress has been unwilling to fund user fees for FDA, it may be necessary to make it a priority to fund FDA at higher levels (Cost: $100 to 300 million in FY 2000).

- **Investing in Promising DoD Breast Cancer/Prostate Cancer Programs.** We have continually highlighted DoD's innovative, popular cancer research programs (most recently the President announced grants in the DoD prostate cancer research program in his Father's Day radio address). However, we have received increasing scrutiny as to why your budget never proposes funding for this critical program by advocates who question your commitment to this program and believe that the lack of an Administration proposal makes it much more difficult to lobby for this funding on the Hill. DoD is somewhat resistant to this concept as they believe that, even though they have developed a model program in response to a Congressional mandate, cancer research is not within their military mission. (Cost: it is unclear what the Congress will propose for this year's funding (the Senate bill includes $250 million in FY 2000). If you chose to fund this area, we would need to at least match FY1999 funding and potentially increase this amount.

- **Continuing the President's Successful Race and Health Initiative.** The race and health initiative proposed in the President's FY1999 budget was extremely well received by the minority and public health communities. As part of this initiative designed to eliminate racial health disparities in six critical health areas, we committed to investing $400 million over five years. Therefore, it is important that the President's FY2000 budget include no less than the $80 million we promised for each year, and we may want to consider additional funding for this issue. (Cost: $80 million in FY 2000).

- **Investing in Promising Biomedical Research.** Your FY 1999 budget includes historic increases in the NIH, and the Congress has funded the NIH at even higher levels (a historic $2 billion increase this year), regardless of how much you propose in this area. Therefore, you could either continue to fund this research at historic levels or since Congress will likely anyway, you may want to propose less to make room for other priorities. (Cost: over $300 million to $1 billion in FY 2000).

- **Improving Access to Promising HIV/AIDS Drugs.** Since there has been so much progress in therapies for HIV/AIDS, the AIDS community has been pushing to expand access to these drugs. Their expectations were raised last year when the Vice President asked HCFA to look into the feasibility of a demo to expand Medicaid to patients with HIV at an earlier point in their disease. We may want to consider additional options, perhaps in the context of the Jeffords-Kennedy legislation, to help people with HIV/AIDS have better access to treatment. Last year, we proposed significant funding for the AIDS Drugs Assistance Programs (ADAP), but there may be other approaches. Regardless of status of Jeffords-Kennedy, we may receive a great deal of criticism from the community if we propose no increases for treatment and also for prevention and enhancing HIV surveillance efforts at the Centers for Disease Control (Cost: approximately $100 million in FY 2000).

- **Improving Health for Medically Underserved Native Americans.** Native Americans have particularly poor health status (as much as five times higher diabetes rates, and three to four times the rate for SIDS). It is widely recognized that the IHS, the main resource for Indian tribes who deliver health programs to their communities, is not sufficiently funded to address the needs of this population. We could develop a number of initiatives to help improve health for Native Americans, including: domestic violence, or alcoholism; or elder care, working with HCFA, to help develop home-and-community based care options for Native Americans. This would build on the President's efforts to elevate the Director of IHS to an Assistant Secretary position and your participation in the conference on "Building Economic Self-Determination in Indian Communities" and would compliment well the President's race and health initiative. (Cost: about $100 million in FY 2000).

State of the Union 1999

Accomplishments

Unfinished Business/Promises Kept

- School Modernization/New Teachers Program
- Patients' Bill of Rights
- Tobacco
- Child Care
- Work Incentives Bill for People with Disabilities
- Speeding Up Toxic Clean Ups
- Climate Change
- Minimum Wage
- FMLA

Social Security

Medicare?

Pensions?

Unemployment Insurance?

Education and Training

Health

Crime

Welfare

Community Empowerment and Urban Development

- Housing/ ~~Healthcare,~~ Access for the Elderly (Chris)
- Housing in areas of growth in low-skilled jobs - Regional Affordable Housing Initiative
- Transportation Planning → in regular Orszag/Wein group

New Technology → Sustainable Development - Smart Growth → also Orszag/Wein

Economic Development

Census - (may have to close down part of census over it)

- Increased Competition
    - Electricity Restructuring
    - Airlines - Dominant Carriers/Open Skies
- Consumer Protection and Literacy
- Access to Capital → Also Wein/Orszag

Racial Health Disparities Initiative -

Data initiative

Race?

Affirmative action - Taxes etc.
Testing gap.

Rural:

- Farm Product Shipment
- Access - Air Service

Packaging

working families
Youth left behind

Food Safety // Auto Safety
EO - children??

DOT - Locking in our gains in community policing

Labor - Reforming Unemp. Insurance

Commerce - Census

Facilitate spread of info tech throughout the economy

EPA - Reauthorizing Superfund

Children's health - asthma, partic in urban areas.

SBA - Tiny access of minors/women to broad variety of our services.

Modernization/reinvention of SBA gov't services

HUD - Community empowerment fund.

Treasury - Social security

HHS - Working families - c. care

pba

CHIP implementation

long-term care

Transport - Auto safety -

Smart growth - using transport to pull

this in right direction

Program??

State of the Union 1999 Newer

September 8, 1998

MEMORANDUM FOR BRUCE REED
ELENA KAGAN

FROM: Domestic Policy Council Staff

SUBJECT: **Compilation of Preliminary New Ideas**

CHILDREN AND FAMILIES

1. Child Care. Reintroduce the President's child care proposal. This includes: increased funding for the Child Care and Development Block Grant; increased tax credits for working families to help them pay for child care; a fund to invest in programs that support early childhood learning and development; after-school care through the 21st Century Learning Center program; and programs to improve child care safety and quality through a fund to states to enforce standards better, scholarships for child care providers, and additional funding for evaluation and research.

2. Paid Parental Leave. Many workers, including those covered by the Family and Medical Leave Act, cannot afford to take leave at the birth or adoption of a child. This proposal would provide paid parental leave for a limited period of time to working parents with family incomes below a set amount. For example, a new proposal could provide 6 weeks of paid leave to all new parents who have been in the workforce either part-time or full-time for one year and whose family income is below $50,000, at a cost of $1 billion per year. This proposal could use the unemployment insurance system to provide the leave payments, but would be paid for by the federal government.

3. Home Visitation. Home visiting programs, in which a trained professional (such as a nurse) pays routine and intensive visits to pregnant mothers and new parents, have proven successful in strengthening families and improving child outcomes, particularly reducing child abuse. We propose to create a grant program to fund the development or expansion of home visitation programs, with priority given to areas with high rates of child maltreatment.

4. Child Welfare. Each year, thousands of foster children "age out" of the child welfare system; at age 18, children lose their foster care maintenance assistance funding, and many have neither been reunified with their family nor adopted. In the next 3 years, approximately 65,000 children will "age out." We propose increasing by 50% the Federal Independent Living Program (ILP), which assists adolescents aged 16-18 in the foster care system as they prepare for independence. The ILP provides services to help foster care children earn a high school diploma, receive vocational training, and learn daily living skills such as budgeting, locating housing, planning a career, and finding a job. The program was begun in 1984, and has been funded at $70 million annually since 1992. Funds are awarded directly to the States, which receive a base amount by formula and additional funds at a 1:1 match ratio.

5. Child Tax Credit. The 1997 Balanced Budget Agreement created a Child Tax Credit of $500 per child for families. We would propose an expansion of the credit to families with children under three, in order to better support working families. This tax credit may allow some parents to spend more time with children by enabling them to forego some income. The proposal would benefit both families in which both parents work, as well as families in which one parent stays at home. This proposal would roughly cost $5 billion over five years.

6. Home Office Tax Deduction. We propose an expansion of the Home Office Tax Deduction in order to create incentives for parents to work from home so that they may spend more time with their children. This proposal would allow the taxpayer to claim additional expenses of the costs of working from home, such as Internet hook-up costs. It would cut down on commuting time, thereby allowing parents to spend more time with their children. In addition, the tax deduction would help reduce pollution costs associated with commuting.

7. Flex-Time: We propose offering tax credits to all companies that offer a variety of family-friendly benefits, including flexible work hours for their employees, compressed work weeks, part-time work with benefits, job sharing, career sequencing, and extended parental leave. Such a tax credit would enable parents to spend more time with their children by providing companies, both small and large, to respond to the time crunch families are facing. In addition, it builds on our flex-time proposal (which allows workers to take their over-time compensation as vacation time) and family-leave proposal.

8. After-school programs: In order to meet the growing concerns parents have over how their children are occupied in the hours between the end of the school day and the time parents arrive at home, we propose an expansion of our after-school initiative. A poll recently conducted by the Mott Foundation found that 92% of Americans believe there should be organized activity for children after school; 78% strongly share this view. In order to address this growing consensus, we propose first expanding our 21st Century Learning Centers Initiative, which supports school-based after-school programs. In addition, we propose creating a set-aside within the Child Care and Development Block Grant targeted to after-school programs run by community-based organizations.

CIVIL RIGHTS

1. **Enhance the CRS program at Justice.** The Community Relations Service at Justice has been a significant force in cooling racial tensions in communities all over the country. Since the 1980s, their budget has been decimated. This initiative could (1) enhance CRS's ability to provide mediation services to resolve community civil rights concerns as an alternative to litigation; and (2) provide CRS conflict resolution training and technical assistance to communities. The CRS is very popular with the AG and she often talks of wanting it strengthened.

2. **Inter-Agency Task force on Discrimination.** This initiative would create an inter-agency task force (headed by the Civil Rights Division at Justice) to expand research on the extent of racial discrimination in the country. The research would focus on developing uniform testing protocols in housing, employment, and access to capital and then using these tools to asses the nature and extent of discrimination in these areas. This effort could be linked to agency compliance and/or enforcement work.

3. **Improve Civil Rights Information Sharing.** This proposal would provide funds to establish and maintain a system that links the data bases of agencies with civil rights enforcement responsibilities -- thus allowing, for example, OCR at Education to have better access to work being done by the Education Section at Civil Rights.

4. **Becoming an American.** A national effort to focus on easing the transition to the U.S. for new immigrants. We could provide grants to community-based organizations that fund English and civics classes for new immigrants. Also, we could encourage the development of programs that provide practical transition-type help to new immigrants -- such as understanding the public education system; understanding the housing system, etc. According to the INS, there is a bit of this being done on the community level, but they do not fund any of it. Also, some of the education bits are done by the Dept. of Ed. (adult education and/or literacy), but not in a coordinated way. HHS funds some transition work for refugees. This general idea was first talked about by the Jordan Commission.

5. **Sweat-Shop Initiative.** Expand enforcement against labor abuses in "sweatshops" and on farms that employ migrant farm laborers. Many of the wage & hour laws in place to protect low-wage workers are not adequately enforced by the Department of Labor, in part because of dramatic reduction in funding for these efforts during the 1980s. These workplaces often serve as places of gateway employment for new immigrants, and thus the abuses disproportionally affect Latinos and Asians.

6. **Equal Pay.** A program that could be run by the EEOC and DOL to increase

outreach to businesses to educate them about the legal requirements for paying equal wages, provide technical assistance, improve training for EEOC employees and resources for increases in enforcement capabilities.

COMMUNITY EMPOWERMENT

1. Access To Capital For All Americans.

•**CDFI Tax Credit.** In 1996, we proposed a tax credit for investors in CDFIs. We could re-propose this $100 million non-refundable tax credit. The maximum amount of credit allocable to a particular investment would be 25 percent of the amount invested.

•**Voluntary CRA.** Launch a bully pulpit effort to encourage non-bank financial institutions to develop and implement principles for community investment.

•**Micro-Enterprise.** Provide authorization and funding for CDFI Fund to provide technical assistance to micro enterprise organizations and micro-entrepreneurs (PRIME Act, Kennedy-Domenici).

•**Secondary Market.** Develop coordinated administration initiative to take first steps towards secondary market for community development loans, including data collection, education, standardization, regulatory review, and the creation of a loan loss reserve fund to back pools of community development loans pooled and sold by the private sector.

•**Fair Lending.** Continue to push the Fed to permit collection of data on race and income of small business borrowers; consider legislation if this fails.

•**Capital Access Programs.** Push to give the CDFI Fund authorization to launch small business capital enhancement program to back state-run loan loss reserve funds that permit banks to make more difficult small business loans.

2. Sustainable Development.

•**Environmental Activity Bonds.** In response to the growing needs of urban areas, an environmental bond would help cities meet the environmental goals set by the Clinton Administration. EPA has identified three areas which would be candidates eligible to receive funding: brownfields, drinking water, urban river/waterfront cleanup, and the creation of parks and other public spaces. Drinking water (as cities need to improve infrastructure to meet the requirements of the Safe Drinking Water Act) and brownfields are two areas that cities continue to seek assistance for financing. Our preference is to be more inclusive and allow municipalities increased flexibility to identify their priorities. However, there should be attention paid to how this financing would intersect with other Administration initiatives like the Clean Water Action Plan, Drinking Water Revolving Loan Fund, and TEA-21.

•**Urban River Corridors and Wetlands Restoration Projects.** EPA proposes urban river corridor and wetlands restoration efforts tailored to improve the human health and economic opportunities in urban communities. To date, EPA has made small grants to a number of cities and municipalities for these types of projects. With additional grants to local communities, the Agency could provide the necessary funding for projects to improve community water resources. These projects would provide employment opportunities for residents, benefit the economic welfare and technical competence of local residents, and empower the community to build for a better future. Restored areas can serve to attract and sustain business as well as provide outlets for recreation.

•**Community Preference and Visualization Tools.** Building the social capital necessary to change transportation and land-use policies to create more livable communities also requires tools that the average citizen can use to understand the implications of major policy choices. EPA proposed to act as a catalyst in the development and use of such innovative decision making tools. The types of tools would include: 1) Community Preference Surveys, which show communities pictures of different neighborhood types, and help the community reach a consensus about the types of development that are desirable; 2) simulation tools, which would get a community "development ready" or help a community experiment with alternatives that have been proposed; and 3) new software, accessible to the public as well as urban planners, to view and evaluate alternative urban designs for any community.

•**Asthma Initiatives.** Through better implementation and new investments, EPA believes the Federal government can take action that will show immediate and long term results to reduce asthma rates among children.

•**Air Quality Credits.** EPA proposes to provide incentives to transportation planning by developing protocols for potential air quality credits toward state attainment plans for locally-initiated strategies and projects that create less auto-dependent communities. Similarly, the Agency proposes to create the next generation of the Clean Air Brownfields Partnership Pilot by continuing and expanding its ongoing efforts to link air quality goals and brownfields/infill redevelopment. After 2000, EPA proposes to partner with cities that have a significant brownfield site in the decision-making phase of redevelopment, work with the city, state, and developer to come up with a project design that maximizes air quality benefits, and allow credit for these activities under the State Implementation Plan.

3. Job Creation in Distressed Communities.

•**Local Infra structural Improvement and Economic Revitalization Fund.** Emil forwarded this idea to establish a Federal grant program to fund local Infra structural improvements. This would spark revitalization of declining or stagnant low-income areas by providing funds to upgrade local infrastructure. These Federal dollars could leverage State, local, and private funds for such Infra structural efforts.

•**Community Revitalization Tax Credit.** LISC proposes a Community Revitalization Tax Credit (CRTC) --similar to the Low-Income Housing Tax Credit --to help stimulate private-sector investment in commercial property in under served neighborhoods.

•**Community Development Corporation Tax Credit.** In 1993, we put in place a demonstration tax credit for investors in 20 CDCs. According to this report for Bruce Katz' shop at Brookings, this program has been effective. We could propose expanding this CDC tax credit to more areas. The author of this report also proposes some changes to make the tax credit more effective.

•**Expand and Rationalize Employer-Side Tax Incentives.** This includes EZs, Welfare to Work, WOTC, DC Jobs Credit.

•**Working Ventures Fund.** Fund one or more national non-profits to fund, evaluate, share best practices, develop networks, and link non-profits to their business community, in the job training and placement field, as LISC and Enterprise do in the housing

•**Community Empowerment Fund.** a) Include targeting for welfare to work projects; b) allow links to venture capital focused on minority-owned or small business in distressed areas; c) eliminate mandatory pledge of CDBG dollars for CEF loans.

•**Metro Jobs/Community Development Corporation (CDC) Links.** Would target job-poor but CDC-served central-city neighborhoods to create or strengthen a welfare-to-work infrastructure that is place-based but people-focused and regional in orientation (where the jobs are). Would build on HUD's Bridges to Work and complement DOL and HHS efforts, focusing on concentrations of assisted housing run by CBOs.

4. Low Income Savings.

•**Asset Development for Section 8 Voucher Recipients.** Currently, an individual still sees the size of their subsidy reduced for each extra dollar he/she earns. This new idea from Liebman and Orszag would roll-over any savings --or a part of the savings --from an individual earning more money into an Individual Development Account (IDA). That is, if the size of a person's Section 8 voucher is reduced by about 30 cents for each extra dollar he/she earns, we could put this savings --up to 30 cents --in an IDA. We could also the capabilities created by EFT '99 to electronically transfer money to efficiently establish IDAs for more Americans.

•**Brownfields Meets Community Development.** Under this proposal, we would push banks to invest in brownfields as part of their CRA commitments.

5. Affordable Housing.

•**Elderly Housing Initiative.** 1) Housing modernization grants to existing elderly housing projects for modernization, physical redesign, and/or conversion to assisted living; 2) Expanded and more flexible service coordinator grants to meet needs of increasingly frail population in public and assisted housing; 3) authority for PHAs to use vouchers for the housing component of assisted living costs.

•**Regional Affordable Housing Initiative**. Targeting regions with severe jobs-housing imbalance and established partnerships for regional collaboration, HUD would provide grants and loan guarantees to support planning, regulatory streamlining across jurisdictions, and development.

•**Vouchers.** An expanded request will focus on incrementals, welfare to work, and homeless.

6. Promoting Homeownership In Distressed Communities.

•**Low-Income Homeownership Tax Credit.** Self-Help --a community group in North Carolina --proposes a tax credit for investors who provide second mortgages to low-income families. This could significantly reduce the barriers to homeownership among low-income families, who do not really benefit from the home mortgage interest deduction.

•**Increase Allocation of Mortgage Revenue Bonds.** Each state receives a supply of tax-exempt mortgage revenue bonds. These bonds help low-income families become homeowners and help develop affordable rental housing. There are currently 53 co-sponsors of legislation in the Senate and 316 co-sponsors of legislation in the House to increase the allocation of mortgage revenue bonds by slightly more than 50 percent and then index it to the rate of inflation.

•**Expand Use of Mortgage Credit Certificates.** Mortgage Credit Certificates (MCCs) are credits against federal income tax equal to between 10 and 50 percent of mortgage interest (to a limit of $2,000 per homeowner) issued by state governments. MCCs count *against* state's ability to issue mortgage revenue bonds. We could propose to expand the MCC program to allow the limit to be $4,000 for homeowners in EZs or ECs. We could also propose allowing states to not have to count MCCs against their mortgage revenue bond base.

•**First-Time Homebuyer Tax Credit.** The 1997 tax law put in place a $5,000 tax credit for first-time homebuyers in the District of Columbia. To boost homeownership in Empowerment Zones, we could propose allowing any first-time homebuyer in an EZ to take advantage of this tax provision.

•**Historic Homeownership Assistance Tax Credit.** The National Trust for Historic Preservation proposes a 20-percent tax credit to homeowners who rehabilitate or purchase a newly rehabilitated historic home and occupy it as a principal residence.

•**Homeownership Vouchers.** Already authorized, would apply rental subsidies to mortgage-related expenses for first-time homebuyers who were Section 8 tenants.

EDUCATION

1. **Class Size Reduction.** Reintroduce President's proposal to reduce class size in grades 1-3 to an average of 18. Needs to be funded on the mandatory side. If necessary, we could combine this with a teacher quality/recruitment initiative, so that funds in the early years of the program are devoted to (1) incentives for people to enter teaching and/or (2) teacher training and professional development.

2. **School Modernization.** We've tried this on the mandatory side and we've tried this on the tax side. Assuming we don't get it this year, we've got to try again next year.

3. School Discipline/Safety. We are working on an overhaul of the Safe and Drug Free Schools Program, that will: (1) focus the program on comprehensive, proven approaches to improve school discipline and safety; (2) better target the funds to schools/communities with the greatest needs; and, (3) improve data collection and reporting, including school report cards on safety/discipline issues. Because the program currently spreads (small amounts of) funds around to almost all school, and because of its initial emphasis on keeping schools drug-free, the politics of this program will probably require that any shift in emphasis on greater targeting will require additional resources.

4. Teacher Supply and Quality. Here are three initial ideas for improving teacher quality. The first two came out of our initial discussions on the President's race report. We can decide down the road whether to keep them focused on high poverty schools, or make them more universal. We can also break out particular pieces of them into separate initiatives if we want to:

· **Make sure there are qualified teachers in high poverty schools.** First, encourage and support state and local efforts to improve the preparation, certification, recruitment, selection, induction, retention, evaluation, reward and dismissal of teachers overall. Support necessary R&D on critical components of an upgraded system, such assessing teacher competence in the classroom. Second, work to end the practice of disproportionately placing and keeping unqualified teachers in high poverty schools. Require states to require prospective teacher to pass basic skills/subject matter tests (and help them develop more demanding assessments) in order to be licensed Prohibit school districts receiving Title 1 funds from staffing Title 1 funded classes (what about schoolwides???) with unqualified teachers, and bar those without an effective system for teacher evaluation (including removal of incompetent teachers) from receiving Federal (or just Title 1) funds. Require K-4 teachers in Title 1 schools to successfully complete training in teaching reading, and fund the training. Third, help attract and retain the best teachers for high poverty schools. Fund induction and continuing professional development programs in high poverty schools. Provide incentives for Board-certified teachers to teach in high poverty schools.

· **Recruit More Minority Teachers.** Many believe that a major factor influencing children's success in education is role models. Enhance current recruitment programs with effective incentives to attract more minorities to the teaching profession. Minority teachers, administrators, and school personnel serve as role models for minority students and can provide an important link between schools and parents.

•**Establish subject-specific teacher/administrator training institutes/academies/centers in every state.** There are crying needs to train existing teachers in key subject areas, such as reading, technology use, math/science and other academic subject. We should establish subject specific training centers in each state (or perhaps in geographic regions within states). The idea is to create a place, probably at a university, that has the subject-matter capacity and can work with school systems to develop and implement a strategy for ensuring that every teacher who needs it gets high quality, intensive and ongoing training in the subject and how to teach it. This could either substitute for or complement the current teacher training program (Eisenhower Professional Development Program), which provides funds to states and school districts on a formula basis, with broad discretion on how the funds can be used for professional development. We could also establish training centers for principals and other school leaders.

· **Continuing the Troops to Teachers (TTT) program** (due to phase out in Oct 1999). TTT provides stipends to encourage retired military personnel to teach and school districts to hire and train them. TTT attracts more minorities and men into the teaching profession than are traditionally represented, they have background in understaffed subjects such as math and science, and are more willing to teach in inner-city classrooms.

5. **Recruiting and Training Principals.** Most states and communities lack good strategies for recruiting and preparing individuals with the knowledge and skills to provide the kind of leadership and management schools need right now. We could propose a competitive demonstration program to provide focus, leadership and effective models for the field. This would not be a big-ticket item.

6. **Urban/Rural Initiative.** This could take two forms. One would be some version of Education Opportunity Zones--a competitive grants program that rewards performance and requires accountability. A second would be to create local performance partnerships, in which local communities agree to create schools that are safe, have high standards and qualified teachers, after-school programs, tutors and other forms of extra help for kids, technology, etc. The districts would be responsible for creating schools with these opportunities, and would be accountable for improving achievement across the board (perhaps as measured against national standards). In return, the districts would (1) be able to combine funds from relevant ED and other programs, so they can figure out the best way to provide the learning opportunities; (2) get extra funding over and above the funding from the existing categorical programs; and (3) gain or lose additional funding based on performance (with some floor established to minimize the risk for districts).

7. Choice Demonstration Program. Establish a demonstration program to challenge states and school districts/cities to expand the range of high quality schools students and families can choose among, thereby enabling students in low performing schools to move to better ones. A variety of approaches should be encouraged, including:

· **Community College Enrollment.** High school students should be permitted to enroll in community colleges, for high school level or college level courses. This step could provide inner city students with access to more qualified teachers, because most community colleges have faculty with subject matter expertise (whereas urban high schools often have teachers teaching out of field). It could also help boost minority enrollment in college. [see if this can build on existing tech-prep programs, or other articulation agreements.]

· **Contract School System.** Transform urban school systems from bureaucracies which operate large numbers of schools into systems in which the local governing body contracts out the operation of each school--to teachers, nonprofits, school management firms, etc. In effect every school becomes a charter school, with a distinct mission, control over its own staffing and budget, and accountable for results. The local school board is responsible for selecting the schools, identifying new types of schools that might be needed and soliciting proposals to operate the school, monitoring the performance of each school and holding it accountable. Under this approach, all schools would eventually be schools of choice.[see Paul Hill's work for background on this]

· **Schools located at large employers.** Encourage large employers to provide facilities on site for schools for children of their own employees, while the school district provides the teachers, curriculum, instructional materials, etc. Dade County's Satellite Learning Centers provide the model for this approach. Dade's experience shows that these schools can (1) be more diverse than other schools, because work sites are more diverse than residential neighborhoods (2) save the school districts the cost of new facilities (3) save employers costs associated with employee turnover and (4) increase parental involvement in the schools.

·**Expanding choice through smaller, schools-within-schools.** Transform large, impersonal schools into smaller schools-within-schools that would dramatically expand choices within public education for families without requiring students to leave their neighborhoods. Many parents want more choice in education but don't want to send their children to school far from home. This proposal would address that need and enable many more students to get the personalized learning attention that so many families want; it also may reduce discipline and violence problems. A grants program could support networks of schools or school districts to plan and implement this concept and provide information and counseling to help students and their families make good choices. This proposal could be linked or combined with the "contract" schools concept by creating a competitive process to award contracts to manage each school-within-a-school to teachers, non-profits, charter schools, etc.

8. English Language Acquisition. As part of the planned overhaul of the Bilingual Education Program, we should consider a number of initiatives:

· **Make every LEP child competent in English within 3 years of obtaining services.** English language competency is the key to success in schooling and the economy. ESL and similar services should be made universally available to all students who need them. Federal funding can provide matching grants to States to do this. The requirement--including funding and accountability--for serving LEP kids and helping them become competent in English within 3 years should be built into the Title 1 program. Other programs, such as after-school and technology, should also be designed so that in schools with significant numbers of LEP kids, they are also focused on helping kids learn English within 3 years.

• **Support English Plus.** In addition to ensuring that all LEP students learn English, we should promote foreign language learning, starting in the early grades, for student's whose native language is English. The objective is to dramatically increase the number of students who leave school fluent in two or more languages, regardless of their native language.

· **Support demonstrations of, and if effective greatly expand "Newcomer High Schools" for recently arrived immigrant students.** Many school districts are facing an increasing number of secondary immigrant students who have low level English or native language skills, and in many cases, have had limited formal education in their native countries. In order to prevent these students from dropping out (and these children are a significant factor in the 40% Hispanic drop-out rate), these students must learn English, take the required content courses and catch up to their U.S. peers. Some district have developed Newcomer programs --either a separate school or a school-within-a-school. These programs typically educate students for a limited period of time (most for less than two years) before enrolling them in their home schools. Three such schools are 4-year high schools. The programs reach beyond the students themselves, providing classes to orient parents to the U.S. and 63% offer adult ESL classes. There are currently 75 such programs in 18 States and the Center for Applied Linguistics has sponsored an evaluation of their effectiveness.

9. Quality pre-school education. We can propose an initiative to make quality pre-school universally available, or at least universally available for poor kids. There should be two key components to this. One is to provide a number of funding streams to pay for it. Head Start should be the base, though we should also look at ways in which Title 1 could play a larger role. Second, we should provide incentives to both preschools and school districts that receive federal funds, to work together to help ensure that the preschools programs are focused on helping kids get ready for school, by requiring the schools to reach out to preschools and let them know what they expect kids to know and be able to do when they come to kindergarten, and by giving the preschools the help they need to provide an appropriate curriculum.

10. Federal Matching Funds for AP courses and for AP and SAT/ACT Preparation. The President has made universal access to two years of higher education a priority, and has created ways to alleviate the financial hurdles. A logical next step in improving the quality of access is to make all students more competitive by closing the gaps in advanced course availability as well as SAT and ACT test scores. The Federal government could establish funding matching mechanisms to encourage states to improve access to AP courses and preparation for AP tests in low-income schools; in areas where AP courses are not available, funds could be used for partnerships with community colleges that offer similar courses. Similarly, matched funds could be used to do one of a number of things for SAT/ACT preparation: pay for low-income youth to attend prep courses (e.g., Kaplan; Princeton Review); fund poor school districts to set up their own test prep programs; as in America Reads, waive the federal match for Work Study students who help prepare disadvantaged students for the tests.

11. "High Hopes" for Adults. While the President has made enormous progress in making available resources for higher education for people of all ages, the primary focus of Administration informational campaigns and initiatives like High Hopes have been to encourage young people to go to college. A new initiative could combine two efforts. First, the Administration could launch an informational campaign encouraging adults to go back to school and inform them of new resources available to help, including Lifetime Learning and Hope Scholarship Tax Credits, Individual Training Accounts under the new Workforce Investment Act, and Pell Grants (which apparently few realize can be used for part-time students). Second, a new "High Hopes" grants program targeted at adults, partly focused on encouraging minorities and women to go back to school, could support local partnerships of business, community colleges, labor unions, one-stop centers and others to provide the information and counseling needed to encourage and assist adults to enroll in courses and programs that will help them succeed in their local job market.

12. Encourage High Schools to Offer/Require Service Learning. We should consider expanding the service learning initiative (Learn and Serve) to encourage more school districts to incorporate service into their education programs. The service learning program could be expanded to provide a stronger infrastructure, e.g., service coordinators for high schools, in order to make the service experience both more rewarding and educational for students.

HEALTH

1. Long-Term Care and Medicare Reforms for Elderly, Disabled and Their Families.

· **Long-term care tax credit.** Along with the lack of coverage of prescription drugs, the poor coverage of long-term care represents a major cost burden for the elderly and their families. Long-term care costs account for nearly half of all out-of-pocket health expenditures for Medicare beneficiaries. This proposal would give people with two or more limitations in activities of daily living (ADL) or their care givers a tax credit of $500 (or more, if affordable) to help pay for formal or informal long-term care. This initiative would be coupled with other long-term care policies (e.g., offering private long-term care insurance offering to Federal employees). (Cost: About $4 billion over 5 years, offset by closing some tax loopholes, and would help about 3.4 million people).

· **Offering private long-term care insurance to Federal employees.** Since expanding Federal programs alone cannot address the next century's long-term care needs, the Federal government --as the nation's largest employer --could illustrate that a model employer should promote high-quality private long-term care insurance policies to its employees. Under this proposal, OPM would offer its employees the choice of buying differing types of high quality policies and use its market leverage to extract better prices for these policies. There would be no Federal contribution for this coverage. (Cost: Small administrative costs; OPM estimates about 300,000 participants).

· **Tax credit for work-related impairment expenses for people with disabilities.** Almost 75 percent of people with significant disabilities are unemployed; many of those within the population cite the cost of employment support services/devices, as well as the potential to lose Medicaid or Medicare coverage, as the primary barriers to seeking and keeping employment. This proposal, strongly advocated by your Task Force on Employment of Adults with Disabilities, would give a 50 percent tax credit, up to $5,000, for impairment-related work expenses. It could be a stand alone proposal in the budget or packaged as a long-term care initiative if we decide to defer announcing the long-term care tax credit. (Cost: About $500 million over 5 years, offset by closing tax loopholes, and would help about 300,000 people).

·**New Family Care giver "One-Stop-Shop" Support Program.** About 50 million people provide some type of long-term care to family and friends. Families who have a relative who develops long-term care needs often do not know how to provide such care and where to turn for help. This proposal would give grants from the Administration on Aging to states to provide for a "one-stop-shop" access point to assist families who care for elderly relatives with 2 or more ADL limitations and/or severe cognitive impairment. This assistance would include providing information, counseling, training and arranging for respite services for caregivers. (Cost: About $500 -750 million over 5 years).

· **Adding prescription drug coverage to Medicare** (new policy). The lack of coverage for prescription drugs in Medicare is widely believed to be its most glaring shortcoming. Recognizing the medical community's reliance on prescriptions for the provision of much of the care provided to Americans, virtually every private health plan for the under-65 population has a drug benefit. Medicare's lack of coverage is largely responsible for the fact that drug costs are the highest out-of-pocket cost for three out of four elderly. This burden will only become more acute in the next century as the vast majority of advances in health care interventions will be pharmacologically-based. Responding to this fact, Republicans and Democrats on the Medicare Commission, as well as almost every health care policy expert, are consistently stating that reforming Medicare without addressing the prescription drug coverage issue would be a mistake. We are developing a wide variety of options, including a means-tested option, a managed care benefit only approach, and a traditional benefit for all beneficiaries. If desirable, a proposal could be included in the budget or coordinated with the March release of the Medicare Commission's recommendations. (Cost: Varies significantly depending on proposal, but could be $1 -20 billion a year; assumed offset would be Medicare savings, which might more easily be achieved in context of a broader reform proposal).

• **Cancer clinical trials demonstration** (FY 1999 budget; not passed). Less than three percent of cancer patients participate in clinical trials. Moreover, Americans over the age of 65 make up half of all cancer patients, and are 10 times more likely to get cancer than younger Americans. This proposed three-year demonstration, extremely popular with the cancer patient advocacy community, would cover the patient care costs associated with certain high-quality clinical trials. (Cost: $750 million over 3 years).

• **Redesigning and increasing enrollment in Medicare's premium assistance program** (extension of July executive action and new policy). Over 3 million low-income Medicare beneficiaries are eligible but do not receive Medicaid coverage of their Medicare premiums and cost sharing. Many more may not get enough assistance through the new, BBA provision that is supposed to help higher income beneficiaries. We are developing a range of proposals that build on the President's actions in this area to better utilize Social Security Offices to educate beneficiaries about this program, to reduce administrative complexity for states and to give them incentives to engage in more aggressive outreach efforts. (Costs vary depending on policies; probably about $500 million to $2 billion over 5 years).

2. Health Insurance Coverage Expansions.

• **Providing new coverage options for people ages 55 to 65** (FY 1999 budget; not passed). Americans ages 55 to 65 have a greater risk of becoming sick; have a weakened connection to work-based health insurance, and face high premiums in the individual insurance market. This three-part initiative would: (1) allow Americans ages 62 to 65 to buy into Medicare, through a premium designed so that this policy is self-financed; (2) offer a similar Medicare buy-in to displaced workers ages 55 and over who have involuntarily lost their jobs and health care coverage; and (3) give retirees 55 and over whose retiree health benefits have been ended access to their former employers' health insurance. A proposal such as this would be minimally necessary for any serious consideration of proposals to raise Medicare's eligibility age. (Cost: About $1.5 billion over 5 years, which would assist about 300,000 people).

•**Health coverage for the temporarily unemployed** (FY 1997 and 1998 budgets; not passed). Because most health insurance is employment based, job changes put families at risk of losing their health care coverage. Many families do not have access to affordable health insurance when they are between jobs because they work for firms that do not offer continuation coverage or cannot afford individual insurance. The proposal would provide temporary premium assistance for up to six months for workers between jobs who previously had health insurance through their employer, are in between jobs, and may not be able to pay the full cost of coverage on their own. (Costs depend on whether it is done as a demo (about $2.5 billion over 5 years, which would help about 600,000 people) or nationwide (about $10 billion over 5 years, which would cover about 1.4 million persons)).

• **Children's health insurance outreach** (FY 1999 budget; not passed and new policy). By the first anniversary of CHIP, we expect about 45 states to have CHIP plans approved. These new expansions have great potential to help uninsured children, but not if families do not know or understand the need for insurance. Moreover, over 4 million uninsured children are eligible for Medicaid today. Last year's budget included several policies to promote outreach, including allowing states to temporarily enrolling uninsured children in Medicaid through child care referral centers, schools, etc; and allowing States to access extra Federal funds for children's outreach campaigns. An additional proposal is to pay for a nationwide toll-free number that connects families with state eligibility workers. NGA is sponsoring this line for one year only; such a line is essential for the nationwide media campaign that we are planning to launch in January with the NGA and America's Promise (Colin Powell's group). (Cost: Between $400 and $1 billion over 5 years.)

• **Parents of children on CHIP** (new policy). Since children who are uninsured usually have parents who are uninsured, an easy way to target uninsured adults is to extend eligibility for Medicaid or CHIP to parents of children covered by these programs. This has been done successfully in some states, through Medicaid 1115 waivers, and would be a logical next step to covering low-income adults. (Cost: Depends on the proposal and assumed take-up rates by the states).

• **Optional state coverage expansion through eligibility simplification** (new policy). In the wake of welfare reform, Medicaid eligibility rules have become even more complex since states must cover people who would have been eligible for AFDC under the old rules. Additionally, Medicaid law allows states to cover parents but not adults without children --even if they are very poor. This proposal would allow states to opt for a pure poverty standard for Medicaid eligibility for all people (like we do for children) rather than the old categorical eligibility categories. Not only would such an approach simplify the Medicaid program for families and states; it would provide an opportunity for significant coverage expansion. While any change in Medicaid almost always raises concerns amongst some advocates, this proposal would be strongly supported by the Governors and advocates such as the Center for Budget and Policy Priorities. (Cost: Depends on the proposal and projected coverage expansion take-up rates).

•**Voluntary purchasing cooperatives** (FY 1997, 1998, and 1999 budgets; not passed). Workers in small firms are most likely to be uninsured; over a quarter of workers in firms with fewer than 10 employees lack health insurance —almost twice the nationwide average. This results in large part because administrative costs are higher and that small businesses pay more for the same benefits as larger firms. This proposal would provide seed money for states to establish voluntary purchasing cooperatives. These cooperatives would allow small employers to pool their purchasing power to try to negotiate better rates for their employees. (Cost: about $100 million over 5 years).

3. Increase the Indian Health Service budget. In order to reach more of the targeted population, we should provide a significant increase to the IHS budget in order to address areas such as substance abuse, elder health care, injury prevention, domestic violence and child abuse, and sanitation facilities.

HOMELESS

1. Homeless Veterans. The National Coalition of Homeless Veterans estimates that there are as many as 275,000 homeless veterans on any given night. According to the Department of Veterans Affairs, an approximately $60 million increase in funding would constitute the single largest investment into breaking the cycle of homelessness among veterans. This proposal would seek to increase residential alternatives, community-based contracted care, job preparation activities, stand down activities (community-sponsored events that conduct one-stop service delivery programs for homeless veterans), the distribution of clothing, and long-term housing. The VA estimates that this proposal would positively impact approximately 100,000 to 150,000 veterans annually.

2. Allow VA to sell surplus property with 10 percent of proceeds going to homeless veterans. OMB proposes to amend the Property Act of 1949 to create a 5-year pilot project for the VA to sell off property with 10 percent of the proceeds going to local homelessness projects under the McKinney Act (with this 10 percent being earmarked for homeless veterans) and the other 90 percent going to the VA for capital funds (buildings, equipment, infrastructure, but not staff). Currently, the way the law works is that all the proceeds from surplus property goes to homelessness, but this has not provided an incentive to the agencies to sell property because they do not get to keep any of the proceeds. OMB states that since 1989, only one piece of property has been sold under this provision. OMB will be circulating their proposal within a couple of weeks. OMB would propose to permit VA to sell 25 pieces of property, but does not have a cost estimate yet.

3. Homelessness Demonstration Project Modeled after TANF. Funds could be set aside in the FY2000 budget to create a demonstration project so that one state, region, or locality could try to move persons from homelessness to self-sufficiency. The demonstration project should set up performance goals similar to TANF so that there is a measure of how many persons have been made self-sufficient. There could be a performance bonus for the demonstration project if the goal of the project is met.

4. Medicaid Outreach Project for Homelessness. A Medicaid outreach project could be set up, similar to the CHIP outreach project, that would reach out and cover homeless persons. We should develop a cost estimate to determine that, over time, dollars would be saved if persons are treated under Medicaid rather than on an as-needed basis in emergency rooms and clinics. This idea could be expanded to reach out to more than simply the homeless population to include all groups who are Medicaid-eligible.

TOBACCO

1. Tobacco Counteradvertising. Fund a $200 million per year tobacco counteradvertising and education Campaign, as proposed in the President's 1999 budget and McCain legislation. This campaign would develop counteradvertising and purchase enough media time to reach teens at least four times a week. The campaign would also fund an extensive school-and community-based anti-tobacco education campaign.

2. Industry Documents. As the result of the President's directive, we expect to receive a plan from HHS in October outlining how to make tobacco industry documents more accessible to the public. Follow up work will be needed to implement this plan. While we can probably secure some private funding for this purpose, it is likely that federal funding will also be needed.

3. Tobacco Cessation. Each year, 20 million smokers attempt to quit, but only 1 million, or 5 percent, succeed. More than 90 percent smokers who attempt to quit do so on their own, and the vast majority fail within 2 to 3 days. However, research shows that effective cessation methods could raise success rates to 10-20 percent (over 2 million people annually). The Agency for Health Care Policy and Research (AHCPR) endorsed 5 smoking cessation methods that have been proven to be effective in helping people to quit: gum, patch, nasal spray, inhaler, and pill (Zyban). A full course of these treatments costs around $200-300 (for a three months supply, without counseling). However, less than half of managed care organizations provide coverage of any AHCPR-approved therapies, and those that provide coverage may impose cost-sharing requirements that hinder access to treatment. In fact, a study of managed care in Washington State found that eliminating copayments for smoking cessation services significantly increased participation rates.

These proposals to help current smokers quit could be coupled with our continued call for comprehensive legislation to stop children from smoking before they start. Total combined cost of all these initiatives: $855 million over 5 years. We could make a series of proposals, some part of the budget and some not: (1) Fall --announce new DOD anti-tobacco plan, and new DOL and OPM tobacco-free workplace programs; (2) Winter --propose Medicaid and Veterans coverage of cessation benefits through FY2000 Budget; and (3) Spring --tax coverage of cessation as a medical expense and expanded coverage of cessation benefits in FEHBP.

- **New Department of Defense anti-tobacco plan.** This plan is still being vetted at the agency but will likely include covering over-the-counter nicotine replacement therapies under military health care coverage as part of a comprehensive military-wide anti-tobacco plan. Cost: $60 million per year.

- **Anti-tobacco workplace initiatives by DOL and OPM.** DOL could expand its drug-free workplace initiative to provide information to employers on steps they can take to reduce tobacco use among employees (cost: $63,000 per year). OPM could disseminate a model workplace cessation program for all federal agencies (agencies would use existing appropriated funds).

- **Medicaid coverage.** Currently, smoking cessation prescription and non-prescription drugs are optional state benefits under the Medicaid statute. We could propose to require states to cover cessation, as the McCain bill did (CBO estimated cost: $120 million over 5 years, HCFA estimated $114 million). Alternatively, we could propose an enhanced federal matching rate for smoking cessation treatments, in order to offer the states an incentive to cover these services. The Hansen-Meehan bill establishes a 90 percent match rate for state costs of smoking cessation services at an estimated cost of about $110 million over 5 years. Currently, 23 states cover Zyban, 6 states cover non-prescription treatments, and 5 states cover cessation counseling. A study by the Center on Addiction and Substance Abuse at Columbia University found that over 42 percent of Medicaid recipients smoke, as compared to 25 percent of the general population and that nearly 10 percent of all Medicaid hospital days are attributable to smoking.

- **Veterans.** We should re-propose the plan from the President's 1999 budget which created a new discretionary program open to all veterans who began using tobacco products while in the service, regardless of their eligibility for other VA health care services (currently less than 15 percent of veterans receive their health care through the VA system because of statutory limits --veterans must be low income or have a service-related injury.) The VA would contract with private sector entities to furnish AHCPR-approved services to interested veterans. OMB estimates that this proposal would cost $87 million for the first year, and $435 million over 5 years. Thirty-six percent of the 25 million veterans in this country smoke.

•**Tax Treatment.** Currently, the cost of cessation treatment cannot be claimed as a deductible medical expense because the IRS does not recognize smoking or tobacco addiction as a "disease." The IRS has indicated in written opinions that an official medical authority classification of smoking as a disease would allow cessation to deduct these expenses. Treasury is interested in pursuing this in 1999. This would be done outside of the budget.

• **Federal Employees Health Benefit Program.** We could require enhanced coverage of smoking cessation services. One option is to raise coverage limits to more accurately reflect the cost of AHCPR-approved treatments, and to raise the number of treatments allowed per lifetime to account for the fact that the average smoker requires three to five cessation attempts before they successfully quit (i.e., require coverage of $300-400 per treatment, with three maximum treatments covered per lifetime). Another option is to waive the deductible and copayment requirement for cessation benefits. Currently FEHBP fee for service plans, which cover 70 percent of beneficiaries, are required to provide only $100 in smoking cessation benefits. Generally, this coverage does not kick in until after the calendar-year deductible has been met, and most plans restrict benefits to once per lifetime. Many plans only cover prescription drugs. HMO coverage of smoking cessation benefits varies greatly. This would be done outside of the budget, but would have to occur in the spring as part of OPM's annual letter to contracting plans, establishing the terms for the following year of coverage.

In addition to these efforts, any Medicare prescription proposal (see above) should include coverage of prescription cessation agents.

4. Expanded SAMHSA Survey. As the result of the President's directive, HHS will be including questions in their National Household Survey on Drug Abuse regarding brand-specific use of tobacco. This will allow us to determine which brands are most popular among youth, and help us identify which companies may be marketing to this population. Some federal funding will be necessary to support this expanded effort.

WELFARE

1. Helping the Hardest-to-Employ Get and Keep Jobs.

Extend Welfare-to-Work Grants and Strengthen Focus on Fathers. Funding for the $3 billion grant program that the President fought for in the Balanced Budget Act ends in FY 1999. These funds are targeted at the hardest-to-place welfare recipients, and non-custodial parents of children on welfare, and at concentrated areas of poverty. 75% of the funds are allocated to states, who in turn pass them to local Private Industry Councils and 25% of the funds are available on a competitive basis. We expect DOL to propose extension of the grant program in their FY 2000 budget proposal. We should consider revising the statutory language to increase the focus on increasing employment of fathers. While there is a significant level of interest in serving this population, there is likely more we could do to increase the quantity and quality of services. This should also increase support from the Ways & Means committee as Shaw is very interested in fatherhood issues. Possible approaches include requiring states and communities to designate a minimum portion of WTW formula funds for fathers, setting aside a portion of competitive grant funds for this purpose, or earmarking funds for needed technical assistance and capacity building on this relatively new area. Other changes worth considering: shifting more funds toward competitive grants, increasing tribal set aside (currently 1%), and streamlining data collection requirements. Assuming level funding, this would cost $1.5 billion annually.

- **Request Additional Welfare-to-Work Housing Vouchers.** We are unlikely to get the full 50,000 housing vouchers requested for FY 99. This approach continues to have merit, both in helping families move from welfare to work and as a catalyst for changing the way local housing authorities, and HUD, do business. Cost to fully fund 50,000 vouchers is $283 million. Some, including Deich and Edley, have also suggested allowing housing authorities to convert Section 8 vouchers that are turning over to the more flexible approach of the WTW vouchers.

- **Invest in Increasing English Language and other Literacy Skills.** There is evidence that those with low education levels have a harder time leaving welfare. There is also emerging evidence that English language may be a barrier for some minority welfare recipients, including immigrants. We may want to explore whether there is more the federal government could do to increase access to ESL and other basic education that is combined with work, though this does not necessarily have to be done with TANF funds. We need to first explore what is available, whether there are successful models that can be replicated, and what the demand is.

2. Helping New Workers Succeed in the Workforce/Achieve Self-Sufficiency.

There are several ways to ensure people moving from welfare to work can get to their jobs:

· **Request full $150 million authorized for Access to Jobs for FY 2000 (TEA-21 set guaranteed funding from the Highway Trust Fund at $60 million for FY 2000).** This would allow DOT to fund more competitive grants. Note these funds can be spent on current and former welfare recipients, as well as families up to 150% of poverty so they help the working poor as well.

· **Donate surplus federal vehicles to welfare to work programs.** These could be given, leased, or sold to current and former welfare recipients for whom public transit it not a viable option, including those living in rural areas. Cars could be allocated through community-based organizations or intermediaries. This could be modeled after the initiative to donate federal computers to schools.

• **Help former welfare recipients access funds to purchase cars.** In some areas, public transit is not a viable option for a family moving from welfare to work. In addition, owning a car is something many poor families aspire to, and something that helps them become part of the economic mainstream. Family Services of America, and other organizations, currently offer revolving loans for low income families to purchase cars. FSA's model currently operates in 20 sites and is scheduled to expand to 60 sites later this Fall, with partial funding from foundations and private financial institutions. They are also seeking federal funding to help with this expansion. Possible sources include: HUD, Treasury, DOL WTW grants, as well as existing federal and state TANF funds. Another option is to expand allowable uses of IDAs to include purchasing a car needed to go to work.

• **Connection between TANF and Unemployment Insurance.** There is growing interest in exploring the relationship between these two systems. Historically, few welfare recipients have qualified for UI, and some have essentially used AFDC as a form of unemployment insurance. As more welfare recipients joining the labor force, we need to consider the most appropriate way to provide income support to them between jobs. Various approaches include: (a) changing rules of the UI system that make it hard for former welfare recipients to qualify for UI once they go to work and in the event they lose a job and (b) creative uses of federal TANF or state MOE funds to provide income support to people in between jobs. Either approach should be accompanied by a strong effort to promote job retention and rapid re-employment. This could be considered as part of a more comprehensive UI reform initiative that NEC has been considering, but it would not depend on that. NOTE: NGA has a grant to explore this issue and several states are trying innovative approaches. While we do not have to frame the issue in terms of planning for economic downturns, it seems prudent to address this issue earlier rather than later.

• **Optional State Coverage Expansion Through Eligibility Simplification** (see Health section).

•**Transitional Medicaid.** Families can currently receive Transitional Medicaid for up to 12 months after leaving welfare, but only about 20 to 30 percent of eligible families are enrolled. The program has many procedural hurdles that make it more difficult to access than regular Medicaid coverage and the 12 months transitional period is too short for many families. The budget could eliminate some of the current prescriptive reporting requirements now in the law (that, for example, requires families to report earnings in the fourth, seventh, and tenth months of coverage and divides the 12 months of coverage into two 6 month segments with different co-pay and benefit rules) and allow states to provide a full 12 months of coverage without regard to changes in family circumstances, similar to the 12-month option for children that was adopted in the Balanced Budget Act. In addition, the budget could provide states the option of extending transitional Medicaid to 24 or 36. These ideas need to be fully discussed, vetted, and costed out. The current program reauthorization sunsets in 2001.

•**Extend the Work Opportunity Tax Credit and Welfare-to-Work Tax Credits** (WOTC has already expired and WTW will expire in 1999).

DISABILITY POLICY

1. Expanding the Defense Department's "CAP" program. The Defense Department's Computer Accommodations Program ("CAP") purchases equipment for DOD employees with disabilities to allows them to keep working if they become disabled, or for new employees just joining the workforce. By using a central $2 million fund for such purchases, individual offices do not have to bear the cost within their own budgets, and are less likely to be deterred from hiring a person with a disability. CAP is also able to get better prices on equipment through its bulk purchases and expertise. It has a showroom to help employees try out appropriate adaptive devices (CAP makes the decision on what equipment is purchased, not the employee). It has provided over 9,000 accommodations since its inception in 1990. This program is a good example of how employers and employees are taking advantage of new (and increasingly cheap) technology, such as computers for the blind that talk and listen, and alternative computer keyboards for people with dexterity problems, that allow people with disabilities to work. Expanding the program has the strong support of the Administration's appointees with disabilities, in particular for Tony Coelho, chair of the President's Committee on Employment of People with Disabilities.

Defense has estimated that it would cost $8 million a year to expand CAP government-wide, but this is likely overstated since CAP now serves the entire Defense Department for $2 million a year. A more realistic range is $2 -5 million a year. While having DOD perform this service for all federal employees is a bit unusual, they have a great deal of expertise at this task and they are ready to take on the added responsibility.

2. Tax Credit for Disability Related Expenses. [See "Health" section, above.]

3. New BRIDGE grant program. This program would provide incentives for state and local agencies and private organizations to form interdisciplinary consortiums of service providers (employment, health, transportation, etc.) to better assist people with disabilities in going to work. NEC and DPC will receive revised proposal shortly from the President's Task Force on Employment of People with Disabilities and will evaluate and vet. Estimated cost for this three-year grant program is $150 million a year.

4. Information and Communication Technologies for People with Disabilities. NEC has developed draft proposals now being vetted to ensure that new technologies will be designed from the beginning to be accessible to people with disabilities. Ideas include leveraging federal government procurement, investing in R&D, funding industry consortia, training the next generation of engineers, etc. (Tom Kalil is working on this, coordinating with DPC and OMB).

NATIVE AMERICANS

1. Create Native American Program at the Army Corps of Engineers. The Army Corps has a modest $2 million proposal that would institutionalize Native American outreach within the Army Corps. Here is the proposal:

- **Outreach ($1.5 million).** Market engineering, environmental, economic, project management, real estate, and resource management services to Tribes.Using existing workforce of 150 cultural-historical-Tribal specialists for support, establish Tribal Coordinators (1 per Corps of Engineers Division, 8 Divisions).Establish an Indian Desk in Corps Headquarters to work with Tribes, BIA, Corps districts (37) and divisions (8), and other federal agencies to leverage resources/programs.

- **Training ($250,000).** Complete consultation guidelines.Complete Commander and senior leader video on Tribal matters. Develop a strategy for empowering Tribes nthe areas of regulatory and natural and cultural resource management.

•**Partnerships ($250,000).** Explore watershed planning opportunities with Tribes.Link to Clean Water Action Plan Activities.Develop model MOUs that can be used with Tribal Governments on strategies, protocols, and processes for addressing issues.

CRIME AND DRUGS

1. **Crime Bill II.** While the 1994 Crime Act is set to expire at the end of FY 2000, we should get ahead of the crime debate by including an outline of Crime Bill II in next year's budget that emphasizes and builds on key Clinton crime initiatives. This includes: extending COPS; establishing community-based prosecutors, courts, and corrections; promoting targeted deterrence for guns, gangs, etc.; funding drug testing and treatment for all persons under criminal justice supervision; reauthorizing VAWA; creating police youth academies; and other new crime programs.

OMB has already built $4.8 billion into the base for continued crime funding over the next 5 years, but this only includes $400 million of the $1.4 billion we have been spending on COPS and continued funding for other popular crime bill programs (i.e., VAWA, prisons, federal law enforcement, etc.). Thus, to keep crime bill funding at its current level --and to allow us more flexibility in proposing new programs --we will need $1 billion more in the FY 2000 budget.

2. **Expansions of Youth Crime Gun Interdiction Initiative (YCGII).** This year it looks as though we will succeed in getting $28 million in funding for President's YCGII initiative to trace all crime guns and hire more ATF agents to crackdown on gun traffickers in 27 cities. We should follow-up in the FY 2000 budget by expanding the YCGII to all cities with populations of more than 250,000. This would cost about another $35 million. NB: Currently, treasury is only planning to propose adding another 10 cities in next year's budget..

3. **Expand Values-Based Initiative.** At a minimum, we should seek funds in FY 2000 to continue the Administration's values-based crime prevention initiative in 16 cities --as well as to expand it to another 20 to 30 cities. This would only take about $5 to $10 million annually and could come from Crime Bill II funds if necessary. More importantly, however, we should propose changes to existing crime prevention and drug treatment programs to ensure that faith-based organizations are allowed to participate --and that common sense values are included.

4. **Drug Treatment Parity.** A long overdue policy change that we should consider embracing in this year's budget is to require health insurers to guarantee some type

of meaningful substance abuse coverage --much akin to what the Administration supported for mental health benefits.

5. School Shooting Response Fund. In our recent meeting with the communities impacted by multiple school shootings, one of the key recommendations made by all of the local leaders was that the federal government should establish an emergency fund that would allow communities that are overwhelmed by multiple victimizations to have the resources they need to facilitate the short-and long-term response. This includes year-long support for increased security and enforcement, investigations, media response, additional counselors, and other such costs.

CONSUMERS

1. Consumer Bill of Rights. A consumer bill of rights could address a number of areas such as enforcement, notice to consumers, and dissemination of information. We could announce this bill of rights as a package, but then pull out separate pieces for separate events like we do in the Patients' Bill of Rights area. We could include a number of different areas such as the following:

• **Auto Insurance Fraud.** Auto insurance fraud is a $13 billion-a-year problem in America. We could propose significant funding for a Justice Department anti-auto insurance fraud. Since an estimated 13 percent of auto-insurance premiums go to pay for fraud, we could claim that this effort will help drive down auto-insurance premiums.

• **Slamming/Cramming.** Cramming, in which con artists add bogus charges to consumers' telephone bills, and slamming, the unwanted switching of long-distance telephone service from one carrier to another, and are the top two respective complaints reported to the National Fraud Information Center in 1998. In 1997, the FCC received more than 20,000 complaints from customers who were slammed. So far, the FCC has fined slammers, announcing a $5.7 million fine this year, and announced voluntary guidelines for cramming that local telephone companies say they will follow. We could add money for enforcement to the FCC and/or DOJ. In May, the Senate overwhelming passed legislation that would impose new penalties on slammers and would eliminate common slamming methods, such as contest entry forms that, when signed by unsuspecting customers, authorize a switch of their long-distance carriers.

•**Telemarketing Fraud.** Telemarketing fraud is among America's worst white-collar crimes, robbing unsuspecting victims of an estimated $40 billion per year. We could increase the FBI budget to increase investigations of this type of fraud. Recently, the Washington Post reported that volunteers from the American Association of Retired Persons (AARP) work undercover for the FBI, posing as potential victims to catch telemarketers on the prowl. Because telemarketing fraud often is targeted against the elderly, we could combine this piece with the elder abuse in a separate event.

•**ATM Proposal.** Weinstein proposes that Treasury publish an annual report on consumer financial issues, including ATM fees. In each report, Treasury would provide a list of insured financial institutions based on geographic divisions and by size. Treasury would report on the following categories: (1) Fees charged to depositors at ATMs at their home branches; (2) Fees charged by institutions to depositors using other banks ATMs; (3) Fees charged by ATM networks; (4) ATM fees charged to non-member depositors by institutions; (5) Minimum deposit requirements for checking and savings accounts; (6) Fees for overdrafts; and (7) Checking account fees. We will need to develop categories which underscore the differences in types of accounts. If we just list checking account fees, the fees that aren't reported would increase.

State of the Union 1999

September 8, 1998

MEMORANDUM FOR BRUCE REED
ELENA KAGAN

FROM: Domestic Policy Council Staff

SUBJECT: **Compilation of Preliminary New Ideas**

CHILDREN AND FAMILLIES

1. Child Care. While this is not a new idea, we must maintain our support for our child care initiative in order to have credibility on the rest of a new "families first" agenda.

2. Paid Parental Leave. Funding for paid-parental leave for the purpose of looking after a newborn baby, or a newly-adopted child for up to 12 weeks (although we may reduce the length of time, depending on costs). A leave initiative may be targeted to families whose incomes are below a certain level.

3. Home visitation. Funding for programs that counsel and support new parents. These programs are often conducted by trained professionals, such as nurses and counselors, and they can dramatically decrease levels of abuse, which in turn decreases rates of delinquency and crime amongst children and youth.

4. Child Welfare. Additional funding for and improvements to the independent living program to assist youth in foster care "aging out" of the child welfare system with life skills training and vocational and educational needs.

5. Child Tax Credit. Double the Child Tax Credit, from $500 per child to $1000, for parents of children aged 0 to three.

6. Home Office Tax Deduction. Expand the allowable expenses for those who work out of their home.

7. Flex-Time. Offer tax incentives for companies that offer flexible work hours for their employees, compressed work weeks, part-time work with benefits, job sharing, career sequencing, and extended parental leave.

8.After-School Programs. Support after-school programs in both school-based and non-school-based settings, with a priority to those programs that are tailored to work hours.

CIVIL RIGHTS

1. Enhance the CRS program at Justice. The Community Relations Service at Justice has been a significant force in cooling racial tensions in communities all over the country. Since the 1980s, their budget has been decimated. This initiative could (1) enhance CRS's ability to provide mediation services to resolve community civil rights concerns as an alternative to litigation; and (2) provide CRS conflict resolution training and technical assistance to communities. The CRS is very popular with the AG and she often talks of wanting it strengthened.

2. Inter-Agency Task force on Discrimination. This initiative would create an inter-agency task force (headed by the Civil Rights Division at Justice) to expand research on the extent of racial discrimination in the country. The research would focus on developing uniform testing protocols in housing, employment, and access to capital and then using these tools to asses the nature and extent of discrimination in these areas. This effort could be linked to agency compliance and/or enforcement work.

3. Improve Civil Rights Information Sharing. This proposal would provide funds to establish and maintain a system that links the data bases of agencies with civil rights enforcement responsibilities -- thus allowing, for example, OCR at Education to have better access to work being done by the Education Section at Civil Rights.

4. Becoming an American. A national effort to focus on easing the transition to the U.S. for new immigrants. We could provide grants to community-based organizations that fund English and civics classes for new immigrants. Also, we could encourage the development of programs that provide practical transition-type help to new immigrants -- such as understanding the public education system; understanding the housing system, etc. According to the INS, there is a bit of this being done on the community level, but they do not fund any of it. Also, some of the education bits are done by the Dept. of Ed. (adult education and/or literacy), but not in a coordinated way. HHS funds some transition work for refugees. This general idea was first talked about by the Jordan Commission.

5. Sweat-Shop Initiative. Expand enforcement against labor abuses in "sweatshops" and on farms that employ migrant farm laborers. Many of the wage & hour laws in place to protect low-wage workers are not adequately enforced by the Department of Labor, in part because of dramatic reduction in funding for these efforts during the 1980s. These workplaces often serve as places of gateway employment for new immigrants, and thus the abuses disproportionally affect Latinos and Asians.

6. Equal Pay. A program that could be run by the EEOC and DOL to increase outreach to businesses to educate them about the legal requirements for paying equal wages, provide technical assistance, improve training for EEOC employees and resources for increases in enforcement capabilities.

COMMUNITY EMPOWERMENT

1. Access To Capital For All Americans.

- **CDFI Tax Credit.** In 1996, we proposed a tax credit for investors in CDFIs. We could re-propose this $100 million non-refundable tax credit. The maximum amount of credit allocable to a particular investment would be 25 percent of the amount invested.

- **Voluntary CRA.** Launch a bully pulpit effort to encourage non-bank financial institutions to develop and implement principles for community investment.

•**Micro-Enterprise.** Provide authorization and funding for CDFI Fund to provide technical assistance to micro enterprise organizations and micro-entrepreneurs (PRIME Act, Kennedy-Domenici).

•**Secondary Market.** Develop coordinated administration initiative to take first steps towards secondary market for community development loans, including data collection, education, standardization, regulatory review, and the creation of a loan loss reserve fund to back pools of community development loans pooled and sold by the private sector.

•**Fair Lending.** Continue to push the Fed to permit collection of data on race and income of small business borrowers; consider legislation if this fails.

•**Capital Access Programs.** Push to give the CDFI Fund authorization to launch small business capital enhancement program to back state-run loan loss reserve funds that permit banks to make more difficult small business loans.

2. **Sustainable Development.**

•**Environmental Activity Bonds.** In response to the growing needs of urban areas, an environmental bond would help cities meet the environmental goals set by the Clinton Administration. EPA has identified three areas which would be candidates eligible to receive funding: brownfields, drinking water, urban river/waterfront cleanup, and the creation of parks and other public spaces. Drinking water (as cities need to improve infrastructure to meet the requirements of the Safe Drinking Water Act) and brownfields are two areas that cities continue to seek assistance for financing. Our preference is to be more inclusive and allow municipalities increased flexibility to identify their priorities. However, there should be attention paid to how this financing would intersect with other Administration initiatives like the Clean Water Action Plan, Drinking Water Revolving Loan Fund, and TEA-21.

•**Urban River Corridors and Wetlands Restoration Projects.** EPA proposes urban river corridor and wetlands restoration efforts tailored to improve the human health and economic opportunities in urban communities. To date, EPA has made small grants to a number of cities and municipalities for these types of projects. With additional grants to local communities, the Agency could provide the necessary funding for projects to improve community water resources. These projects would provide employment opportunities for residents, benefit the economic welfare and technical competence of local residents, and empower the community to build for a better future. Restored areas can serve to attract and sustain business as well as provide outlets for recreation.

•**Community Preference and Visualization Tools.** Building the social capital necessary to change transportation and land-use policies to create more livable communities also requires tools that the average citizen can use to understand the implications of major policy choices. EPA proposed to act as a catalyst in the development and use of such innovative decision making tools. The types of tools would include: 1) Community Preference Surveys, which show communities pictures of different neighborhood types, and help the community reach a consensus about the types of development that are desirable; 2) simulation tools, which would get a community "development ready" or help a community experiment with alternatives that have been proposed; and 3) new software, accessible to the public as well as urban planners, to view and evaluate alternative urban designs for any community.

•**Asthma Initiatives.** Through better implementation and new investments, EPA believes the Federal government can take action that will show immediate and long term results to reduce asthma rates among children.

•**Air Quality Credits.** EPA proposes to provide incentives to transportation planning by developing protocols for potential air quality credits toward state attainment plans for locally-initiated strategies and projects that create less auto-dependent communities. Similarly, the Agency proposes to create the next generation of the Clean Air Brownfields Partnership Pilot by continuing and expanding its ongoing efforts to link air quality goals and brownfields/infill redevelopment. After 2000, EPA proposes to partner with cities that have a significant brownfield site in the decision-making phase of redevelopment, work with the city, state, and developer to come up with a project design that maximizes air quality benefits, and allow credit for these activities under the State Implementation Plan.

3. Job Creation in Distressed Communities.

•**Local Infra structural Improvement and Economic Revitalization Fund.** Emil forwarded this idea to establish a Federal grant program to fund local Infra structural improvements. This would spark revitalization of declining or stagnant low-income areas by providing funds to upgrade local infrastructure. These Federal dollars could leverage State, local, and private funds for such Infra structural efforts.

•**Community Revitalization Tax Credit.** LISC proposes a Community Revitalization Tax Credit (CRTC) --similar to the Low-Income Housing Tax Credit --to help stimulate private-sector investment in commercial property in under served neighborhoods.

•**Community Development Corporation Tax Credit.** In 1993, we put in place a demonstration tax credit for investors in 20 CDCs. According to this report for Bruce Katz' shop at Brookings, this program has been effective. We could propose expanding this CDC tax credit to more areas. The author of this report also proposes some changes to make the tax credit more effective.

•**Expand ~~and Rationalize~~ Employer-Side Tax Incentives.** This includes EZs, Welfare to Work, WOTC, DC Jobs Credit.

•**Working Ventures Fund.** Fund one or more national non-profits to fund, evaluate, share best practices, develop networks, and link non-profits to their business community, in the job training and placement field, as LISC and Enterprise do in the housing

•**Community Empowerment Fund.** a) Include targeting for welfare to work projects; b) allow links to venture capital focused on minority-owned or small business in distressed areas; c) eliminate mandatory pledge of CDBG dollars for CEF loans.

G.I. Bill II?
Tax credits etc.

•**Metro Jobs/Community Development Corporation (CDC) Links.** Would target job-poor but CDC-served central-city neighborhoods to create or strengthen a welfare-to-work infrastructure that is place-based but people-focused and regional in orientation (where the jobs are). Would build on HUD's Bridges to Work and complement DOL and HHS efforts, focusing on concentrations of assisted housing run by CBOs. ?

4. Low Income Savings.

•**Asset Development for Section 8 Voucher Recipients.** Currently, an individual still sees the size of their subsidy reduced for each extra dollar he/she earns. This new idea from Liebman and Orszag would roll-over any savings --or a part of the savings --from an individual earning more money into an Individual Development Account (IDA). That is, if the size of a person's Section 8 voucher is reduced by about 30 cents for each extra dollar he/she earns, we could put this savings --up to 30 cents --in an IDA. We could also the capabilities created by EFT '99 to electronically transfer money to efficiently establish IDAs for more Americans. ✓

Also: food stamp demo like this.

•**Brownfields Meets Community Development.** Under this proposal, we would push banks to invest in brownfields as part of their CRA commitments. ✓?

5. Affordable Housing.

•**Elderly Housing Initiative.** 1) Housing modernization grants to existing elderly housing projects for modernization, physical redesign, and/or conversion to assisted living; 2) Expanded and more flexible service coordinator grants to meet needs of increasingly frail population in public and assisted housing; 3) authority for PHAs to use vouchers for the housing component of assisted living costs.

•**Regional Affordable Housing Initiative**. Targeting regions with severe jobs-housing imbalance and established partnerships for regional collaboration, HUD would provide grants and loan guarantees to support planning, regulatory streamlining across jurisdictions, and development.

•**Vouchers.** An expanded request will focus on incrementals, welfare to work, and homeless. anything new?

6. Promoting Homeownership In Distressed Communities.

•**Low-Income Homeownership Tax Credit.** Self-Help --a community group in North Carolina --proposes a tax credit for investors who provide second mortgages to low-income families. This could significantly reduce the barriers to homeownership among low-income families, who do not really benefit from the home mortgage interest deduction. ✓

•**Increase Allocation of Mortgage Revenue Bonds.** Each state receives a supply of tax-exempt mortgage revenue bonds. These bonds help low-income families become homeowners and help develop affordable rental housing. There are currently 53 co-sponsors of legislation in the Senate and 316 co-sponsors of legislation in the House to increase the allocation of mortgage revenue bonds by slightly more than 50 percent and then index it to the rate of inflation.

•**Expand Use of Mortgage Credit Certificates.** Mortgage Credit Certificates (MCCs) are credits against federal income tax equal to between 10 and 50 percent of mortgage interest (to a limit of $2,000 per homeowner) issued by state governments. MCCs count *against* state's ability to issue mortgage revenue bonds. We could propose to expand the MCC program to allow the limit to be $4,000 for homeowners in EZs or ECs. We could also propose allowing states to not have to count MCCs against their mortgage revenue bond base.

•**First-Time Homebuyer Tax Credit.** The 1997 tax law put in place a $5,000 tax credit for first-time homebuyers in the District of Columbia. To boost homeownership in Empowerment Zones, we could propose allowing any first-time homebuyer in an EZ to take advantage of this tax provision.

very expensive

•**Historic Homeownership Assistance Tax Credit.** The National Trust for Historic Preservation proposes a 20-percent tax credit to homeowners who rehabilitate or purchase a newly rehabilitated historic home and occupy it as a principal residence.

•**Homeownership Vouchers.** Already authorized, would apply rental subsidies to mortgage-related expenses for first-time homebuyers who were Section 8 tenants. ✓

EDUCATION

1. **Class Size Reduction.** Reintroduce President's proposal to reduce class size in grades 1-3 to an average of 18. Needs to be funded on the mandatory side. If necessary, we could combine this with a teacher quality/recruitment initiative, so that funds in the early years of the program are devoted to (1) incentives for people to enter teaching and/or (2) teacher training and professional development.

w/ teacher stuff (see below)

2. **School Modernization**. We've tried this on the mandatory side and we've tried this on the tax side. Assuming we don't get it this year, we've got to try again next year.

3. **School Discipline/Safety**. We are working on an overhaul of the Safe and Drug Free Schools Program, that will: (1) focus the program on comprehensive, proven approaches to improve school discipline and safety; (2) better target the funds to schools/communities with the greatest needs; and, (3) improve data collection and reporting, including school report cards on safety/discipline issues. Because the program currently spreads (small amounts of) funds around to almost all school, and because of its initial emphasis on keeping schools drug-free, the politics of this program will probably require that any shift in emphasis on greater targeting will require additional resources.

Plan for 15th.

4. **Teacher Supply and Quality.** Here are three initial ideas for improving teacher quality. The first two came out of our initial discussions on the President's race report. We can decide down the road whether to keep them focused on high poverty schools, or make them more universal. We can also break out particular pieces of them into separate initiatives if we want to:

• **Make sure there are qualified teachers in high poverty schools**. First, encourage and support state and local efforts to improve the preparation, certification, recruitment, selection, induction, retention, evaluation, reward and dismissal of teachers overall. Support necessary R&D on critical components of an upgraded system, such assessing teacher competence in the classroom. Second, work to end the practice of disproportionately placing and keeping unqualified teachers in high poverty schools. Require states to require prospective teacher to pass basic skills/subject matter tests (and help them develop more demanding assessments) in order to be licensed Prohibit school districts receiving Title 1 funds from staffing Title 1 funded classes (what about schoolwides???) with unqualified teachers, and bar those without an effective system for teacher evaluation (including removal of incompetent teachers) from receiving Federal (or just Title 1) funds. Require K-4 teachers in Title 1 schools to successfully complete training in teaching reading, and fund the training. Third, help attract and retain the best teachers for high poverty schools. Fund induction and continuing professional development programs in high poverty schools. Provide incentives for Board-certified teachers to teach in high poverty schools.

• **Recruit More Minority Teachers**. Many believe that a major factor influencing children's success in education is role models. Enhance current recruitment programs with effective incentives to attract more minorities to the teaching profession. Minority teachers, administrators, and school personnel serve as role models for minority students and can provide an important link between schools and parents.

•**Establish subject-specific teacher/administrator training institutes/academies/centers in every state.** There are crying needs to train existing teachers in key subject areas, such as reading, technology use, math/science and other academic subject. We should establish subject specific training centers in each state (or perhaps in geographic regions within states). The idea is to create a place, probably at a university, that has the subject-matter capacity and can work with school systems to develop and implement a strategy for ensuring that every teacher who needs it gets high quality, intensive and ongoing training in the subject and how to teach it. This could either substitute for or complement the current teacher training program (Eisenhower Professional Development Program), which provides funds to states and school districts on a formula basis, with broad discretion on how the funds can be used for professional development. We could also establish training centers for principals and other school leaders.

•**Continuing the Troops to Teachers (TTT) program** (due to phase out in Oct 1999). TTT provides stipends to encourage retired military personnel to teach and school districts to hire and train them. TTT attracts more minorities and men into the teaching profession than are traditionally represented, they have background in understaffed subjects such as math and science, and are more willing to teach in inner-city classrooms.

5. Recruiting and Training Principals. Most states and communities lack good strategies for recruiting and preparing individuals with the knowledge and skills to provide the kind of leadership and management schools need right now. We could propose a competitive demonstration program to provide focus, leadership and effective models for the field. This would not be a big-ticket item.

6. Urban/Rural Initiative. This could take two forms. One would be some version of Education Opportunity Zones--a competitive grants program that rewards performance and requires accountability. A second would be to create local performance partnerships, in which local communities agree to create schools that are safe, have high standards and qualified teachers, after-school programs, tutors and other forms of extra help for kids, technology, etc. The districts would be responsible for creating schools with these opportunities, and would be accountable for improving achievement across the board (perhaps as measured against national standards). In return, the districts would (1) be able to combine funds from relevant ED and other programs, so they can figure out the best way to provide the learning opportunities; (2) get extra funding over and above the funding from the existing categorical programs; and (3) gain or lose additional funding based on performance (with some floor established to minimize the risk for districts).

7. Choice Demonstration Program. Establish a demonstration program to challenge states and school districts/cities to expand the range of high quality schools students and families can choose among, thereby enabling students in low performing schools to move to better ones. A variety of approaches should be encouraged, including:

• **Community College Enrollment.** High school students should be permitted to enroll in community colleges, for high school level or college level courses. This step could provide inner city students with access to more qualified teachers, because most community colleges have faculty with subject matter expertise (whereas urban high schools often have teachers teaching out of field). It could also help boost minority enrollment in college. [see if this can build on existing tech-prep programs, or other articulation agreements.]

• **Contract School System.** Transform urban school systems from bureaucracies which operate large numbers of schools into systems in which the local governing body contracts out the operation of each school--to teachers, nonprofits, school management firms, etc. In effect every school becomes a charter school, with a distinct mission, control over its own staffing and budget, and accountable for results. The local school board is responsible for selecting the schools, identifying new types of schools that might be needed and soliciting proposals to operate the school, monitoring the performance of each school and holding it accountable. Under this approach, all schools would eventually be schools of choice.[see Paul Hill's work for background on this]

• **Schools located at large employers.** Encourage large employers to provide facilities on site for schools for children of their own employees, while the school district provides the teachers, curriculum, instructional materials, etc. Dade County's Satellite Learning Centers provide the model for this approach. Dade's experience shows that these schools can (1) be more diverse than other schools, because work sites are more diverse than residential neighborhoods (2) save the school districts the cost of new facilities (3) save employers costs associated with employee turnover and (4) increase parental involvement in the schools.

•**Expanding choice through smaller, schools-within-schools.** Transform large, impersonal schools into smaller schools-within-schools that would dramatically expand choices within public education for families without requiring students to leave their neighborhoods. Many parents want more choice in education but don't want to send their children to school far from home. This proposal would address that need and enable many more students to get the personalized learning attention that so many families want; it also may reduce discipline and violence problems. A grants program could support networks of schools or school districts to plan and implement this concept and provide information and counseling to help students and their families make good choices. This proposal could be linked or combined with the "contract" schools concept by creating a competitive process to award contracts to manage each school-within-a-school to teachers, non-profits, charter schools, etc.

Make bigger + more controv.

Title I - conditions of zones? incl. zones

8. English Language Acquisition. As part of the planned overhaul of the Bilingual Education Program, we should consider a number of initiatives:

• **Make every LEP child competent in English within 3 years of obtaining services.** English language competency is the key to success in schooling and the economy. ESL and similar services should be made universally available to <u>all</u> students who need them. Federal funding can provide matching grants to States to do this. The requirement--including funding and accountability--for serving LEP kids and helping them become competent in English within 3 years should be built into the Title 1 program. Other programs, such as after-school and technology, should also be designed so that in schools with significant numbers of LEP kids, they are also focused on helping kids learn English within 3 years.

• **Support English Plus.** In addition to ensuring that all LEP students learn English, we should promote foreign language learning, starting in the early grades, for student's whose native language is English. The objective is to dramatically increase the number of students who leave school fluent in two or more languages, regardless of their native language.

• **Support demonstrations of, and if effective greatly expand "Newcomer High Schools" for recently arrived immigrant students.** Yuck Many school districts are facing an increasing number of secondary immigrant students who have low level English or native language skills, and in many cases, have had limited formal education in their native countries. In order to prevent these students from dropping out (and these children are a significant factor in the 40% Hispanic drop-out rate), these students must learn English, take the required content courses and catch up to their U.S. peers. Some district have developed Newcomer programs --either a separate school or a school-within-a-school. These programs typically educate students for a limited period of time (most for less than two years) before enrolling them in their home schools. Three such schools are 4-year high schools. The programs reach beyond the students themselves, providing classes to orient parents to the U.S. and 63% offer adult ESL classes. There are currently 75 such programs in 18 States and the Center for Applied Linguistics has sponsored an evaluation of their effectiveness.

9. Quality pre-school education. We can propose an initiative to make quality pre-school universally available, or at least universally available for poor kids. There should be two key components to this. One is to provide a number of funding streams to pay for it. Head Start should be the base, though we should also look at ways in which Title 1 could play a larger role. Second, we should provide incentives to both preschools and school districts that receive federal funds, to work together to help ensure that the preschools programs are focused on helping kids get ready for school, by requiring the schools to reach out to preschools and let them know what they expect kids to know and be able to do when they come to kindergarten, and by giving the preschools the help they need to provide an appropriate curriculum.

not sure how diversity in funds — sensible

10. Federal Matching Funds for AP courses and for AP and SAT/ACT Preparation. The President has made universal access to two years of higher education a priority, and has created ways to alleviate the financial hurdles. A logical next step in improving the quality of access is to make all students more competitive by closing the gaps in advanced course availability as well as SAT and ACT test scores. The Federal government could establish funding matching mechanisms to encourage states to improve access to AP courses and preparation for AP tests in low-income schools; in areas where AP courses are not available, funds could be used for partnerships with community colleges that offer similar courses. Similarly, matched funds could be used to do one of a number of things for SAT/ACT preparation: pay for low-income youth to attend prep courses (e.g., Kaplan; Princeton Review); fund poor school districts to set up their own test prep programs; as in America Reads, waive the federal match for Work Study students who help prepare disadvantaged students for the tests.

11. "High Hopes" for Adults. While the President has made enormous progress in making available resources for higher education for people of all ages, the primary focus of Administration informational campaigns and initiatives like High Hopes have been to encourage young people to go to college. A new initiative could combine two efforts. First, the Administration could launch an informational campaign encouraging adults to go back to school and inform them of new resources available to help, including Lifetime Learning and Hope Scholarship Tax Credits, Individual Training Accounts under the new Workforce Investment Act, and Pell Grants (which apparently few realize can be used for part-time students). Second, a new "High Hopes" grants program targeted at adults, partly focused on encouraging minorities and women to go back to school, could support local partnerships of business, community colleges, labor unions, one-stop centers and others to provide the information and counseling needed to encourage and assist adults to enroll in courses and programs that will help them succeed in their local job market.

12. Encourage High Schools to Offer/Require Service Learning. We should consider expanding the service learning initiative (Learn and Serve) to encourage more school districts to incorporate service into their education programs. The service learning program could be expanded to provide a stronger infrastructure, e.g., service coordinators for high schools, in order to make the service experience both more rewarding and educational for students.

HEALTH

1. Long-Term Care and Medicare Reforms for Elderly, Disabled and Their Families

- **Providing new long-term care tax credit.** Along with the lack of coverage of prescription drugs, the poor coverage of long-term care represents a major cost burden for the elderly and their families. Long-term care costs account for nearly half of all out-of-pocket health expenditures for Medicare beneficiaries. This proposal would give people with two or more limitations in activities of daily living (ADL) or their care givers a tax credit of $500 (or more, if affordable) to help pay for formal or informal long-term care. This initiative would be coupled with other long-term care policies (e.g., offering private long-term care insurance offering to Federal employees). (Cost: About $4 billion over 5 years, offset by closing some tax loopholes, and would help about 3.4 million people).

- **Offering private long-term care insurance to Federal employees.** Since expanding Federal programs alone cannot address the next century's long-term care needs, the Federal government --as the nation's largest employer --could illustrate that a model employer should promote high-quality private long-term care insurance policies to its employees. Under this proposal, OPM would offer its employees the choice of buying differing types of high quality policies and use its market leverage to extract better prices for these policies. There would be no Federal contribution for this coverage. (Cost: Small administrative costs; OPM estimates about 300,000 participants).

• **Providing new tax credit for work-related impairment expenses for people with disabilities.** Almost 75 percent of people with significant disabilities are unemployed; many of those within the population cite the cost of employment support services and devices, as well as the potential to lose Medicaid or Medicare coverage, as the primary barriers to seeking and keeping employment. This proposal, strongly advocated by your Task Force on Employment of Adults with Disabilities, would give a 50 percent tax credit, up to $5,000, for impairment-related work expenses. It could be a stand alone proposal in the budget or packaged as a long-term care initiative if we decide to defer announcing the long-term care tax credit. (Cost: About $500 million over 5 years, offset by closing tax loopholes, and would help about 300,000 people).

• **Offering new family care giver "one-stop-shop" support program.** About 50 million people provide some type of long-term care to family and friends. Families who have a relative who develops long-term care needs often do not know how to provide such care and where to turn for help. This proposal would give grants from the Administration on Aging to states to provide for a "one-stop-shop" access point to assist families who care for elderly relatives with 2 or more ADL limitations and/or severe cognitive impairment. This assistance would include providing information, counseling, training and arranging for respite services for care givers. (Cost: About $500 -750 million over 5 years).

• **Adding prescription drug coverage to Medicare (new policy).** The lack of coverage for prescription drugs in Medicare is widely believed to be its most glaring shortcoming. Recognizing the medical community's reliance on prescriptions for the provision of much of the care provided to Americans, virtually every private health plan for the under-65 population has a drug benefit. Medicare's lack of coverage is largely responsible for the fact that drug costs are the highest out-of-pocket cost for three out of four elderly. This burden will only become more acute in the next century as the vast majority of advances in health care interventions will be pharmacologically-based. Responding to this fact, Republicans and Democrats on the Medicare Commission, as well as almost every health care policy expert, are consistently stating that reforming Medicare without addressing the prescription drug coverage issue would be a mistake. We are developing a wide variety of options, including a means-tested option, a managed care benefit only approach, and a traditional benefit for all beneficiaries. If desirable, a proposal could be included in the budget or coordinated with the March release of the Medicare Commission's recommendations. (Cost: Varies significantly depending on proposal, but could be $1 -20 billion a year; assumed offset would be Medicare savings, which might more easily be achieved in context of a broader reform proposal).

• **Establishing a new cancer clinical trials demonstration (FY 1999 budget; not passed).** Less than three percent of cancer patients participate in clinical trials. Moreover, Americans over the age of 65 make up half of all cancer patients, and are 10 times more likely to get cancer than younger Americans. This proposed three-year demonstration, extremely popular with the cancer patient community, would cover the patient care costs associated with certain high-quality clinical trials. (Cost: $750 million over 3 years). same

• **Redesigning and increasing enrollment in Medicare's premium assistance program for vulnerable seniors (extension of July executive action and new policy).** Over 3 million low-income Medicare beneficiaries are eligible but do not receive Medicaid coverage of their Medicare premiums and cost sharing. Many more may not get enough assistance through the new, BBA provision that is supposed to help higher income beneficiaries. We are developing a range of proposals that build on the

President's actions in this area to better utilize Social Security Offices to educate beneficiaries about this program, to reduce administrative complexity for states and to give them incentives to engage in more aggressive outreach efforts. (Costs vary depending on policies; probably about $500 million to $2 billion over 5 years). not hi priority

2. Health Insurance Coverage Expansions and Reforms

• **Providing new coverage options for people ages 55 to 65 (FY 1999 budget; not passed).** Americans ages 55 to 65 have a greater risk of becoming sick; have a weakened connection to work-based health insurance, and face high premiums in the individual insurance market. This three-part initiative would: (1) allow Americans ages 62 to 65 to buy into Medicare, through a premium designed so that this policy is self-financed; (2) offer a similar Medicare buy-in to displaced workers ages 55 and over who have involuntarily lost their jobs and health care coverage; and (3) give retirees 55 and over whose retiree health benefits have been ended access to their former employers' health insurance. A proposal such as this would be minimally necessary for any serious consideration of proposals to raise Medicare's eligibility age. (Cost: About $1.5 billion over 5 years, which would assist about 300,000 people). Buy in to FEHBP?? Real policy [illegible]

• **Expanding health insurance options for people with disabilities --Jeffords/Kennedy bill (new policy, but the concept was endorsed by you in this past summer during your ADA anniversary commemoration).** People with disabilities who want to return to work not only lose their cash benefits (SSI and SSDI) but also lose their Medicaid and Medicare coverage. You succeeded in incorporating a provision in BBA that provides an option to states to allow workers to buy into the Medicaid program. Unfortunately, because of limitations that the Republicans insisted on incorporating (like an income cap on eligible populations), no state has yet taken up this option. Working with Senators' Jeffords and Kennedy, we are proposed to: (1) expand the BBA Medicaid buy-in option by lifting strict income and resource limits and allowing states to cover less disabled people as well (such as working people with HIV AIDS); (2) provide grants to states as incentives to take these options; and (3) extend Medicare coverage for people leaving SSDI for work. So far, the disability groups, the NGA and a growing bipartisan Congressional coalition are supportive. (Cost: about $1.3 billion over 5 years, offset by Medicare and SSA fraud savings that were in the FY 1999 budget).

• **Offering health coverage for the temporarily unemployed (FY 1997 and 1998 budgets; not passed).** Because most health insurance is employment based, job changes put families at risk of losing their health care coverage. In fact, 58 percent of the two million Americans who lose their health insurance each month cite a change in employment as the primary reason for losing coverage. This break in coverage not only leaves the worker and his or her family extremely vulnerable to catastrophic health care costs, it puts them at risk of losing the portability protection provided by the Kassebaum-Kennedy law. The proposal would provide temporary premium assistance for up to six months for workers between jobs who previously had health insurance through their employer, are in between jobs, and may not be able to pay the full cost of coverage on their own. (Costs depend on whether it is done as a demo (about $2.5 billion over 5 years, which would help about 600,000 people) or nationwide (about $10 billion over 5 years, which would cover about 1.4 million persons).

• **Providing coverage to parents of children on CHIP (new policy).** Since children who are uninsured usually have parents who are uninsured, an easy way to target uninsured adults is to extend eligibility for Medicaid or CHIP to parents of children covered by these programs. This has been done successfully in some states, through Medicaid 1115 waivers, and would be a logical next step to covering low-income adults. (Cost: Depends on the proposal and assumed take-up rates by the states).

interesting; link to wr-to-wk

• **Establishing a new state option to expand coverage through Medicaid eligibility simplification (new policy).** In the wake of welfare reform, Medicaid eligibility rules have become even more complex since states must cover people who would have been eligible for AFDC under the old rules. Additionally, Medicaid law allows states to cover parents but not adults without children --even if they are very poor. This proposal would allow states to opt for a pure poverty standard for Medicaid eligibility for all people (like we do for children) rather than the old categorical eligibility categories. Not only would such an approach simplify the Medicaid program for families and states; it would provide an opportunity for significant coverage expansion. While any change in Medicaid almost always raises concerns amongst some advocates, this proposal would be supported by the Governors and advocates such as the Center for Budget and Policy Priorities. (Cost: Depends on the proposal and projected coverage expansion take-up rates).

• **Establishing new and effective children's health insurance outreach initiatives (FY 1999 budget; not passed and new policy).** The success of the Children's Health Insurance Program (CHIP) and Welfare reform may well depend on our success at targeting and signing up the over 4 million children who are eligible, but not enrolled in CHIP or Medicaid. Last year's budget included several policies to promote outreach, including allowing states to temporarily enrolling uninsured children in Medicaid through child care referral centers, schools, etc; and allowing States to access extra Federal funds for children's outreach campaigns. An additional proposal is to pay for a nationwide toll-free number that connects families with state eligibility workers. NGA is sponsoring this line for one year only; such a line is essential for the nationwide media campaign that we are planning to launch in January with the NGA and America's Promise (Colin Powell's group). (Cost: Between $400 and $1 billion over 5 years.)

• **Establishing new voluntary purchasing cooperatives (FY 1997, 1998, and 1999 budgets; not passed).** Workers in small firms are most likely to be uninsured; over a quarter of workers in firms with fewer than 10 employees lack health insurance —almost twice the nationwide average. This results in large part because administrative costs are higher and that small businesses pay more for the same benefits as larger firms. This proposal would provide seed money for states to establish voluntary purchasing cooperatives. These cooperatives would allow small employers to pool their purchasing power to try to negotiate better rates for their employees. (Cost: about $100 million over 5 years).

• **Strengthening OPM's hand in negotiating with FEHBP plans to better constrain costs (new policy).** Last year, premiums in FEHBP rose by 8 percent; this year, they are projected to grow at a slightly higher rate. In part, this reflects trends out of FEHBP's control, such as continued rapid increases in drug costs and an aging employee population. However, it also results because OPM has fewer tools at its disposal than private sector employers. This proposal would increase the bargaining power of OPM as well as implement other provisions that could reduce health premium costs to both the Federal government and Federal employees. Although these types of proposals have been controversial since they affect plans that want to participate in FEHBP, there may be an opening this year because of two consecutive years of high premium growth. (Could be savings, depending on the proposal).

3. Public Health/Underserved Populations

• **Combating Resistance to Anti-biotics (Super Bug).** Recent reports have indicated that resistance to anti-biotics is becoming a major public health crisis. Some viruses, such as pneumonia and many hospital-based infections, are starting to beat even the strongest anti-biotics, causing prolonged illnesses and even death. For example, pneumonia, which impacts over 500,000 Americans per year, is becoming resistant to the strongest antibiotics. CDC believes that this critical public health problem is on track to affect more and more viruses. In the past we have generally addressed this by developing new antibiotics, but it is becoming increasingly difficult to keep developing antibiotics that do not become ineffective. However, this problem could be dramatically reduced if we knew more about which viruses are likely to become resistant and why and if drugs were prescribed and used more appropriately. For example, there are over 50 million inappropriate outpatient antibiotic prescriptions written annually. The budget could fund a major public health campaign that would: educate consumers and health providers to help assure appropriate use of anti-biotics; and improve surveillance and research efforts to understand which antibiotics are at risk for becoming ineffective and why. (Cost: up to $50 million).

• **Improving Access to Health Care in Underserved Rural Areas.** The 25 million Americans that live in rural areas frequently do not have access to adequate health care services. For example, the physician-to-patient ratio is more than 80 percent lower in rural communities and more rural Americans are uninsured and lack access to health care services. The budget could include an initiative that would help maintain and improve access to health care in rural communities by: giving grants to help develop creative emergency services to enable rural health facilities to remain operational and responsive to the needs of their populations; providing assistance to states to help take advantage of a Balanced Budget Act provision that provides higher Medicare payments to hospitals that revamp services to meet the specific needs of their communities; and increasing the number of health professionals in rural communities by providing loan repayments or scholarships to train rural Americans who are likely to stay in the communities to become nurse practitioners. (Cost: Unclear. Approximately $100 million).

• **Improving Access to Emergency Room Care for Veterans.** As part of the President's request to bring Federal health programs into compliance with the patients' bill of rights, the issue of whether the VA provides veterans adequate access to emergency room services has been widely publicized. The VA currently only reimburses for VA emergency visits at VA hospitals, which is certainly not consistent with the patient protection to assure emergency services when and where the need arises. We expect Senator Daschle to offer a proposal to extend VA access to emergency room services, and it may well be advisable for us to address this issue so we are not perceived as falling short on our commitment to apply the patients' bill of rights where we can. (Cost: VA's current proposal costs $550 million per year. However, OMB has been working to dramatically reduce the costs of this proposal).

• **Enhancing Drug Approvals, Food Safety, and other FDA priorities.** The FDA has unprecedented new challenges, including: a surge in promising technologies and drugs that need approval; increasingly challenging diseases, such as AIDS and emerging pathogens; important public health issues such as food and blood safety; as well as major new statutory responsibilities from FDA reform. However, funding for this agency has not increased in several years. This has serious implications for the agency, as food inspections, organ banks, and drug companies are rarely inspected and it is more challenging to meet drug approval needs. Since Congress has been unwilling to fund user fees for FDA, it may be necessary to make it a priority to fund FDA at higher levels (Cost: $100 to $300 million).

• **Food Safety.** The President's FY 2000 budget will build on the food Safety Initiative by expanding resources for collecting food safety data (Foodnet, Pulsenet), inspections (especially imports), and research. This continues the President's historic efforts to ensure food safety issues are considered as part of a comprehensive, science-based, policy.

• **Investing in Promising DOD Breast Cancer/Prostate Cancer Programs.** We have continually highlighted DOD's innovative, popular cancer research programs (most recently the President announced grants in the DoD prostate cancer research program in his Father's Day radio address). However, we have received increasing scrutiny as to why your budget never proposes funding for this critical program by advocates who question your commitment to this program and believe that the lack of an Administration proposal makes it much more difficult to lobby for this funding on the Hill. DoD is somewhat resistant to this concept as they believe that even though they have developed a model program in response to a Congressional mandate, cancer research is not within their military mission. (Cost: it is unclear what the Congress will propose for this year's funding (the Senate bill includes $250 million). If you chose to fund this area, we would need to at least match FY1999 funding and potentially increase this amount.

• **Continuing the President's Successful Race and Health Initiative.** The race and health initiative proposed in the President's FY1999 budget was extremely well received by the minority and public health communities. As part of this initiative designed to eliminate racial health disparities in six critical health areas, we committed to investing $400 million over five years. Therefore, it is important that the President's FY2000 budget include no less than the $80 million we promised for each year, and we may want to consider additional funding for this issue. (Cost: $80 million).

• **Investing in Promising Biomedical Research.** Your FY 1999 budget includes historic increases in the NIH. However, the Congress will no doubt fund NIH at higher levels, regardless of how much you propose in this area. Therefore, you could either continue to fund this research at historic levels or since Congress will likely anyway, you may want to propose less to make room for other priorities. (Cost: over $300 million to $1 billion).

• **Improving Access to Promising HIV/AIDS Drugs.** Since there has been so much progress in therapies for HIV/AIDS, the AIDS community has been pushing to expand access to these drugs. Their expectations were raised last year when the Vice President asked HCFA to look into the feasibility of a demo to expand Medicaid to patients with HIV at an earlier point in their disease. Depending where we end up on Jeffords-Kennedy, we may want to consider additional options to extend drug therapies for patients with HIV/AIDS. Last year, we proposed significant funding for the AIDS Drugs Assistance Programs (ADAP), but there may be other approaches. Regardless of Kennedy-Jeffords, we may receive a great deal of criticism from the community if we propose no increases for treatment or prevention. (Cost: approximately $100 million).

• **Improving Health for Medically Underserved Native Americans.** Native Americans have particularly poor health status (as much as five times higher diabetes rates, and three to four times the rate for SIDS). It is widely recognized that the IHS, the main resource for Indian tribes who deliver health programs to their communities, is not sufficiently funded to address the needs of this population. We could develop a number of initiatives to help improve health for Native Americans, including: focusing on particular health problems such as an elder care, domestic violence, or alcoholism; providing an overall budget increase allowing more resources for all services; or desperately needed improvements in sanitation or other public health infrastructure efforts. This would build on your efforts to elevate the Director of IHS to an Assistant Secretary position and your participation in the conference on "Building Economic Self-Determination in Indian Communities" and would compliment well the President's race and health initiative. (Cost: about $100 million).

~~**4. Increase the Indian Health Service budget.** In order to reach more of the targeted population, we should provide a significant increase to the IHS budget in order to address areas such as substance abuse, elder health care, injury prevention, domestic violence and child abuse, and sanitation facilities.~~

HOMELESS

1. Homeless Veterans. The National Coalition of Homeless Veterans estimates that there are as many as 275,000 homeless veterans on any given night. According to the Department of Veterans Affairs, an approximately $60 million increase in funding would constitute the single largest investment into breaking the cycle of homelessness among veterans. This proposal would seek to increase residential alternatives, community-based contracted care, job preparation activities, stand down activities (community-sponsored events that conduct one-stop service delivery programs for homeless veterans), the distribution of clothing, and long-term housing. The VA estimates that this proposal would positively impact approximately 100,000 to 150,000 veterans annually.

2. Allow VA to sell surplus property with 10 percent of proceeds going to homeless veterans. OMB proposes to amend the Property Act of 1949 to create a 5-year pilot project for the VA to sell off property with 10 percent of the proceeds going to local homelessness projects under the McKinney Act (with this 10 percent being earmarked for homeless veterans) and the other 90 percent going to the VA for capital funds (buildings, equipment, infrastructure, but not staff). Currently, the way the law works is that all the proceeds from surplus property goes to homelessness, but this has not provided an incentive to the agencies to sell property because they do not get to keep any of the proceeds. OMB states that since 1989, only one piece of property has been sold under this provision. OMB will be circulating their proposal within a couple of weeks. OMB would propose to permit VA to sell 25 pieces of property, but does not have a cost estimate yet.

3. Homelessness Demonstration Project Modeled after TANF. Funds could be set aside in the FY2000 budget to create a demonstration project so that one state, region, or locality could try to move persons from homelessness to self-sufficiency. The demonstration project should set up performance goals similar to TANF so that there is a measure of how many persons have been made self-sufficient. There could be a performance bonus for the demonstration project if the goal of the project is met.

4. Medicaid Outreach Project for Homelessness. A Medicaid outreach project could be set up, similar to the CHIP outreach project, that would reach out and cover homeless persons. We should develop a cost estimate to determine that, over time, dollars would be saved if persons are treated under Medicaid rather than on an as-needed basis in emergency rooms and clinics. This idea could be expanded to reach out to more than simply the homeless population to include all groups who are Medicaid-eligible.

CONSUMERS

1. Consumer Bill of Rights. A consumer bill of rights could address a number of areas such as enforcement, notice to consumers, and dissemination of information. We could announce this bill of rights as a package, but then pull out separate pieces for separate events like we do in the Patients' Bill of Rights area. We could include a number of different areas such as the following:

- **Auto Insurance Fraud.** Auto insurance fraud is a $13 billion-a-year problem in America. We could propose significant funding for a Justice Department anti-auto insurance fraud. Since an estimated 13 percent of auto-insurance premiums go to pay for fraud, we could claim that this effort will help drive down auto-insurance premiums.

- **Slamming/Cramming.** Cramming, in which con artists add bogus charges to consumers' telephone bills, and slamming, the unwanted switching of long-distance telephone service from one carrier to another, and are the top two respective complaints reported to the National Fraud Information Center in 1998. In 1997, the FCC received more than 20,000 complaints from customers who were slammed. So far, the FCC has fined slammers, announcing a $5.7 million fine this year, and announced voluntary guidelines for cramming that local telephone companies say they will follow. We could add money for enforcement to the FCC and/or DOJ. In May, the Senate overwhelming passed legislation that would impose new penalties on slammers and would eliminate common slamming methods, such as contest entry forms that, when signed by unsuspecting customers, authorize a switch of their long-distance carriers.

- **Telemarketing Fraud.** Telemarketing fraud is among America's worst white-collar crimes, robbing unsuspecting victims of an estimated $40 billion per year. We could increase the FBI budget to increase investigations of this type of fraud. Recently, the Washington Post reported that volunteers from the American Association of Retired Persons (AARP) work undercover for the FBI, posing as potential victims to catch telemarketers on the prowl. Because telemarketing fraud often is targeted against the elderly, we could combine this piece with the elder abuse in a separate event.

- **ATM Proposal.** Weinstein proposes that Treasury publish an annual report on consumerfinancial issues, including ATM fees. In each report, Treasury would provide a list of insured financial institutions based on geographic divisions and by size. Treasury would report on the following categories: (1) Fees charged to depositors at ATMs at their home branches; (2) Fees charged by institutions to depositors using other banks ATMs; (3) Fees charged by ATM networks; (4) ATM fees charged to non-member depositors by institutions; (5) Minimum deposit requirements for checking and savings accounts; (6) Fees for overdrafts; and (7) Checking account fees. We will need to develop categories which underscore the differences in types of accounts. If we just list checking account fees, the fees that aren't reported would increase.

TOBACCO

✓ **1. Tobacco Counter advertising.** Fund a $200 million per year tobacco counter advertising and education campaign, as proposed in the President's 1999 budget and McCain legislation. This campaign would develop counter advertising and purchase enough media time to reach teens at least four times a week. The campaign would also fund an extensive school-and community-based anti-tobacco education campaign.

2. Tobacco Cessation. Each year, 20 million smokers attempt to quit, but only 1 million, or 5 percent, succeed. More than 90 percent smokers who attempt to quit do so on their own, and the vast majority fail within 2 to 3 days. However, research shows that effective cessation methods could raise success rates to 10-20 percent (over 2 million people annually). The Agency for Health Care Policy and Research (AHCPR) endorsed 5 smoking cessation methods that have been proven to be effective in helping people to quit: gum, patch, nasal spray, inhaler, and pill (Zyban). A full course of these treatments costs around $200-300 (for a three months supply, without counseling). However, less than half of managed care organizations provide coverage of any AHCPR-approved therapies, and those that provide coverage may impose cost-sharing requirements that hinder access to treatment. In fact, a study of managed care in Washington State found that eliminating copayments for smoking cessation services significantly increased participation rates.

combined cessation **3. ~~Continued call for comprehensive legislation to stop children from smoking before they start.~~** Total combined cost of all these initiatives: $855 million over 5 years. We could make a series of proposals, some part of the budget and some not: (1) Fall --announce new DOD anti-tobacco plan, and new DOL and OPM tobacco-free workplace programs; (2) Winter --propose Medicaid and Veterans coverage of cessation benefits through FY2000 Budget; and (3) Spring --tax coverage of cessation as a medical expense and expanded coverage of cessation benefits in FEHBP.

•**New Department of Defense anti-tobacco plan.** This plan is still being vetted at the agency but will likely include covering over-the-counter nicotine replacement therapies under military health care coverage as part of a comprehensive military-wide anti-tobacco plan. Cost: $60 million per year.
(higher than most cessation.)

•**Anti-tobacco workplace initiatives by DOL and OPM.** DOL could expand its drug-free workplace initiative to provide information to employers on steps they can take to reduce tobacco use among employees (cost: $63,000 per year). OPM could disseminate a model workplace cessation program for all federal agencies (agencies would use existing appropriated funds).

• **Medicaid coverage.** Currently, smoking cessation prescription and non-prescription drugs are optional state benefits under the Medicaid statute. We could propose to require states to cover cessation, as the McCain bill did (CBO estimated cost: $120 million over 5 years, HCFA estimated $114 million). Alternatively, we could propose an enhanced federal matching rate for smoking cessation treatments, in order to offer the states an incentive to cover these services. The Hansen-Meehan bill establishes a 90 percent match rate for state costs of smoking cessation services at an estimated cost of about $110 million over 5 years. Currently, 23 states cover Zyban, 6 states cover non-prescription treatments, and 5 states cover cessation counseling. A study by the Center on Addiction and Substance Abuse at Columbia University found that over 42 percent of Medicaid recipients smoke, as compared to 25 percent of the general population and that nearly 10 percent of all Medicaid hospital days are attributable to smoking. This is expensive one.

• **Veterans.** We should re-propose the plan from the President's 1999 budget which created a new discretionary program open to all veterans who began using tobacco products while in the service, regardless of their eligibility for other VA health care services (currently less than 15 percent of veterans receive their health care through the VA system because of statutory limits --veterans must be low income or have a service-related injury.) The VA would contract with private sector entities to furnish AHCPR-approved services to interested veterans. OMB estimates that this proposal would cost $87 million for the first year, and $435 million over 5 years. Thirty-six percent of the 25 million veterans in this country smoke.

•**Tax Treatment.** Currently, the cost of cessation treatment cannot be claimed as a deductible medical expense because the IRS does not recognize smoking or tobacco addiction as a "disease." The IRS has indicated in written opinions that an official medical authority classification of smoking as a disease would allow cessation to deduct these expenses. Treasury is interested in pursuing this in 1999. This would be done outside of the budget.

• **Federal Employees Health Benefit Program.** We could require enhanced coverage of smoking cessation services. One option is to raise coverage limits to more accurately reflect the cost of AHCPR-approved treatments, and to raise the number of treatments allowed per lifetime to account for the fact that the average smoker requires three to five cessation attempts before they successfully quit (i.e., require coverage of $300-400 per treatment, with three maximum treatments covered per lifetime). Another option is to waive the deductible and copayment requirement for cessation benefits. Currently FEHBP fee for service plans, which cover 70 percent of beneficiaries, are required to provide only $100 in smoking cessation benefits. Generally, this coverage does not kick in until after the calendar-year deductible has been met, and most plans restrict benefits to once per lifetime. Many plans only cover prescription drugs. HMO coverage of smoking cessation benefits varies greatly. This would be done outside of the budget, but would have to occur in the spring as part of OPM's annual letter to contracting plans, establishing the terms for the following year of coverage.

Documents

WELFARE

Need longer discussion ↑

Drugs??

1. Helping the Hardest-to-Employ Get and Keep Jobs.

Have to link it to work better.

• **Extend Welfare-to-Work Grants and Strengthen Focus on Fathers.** Funding for the $3 billion grant program that the President fought for in the Balanced Budget Act ends in FY 1999. These funds are targeted at the hardest-to-place welfare recipients, and non-custodial parents of children on welfare, and at concentrated areas of poverty. 75% of the funds are allocated to states, who in turn pass them to local Private Industry Councils and 25% of the funds are available on a competitive basis. We expect DOL to propose extension of the grant program in their FY 2000 budget proposal. We should consider revising the statutory language to increase the focus on increasing employment of fathers. While there is a significant level of interest in serving this population, there is likely more we could do to increase the quantity and quality of services. This should also increase support from the Ways & Means committee as Shaw is very interested in fatherhood issues. Possible approaches include requiring states and communities to designate a minimum portion of WTW formula funds for fathers, setting aside a portion of competitive grant funds for this purpose, or earmarking funds for needed technical assistance and capacity building on this relatively new area. Other changes worth considering: shifting more funds toward competitive grants, increasing tribal set aside (currently 1%), and streamlining data collection requirements. Assuming level funding, this would cost $1.5 billion annually.

•**Request Additional Welfare-to-Work Housing Vouchers.** We are unlikely to get the full 50,000 housing vouchers requested for FY 99. This approach continues to have merit, both in helping families move from welfare to work and as a catalyst for changing the way local housing authorities, and HUD, do business. Cost to fully fund 50,000 vouchers is $283 million. Some, including Deich and Edley, have also suggested allowing housing authorities to convert Section 8 vouchers that are turning over to the more flexible approach of the WTW vouchers.

• **Invest in Increasing English Language and other Literacy Skills.** There is evidence that those with low education levels have a harder time leaving welfare. There is also emerging evidence that English language may be a barrier for some minority welfare recipients, including immigrants. We may want to explore whether there is more the federal government could do to increase access to ESL and other basic education that is combined with work, though this does not necessarily have to be done with TANF funds. We need to first explore what is available, whether there are successful models that can be replicated, and what the demand is.

2. Helping New Workers Succeed in the Workforce/Achieve Self-Sufficiency.
There are several ways to ensure people moving from welfare to work can get to their jobs:

• **Request full $150 million authorized for Access to Jobs for FY 2000 (TEA-21 set guaranteed funding from the Highway Trust Fund at $60 million for FY 2000).** This would allow DOT to fund more competitive grants. Note these funds can be spent on current and former welfare recipients, as well as families up to 150% of poverty so they help the working poor as well.

• **Donate surplus federal vehicles to welfare to work programs.** These could be given, leased, or sold to current and former welfare recipients for whom public transit it not a viable option, including those living in rural areas. Cars could be allocated through community-based organizations or intermediaries. This could be modeled after the initiative to donate federal computers to schools.

•**Help former welfare recipients access funds to purchase cars.** In some areas, public transit is not a viable option for a family moving from welfare to work. In addition, owning a car is something many poor families aspire to, and something that helps them become part of the economic mainstream. Family Services of America, and other organizations, currently offer revolving loans for low income families to purchase cars. FSA's model currently operates in 20 sites and is scheduled to expand to 60 sites later this Fall, with partial funding from foundations and private financial institutions. They are also seeking federal funding to help with this expansion. Possible sources include: HUD, Treasury, DOL WTW grants, as well as existing federal and state TANF funds. Another option is to expand allowable uses of IDAs to include purchasing a car needed to go to work.

•**Connection between TANF and Unemployment Insurance.** There is growing interest in exploring the relationship between these two systems. Historically, few welfare recipients have qualified for UI, and some have essentially used AFDC as a form of unemployment insurance. As more welfare recipients joining the labor force, we need to consider the most appropriate way to provide income support to them between jobs. Various approaches include: (a) changing rules of the UI system that make it hard for former welfare recipients to qualify for UI once they go to work and in the event they lose a job and (b) creative uses of federal TANF or state MOE funds to provide income support to people in between jobs. Either approach should be accompanied by a strong effort to promote job retention and rapid re-employment. This could be considered as part of a more comprehensive UI reform initiative that NEC has been considering, but it would not depend on that. NOTE: NGA has a grant to explore this issue and several states are trying innovative approaches. While we do not have to frame the issue in terms of planning for economic downturns, it seems prudent to address this issue earlier rather than later.

•**Optional State Coverage Expansion Through Eligibility Simplification** (new policy). In the wake of welfare reform, Medicaid eligibility rules have become even more complex since states must cover people who would have been eligible for AFDC under the old rules. Additionally, Medicaid law allows states to cover parents but not adults without children --even if they are very poor. This proposal would allow states to opt for a pure poverty standard for Medicaid eligibility for all people (like we do for children) rather than the old categorical eligibility categories. Not only would such an approach simplify the Medicaid program for families and states; it would provide an opportunity for significant coverage expansion. While any change in Medicaid almost always raises concerns amongst some advocates, this proposal would be strongly supported by the Governors and advocates such as the Center for Budget and Policy Priorities. (Cost: Depends on the proposal and projected coverage expansion take-up rates).

see above too

•**Transitional Medicaid.** Families can currently receive Transitional Medicaid for up to 12 months after leaving welfare, but only about 20 to 30 percent of eligible families are enrolled. The program has many procedural hurdles that make it more difficult to access than regular Medicaid coverage and the 12 months transitional period is too short for many families. The budget could eliminate some of the current prescriptive reporting requirements now in the law (that, for example, requires families to report earnings in the fourth, seventh, and tenth months of coverage and divides the 12 months of coverage into two 6 month segments with different co-pay and benefit rules) and allow states to provide a full 12 months of coverage without regard to changes in family circumstances, similar to the 12-month option for children that was adopted in the Balanced Budget Act. In addition, the budget could provide states the option of extending transitional Medicaid to 24 or 36. These ideas need to be fully discussed, vetted, and costed out. The current program reauthorization sunsets in 2001.

•**Extend the Work Opportunity Tax Credit and Welfare-to-Work Tax Credits** (WOTC has already expired and WTW will expire in 1999).

Child support?

Need new WR idea - father stuff?

DISABILITY POLICY

1. Expanding the Defense Department's "CAP" program. The Defense Department's Computer Accommodations Program ("CAP") purchases equipment for DOD employees with disabilities to allows them to keep working if they become disabled, or for new employees just joining the workforce. By using a central $2 million fund for such purchases, individual offices do not have to bear the cost within their own budgets, and are less likely to be deterred from hiring a person with a disability. CAP is also able to get better prices on equipment through its bulk purchases and expertise. It has a showroom to help employees try out appropriate adaptive devices (CAP makes the decision on what equipment is purchased, not the employee). It has provided over 9,000 accommodations since its inception in 1990. This program is a good example of how employers and employees are taking advantage of new (and increasingly cheap) technology, such as computers for the blind that talk and listen, and alternative computer keyboards for people with dexterity problems, that allow people with disabilities to work. Expanding the program has the strong support of the Administration's appointees with disabilities, in particular for Tony Coelho, chair of the President's Committee on Employment of People with Disabilities.

Defense has estimated that it would cost $8 million a year to expand CAP government-wide, but this is likely overstated since CAP now serves the entire Defense Department for $2 million a year. A more realistic range is $2 -5 million a year. While having DOD perform this service for all federal employees is a bit unusual, they have a great deal of expertise at this task and they are ready to take on the added responsibility.

2. Tax Credit for Disability Related Expenses. New tax credit for employers and/or individuals with disabilities with extraordinary disability-related expenses, such as assistive technology or a personal assistant. The proposed credit would allow a credit of 50 percent of the first $10,000 of disability-related work expenses. [Need Treasury information on scoring.] This is ~~[illegible]~~ the same, or virtually the same thing, as the proposal we have been working w/ Treasury on (outlined on top of page 11)

3. New BRIDGE grant program. This program would create interdisciplinary consortiums of service providers (employment, transportation, etc.) to better assist people with disabilities in going to work. NEC and DPC will receive revised proposal shortly from the President's Task Force on Employment of People with Disabilities and will evaluate and vet. [illegible]

4. Information and Communication Technologies for People with Disabilities. NEC has developed draft proposals now being vetted to ensure that new technologies will be designed from the beginning to be accessible to people with disabilities. Ideas include leveraging federal government procurement, investing in R&D, funding industry consortia, training the next generation of engineers, etc. (Tom Kalil is working on this, coordinating with DPC and OMB).

CRIME AND DRUGS

1. Crime Bill II. While the 1994 Crime Act is set to expire at the end of FY 2000, we should get ahead of the crime debate by including an outline of Crime Bill II in next year's budget that emphasizes and builds on key Clinton crime initiatives. This includes: extending COPS; establishing community-based prosecutors, courts, and corrections; promoting targeted deterrence for guns, gangs, etc.; funding drug testing and treatment for all persons under criminal justice supervision; reauthorizing VAWA; creating police youth academies; and other new crime programs.

Fold juv. crime bill in.

OMB has already built $4.8 billion into the base for continued crime funding over the next 5 years, but this only includes $400 million of the $1.4 billion we have been spending on COPS and continued funding for other popular crime bill programs (i.e., VAWA, prisons, federal law enforcement, etc.). Thus, to keep crime bill funding at its current level -- and to allow us more flexibility in proposing new programs -- we will need $1 billion more in the FY 2000 budget.

2. Expansions of Youth Crime Gun Interdiction Initiative (YCGII). This year it looks as though we will succeed in getting $28 million in funding for President's YCGII initiative to trace all crime guns and hire more ATF agents to crackdown on gun traffickers in 27 cities. We should follow-up in the FY 2000 budget by expanding the YCGII to all cities with populations of more than 250,000. This would cost about another $35 million. NB: Currently, treasury is only planning to propose adding another 10 cities in next year's budget..

Bundle w/ non-crime ideas w/ children etc.

3. Expand Values-Based Initiative. At a minimum, we should seek funds in FY 2000 to continue the Administration's values-based crime prevention initiative in 16 cities -- as well as to expand it to another 20 to 30 cities. This would only take about $5 to $10 million annually and could come from Crime Bill II funds if necessary. More importantly, however, we should propose changes to existing crime prevention and drug treatment programs to ensure that faith-based organizations are allowed to participate -- and that common sense values are included. other programs

4. Drug Treatment Parity. A long overdue policy change that we should consider embracing in this year's budget is to require health insurers to guarantee some type of meaningful substance abuse coverage -- much akin to what the Administration supported for mental health benefits.

5. School Shooting Response Fund. In our recent meeting with the communities impacted by multiple school shootings, one of the key recommendations made by all of the local leaders was that the federal government should establish an emergency fund that would allow communities that are overwhelmed by multiple victimizations to have the resources they need to facilitate the short- and long-term response. This includes year-long support for increased security and enforcement, investigations, media response, additional counselors, and other such costs.

$\boxed{\text{Drugs ??}}$

Straw purchases / gun shows
Teen cts - part of Crime Bill II?

State of the Union 1999

Sept. 17, 1998 WR IDEAS MEETING

[1.] WTW program - DOL submission - asked for 1.5

shift more toward comp $

1m - essentially a continuation

targeting criteria need to be changed now that so many p. off rolls - all left are hard to serve

.5m - 'closing the gaps' - trying to help p. already wkg to move up - frees up slots - not solely focused on WR recipients by training?

BR - seems too unfocused about approp though

(why isn't current one-stop system created by new bill doing this?)

good thing: connects WR to workforce system

nothing specific on fathers

↑ tribal $

[2.] Child support / fathers

carrot + stick

$ for fathers | 2/3 for enforcement

not able to pay

(even if not on WR?)

BR - conceptual problem - programs open only to people who owe child support?

need an edge

talk to Ron - ideal for Shaw-Levin bipart bill.

[3] Transitional Medicaid - prob. have a kind of CHIP program

Jean L working on this.

Take out 100m for comp grants??

Also can use intermediaries that help link p. to job.

ER - 10 hrs week, e.g., in on-site language

job-based literacy programs

BR - 1) compelling fathers thing - shouldn't be too touchy-feely

figure out bipart way to get done

(2) Have to plug 1.5 in way that looks like solving real problem - inner city racial disp - espec Hispanic

lots of ways to fund - thru Ed, Labor, HHS refugee → e.g. $ for language

What to do for small business? - consortium / intermediary to do this for lots of businesses

Also: do more drug-related stuff
mkg drug-treatment progs more work-focused.

Other pops: mental health?
disabilities?
fams w/ lots of kids?

(3) sep values-based part of program. (in WTW? fathers? separate?)

[4] child support
Task force - law enf resources
Link to juv delinquency, so prevention strategy
~~local~~ block grant to local prosecutors?

<u>Agenda</u>:
- Fathers
- WTW
  - Hisp / lang
  - substance
- enf. based child support

values??
UI?
Trans Medicaid? (Jean L)

- IDAs - how to do?

State of The Union 1999

Sept 16, 1998 Crime ideas

1. Safe Drug Free Schools - more on discipline
⟹ 2. Pkg for tobacco $ - e.g. ATF, Customs, FBI Youth-targeted - e.g., drug/tobacco cts
3. McCaff - treatment ~~[illegible]~~ initiative
⟹ quar. parity - substance abuse treatment (soft mandate)
• make medicaid reforms? (OMB fears budget breaker)
? Link w/ testing ideas? Probably

4. Crime bill II
a. On COPS - keep program / spending level
any changes in hiring?
what should be added to hiring
* b. Prisons - use some punishment / prison funds on front-end: "smart punishment" - "certainty of punishment" - zero tolerance

5. Guns -
a. Expansion of YCGII
b. Straw purchasers (incl. gun shows)
c. gun prosecutors? DOJ very apt.
hook to YCGII?
drug + gun strike forces?
d. Concealed weapons - for cops / retireds; but not anyone else
6. Prevention -
a. Expansion of value-based?

= School safety ideas??

Sept 16, 1998 Education

ESA wealth proposal (beg of next yr)

1 Choice = triggering mechanism?

transportation + mechanics - how make it mean something?

better choices - e.g., schools at worksites; community colleges