The Democratic "Families First" Agenda for the 105th Congress

In 1996, Congressional Democrats unveiled the "Families First" Agenda -- a set of practical, modest, and achievable proposals to provide working families with real tools to face the real problems they face day-to-day. Because the "Families First" proposals are realistic and moderate, Congressional Democrats believe that they will receive the support of many Republicans and can be enacted in the 105th Congress with strong bipartisan majorities. Hence, Congressional Democrats plan to vigorously pursue enacting "Families First" proposals throughout the 105th Congress.

The top four legislative priorities of Congressional Democrats at the beginning of this Congress -- all part of the Families First Agenda -- will be the following:

- An Educational Initiative;
- Pension Reform;
- Expanding Health Coverage for Children; and
- Combatting Juvenile Crime.

Then, throughout the 105th Congress, Congressional Democrats will also work on enacting other elements of the "Families First" Agenda.

I. AN EDUCATIONAL INITIATIVE

Congressional Democrats are going to make education the number-one priority of the 105th Congress. The most important educational proposal that Congressional Democrats will be pushing in the early days of the 105th Congress will be to expand educational opportunity for all Americans – by making a college education more affordable for struggling working families. This proposal is very important -- at a time when having an education beyond a high school diploma is more critical than ever in achieving a decent standard of living. Democrats will also work to enact proposals to help all children learn to read by the end of the third grade, help communities build new school facilities, and put more computers in classrooms.

A. Making College More Affordable

The most important part of the Democratic educational initiative would be to enact two significant proposals that would make college significantly more affordable for millions of American young people: HOPE Scholarships and a $10,000 tax deduction for education and training expenses.

Expanded educational opportunity is more critical today -- in the tough, new, global economy -- than at any previous time in American history. Indeed, the wage premium for better-educated workers has expanded dramatically just over the past 15 years. For example, in 1993, full-time male workers aged 25 and over with a college degree earned on average 89% more per year than their counterparts with only a high school degree.

And yet, at the same time that a college degree is becoming more and more valuable, more and more working families are concerned that a college education may be becoming out-of-reach for their children.

Indeed, the number-one concern of millions of working parents is whether or not they will ever be able to afford to send their children to college -- because, while family incomes have stagnated, college tuition has skyrocketed.

According to a recent study by the College Board, while inflation-adjusted median family income only grew by 1% between 1985 and 1994, the inflation-adjusted cost of attending private universities grew by 39% and the inflation-adjusted cost of attending public universities grew by 33%.

Similarly, according to a recent report by the General Accounting Office, tuition and fees at public colleges has risen so much faster than inflation that it eats up about twice as much of a family's income as it did in 1980 – rising from 4.5% of median household income in 1980 to 8.9% of median household income in 1995.

Furthermore, with college tuition rising rapidly, students are being forced to go deeper and deeper into debt. Just between 1990 and 1994, student loan debt grew by an average of 22% a year --- rising from $8,800 in 1990 to $12,500 in 1994. It is estimated that, at this rate, the average student loan debt could reach $21,000 by 1998. Indeed, in the 1990s, students have already borrowed more in student loans than in the thirty previous years combined.

Something needs to be done.

Democratic Proposals:

- **HOPE Scholarships**

First of all, Democrats propose a HOPE Scholarship program -- which will give every single American who wants it the chance to go to college. HOPE Scholarships are designed to make two years of college as universal as a high school education is today.

The HOPE Scholarship program for the first two years of college would make the typical community college education available to every American.

The HOPE Scholarship program would provide all students with a $1,500 refundable tax credit for full-time tuition in their first year of college ($750 for half-time tuition) and another $1,500 in their second year if they work hard, stay off drugs, and earn at least a B average in their first year.

This $1,500 is $300 above the national average community college tuition and would make tuition free for 67% of all community college students. While the tax credit is priced to pay for the full cost of community college, the credit can be applied to tuition at any college -- from a two-year public community college to a four-year private college. This $1500 tax credit would be a substantial downpayment for parents sending their children to colleges with higher tuition.

The tax credit would be phased out at higher income levels. For joint filers, the credit would be phased out at incomes between $80,000 and $100,000. For single filers, the credit would be phased out between $50,000 and $70,000.

- **$10,000 Tax Deduction for Education and Training Expenses**

In addition to HOPE Scholarships, Democrats propose a $10,000 annual tax deduction for direct education and training expenses. Just as HOPE Scholarships will make the first two years of college more affordable, the $10,000 annual tax deduction will make college education generally, as well as other postsecondary education and skills training, more affordable for working and middle-income families.

Eligible students in their first two years of college would have to choose between either the $1,500 HOPE Scholarship or the $10,000 annual tax deduction. (The deduction is up to $10,000 a year per family; the credit is $1,500 per student.)

Specifically, the Democratic proposal is for a $10,000 annual tax deduction for direct education or training expenses – i.e., for tuition for college, graduate school, community college, or certified training and technical programs. In order to receive the deduction, the tuition must be for an education or training program that is at least half-time or related to a worker's career.

The $10,000 tax deduction would be available even to those taxpayers who do not itemize their deductions. It would also be available for any year a family has education or training expenses.

As with the tax credit, the tax deduction would be phased out at higher income levels. For joint filers, the deduction would be phased out at incomes between $80,000 and $100,000. For single filers, the deduction would be phased out between $50,000 and $70,000.

B. Other Parts of Educational Initiative

- ### An "America Reads" Literacy Initiative

The goal of the "America Reads" initiative is that all American children can read on their own by the end of the third grade. The program would authorize an America's Reading Corps to help to mobilize one million reading tutors through discretionary grants to communities to support reading specialists and volunteer coordinators to run before- and after-school and summer tutoring programs. It would also provide 11,000 AmeriCorps members to work in local communities as tutor coordinators.

- ### School Construction Initiative

Currently, communities are desperately struggling to repair decrepit school facilities, as well as to build modem classrooms. 14 million children in a third of the nation's schools are learning in sub-standard classrooms. Furthermore, half of the nation's schools have at least one unsatisfactory environmental condition, such as poor air quality. This School Construction Initiative would provide a new federal commitment to aid local communities with their efforts to repair existing school facilities and build new school facilities. Specifically, a federal Revolving Loan Fund would be created to aid in school construction at the local level.

- ### Educational Technology Challenge Initiative

The goal of the Educational Technology Challenge initiative is to provide access to modem computers for all teachers and students and to connect every school and classroom in America to the information superhighway. Congressional Democrats support funding the Clinton Administration's proposed $2 billion Educational Technology Challenge Fund -- which would catalyze and leverage state, local and private sector efforts so that these educational technology goals are met by the dawn of the 21st century.

II. PENSION REFORM

The second top legislative priority of Congressional Democrats at the beginning of the 105th Congress will be pension reform.

The lack of adequate access to pension coverage is a central problem facing the United States today. Currently, millions and millions of American workers have no pension coverage at all -- particularly workers at small businesses and workers with low and moderate incomes.

Indeed, according to the Labor Department, 56% of the nation's workforce is not currently covered by any pension plan. The figures are even worse for employees of small businesses and for low- and moderate-income workers. In firms with fewer than 25 employees, 80% have no pension coverage. Similarly, for employees who earn under

$15,000 a year, 80% are not covered by a pension plan. For employees who earn less than $30,000 a year, 60% are not covered.

A second key problem is that, under current law, millions of working families do not have access to tax-deferred Individual Retirement Accounts -- because the income thresholds for eligibility for these tax-deferred accounts are so low.

A third key problem is that, in many cases, the current pension system in this country often fails to provide adequate pension coverage for women. For example, in a number of cases, widows and divorced spouses fail to receive the pension protection that they deserve.

A fourth key problem is that there are many situations today in which private pensions are not fully protected. For example, 401(k) plans are increasingly widespread. And yet, these plans are not secure -- with a significant share of 401(k) assets invested in only the employer's stock -- with the result that when an employer encounters financial difficulties, the pensions of millions of American workers have been endangered.

Democratic Proposal:

- **Expanding Pension Coverage.** The Democratic proposal would attempt to further expand pension coverage -- by making various improvements to the SIMPLE small business pension plan that was created by Congress last year. These improvements are designed, in particular, to promote better access to pension coverage for the low- and moderate-income workers of small businesses.

- **Expanding Retirement Savings Options.** The Democratic proposal would make it easier for middle-income families to save for their retirement by expanding the eligibility for tax-deductible IRAs to 20 million more families -- doubling the income limit from $50,000 to $100,000 for married couples and from $35,000 to $70,000 for single taxpayers. Not only would this make it easier for families to accumulate retirement savings, it would also reduce their tax burden by as much as $1,120 a year. The Democratic proposal would also give families greater flexibility in how to use these savings, by allowing penalty-free IRA withdrawals for education and training, first-time home purchases, major medical expenses, and during long-term unemployment.

- **Improving Pension Protection for Women.** The Democratic proposal would improve the pension protection for women by improving spousal protection rules, establishing a Labor Department Women's Pensions Toll-Free Hotline, clarifying rules for pension benefit division upon divorce, and improving Civil Service Retirement System protections for surviving spouses and divorced spouses.

- **Enhancing Pension Protection and Security.** Finally, the Democratic proposal contains a series of provisions to better enhance pension protection and security. First, the proposal would require the Labor Department to report annually to Congress on attempts by corporations to use pension funds for other purposes.

Secondly, the proposal would expand pension plan audit requirements, including requiring pension plan administrators and accountants auditing pension plans to immediately report fraud to the Labor Department. Thirdly, it would increase disclosure requirements to 401(k) plan participants and require provision of annual pension benefit status statements. Fourthly, it would provide 401(k) plans with the same level of federal protection as traditional pension plans -- including placing limits on the investment of a 401(k) plan's assets in an employer's stock.

III. EXPANDING HEALTH COVERAGE FOR CHILDREN

The third top legislative priority for Congressional Democrats at the beginning of the 105th Congress will be expanding health coverage for America's children.

According to the Census Bureau, there are currently 10 million American children under the age of 18 without any health insurance whatsoever -- or 14% of America's children. Indeed, in 31 states, more than 10% of the child population lacks any health insurance coverage. Furthermore, in the six states of Alabama, Arizona, California, New Mexico, Oklahoma, and Texas, 20% or more of the child population is uninsured.

One of the reasons that 14% of American children currently have no health insurance is that private health insurance (primarily employer-sponsored insurance) is increasingly failing to provide coverage for children -- with the percentage of children covered by private health insurance dropping dramatically in the last few years -- from 74% in 1987 to 65% in 1994 (the latest year available).

Studies have shown that uninsured children are less likely than insured children to get needed health and preventive care. For example, according to the 1987 National Medical Expenditure Survey, the most recent, comprehensive, national survey of health care utilization:

- During the year of the survey, one-third of uninsured children with two or more ear infections never saw a doctor. (By contrast, almost 90% of insured children with two or more ear infections saw a doctor.)

- The majority of uninsured children with asthma never saw a physician. (By contrast, two-thirds or more of insured children with asthma saw a doctor one or more times during the year.)

- Almost one-quarter of uninsured preschool children -- all of whom should receive well-child visits -- never saw the doctor at any point during the year. (By contrast, among privately insured preschoolers, less than 9% went without such care.)

Democratic Proposal:

Hence, Congressional Democrats will work to enact a proposal to significantly expand the access to affordable health insurance for the children of working families.

Various versions of an expansion of access to health insurance for children are currently being considered by Congressional Democrats.

A leading version of this Democratic initiative would mandate that all insurance companies and managed care plans that do business with the Federal Government offer "children-only" health insurance policies. Currently, virtually no insurance companies or managed care plans offer families the opportunity to purchase such "kids-only" policies. Under this initiative, these "children-only" policies would have to provide standard benefits appropriate to children.

The initiative would establish a variety of common-sense rules and consumer protections for these "children-only" policies. This would ensure that children could not be denied coverage or lose coverage if they got sick or if their family moved.

Finally, the initiative would also provide assistance to those working families who need it to cover a portion of the cost of the premium for "children-only" policies.

IV. COMBATTING JUVENILE CRIME

The fourth top legislative priority for Congressional Democrats at the beginning of the 105th Congress will be combatting juvenile crime.

Juvenile crime is a key concern of communities across the United States -- in cities and suburbs, as well as in rural areas.

First, 50% of juvenile crime occurs during the unsupervised hours between school and dinnertime. We need more "safe havens" for the vast majority of America's young people who go home to an empty house or apartment after school. "Safe havens" give kids a place to go after school so they are off the streets and out of trouble and also where they are less likely to become the victims of crime by others.

Secondly, 95% of total juvenile arrests -- more than two million juveniles a year -- are for non-violent offenses. Currently, most juvenile court judges have very few options for dealing with these non-violent offenders -- and a certain portion of them go on to become repeat and serious offenders. We need to be able to intervene with these 95% at the time of their first misbehavior -- and keep them from becoming repeat or serious offenders.

Thirdly, currently much of juvenile crime involves drug offenses -- and yet efforts have been made to drastically cut the Safe and Drug-Free School program (which has provided effective anti-drug programs in schools across the country) and to cut Drug Court programs (which have also been effective in reducing repeat offenses among drug-addicted youth).

Democratic Proposal:

Congressional Democrats will work to enact a Families First initiative designed to combat juvenile crime.

First, the Families First Agenda calls for encouraging the establishment of after-school "safe havens" by providing state and local governments with technical assistance in how they can work with community-based organizations in establishing after-school "safe haven" programs. "Safe haven" programs could include the expansion of such programs as Boys & Girls Clubs, DARE programs, and Police Athletic Leagues.

Secondly, the Families First Agenda calls for providing juvenile court judges with new tools for intervening early with non-violent juvenile offenders. Today, in most states, a juvenile can commit multiple non-violent offenses before they get any real attention from the juvenile justice system. The initiative would address this problem by providing juvenile court judges with the ability to impose a range of graduated sanctions designed to prevent additional criminal behavior. Such a range could include options such as counseling, drug testing/treatment, job training, community service, restitution, and enrollment in alternative schools.

Thirdly, the Families First Agenda calls for more anti-drug education programs and more drug treatment programs for youthful drug offenders. Specifically, the Families First Agenda calls for fully funding the Safe and Drug-Free School program -- until it is ensured that every elementary and high school student is being exposed to drug education and prevention services. It also calls for increased funding for Drug Court programs -- in which youthful offenders would receive drug testing, drug treatment, and job training.

V. BALANCING THE FEDERAL BUDGET

One of the commitments Congressional Democrats made in their Families First Agenda was to balance the federal budget.

Congressional Democrats are committed to balancing the federal budget in a way that is consistent with American values and fair to all Americans.

Democrats call for balancing the budget through: closing tax loopholes for wealthy special interests; eliminating unnecessary business subsidies; making responsible reforms and adjustments in various entitlement programs; requiring more burdensharing with our allies in paying for the costs of defending Europe and Asia; rooting out fraud and abuse by unscrupulous providers and others in the Medicare and Medicaid program; continuing the "Reinventing Government" initiative in order to make government services more cost-effective; and reducing funding for low-priority programs.

Congressional Democrats know that the budget can be balanced while still maintaining our obligations to our parents, our children, and our future. Specifically, Democrats endorse a budget that is balanced in a responsible and realistic way, while still:

- Protecting Medicare and its guarantee of affordable, high-quality health care for senior citizens from damaging reductions and ensuring that reductions in the Medicare program are never used to pay for tax breaks for the wealthy;

- Protecting Medicaid from damaging reductions and continuing the guarantee of health care coverage for children living in poverty and nursing home coverage for seniors who have exhausted all their resources;

- Protecting seniors from the threat of seizure of their homes or family farms to pay their spouses' nursing home bills;

- Investing in the education and training of America's young people and workers, to better prepare our country to compete in the world economy of the 21st century; and

- Protecting the environment.

Together, the American people can protect high-priority programs and still balance the budget in a realistic and sustainable way.

VI. OTHER PARTS OF THE "FAMILIES FIRST" AGENDA

Finally, Congressional Democrats will also work to enact other parts of the Families First Agenda over the next two years, including the following.

A. Making Child Care More Affordable

In today's economy, in most American homes, both parents are required to work in order to pay all the bills. Hence, the majority of working families are required to find child care -- especially when their children are very young, and for many also in the after-school hours once their children become school-age.

Hence, a primary concern of many working families is finding high-quality child-care -- in appropriate, safe conditions -- that they can afford.

The current child care tax credit is extremely limited in the benefit that it provides the average working family -- with the tax credit being phased down starting at an annual income of $10,000 a year.

Democratic Proposal:

Hence, Congressional Democrats will work to enact a Families First proposal to make child care more affordable for millions of working families -- by making the current dependent care tax credit more generous.

This Democratic proposal makes the tax credit more generous in three ways. First, it doubles the income threshold at which the tax credit begins to be phased down -- from

$10,000 to $20,000. Secondly, it increases the maximum amount of day care expenses that can qualify for the credit.

As a result of these two changes, a couple earning $30,000 a year with one child could now receive a maximum credit of $<u>900</u> a year -- about double the current credit.

Thirdly, the proposal would make the dependent care tax credit refundable -- making it much more beneficial to millions of working families.

B. Banning Imports Made with Child Labor

The problem of the use of exploitive child labor in manufacturing goods in dozens of countries around the world is growing -- despite the fact that most of these countries have laws banning exploitive child labor. Unfortunately, these laws are not being enforced.

Tragically, exploiting children is profitable. The International Labor Organization estimates that, worldwide, up to 200 million children may be working six- or seven-day workweeks.

It is important to understand what is meant by child labor. This does not refer to a family who has their children working on the family farm, or in the family store, or in an apprenticeship, or even working at a job after school. What is meant is the abusive practice of having children under the age of 14 working full-time, and in some cases as much as six days a week, 12-hour days, in conditions fraught with health and safety hazards.

And yet, the United States currently has no law against the importation of goods made with exploitive child labor.

Democratic Proposal:

Hence, Congressional Democrats will work to enact a proposal to ban the importing into the United States of products made with child labor.

Specifically, under the Democratic proposal, in order to import into the United States, importers of record would be required to certify to the Customs Service that the products they are importing are <u>not</u> produced in violation of the particular country's child labor laws. Secondly, the proposal would call on countries around the world to beef up enforcement of their existing child labor laws. And finally, it would call for the upward harmonization of all countries' child labor standards over time.

C. Promoting Fair Pay for Women

In today's tough new economy, families increasingly need two earners just to make ends meet. More and more women are being required to enter the workforce in order to increase their family's income and ensure that the mortgage, food, utility, and clothing bills are met each month.

And yet, as women enter the workforce in order to help their families pay the bills, they still find -- even in the 1990s -- that they are often underpaid for the work that they do. Indeed, women still earn 75 cents to a man's dollar. One reason that women continue to be underpaid is that many of them work in female-dominated occupations -- which have historically been underpaid.

More and more working families are finding that, if women were truly being paid what they were worth, the entire family would be better off.

Hence, the issue of women workers being paid what they are worth in the workplace has become, not only a matter of basic fairness, but also a central economic concern for millions of working families.

Democratic Proposal:

Congressional Democrats will work to enact a Fair Pay Initiative -- to better ensure that women workers are being paid what they are worth in the workplace.

First, the Fair Pay Initiative proposes stiffer enforcement and tougher penalties for violations under the Equal Pay Act. It also proposes that the EEOC and the Office of Federal Contract Compliance Programs at the Labor Department be provided earmarked resources to be used for enforcement of equal pay requirements.

Secondly, in addition to strictly enforcing the Equal Pay Act, the Fair Pair Initiative is designed to help ensure that the wages of women are not being unfairly held down simply because they are working in female-dominated occupations. Specifically, in order to assist businesses seeking to achieve fair pay, the Secretary of Labor would be charged with developing voluntary fair pay guidelines for the nation's employers.

D. Repealing Tax Break That Encourages Companies to Move Jobs Overseas

Under current tax law, American corporations are actually rewarded for shutting down manufacturing plants in the United States – eliminating good-paying jobs for thousands of hard-working Americans – and shipping those jobs to overseas plants.

Under the law, U.S. companies are allowed to defer payment of taxes on profits earned overseas until they send those profits back to the United States in the form of dividends.

This "deferral" provision puts domestic manufacturers at a competitive disadvantage. Not only does it promote the export of good American jobs, it gives companies that do export their jobs a tax subsidy that domestic manufacturers don't have. Yet domestic manufacturers and U.S. multinationals manufacturing overseas compete against each other in the U.S. market. U.S. multinationals manufacturing overseas should pay the same taxes that domestic companies pay.

Democratic Proposal:

Hence, Congressional Democrats will work to enact a proposal to repeal this tax deferral in cases where U.S. multinational corporations produce abroad in foreign tax havens and then ship those products back to the United States. (The proposal would not hinder U.S. multinationals that produce abroad from competing with foreign firms in foreign markets.)

Under this Democratic proposal, companies would no longer be subsidized by the tax code for shipping jobs out of the United States.

E. Expanding State Infrastructure Banks

The United States is failing to invest adequately in physical infrastructure -- such as roads, bridges, rail systems, and water treatment systems -- upon which economic growth is based.

Indeed, Japan and Germany are investing more than ten times what the U.S. spends on roads, bridges, sewers, and the information networks of the future.

Decaying roads, bridges, rail systems, and water treatment systems across the United States are clogging the economic lifelines of the country.

According to the Transportation Department, 26% of the nation's highways are in mediocre or poor condition. Furthermore, according to the Transportation Department, 24% of bridges in the Interstate Highway System are in deficient condition and 28% of other bridges across the country are in deficient condition.

Furthermore, traffic congestion -- due to the lack of adequate infrastructure -- is a serious problem in numerous metropolitan areas. Studies have shown that there are substantial costs to the economy of the nation as a result of congestion. For example, a study conducted in 1993 found that traffic congestion in 50 major metropolitan areas across the country was costing the nation's economy about $43 billion a year (Roadway Congestion Estimates and Trends, Texas Transportation Institute).

Democratic Proposal:

Hence, Congressional Democrats will work to enact a proposal for a new investment partnership -- using public funds to leverage additional private investment -- in order to boost investment in our roads, transit systems, airports, sewers, drinking water, and other infrastructure.

To expand investment and get the most from taxpayer dollars, certain states have begun to establish State Infrastructure Banks to attract private investment. The Banks provide greater flexibility to support the financing of projects by using federal-aid funds for revolving loan funds and other forms of innovative financing which attract private investment. This Democratic investment initiative would make these innovative State Infrastructure Banks a nationwide program in which all 50 states could participate.

Under the Democratic proposal, State Infrastructure Banks would offer grants, loans, risk insurance, lines of credit, and/or other financing to attract private capital to infrastructure projects for which dedicated revenues can be identified. States would be free to design the banks to suit their particular needs.

This proposal is similar in concept to the Clean Water Act's highly successful State Revolving Loan Fund Program, in which the Federal Government capitalizes state loan funds (except that it would *supplement*, rather than replace, current grant programs.)

F. A National Initiative to Reduce Teen Pregnancy

The rate of teen pregnancy remains too high here in the United States. Increasingly, teen mothers are unmarried -- and ill-equipped to provide for the economic security of their children. Indeed, in 1960, only 15% of teenage mothers were unmarried. Today, 72% of teenage mothers are unmarried.

The U.S. rate of births to teens is now twice as high as in the United Kingdom and six times as high as in France, Italy, and Denmark.

A teenager having a child reduces both the chance of later success in life for the teen mother as well as the life prospects of the child born to the teen mother.

Indeed, 80% of children born to unwed teenage mothers who have not completed high school live in poverty. In contrast, of those children born to 20-year-old married parents who are high school graduates, only 8% live in poverty.

Democratic Proposal:

Congressional Democrats propose a National Teen Pregnancy initiative. This National Teen Pregnancy Initiative would achieve the following goals:

- Providing resources and technical assistance to state and local governments in setting up teen pregnancy prevention programs focusing on at-risk young people who are not yet parents; and

- Providing for partnerships with community-based volunteer organizations in developing programs focused on prevention of teen pregnancy.

G. Keeping Family Businesses in the Family

Current estate taxes on farms and other small businesses are often too burdensome. Indeed, currently, in certain situations, upon the death of the owner of a farm or small business, the heirs must liquidate the family business in order to obtain the cash to pay the federal estate taxes.

For example, the threshold of the size of an estate where heirs can pay estate taxes in annual installments -- instead of in a lump sum -- has been set at $1 million since way back in 1976 -- with no adjustment for inflation over the past 20 years.

In addition, currently, the process for electing to pay by annual installments is needlessly complex and bureaucratic.

Democratic Proposal:

Hence, Congressional Democrats will work to enact a proposal to allow the heirs of a small business to pay estate taxes upon the death of the small business owner in annual installments, with a favorable interest rate of 4%, on the first $2.5 million of the estate (up from the current, much-less-generous $1 million threshold). In addition, this proposal would liberalize the types of small businesses that could qualify for this favorable tax treatment. Furthermore, this proposal would include other changes to reduce the administrative burden on taxpayers electing annual installments.

This proposal would allow many family businesses to stay in the family -- rather than having to be liquidated upon the death of the owner.

From the House Democratic Policy Committee Phone (202) 225-6760 Fax (202) 226-0938

Today's Message

House Democratic Leadership

Communications

Richard Gephardt, Chair

Tuesday, January 7, 1997

Outlook for the 105th Congress: Democrats Move Forward with "Families First" Agenda

Strengthened Democratic Caucus sworn in today. At noon today, 207 Democrats will be sworn in as members of the 105th Congress. Joined by 42 new faces, House Democrats will bring a renewed vigor to the struggle to make meaningful improvements in people's everyday lives. And with American voters having thinned Newt Gingrich's Republican ranks to just a 19-seat advantage, Republicans should finally be ready to join Democrats in working on bipartisan solutions, instead of promoting partisan extremism.

"Families First" provides blueprint for bipartisan progress. The Families First agenda unveiled by congressional Democrats in 1996 is the right kind of agenda for the people's House to follow. Families First is a set of modest, common-sense, achievable proposals that could easily win the support of both parties. Democrats urge Republicans to join in the effort to pass four key Families First initiatives:

1. **Expanding educational opportunity.** To help working families afford the spiraling costs of college, Democrats propose annual $1500 scholarships for the first two years of college, and a $10,000 tax deduction for higher education or job training. Democrats will also be working in partnership with President Clinton on several other education initiatives, including: a Families First proposal to raise funds for school construction and repairs; a new campaign to make sure every child can read by the third grade; and greater support for technology in the classroom.

2. **Pension reform.** To help improve Americans' retirement security, Democrats propose a pension reform initiative that would make it easier to maintain pension coverage when changing jobs, provide 401(k) plans with the same level of federal protection as traditional pension plans, and double the income limit for tax-deductible IRA eligibility.

3. **Expanding health care coverage for children.** Another key Families First proposal is a "kids-only" health care initiative. For the millions of parents who do not get family insurance policies through their employer, "kids-only" insurance plans would be an affordable way to provide health care for their children.

4. **Combatting juvenile crime.** The Families First agenda calls for addressing juvenile crime through new after-school programs for "latch-key" teens, by providing new options for judges for early intervention with first-time juvenile offenders, and through more drug court programs, which have proven successful in reducing repeat offenses among drug-addicted youth.

Democrats will continue fight for meaningful campaign finance reform. House Democrats have taken the lead in demanding early action on campaign reform. Efforts are underway to force the Republican majority to schedule campaign finance reform legislation within the first 100 days of the new Congress.

Families First

Families First Agenda:
Fighting for America's Working Families

Democrats are proud to announce the Families First Agenda -- a set of realistic proposals to encourage responsibility, promote personal and economic security and create greater opportunity. Americans have had their fill of empty promises and meaningless talk of revolution. They need the kind of change that makes a difference in their homes, in their neighborhoods, and in their children's schools. They're ready for moderation. That's what Democrats are offering -- moderate, modest and achievable changes that will help families that are struggling just to pay the bills, educate their children, and save for retirement.

Why Families First?

In today's economy, it's hard for families to get ahead. Parents are working harder and longer and too many work second or third jobs just to pay the bills. Instead of looking forward to the day when their child earns a college degree and gets a good-paying job, too many parents wonder if they will be able to afford college tuition at all. And after a lifetime of working hard and playing by the rules, their dreams of a secure retirement are clouded by shaky or non-existent pensions.

These families and their concerns need to come first for a change. Parents deserve help affording a good education for their kids, and they should know the pensions they've worked for are secure. Parents should be able to send kids to school knowing they'll be safe, and more children should have access to quality health care. This is the least we can do to help families who already face difficult challenges in an increasingly competitive economy.

What's Different About the Families First Agenda

The Families First Agenda is different because of what it does not do. It does not offer a new bureaucratic program for every problem we face. People don't want big government solutions and they don't want empty promises. They want a course that is reasonable, help that is realistic and solutions that can be delivered. The Families First Agenda does not propose massive spending programs or unrealistic goals. This is a moderate, achievable common-sense agenda that will improve people's daily lives, and not increase the size of government.

What's in the Families First Agenda

In the Families First Agenda, Democrats offer realistic, moderate and achievable ways to help every struggling family. They can be described in terms of three main principles: security, opportunity and responsibility.

Security

- Paycheck security: helping families get the paycheck they deserve.
- Health care security: expanding access to quality health care for children.
- Retirement security: making pensions more available and portable.
- Personal security: making our neighborhoods, communities and schools safer places to live, work and learn.

Opportunity

- Educational opportunity: making college and vocational school tax deductible and other ways to make it easier for parents to make sure their kids get better paying jobs.
- Economic opportunity: helping small businesses to prosper.

Responsibility

- Government responsibility: balancing the federal budget, while protecting fundamental commitments like Medicare.
- Individual responsibility: real welfare reform and a crack-down on parents who won't support their children and efforts to prevent teen pregnancy.
- Corporate responsibility: hands off employee pensions, end tax breaks that encourage companies to move American jobs overseas and basic protection of our environment.

Democrats: Ready to Lead

Americans sent a powerful message in 1994: they were tired of a government that promised too much and delivered too little. But Americans didn't get the change they voted for. Republicans saw the 1994 election not as an opportunity to fix what's wrong with government, but as a license to destroy what's right -- like education, Medicare, and sensible protections to keep our air clean and our water safe.

Democrats heard America's outcry against the Republican "revolution" and fought those wrong-headed proposals. But it's not enough to say what we stand against -- we have a responsibility to tell America what a Democratic Congress would stand for. That's why we've put together the Families First Agenda. As you read more about the proposals that a new Democratic Congress would work to accomplish, we hope you'll agree that this agenda is truly for families, for a change.

Families First

Paycheck Security

Each month at kitchen tables across America, parents sit down with their checkbooks and a stack of bills. Exhausted from working too hard for a paycheck that disappears too fast, they wonder how they'll ever manage to provide the quality of life and good education they dream of for their children.

Just to keep up, parents are having to work longer hours and take second and third jobs. More women are joining the workforce, and bringing home a desperately needed second paycheck. Yet no matter how hard families work, their income never seems to keep up with the soaring costs of day-to-day living. Choices between providing a safe home or affording a college education are not choices parents should have to make.

Democrats believe that we can make families more secure by making sure they get the paycheck they deserve -- and that it's enough to pay the bills. That's why the Families First Agenda calls for paying women at the same level as men who do the same jobs. The whole family suffers if a woman isn't paid what she deserves. We also need to make child care more affordable for working families. And we need to make sure that American workers are competing in a fair market, so that their jobs aren't threatened by competition from illegal child labor abroad.

The Families First Agenda calls for:

- **Paying Women What They Deserve.** By better enforcing the laws already on the books requiring equal pay for women and by offering voluntary "fair pay" guidelines for businesses, we can help make sure women get the pay they deserve.

- **Making Quality Child Care More Affordable.** Families shouldn't have to cut corners on child care, but with quality care priced at thousands of dollars a year, many families have no choice. That's why Democrats are proposing a bigger tax break to help parents afford quality child care.

- **Banning Imports Made with Child Labor.** American workers shouldn't have to compete with illegal child labor from abroad. Products manufactured in violation of a nation's child labor laws would be banned from entering the United States.

Families First

Health Care Security

A parent's worst fear is a sick child. To see a child full of promise and dreams for the future held back by pain and suffering is heartbreaking. Many parents with sick children face the added agony of being unable to get the best possible care for their children -- to give them the greatest chance at a healthy, happy future -- because they simply don't have the money to pay for it.

For too many American families, quality health care is a luxury they can't afford. Even in families with both parents working, health care is often priced out of reach, because many employers don't offer health benefits and buying a family policy on their own is outrageously expensive. That means millions of kids don't have health care, and without health care, even a minor childhood illness can become a major catastrophe.

Democrats believe that our first obligation should be to our children. Putting families first means putting kids first -- fighting to keep them healthy and strong, without emptying their parents' wallets. Children are much less expensive to insure than whole families -- yet few insurance companies allow families to purchase "kids-only" health plans. Democrats want to change that, and make health care for America's children available, accessible, and affordable.

The Families First Agenda calls for:

- **Kids-Only Health Plans.** We'll require private insurance companies to offer special "kids-only" health plans, with sound benefits to protect children. These health plans will follow a set of common-sense rules: that children can't be denied or dropped from health coverage if they get sick, or if their families move. We'll also offer assistance for working families to help make kids-only health policies affordable.

Families First

Retirement Security

Many Americans can't afford to worry about a secure retirement until it's too late. Preoccupied with paying the bills and keeping their kids clothed, fed, and schooled, many parents don't realize the limits of their pension plans until they're ready to retire and there's nothing they can do.

Retirement security can also easily be thrown into jeopardy. Elderly couples get their fixed income pensions dramatically cut because of a company bankruptcy or merger. Middle-aged workers forced to change jobs lose years of equity in their pension plan. Widows learn after it's too late that their husbands have unwittingly signed away their survivor benefits.

Democrats want to make your pension more secure and more flexible. We want to give more people access to pensions -- including employees of small businesses. We want to let you take your pension with you if you change jobs. We want to give families the flexibility to use their IRA to buy a first home or pay for college tuition. We want to protect widows from unethical insurance companies who try to mislead them into signing away their survivor benefits. Most important, Democrats want to stop companies from raiding employee pensions.

The Families First Agenda calls for:

- **Pension Reform and Protection.** Stiffer penalties for abuse of pensions and a crack-down on companies that use the money you've earned and saved as their piggy bank.

- **Making Pensions Portable.** With so many people changing jobs in today's fast-paced economy, it's important that workers be allowed to take their pension with them from job to job.

- **Expanding Pension Coverage.** Democrats would make it easier for small businesses to offer pensions and expand IRAs to another 20 million families earning up to $100,000 a year.

- **Protecting Women's Pension Benefits.** Protecting widows from losing pension benefits by developing standard easy-to-read consent forms which companies selling pensions must use.

Families First

Personal Security

Our kids face enough challenges getting ahead in the world without having to cope with random violence. But all across America, violence from drugs and gangs is creeping into the halls of our schools and the streets of our neighborhoods. Children today don't have to look for trouble; it comes to them. And it's not a problem just in our inner cities. Parents across the nation -- in cities, suburbs and small towns alike -- are increasingly worried about their children's safety.

No one will ever come up with a single magic solution to the crime problem. But we can take a strong step in the fight against crime by giving our police and community leaders the tools they need to tackle violence and to combat the influence of drugs.

Democrats want to make sure we have enough police on our streets, and will work to keep the promise of 100,000 new police officers for our local communities. We need to make sure our kids are taught to avoid violence, and that means giving judges greater power to intervene with kids the first time they commit a crime -- before it's too late. Democrats will also help local community groups offer supervised places where kids can go after school to stay out of trouble.

The Families First Agenda calls for:

- **Putting More Cops on the Beat.** Putting police on our streets who know our communities has proven very effective in fighting crime. Democrats would extend this popular program for two years, putting 125,000 police in our neighborhoods.

- **Keeping Kids off the Streets and out of Gangs.** Democrats want to give judges more flexibility in dealing with youth offenders, and offer incentives to get kids off the streets before they start causing trouble.

- **Cleaning Drugs out of Our Schools and Testing Drug Offenders.** Every schoolchild should understand the dangers of drugs, and every drug offender should be tested for drug use.

Families First

Educational Opportunity

One of a parent's proudest moments is the day a son or daughter puts on a cap and gown and receives a college diploma. But for many parents that day never comes, often because college is priced out of reach for working families. For parents lucky enough to get their children through school, the most common graduation present is thousands of dollars in student loan debt.

Education is the key to opportunity, and giving every child the chance to succeed means giving every child access to higher education. But many families are struggling to pay their monthly bills, never mind afford the skyrocketing costs of college tuition for their children.

Democrats want to offer those families a helping hand -- a way to make sure their kids get to college, without busting the family budget. That's why the Families First Agenda includes new scholarships for kids who make good grades and stay away from drugs, and new tax deductions making college and vocational school tuition tax deductible to help families afford education and job training.

The Families First Agenda calls for:

- **$10,000 Tax Deductions for College & Job Training.** Families will be able to deduct up to $10,000 from their taxes for tuition at a college, graduate school, or certified training or technical program. The deduction will also be available to recent graduates paying off interest on student loans, to help them get going in the working world without drowning in debt.

- **Two Years of College for Kids with Good Grades.** For students who are prepared to work hard, keep a B average, and stay off drugs, Democrats are prepared to offer a helping hand. Through HOPE Scholarships, we'll provide a $1,500 tax credit for the first two years of college, enough to pay the full tuition at most community colleges or get a good start on tuition at a four-year college.

Families First

Economic Opportunity

Small business owners face tough odds in today's fast-paced global economy. Keeping the company afloat is a daily challenge for most small business owners and their workers. Big corporations can hire well connected lobbyists to sweeten the competitive environment for them, while many small business owners are out there on their own.

We need to make America a better place to do business, and help small businesses thrive and grow. After all, they're the engine of economic growth, creating more than half of all new jobs.

Democrats want to make sure that we give small businesses the opportunities they need to keep growing and creating jobs. That's why we are calling for tax relief for small businesses, and new investments to rebuild our nation's economic lifelines.

The Families First Agenda calls for:

- **Helping Small Businesses Thrive and Create Jobs.** This initiative would help keep family businesses in the family, by offering tax relief for businesses that are being handed down from one generation to the next. It would also encourage growth by giving tax breaks to small businesses to help them invest in new machinery and equipment.

- **Investing in Our Communities.** All over our great nation, decaying roads, bridges, rail systems, and water treatment systems are clogging our economic lifelines. These are vital to business expansion and continued economic growth. Already, many states have set up special investment funds to help attract private dollars to rebuild our communities. We would offer this investment opportunity to every state, plus encourage targeted investments in improving sewage treatment and safe drinking water facilities.

Families First

Government Responsibility

Every month, Americans have to balance their family budgets. Sacrifices often must be made in less essential areas, like new clothes or a family vacation, in order to afford the basics. like food and rent. Each family sets the priorities that guide those important decisions.

The same must be true of government. Tough choices are necessary to balance the federal budget, and we need the right priorities to help make them. The government must do what families do -- figure out what can be cut, and what must be preserved.

Some in Washington have tried to balance the budget by cutting Medicare, eliminating the health care safety net for children, forcing seniors and their families to give up their home or the family farm to pay nursing home bills, cutting education, and rolling back environmental protections. That's the wrong way to balance the budget.

Democrats want to balance the budget the right way -- by eliminating wasteful spending and loopholes for large corporations and special interests. The budget can be balanced while still maintaining our obligations to our parents, our children, and our nation's future.

The Families First Agenda calls for:

- **A Balanced Federal Budget.** We must balance the budget responsibly -- by closing tax loopholes for special interests and the privileged, eliminating needless corporate subsidies, making responsible cost-saving reforms in government programs, requiring our allies to share more of the costs of defending democracy, and rooting out fraud and abuse in Medicare and Medicaid. Cuts will have to be made -- but the budget does not have to be balanced on the backs of American families. We must continue to protect families by preventing deep cuts in Medicare, education, and the environment.

Families First

Individual Responsibility

One of the most important values parents teach their children is to take responsibility for their actions. If they make a mess, they should clean it up. If they break something, they should fix it. If they cause a problem, they should help find the solution. Actions should have consequences.

We live in a society today where people can too easily avoid taking responsibility for their actions. Some people become dependent on the social safety net provided by government, instead of working to become financially independent and support their own families. In too many cases, divorced parents will move to another state simply to avoid paying support for their own children.

Democrats believe that we must require people to take greater responsibility for their own actions. That means welfare reform that requires work, but still protects innocent children. It means getting tough on "deadbeat parents." And it means working hard to prevent kids from having babies -- driving down the rate of teen pregnancy.

The Families First Agenda calls for:

- **Welfare Reform That Requires Work and Getting Tough on "Deadbeat Parents."** We need welfare reform that requires people to work for their welfare benefits -- without hurting innocent kids. We must move people off welfare and into the workforce, by temporarily providing the child care, health care and training they need to make that transition. And we must require people who agree to sponsor legal immigrants to take responsibility for that decision.

  We must also crack down on "deadbeat parents," who bring children into this world that they refuse to support. By giving states new tools to enforce child support orders and collect child support across state lines, we can force many "deadbeat parents" to take responsibility for their actions.

- **Preventing Teen Pregnancy.** We need a significant national effort to prevent teen pregnancy -- reaching out to young people at the greatest risk of becoming teen parents and forcing them to take a hard look at what could all too easily happen to them.

Families First

Corporate Responsibility

Families living near a manufacturing plant, or whose children swim and fish in a lake or river used by a local business, often worry that businesses are endangering their health through careless pollution. Workers who spend their lives helping a company grow and prosper worry about their company failing to keep up its end of the bargain, instead of protecting their jobs whenever possible and safeguarding their pensions.

America's strength comes from one of the greatest partnerships in world history: business, individuals, and government all working together. We all share a common goal: working toward a better future for our nation and for our families. But in the pursuit of short-term profits, we sometimes forget that greater goal. As we ask for more responsibility from government and individuals, we have a right to expect our corporate partners to return to earlier standards of loyalty to their employees, communities and country.

Democrats believe in holding corporations to a reasonable standard of accountability. That means honoring employees' pensions, and making sure that workers get the benefits they were promised when they retire. Corporations must also respect the air and water we all share, and do their part to keep it clean and safe. And they should think twice about moving valuable American jobs overseas just to take advantage of cheaper foreign labor.

The Families First Agenda calls for:

- **Making Sure Pensions Are There for Employees.** The Families First Agenda calls for an end to pension raiding and demands immediate reporting of any misuse of a pension fund.

- **Holding Corporations Accountable for the Safety of Our Water and Air.** Corporate leaders must take responsibility for keeping our families' drinking water safe and our air clean.

- **Ending Tax Breaks that Encourage Companies to Move American Jobs Overseas.** We can't stop American companies from building their plants overseas, but we can stop giving them tax breaks for doing it. We should not reward disloyalty to our country and its workers.

Families First

Families First on the Internet

Information about Families First is available on the World Wide Web, at:

http://www.dccc.org/families-first

Also, Web users are invited to join a live interactive discussion of Families First with House Democratic Leader Richard Gephardt on Wednesday, June 26. This live event will take place on the *Washington Post*'s new Web site (www.washingtonpost.com) from 6:30 to 7:00 p.m. Eastern.

What:	Live interactive discussion of Families First with House Democratic Leader Richard Gephardt
Where:	http://www.washingtonpost.com
When:	Wednesday, June 26 6:30 to 7:00 p.m. Eastern

THE FAMILIES FIRST AGENDA	ANTI-FAMILY AGENDA OF GINGRICH-DOLE 104TH CONGRESS
Paycheck Security ✓Includes an initiative to increase paycheck security by such proposals as: a) banning imports made with illegal child labor from abroad to ensure fairer competition for American workers; b) better ensuring that women workers are being paid what they deserve through stiffer enforcement of equal pay statutes; and c) providing a bigger tax break for parents paying for child care	**Paycheck Security** ✓Voted to decrease paycheck security, by such votes as: a) voting to increase taxes on working families by a total of $32.4 BILLION over seven years through cutbacks in the Earned Income Tax Credit, thereby increasing the taxes of 7.7 million working families earning less than $28,000 a year; and b) voting to cut child care funding for those moving from welfare to work by over $2 BILLION
Health Care Security ✓Includes an initiative to expand current health care coverage for children, by requiring private insurance companies to offer special "kids-only" plans, ensuring that children can't be denied health coverage or dropped from coverage if they get sick, and offering assistance to working families to help make kids-only policies affordable	**Health Care Security** ✓Voted to cut back on current health care coverage for children, by eliminating the guarantee of coverage for 18 million vulnerable children ✓Also voted to cut funding for the health care program that covers vulnerable children by a total of $163 BILLION over seven years
Retirement Security ✓Includes an initiative to reform pensions, including better preventing corporate raids on workers' pension plans by ensuring that prohibitive excise taxes imposed on company withdrawals of "surplus" funds are not reduced; enhancing pension protection by requiring plan administrators to report promptly the misuse of pension funds; expanding pension coverage by offering small businesses 401(k) plans; and providing for the portability of pensions	**Retirement Security** ✓Voted to once again allow for corporate raids on workers' pension plans, by drastically reducing the prohibitive excise taxes that had been imposed on company withdrawals of "surplus" funds from pension plans in 1990 ✓Voted a second time to once again allow for corporate raids on workers' pension plans by reducing the excise taxes (although this time placed certain restrictions on use of the "surplus" funds)
Personal Security ✓Includes a commitment for full funding of the 100,000 Cops-on-the-Beat program and also provides for a two-year extension -- bringing the total number of additional police officers to 125,000 ✓Includes full funding for the Safe and Drug-Free School Act -- to better ensure that schools are a safe environment in which children can learn	**Personal Security** ✓Voted to eliminate the 100,000 Cops-on-the Beat program and replace it with an unrestricted block grant program that would not guarantee one additional police officer on the streets ✓Voted to cut funding for the Safe and Drug-Free School program by $266 million -- which represents cutting the program by more than 50%

THE FAMILIES FIRST AGENDA	ANTI-FAMILY AGENDA OF GINGRICH-DOLE 104TH CONGRESS
Governmental Responsibility ✓Includes achieving a balanced federal budget through such proposals as making cost-saving reforms in government programs and eliminating needless subsidies for special interests -- while protecting Medicare, education and Clean Water and Clean Air Act protections ✓Includes in the balanced budget proposal the achieving of significant budget savings through strengthening anti-fraud and abuse protections in the Medicare program	**Governmental Responsibility** ✓Voted for a balanced budget plan that provided huge tax cuts for the wealthy and special interests paid for by excessively deep cuts in the critically important programs of Medicare, education and Clean Water and Clean Air Act protections ✓Voted to weaken anti-fraud and abuse protections in the Medicare program, including lowering standards of diligence required of physicians in submitting Medicare bills, at request of AMA
Individual Responsibility ✓Includes welfare reform that is tough on work and protects kids; imposing work requirements and providing the child care and training necessary to make the transition from welfare to work successful	**Individual Responsibility** ✓Voted for a welfare reform plan that was weak on work and tough on kids, including cutting child care and training available to those moving from welfare to work
Corporate Responsibility ✓Maintains corporate responsibility for meeting their environmental responsibilities -- by calling for full enforcement of Clean Water Act and Clean Air Act by the Environmental Protection Agency ✓Repeals certain tax breaks that encourage corporations to move American jobs overseas	**Corporate Responsibility** ✓Voted to lower corporate responsibility for meeting their environmental responsibilities -- including voting to place numerous restrictions on the enforcement of Clean Water Act and Clean Air Act ✓Voted to expand certain tax breaks that encourage corporations to move American jobs overseas

Families First Agenda
Legislative Specifications

House Democratic Leader Richard A. Gephardt
Senate Democratic Leader Thomas A. Daschle

June 28, 1996

FAMILIES FIRST AGENDA

I. SECURITY

A. PAYCHECK SECURITY

- Fair Pay
- Expanding Child & Dependent Care Tax Credit
- Banning Imports Made with Child Labor

B. HEALTH CARE SECURITY

- Making Kids Coverage More Available & Affordable

C. RETIREMENT SECURITY

- Pension Reform Initiative (Clinton Bill & Women's Pension Protections)

D. PERSONAL SECURITY

- Crime Initiative (COPS Phase II/After-School Safe Havens/Drug Enforcement & Prevention)

II. OPPORTUNITY

A. EDUCATIONAL OPPORTUNITY

- HOPE Scholarships & Tax Deductions for Education & Training

B. ECONOMIC OPPORTUNITY

- Small Business Initiative
- State Infrastructure Banks

III. RESPONSIBILITY

A. GOVERNMENTAL RESPONSIBILITY

- Balanced Federal Budget

B. INDIVIDUAL RESPONSIBILITY

- Welfare Reform & "Deadbeat Parents"
- Teen Pregnancy

C. CORPORATE RESPONSIBILITY

- Better Protecting Pensions
- Requiring Environmental Responsibility
- Repealing Tax Break That Encourages Companies to Move Jobs Overseas

FAMILIES FIRST AGENDA

PAYCHECK SECURITY

1) FAIR PAY

In today's tough new economy, families increasingly need two earners just to make ends meet. More and more women are being required to enter the workforce in order to increase their family's income and ensure that the mortgage, food, utility, and clothing bills are met each month.

And yet, as women enter the workforce in order to help their families pay all the bills, they still find -- even in the 1990s -- that they are often underpaid for the work that they do. Indeed, women still earn 75 cents to a man's dollar. One reason that women continue to be underpaid is that many of them work in female-dominated occupations -- which have historically been underpaid.

More and more working families are finding that, if women were truly being paid what they were worth, the entire family would be better off.

Hence, the issue of women workers being paid what they are worth in the workplace has become, not only a matter of basic fairness, but also a central economic concern for millions of working families.

The Families First Agenda contains a "fair pay" initiative that includes two parts:

- **Enhanced Enforcement of the Equal Pay Act** -- The Equal Pay Act, passed in 1963, made it illegal to pay different wages to women and men doing the same work. The Equal Employment Opportunities Commission (EEOC) enforces the Act. Over the years, the Equal Pay Act has never been fully enforced -- in part due to inadequate enforcement resources.

  This initiative proposes stiffer enforcement and tougher penalties for violations under the Equal Pay Act. It also proposes improving data collection regarding the pay of men and women across various business sectors, as well as increasing public disclosure of diversity data for senior corporate positions. Finally, it proposes that the EEOC and the Office of Federal Contract Compliance Programs (which enforces work discrimination rules including equal pay requirements for federal contractors) be provided earmarked resources to be used only for enforcement of equal pay requirements.

could now receive a maximum credit of $900 a year. Hence, the impact of this proposal would be to almost double their tax credit for child care.

Thirdly, the proposal would make the dependent care tax credit refundable. The credit is currently non-refundable.

This proposal recognizes that good day care is an essential component of our children's development into productive citizens. In addition, more affordable day care could help serve the "latchkey kid" population that is currently often left for hours in the afternoon with no adult supervision.

3) BAN IMPORTS MADE WITH CHILD LABOR

In this new, highly competitive, global economy, American workers are prepared for fair competition from their counterparts around the world. However, American workers should not be asked to compete with child labor from abroad.

Hence, the Families First Agenda contains a proposal to ban the importing into the United States of products made with child labor.

The vast majority of countries in the world today -- including such countries as India, China, and Guatemala -- do have at least some laws imposing restrictions on the use of child labor. The chief problem has been not the absence of any child labor laws whatsoever -- but rather the lax enforcement of these child labor laws in many countries around the globe.

Hence, under this Democratic proposal, in order to import into the United States, importers of record would be required to certify to the Customs Service that the products they are importing are not produced in violation of the particular country's child labor laws. (Competitors could then bring a complaint to the Customs Service if they had reason to believe that this certification was false.)

Secondly, this proposal would call on countries around the world to beef up enforcement of their existing child labor laws. It would also call for the upward harmonization of all countries' child labor standards over time. Under the proposal, the United States would be required to use its voice and vote in international organizations to push for enhanced child labor protections.

FAMILIES FIRST AGENDA

HEALTH CARE SECURITY

This Congressional Democratic agenda assumes that the Kennedy-Kassebaum Health Insurance Reform bill will be enacted sometime in 1996. However, if it is not enacted in 1996, it will be the first item of the Democratic agenda in 1997.

The Kennedy-Kassebaum bill contains a number of important provisions for working families, including:

- Guaranteeing the portability of health insurance coverage for workers who change or lose their jobs;
- Prohibiting health insurance companies from denying coverage for pre-existing medical conditions; and
- Prohibiting health insurance companies from denying coverage to employers with two or more employees.

Once the Kennedy-Kassebaum bill has become law, Congressional Democrats also endorse a step in expanding the health care coverage available to the children of working parents, as described below.

MAKING THE HEALTH COVERAGE OF CHILDREN MORE AVAILABLE AND AFFORDABLE FOR WORKING FAMILIES

In millions of American working families, both spouses work and yet neither spouse works at a job that offers health insurance benefits.

Hence, millions of American children have working parents and yet have no health insurance coverage whatsoever.

Many working parents are kept awake at night worrying about the lack of health coverage for their children -- and how they will be able to ensure good care for their child if the child has an accident or becomes seriously ill.

Children are much less expensive to insure than whole families -- and yet few insurers allow families to purchase "children-only" policies. It is estimated that a health insurance policy for a child under 13 would cost about $1,000.

FAMILIES FIRST AGENDA

RETIREMENT SECURITY

Millions of American working families worry about whether, after a lifetime of hard work, they will have economic security when they retire. Specifically, families worry about whether they will be able to gain access to a pension plan during their working years, whether they can take their pension plan with them when they change jobs, and whether their pension will still be there for them when they finally retire.

A PENSION REFORM INITIATIVE

The Families First Agenda includes a major pension reform initiative to improve pension coverage, portability and protection. The initiative includes three components: 1) President Clinton's Retirement Savings and Security Act; 2) provisions better protecting women's pension benefits; and 3) miscellaneous additional pension reforms.

President Clinton's Retirement Savings and Security Act

First, this Democratic initiative includes the provisions contained in President Clinton's Retirement Savings and Security Act, submitted to Congress in May. These provisions include:

- **Expanding Pension Coverage** – The bill expands pension coverage by: offering small businesses a simple small business 401(k) plan (called the NEST), thereby potentially expanding pension coverage by up to 10 million workers; simplifying 401(k) plans for all businesses; and making the employees of non-profit organizations eligible for 401(k) plans, thereby potentially expanding pension coverage by up to an additional 9 million workers.

- **Expanding IRAs** – Currently, deductible IRAs are available to families who have pension coverage only if household income is under $50,000 for married couples and under $35,000 for single taxpayers and can be withdrawn penalty-free only after age 59 ½.

  The bill makes IRAs more attractive and expands eligibility to 20 million more families. Specifically, the bill doubles the income limits from $50,000 to benefits during a divorce.

In addition, the initiative also includes provisions to modernize civil service and military pension provisions that currently disadvantage widows and divorced spouses, including provisions to: 1) allow widows and divorced spouses to collect awarded civil service pension benefits if the spouse or ex-spouse dies after leaving civil service and before collecting benefits; and 2) authorize courts to order the naming of an ex-spouse as the beneficiary of all or a portion of any refunded contributions for a civil service pension, in divorce proceedings.

Other Pension Reform Provisions

This initiative also contains the following additional pension reform provisions not included in President Clinton's Retirement Savings and Security Act or in the women's pension equity provisions, including:

- Requiring employers to invest employee pension contributions in no more than 15 days – down from the current 90-day limit. (This would stop the involuntary interest-free loans employers have been taking from employee pension funds);

- Allowing for the creation of portable pension plans through a non-profit cooperative or clearinghouse to which employees and employers could easily contribute; and

- Increasing monetary and criminal penalties for pension raiding.

FAMILIES FIRST AGENDA

PERSONAL SECURITY

CRIME INITIATIVE – KEEPING AMERICANS SAFE IN THEIR HOMES, THEIR NEIGHBORHOODS, AND THEIR SCHOOLS

1. EXTENDING THE 100,000 COPS PROGRAM

The 100,000 Cops-on-the-Beat program – created by the 1994 Omnibus Crime Act -- has already proven to be enormously successful and enormously popular in communities all across the country. It guarantees 100,000 additional police officers on the streets between FY 1995 and FY 2000 (with federal funding actually dramatically dropping off after FY 1999). The COPS program is showing effective results nationwide – crime rates are down and violence is down. The program has been praised by police chiefs, sheriffs, mayors, and rank-and-file police officers throughout the nation.

A number of states and localities across the country are already expressing an interest in extending the COPS program beyond its currently scheduled expiration date of FY 2000. Hence, this initiative would extend the program for two additional years – through FY 2002 – and ensure adequate federal funding throughout these next six years. The initiative would thereby ensure that states and localities can continue to add community police to their forces throughout the six-year period. Under the proposal, by FY 2002, there would be an additional 125,000 police on the streets -- rather than the 100,000 under current law.

2. LAUNCHING A CAMPAIGN AGAINST YOUTH CRIME: MORE ADULT SUPERVISION FOR YOUTH AND MORE OPTIONS FOR JUVENILE COURT JUDGES

The 104th Congress is already considering legislation regarding making changes in the juvenile justice system with respect to juveniles arrested for violent crimes – who make up 5% of total juvenile arrests.

However, this initiative involves taking the next step of addressing the vast majority of juveniles who are not violent to give them the attention and help they need to stay away from violence and crime. This initiative proposes: 1) encouraging the establishment of after-school "safe havens," to ensure adult supervision during after-school hours; and 2) providing juvenile court judges with more options in dealing with non-violent juvenile offenders, in order to help keep them from drug treatment to prisoners before their release and to institute drug testing/treatment for offenders released on parole or probation.

Fully Funding Safe and Drug-Free Schools

Finally, this initiative calls for fully funding the Safe and Drug-Free School program – until it is ensured that every elementary and high school student is being exposed to drug education and prevention services. This is particularly important because recent surveys have shown that large numbers of young people are currently discounting the dangers of drug use.

FAMILIES FIRST AGENDA

EDUCATIONAL OPPORTUNITY

Expanded educational opportunity is more critical today – in the tough, new, global economy – than at any previous time in American history. Indeed, the wage premium for better-educated workers has expanded dramatically just over the past 15 years. For example, in 1993, full-time male workers aged 25 and over with a college degree earned on average 89% more per year than their counterparts with only a high school degree.

And yet, at the same time that a college degree is becoming more and more valuable, more and more working families are concerned that a college education may be out-of-reach for their children.

Indeed, the number-one concern of millions of working parents is whether or not they will ever be able to afford to send their children to college – in light of the fact that college tuition has simply skyrocketed in recent years. Indeed, college tuition has grown by 269% since 1980.

HOPE SCHOLARSHIPS & TAX DEDUCTIONS FOR EDUCATION AND TRAINING

The Families First Agenda contains a Democratic initiative designed to make a college education, as well as vocational training, more affordable for millions of American working families.

HOPE Scholarships

This Democratic initiative includes the HOPE Scholarship program, as proposed by President Clinton on June 4.

The HOPE Scholarship program would provide all students with a $1,500 refundable tax credit for full-time tuition in their first year of college ($750 for half-time tuition) and another $1,500 in their second year if they work hard, stay off drugs, and earn at least a B average in their first year.

This HOPE Scholarship program will attempt to make two years of college as universally accessible as high school is today.

This $1,500 credit is $300 above the national average community college tuition

FAMILIES FIRST AGENDA

ECONOMIC OPPORTUNITY

1) SMALL BUSINESS INITIATIVE

Small businesses are the real engine of job creation in our economy. Over half of all new jobs are being created in the small business sector. As large companies downsize, small companies are upsizing.

And yet, for too long, it is the wealthiest corporations that are getting all the tax breaks and special favors in Washington, D.C.

In too many cases, the tax code and other public laws have favored large corporations over the vital small business sector.

The Families First Agenda includes two important steps to provide needed tax relief to small businesses:

A) Keeping Family Businesses in the Family

Currently, in certain situations, upon the death of the owner of a small business, the heirs must liquidate the family business in order to obtain the cash to pay federal estate taxes.

This proposal would allow the heirs to pay these estate taxes in annual installments, with a favorable interest rate of 4%, on the first $2.5 million of the estate (up from the current, much-less-generous $1 million threshold). In addition, the proposal would liberalize the types of small businesses that could qualify for this favorable tax treatment.

This proposal would allow many family businesses to stay in the family – rather than having to be liquidated.

B) Increasing Expensing of Depreciable Property

Federal income tax law generally requires the taxpayer to depreciate amounts spent to purchase machinery and equipment. The business owner is generally required the deduct the cost of the purchase over the life expectancy of the property, which is usually a number of years. However, current law includes an exception which permits a small business to immediately deduct ("expense") the full amount paid each year up to a certain maximum.

State Infrastructure Banks: A New Tool To Fund Public Works

To expand investment and get the most from taxpayer dollars, states have begun to establish State Infrastructure Banks to attract private investment. These State Infrastructure Banks are a means of increasing and improving both public and private investment in infrastructure. The Banks provide greater flexibility to support the financing of projects by using federal-aid funds for revolving loan funds and other forms of innovative financing which attract private investment.

This Democratic investment initiative would supplement our current infrastructure programs with support for State Infrastructure Banks, making the Banks a nationwide program in which all 50 states could participate.

Under the proposal, the Federal Government would distribute funds by drawing from the large unexpended balances that currently exist in the Highway and Airport Trust Funds to capitalize State Infrastructure Banks in every state. The State Infrastructure Banks would then use the funding from these unexpended balances for the purposes for which they were raised: investment in highway, transit and airport projects.

The state banks would offer grants, loans, risk insurance, lines of credit, and/or other financing to attract private capital to infrastructure projects for which dedicated revenues can be identified. States would be free to design the banks to suit their particular needs.

This proposal is similar in concept to the Clean Water Act's highly successful State Revolving Loan Program, in which the Federal Government capitalizes state loan funds (except that it would *supplement*, rather than replace, current grant programs). This proposal builds on the recently-passed National Highway System legislation, which establishes ten State Banks, and the President's FY 1997 budget proposal to provide $250 million for their capitalization.

The use of innovative financing, though in its early stages, is already being used in many areas of the country. The Clinton Administration already has helped 35 states accelerate over 75 innovative financing infrastructure projects, allowing most to be completed three, five, or even ten years ahead of schedule.

The initiative calls for $1.75 billion in new federal funding for these State Infrastructure Banks each year, which -- due to the ability to leverage state and private funding -- would lead to a total of over $4 billion in new infrastructure investment each year (assuming a 20% matching requirement for states and a conservative leveraging ratio of 2-to-1). As states gain expertise, state banks eventually could achieve even higher leveraging ratios. Under this proposal, DOT is also given greater flexibility and authority to assist states with interstate or large projects important to national competitiveness.

FAMILIES FIRST AGENDA

GOVERNMENTAL RESPONSIBILITY

The Families First Agenda insists that responsibility be exercised by <u>every</u> quarter of American society -- including individuals, corporations, <u>and</u> government. Government's responsibility is to exercise fiscal responsibility by achieving a balanced federal budget.

A BALANCED FEDERAL BUDGET

Congressional Democrats endorse a balanced federal budget that is consistent with American values and is fair to all Americans.

Congressional Democrats call for balancing the budget through: closing tax loopholes for wealthy special interests; eliminating unnecessary business subsidies; making responsible reforms and adjustments in various entitlement programs; requiring more burdensharing with our allies in paying for the costs of defending Europe and Asia; rooting out fraud and abuse by unscrupulous providers and others in the Medicare and Medicaid programs; continuing the "Reinventing Government" initiative in order to make government services more cost-effective; and reducing funding for low-priority programs.

Congressional Democrats know that the budget can be balanced while still maintaining our obligations to our parents, our children, and our future. Specifically, Democrats endorse a budget that is balanced in a responsible and realistic way, while still:

- Protecting Medicare and its guarantee of affordable, high-quality health care for senior citizens from damaging reductions and ensuring that reductions in the Medicare program are <u>never</u> used to pay for tax breaks for the wealthy;

- Protecting Medicaid from damaging reductions and continuing the guarantee of health care coverage for children living in poverty and nursing home coverage for seniors who have exhausted all their resources;

- Protecting seniors from the threat of seizure of their homes or family farms to pay their spouses' nursing home bills;

- Protecting working families from the liability for the nursing home bills of their elderly parents,

FAMILIES FIRST AGENDA

INDIVIDUAL RESPONSIBILITY

The Families First Agenda insists that responsibility be exercised by every quarter of American society – including government, corporations, and individuals. Individual responsibility can be better enhanced through enactment of: 1) welfare reform legislation that imposes work requirements on welfare recipients; 2) tough "deadbeat parents" legislation that requires parents to support their children; and 3) a teen pregnancy initiative that enhances personal responsibility and is targeted at dramatically reducing the teen pregnancy rate.

1) WELFARE REFORM & "DEADBEAT PARENTS"

Congressional Democrats endorse welfare reform legislation that is tough on work but protects innocent children. Specifically, Democrats endorse welfare reform legislation that achieves the following goals:

- Tying welfare to work, by imposing work requirements for receipt of welfare benefits;
- Providing the resources required to successfully move people from welfare to work – including ensuring child care and transitional health care for those moving into the workforce;
- Requiring parental responsibility, but also protecting innocent children; and
- Requiring responsibility from sponsors of legal immigrants, but also not unfairly penalizing legal immigrants.

Congressional Democrats also endorse, as part of welfare reform, tough "deadbeat parents" legislation that achieves the following goals:

- Ensuring uniform interstate child support laws;
- Giving states new tools to ensure that child support orders can be collected across state lines;
- Strengthening child support collection, including strengthening and expanding income withholding from wages; and
- Strengthening child support enforcement, such as motor vehicle liens,

FAMILIES FIRST AGENDA

CORPORATE RESPONSIBILITY

The Families First Agenda insists that responsibility be exercised by every quarter of American society -- including government, individuals, and corporations.

Corporations need to show responsibility towards their employees, responsibility towards their communities, and responsibility towards their country. Simply put, Democrats are calling upon corporations to return to earlier standards of loyalty towards their employees, communities, and country.

Hence, the Families First Agenda includes proposals to: 1) require corporate responsibility in the protection of employees' pension funds; 2) require corporations to meet their environmental responsibilities; and 3) encourage corporations to show responsibility towards their country by repealing tax breaks for shipping jobs abroad.

1) REQUIRING CORPORATE RESPONSIBILITY IN THE PROTECTION OF EMPLOYEES' PENSIONS

First, corporations need to exercise loyalty towards their employees. One key way in which loyalty needs to be exercised towards their employees is by better protecting employees' pension funds.

Hence, this Democratic initiative contains several provisions to enhance pension protection, including:

- Requiring plan administrators and accountants to report promptly the serious misuse of pension funds, with fines of up to $100,000; and

- Requiring employers to invest employee pension contributions in no more than 15 days -- down from the current 90-day limit. (This would stop the involuntary interest-free loans employers have been taking from employee pension funds).

The initiative also contains several provisions to better prevent pension raids, including:

- Ensuring continued opposition to efforts to reduce the prohibitive excise taxes that were put in place in 1990 on money withdrawn by companies from efforts to exceed minimum standards for reducing toxic waste.

3) REPEALING TAX BREAK THAT ENCOURAGES CORPORATIONS TO MOVE JOBS OVERSEAS

Finally, U.S. corporations need to exercise loyalty towards their country. One key way in which loyalty needs to be exercised towards their country is by stopping the shipping of large numbers of good-paying jobs to plants overseas. The shipping of these good jobs overseas is serving to undermine the standard of living of tens of thousands of American working families.

Hence, this Democratic initiative contains a proposal to attempt to encourage corporations to show more responsibility towards their country by repealing a tax break for shipping jobs overseas.

Indeed, under current tax law, American corporations are actually rewarded for shutting down manufacturing plants in the United States – eliminating good-paying jobs for thousands of hard-working Americans – and shipping those jobs to overseas plants.

Under the law, U.S. companies are allowed to defer payment of taxes on profits earned overseas until they send those profits back to the United States in the form of dividends.

Hence, companies that export good American jobs get a tax subsidy not available to companies which continue to manufacture in the United States.

This Democratic proposal would repeal this tax deferral in cases where U.S. multinational corporations produce abroad in foreign tax havens and then ship those products back to the United States. (The proposal would not hinder U.S. mulitnationals that produce abroad from competing with foreign firms in foreign markets.)

Hence, under this Democratic proposal, companies would no longer be subsidized by the tax code for shipping jobs out of the United States.