SOTU

THE WHITE HOUSE

WASHINGTON

December 17, 1999

MEMORANDUM FOR THE PRESIDENT

CC: JOHN PODESTA
DOUG SOSNIK

THROUGH: MARIA ECHAVESTE

FROM: TERRY EDMONDS
JEFF SHESOL
STATE OF THE UNION PLANNING GROUP

SUBJECT: 2000 STATE OF THE UNION ADDRESS: GOALS, THEMES, AND STRUCTURE

The purpose of this memorandum is to provide context and a thematic framework for your 2000 State of the Union Address. This memo reflects a series of discussions among Maria Echaveste, Doug Sosnik, Bruce Reed, Gene Sperling, Jack Lew, Mark Penn, Charles Burson, Melanne Verveer, Eric Liu, Tom Freedman and ourselves.

Only nine Presidents before you – Washington, Jefferson, Madison, Monroe, Jackson, Wilson, Truman, Eisenhower, and Reagan – have delivered an eighth and final year State of the Union Address. Only you will have done so at the turn of a century, let alone at the turn of a millennium. This gives you important, unprecedented opportunities: to define the promise and perils of the new era; to identify what you and your administration are doing in both regards; and to propose the ways we will move forward as a nation – not just in the year 2000 but in the decades to come.

The importance of this year's State of the Union to the rest of your term, to your legacy, and to the upcoming elections makes it different than any previous Address. It should therefore fulfill three main objectives.

First, the speech should reflect briefly on the past 7 years – the narrative of then-and-now that you have told often, particularly at Democratic functions, during this past year. As you put it just yesterday, at the DNC Luncheon, "I had an idea [in 1992] of what I wanted America to look like at the beginning of the new millennium. It is very important to have a vision and to pursue it." This is a story that bears re-telling – to remind all Americans how very far we have come since 1992, and how we got here. This should not be a valedictory address – it is much too early for that – but it is indeed instructive to glance backward before looking forward.

Second, you should press for action on the unfinished business of last year: the solvency of Social Security and Medicare; a prescription drug benefit; a patient's bill of rights; hate crime and gun legislation; and the minimum wage. The State of the Union should re-direct attention to these defining Democratic issues.

Third, and most important, it should assert an ambitious agenda for your final year in office: to prepare a new generation for a new millennium. Last year's State of the Union set out your plan to continue our prosperity; this year's should focus on expanding it into every corner of America. This is the essence of your successful New Markets message – that now is the time to expand opportunity for all our people; that doing so is not only right for our economy, it is the right thing to do.

As the centerpiece of the speech, this "New Opportunity Agenda" (below) should incorporate key elements of your agenda – from education to New Markets to work and family – but should be a tight package of policies that help close the opportunity gap.

While this opportunity agenda should comprise the centerpiece of the speech, it is of course only one element of your Third Way triad: opportunity, responsibility, community. These are not merely your defining principles; these are principles you yourself have defined, and so the rise of a so-called "compassionate conservatism" marks perhaps an appropriate moment for you to reassert your, and our party's, ownership of these ideals. We therefore propose to group all policies beneath the broad headings outlined below.

New Opportunity Agenda: Preparing a New Generation for a New Millennium

Education
- Universal pre-school
- Universal after-school
- Turning around every failing school

New Social Contract for the Working Poor
- Expanded EITC
- Child Care
- Expanding access to health care

Mastering the New Economy and Closing the Skills Gap
- Bridging the digital divide
- Helping low-income students enter and complete college

New Markets Initiative and EZs
Equal pay

Responsibility Agenda: Renewing America's Families for the New Millennium

Responsibility to older Americans: Aging of America
- Social Security
- Medicare

Responsible fatherhood
Responsible parenthood: Balancing work and family
Responsible behavior: Crime, guns, school violence
Responsible leadership in the world: Foreign policy and trade

Community Agenda: Rebuilding American Communities for the New Millennium

Faith-based organizations
Philanthropy
Environment
Service/ AmeriCorps
Immigration/ citizenship
One America

SOTU

December 12, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
GENE SPERLING

CC: JOHN PODESTA

SUBJECT: THEMES AND PROPOSALS FOR THE STATE OF THE UNION

This memo outlines three things: first, the overarching theme we propose for the State of the Union; second, the "big ideas" initiative that should be the centerpiece of the speech and the budget; third, the eight signature policies that comprise the "big ideas" package.

I. THEME: RESPONSIBILITY FOR THE FUTURE

The theme we recommend for the State of the Union is "Responsibility for the Future." This theme brings together all the major elements of your agenda: strengthening Medicare and Social Security, and reducing the debt; investing in and reforming public education; bridging the digital divide; investing in scientific research; protecting the environment; promoting peace around the world; and closing the opportunity gap.

"Responsibility for the Future" reinforces both liberal convictions about equity (leave no one behind) and Third Way sensibilities about accountability (let no one fail to do his part). It is consistent with your longstanding theme of "responsibility, opportunity, and community," and sets forth a powerful message that will resound long after we're gone. The country has come a long way these seven years, enabling us to turn even more to challenges of the next generation.

II. BIG IDEA: CLOSING THE OPPORTUNITY GAP

We believe your "big idea" for the budget and the State of the Union should be a "Closing the Opportunity Gap" initiative. It is a package of eight signature proposals described in the next section, and would highlight three or four major budget pieces. We had considered other labels for this initiative ("Leaving No One Behind," "Every Child's Initiative," and "Education First") but advocate "Closing the Opportunity Gap" because it shows continuity with your core philosophy and values, suggests a sweeping challenge worthy of a sweeping response, and provides a framework that will energize the entire economic and domestic team, from Summers and Herman to Shalala, Riley, and Cuomo.

III. EIGHT SIGNATURE ELEMENTS OF "CLOSING THE OPPORTUNITY GAP"

Your final State of the Union should be more than a laundry list of worthy ideas (although we provide, for reference, such a list in three longer memos which are attached). Here, we outline a package of signature "Opportunity Gap" proposals. These proposals represent the core of your domestic vision; they are ambitious ideas that will stick in the public mind. They are bold enough to show that your imperative is action, and appealing enough to stand a chance of enactment this year. Together, they give purpose and principle to your final year's agenda.

The "Opportunity Gap" initiative consists of eight proposals: 1) universal pre-school to give all poor children a smart start; 2) universal after-school to help kids meet high standards; 3) a plan to turn around every failing school over the next decade; 4) measures to bridge the digital divide; 5) a set of new steps to help low-income students get into college and complete a degree; 6) proposals to encourage absent fathers to take responsibility for the support and love they owe their children; 7) a new bargain of tax cuts and other measures to reward work and family; and 8) a major expansion of New Markets to help all communities share in economic prosperity.

1. Early Childhood/Universal Pre-School. With a significant down payment in the FY2001 budget, you can lay the groundwork for achieving a goal that you, the Vice President, and the First Lady have talked about for some time: *universal access to pre-school for every 4-year-old in America.* There are a number of ways to do this:

- *Dramatic increase in Head Start funding.* Could expand by $1 billion over FY '00, to expand Head Start from 880,000 children to nearly 1,000,000 in FY '01. A path for future fund increases to make Head Start universal could also be established.

- *Early Childhood Learning Fund.* A dramatic increase in the Early Childhood Learning Fund combined with a path for future increases. Could expand to $1 billion for FY 01 – a $400 million increase – and aim for $10-$20 billion over 10 years.

2. Universal After-School. By doubling after-school funding in the FY 2001 budget (from $453 million in FY 2000 to at least $1 billion in FY 2001), you can meet an urgent goal, which is to *provide after-school and summer school to every student in a failing school.* You called on states and districts to end social promotion in this past year's State of the Union; this initiative will enable you to say we're giving them the resources to end social promotion the right way, and give every student in our worst schools the extra help they need. Over a ten year period, we can make after-school and summer school universal for every Title I school – and with a sliding scale for students above 200% of poverty, we could eventually make after-school available to every student. (Cost: $20-30 billion over 10 years).

3. Turning Around Every Failing School. To close the opportunity gap, we must close the achievement gap by focusing our efforts on the worst-performing schools. With a series of accountability and performance initiatives in the FY 2001 budget (and the after-school pledge outlined above), you can credibly set forth an ambitious, defining goal for strengthening public education: *turning around or shutting down every failing school in America over the next decade.* In addition to doubling after-school funding, the key steps include: expanding your accountability fund; reaching your goal of 3,000 charter schools before you leave office; funding a new performance bonus to reward states and school districts for increasing their percentage of qualified teachers, adopting statewide accountability systems and school report card; and requiring universal public school choice for students in failing schools. We could also reintroduce a version of education opportunity zones. (Cost: $3-5 billion over 10 years).

4. Closing the Digital Divide. If we are to close the opportunity gap in the next century, we must do all we can to *address the emerging digital divide*. Key elements could include:

- *Community Technology Centers.* A more than four-fold increase in funding – from $32.5 million in FY 2000 to $132.5 million in FY 2001 – as part of a major challenge to have Internet centers in all poor communities. We could challenge the private sector to contribute hardware, software and man-hours – and possibly give them tax incentives to donate used equipment.

- *Develop Universal Internet Access.* Reserve a $100 million fund for public-private partnerships to bring affordable Internet access to poor families.

- *Teacher Training for the Internet.* We could dedicate $100 million – perhaps from the existing technology literacy challenge initiative – to ensure all new teachers, or all middle-school teachers, receive training in how to use computers as a learning device.

- *School Internet Modernization Fund.* A discretionary counterpart to our school construction proposal to modernize schools for new teachers and Internet access.

5. Closing the Opportunity Gap for College. This element would focus on different aspects of closing the opportunity gap for college: helping more students aspire to and prepare for college, continuing to make college more affordable, and starting to address America's quiet crisis of declining college completion rates.

- *Keeping Students on Track to College.* We could increase access for impoverished young people through Youth Opportunity Grants, TRIO, GEAR UP, and Youth Build, increasing funding to a total of $500 million.

- *AP Courses Online.* Small and poor schools often lack the resources and teachers to offer challenging courses. This distance learning initiative aims to ensure that students in underserved areas get access to Advanced Placement and other high-quality academic courses and ESL programs online. Total funding for the initiative would be $225 million, including $50 million for grants, $25 million for course development, and $125 million in increases in existing programs.

- *Test Prep for Poor Kids.* This program would support partnerships among high schools, proven providers of college test prep courses (like Kaplan, Princeton Review), and community-based organizations to offer high-need students SAT/ACT preparation and other services related to college admissions. Grants of $30 million would serve approximately 50,000 students.

- *Refundable Hope Scholarship and Pell Grant Increase.* Expanding the maximum Pell Grant from $3,300 to $3,500 would cost $766 million in FY 2001. A complementary proposal would be to make the Hope Scholarship refundable.

- *Challenging Students to Complete College.* The above initiatives could also be organized to promote not just going to college, but also completing college. In addition, a new initiative of College Completion Challenge Grants would provide grants to deal with college completion with a comprehensive program including, pre-freshman summer programs, support services and increased grant aid to students.

6. Demanding Responsible Fatherhood. If we are going to close the opportunity gap, we must close the responsibility gap. Demanding and promoting responsible fatherhood is the critical next stage of welfare reform and one of the most important things we can do to reduce child poverty. Mothers should not bear the whole burden of welfare reform; *now we must make sure that every unemployed father who owes child support goes to work and provides that support.* To achieve this goal, we can: 1) focus the Welfare-to-Work program on putting low-income fathers to work, and propose that states use their welfare surpluses to require deadbeat fathers to work and pay the child support they owe; 2) propose new measures to collect more child support from parents who can afford to pay; 3) restore the child-support pass-through and revise outdated rules to ensure mothers and children receive more of the support the father pays; and 4) promote efforts to ensure fathers returning from prison become responsible fathers and responsible members of society. (Cost: $100 million in discretionary costs in FY 2001 plus mandatory costs of $1.2 billion over 5 years and $2.6 billion over 10 years).

7. Rewarding Work and Family. You could propose *a new social contract for the working poor.* This element could be the organizing principle for further initiatives in housing, expanding health care coverage, and rewarding work through EITC expansion.

- *Expanding Housing Vouchers.* Expand to 100,000 housing vouchers in FY 2001, with a goal of 500,000 vouchers by the fifth year. With such a plan, you could realistically propose that within a decade, no poor family will be trapped in the projects. (Cost: $3-6 billion over five years, $10-15 billion over ten).

- *Expanding Health Coverage.*

  - *Extend CHIP to Parents.* Would provide states with the same incentives to cover parents as children under Medicaid and the Children's Health Insurance Program (CHIP). Costs range from $5 to $18 billion over 5 years.
  - *Outreach to Enroll Uninsured Children in Medicaid.* This could be done through school-based outreach at a cost of about $3 billion over 10 years. Another idea would be to simplify and unify the eligibility rules for Medicaid and CHIP, at a cost that is likely to be less than $500 million over 5 years.

- *Restore Option to Cover Legal Immigrants.* This proposal would restore state benefits for certain pregnant women, children, and SSI-recipient legal immigrants. The cost is about $3 billion over 10 years.
- *Progressive Savings Accounts.*

- *Rewarding Work and Family Through the EITC and Child Care.*

    - *Making the EITC Even More Pro-Work.* The EITC could be expanded by (1) increasing the phaseout so that more families get the maximum amount; (2) lowering the phaseout rate so that marginal tax rates are reduced; and (3) easing the marriage penalty by making these phaseouts more favorable for married couples. The third component would cost $11 billion over 10 years.
    - *EITC Increase for Three Children.* Alternately, the EITC could be expanded by raising the maximum EITC with families with three or more children (which would benefit all families with three children), at $8 billion/10 years.
    - *Child Care Block Grant in Discretionary Budget.* We stand a better chance of increasing child care subsidies poor if we move it to the discretionary side.
    - *Making the Dependent Care Tax Credit Refundable.* Our child care tax package provides significant relief for families earning $30-60,000. But working poor families who need help the most earn too little (under $18,000) to be eligible. Making the DCTC refundable costs $4 billion over 5 years.

8. New Markets Initiative and Empowerment Zones. Help include communities that have not fully shared in our prosperity by expanding the New Markets initiative and including empowerment zones within the initiative.

- *Expanded New Markets Tax Credit.* Double the new markets tax credit, costing $4 billion over 10 years.

- *Expanded Empowerment Zones Credit.* The goal would be to increase existing incentives, include empowerment zones in the new markets framework, and compromise with Talent-Watts' American Community Renewal Act.

- *Expanded Low-Income Housing Tax Credit.* The FY 2000 budget proposed expanding the Low-Income Housing Tax Credit (LIHTC) from $1.25 per capita to $1.75 per capita at a cost of $1.6 billion over 5 years. In light of housing shortages in many parts of the country, we may want to expand this credit even further.

- *Making Homeownership More Affordable.* A new homeownership tax credit could help boost homeownership rates for lower income families by subsidizing the interest rate for income-qualified, first-time homebuyers at 15 to 30 percent below conventional rates. The cost of this proposal could be scaled to the desired level.

- *Expanding Faith-Based Involvement.* Propose to allow federal substance abuse treatment, juvenile justice, and after-school funds to be used by faith-based organizations.

PRELIMINARY COST OF THE "CLOSING THE OPPORTUNITY GAP INITIATIVE"

(billions of dollars above passback)

	FY 2001	2001-10
Early Childhood / Universal Pre-School	**0.8**	**30-40**
Increase in Head Start	0.4	
Early Childhood Learning Fund	0.4	
Universal After-School for Poor Children	**0.55**	**20-30**
Turning Around Failing Schools	**0.3**	**3-5**
Closing the Digital Divide	**0.77**	**10**
Community Technology Centers	0.07	
Universal Internet Access	0.1	
Teacher Training for the Internet	0.1	
School Internet Modernization Fund	0.5	
Closing the Opportunity Gap for College	**0.42**	**10**
Keeping Students on Track to College	0.25	
Stanley Kaplan and AP Online for Poor Kids	0.07	
Refundable Hope Scholarship and Pell Grant Increase	??	
Challenging Students to Complete College	0.1	
Fathers Responsibility	**0.25**	**5**
Rewarding Work and Family	**1**	**10-15**
Expanding Housing Vouchers	0	
Expanding Health Coverage		
Extend CHIP to Parents	??	*10-35*
Outreach to Enroll Uninsured	0.2	??
Restore Benefits for Certain Legal Immigrants	??	3
Make the EITC More Pro-Work	??	??
EITC Increase for Three Children	??	*8*
Progressive Savings Account	??	??
Move CCDBG to Discretionary	0.8	
Making DCTC Refundable	??	*8*
New Markets Initiative and Empowerment Zones		
Expanded New Markets Tax Credit	??	*4*
Expanded Empowerment Zone Credit	??	??
Expanded Low-Income Housing Tax Credit	??	*3.2+*
Making Homeownership More Affordable	??	??
DISCRETIONARY TOTAL	**4.09**	**88-113**

SOTU
V. Speech

THE WHITE HOUSE

WASHINGTON

December 29, 1998

MEMORANDUM FOR THE PRESIDENT

CC: John Podesta, Maria Echaveste, Michael Waldman, Paul Begala

From: Sidney Blumenthal SB

Subject: The State of the Union 1999

The ultimate power in politics is the ability to define yourself. The point now is to win the campaign of definition. This campaign requires a series of directed events to dramatize and highlight the President's higher political purposes. The State of the Union provides the first opportunity.

1. Under normal circumstances, the State of the Union of 1999 would be the most difficult of the presidency. It is the penultimate address of its kind, inherently awkward because it is fraught with the tension of not quite nearing the end, expressing the yearning to achieve far more. The speech launches an abbreviated year that must come to an abrupt turn with Labor Day and the commencement in earnest of the 2000 presidential campaign. More than ever before, politics and policy would have to be balanced and made complementary. Presenting the speech as a mere laundry list of legislative proposals, foreshortening the President's vision, would have to be avoided ordinarily, just when the dramatic moment presents the opportunity for firmly settling the greater goals of this presidency. Such would be the complex dilemma facing the presidency under healthy conditions.

But the problems are more than the usual and predictable. Blithely taking the usual approach will likely provoke even more extreme reactions. The State of the Union is surrounded by questions of political legitimacy.

2. For the State of the Union, the scandal is an unavoidable subject. Indeed, the entire

address will be viewed in its shadow and should dealt with—by inference. Through the speech, the President can establish, without ever explicitly saying so, the larger political reasons his presidency has been under unprecedented attack. He can do so without ever saying a cross word. On the contrary, his tone can be completely positive.

The logic of the State of the Union should establish that the President's intentions concern the making of a new America, one nation, strengthened to meet the challenges of a new world. The theme of the new nation in a new world and why he has brought it into being should open the speech. For six years, the President's policies have framed a new nation, who we have become as a people entering the new millennium. He should spell out who precisely inhabits this America, compared to the America of mid-century and 1900. He should state unequivocally that this is the "real America." (Bob Barr's extraordinary exchange with the late Leon Higginbotham has provided a motif, which radically shifts the focus to the national character and invokes moral authority.) The President should assert the people's aspirations to meet the challenges of the 21st century. Then, he should spell out his achievements, which meet those wishes—the steep decline in crime rates, the welfare to work numbers, the first fall in the poverty rate in years, the number of the working poor assisted by the EITC tax cut, the increase in the black middle class, and, most importantly, pronounce the longest economic expansion in US history and the reversal of long-term declines in real wages and family income. But all that is not enough; it is only a beginning. Now the President's program this year is proposed to advance us further.

Then, the speech should be counter-intuitive by setting out the global challenges we face and, therefore, the necessity of striving to be one nation. If we are not one America, the global pressures will turn us into fragments. The President should draw upon the millennial theme by sketching where the country stood on the eve of the 20th century, entering into a role for the first time as a great nation in the new industrial economy and stirring as a global power. (Alfred T. Mahan, the naval historian who inspired Theodore Roosevelt's thinking, had called for an American "awakening.") At the turn of the 21st century, after winning three world wars against tyranny (including the Cold War), undergoing a Second Reconstruction and giving birth to a new technological revolution, we have become, exceeding the dreams of American statesmen of the early 20th century, the indispensable nation. The President should not hesitate to elaborate the indispensable nation theme—how we are the engine for economic growth and stability, seeking to construct a new global financial architecture to foster a global middle class; how we promote peace and democracy against the terrorists and dictators; and why as the preeminent multicultural nation, a new city on the hill, we must serve as an example to those threatened by ethnic and racial hatreds.

His only apparent reference to the scandal should be in a section on why we must be one nation and the costs of divisiveness. These divisions should be cast as destructive of the needs of the nation—implicitly the progress not partisanship theme, or, stated another way, real progress for the real America. He should avoid talking about "the politics of personal destruction," which, while he stands before Congress, may appear as special pleading and about the burdens of being in politics. He has, moreover, made that point. Rather, the President should put the question of social division in terms of risk to the nation. It is here that he can evoke history, explaining how the nation has been torn apart in the past and its costs. Without ever pointing at them, his opponents will be put on a continuum with those firebrands who have pushed the country toward civil war, racial terror and class warfare. The President can rise above the battlefield, standing for a vision of the nation, as a unifier. He should present his new policies as his latest effort to move forward the new nation that has emerged and to draw us together as one nation. "Liberty is power," said John Quincy Adams in his First Annual Message to the Congress. The President should state the responsibility of those invested with representative office to summon the natural talents of the people and resources of the nation to achieve progress. Without it, the American community, the "real America," cannot work. Having drawn the meaning of national purpose, he should subsume all those in the chamber in the beneficence of good faith: We are all dedicated to the national interest; we are all working for the public good.

By inference, it will be clear that those who oppose the President are really opposed to who we have become, what kind of nation we are. They are against the President because they reject the America that he has helped bring into existence. The more the President stresses that we have come a new nation and must be one nation, the more he will identify the underlying motive of his opponents, isolate them and make them seem small. In that regard, the President's proposed policies will not seem scattered, but part of the continuity of his efforts that have remade and strengthened the nation.

Policies must be deployed as illustrating larger principles; they must demonstrate more than what can be proven statistically. In the political equation, the parts do not, as in empirical science, equal the whole; at this political moment, explaining the whole fully animates the parts. The President can be as detailed in his policies as he must be in the State of the Union; but he lends them their greatest power and gives them the best possibility of being realized by locating them in his vision of a strong nation.

At each level the argument must be lifted up: The policies not only have changed and will change each particular group for the better (EITC, minimum wage, welfare reform, education, Social Security, etc.) But: As a result, government has regained its ability to act and consequently its authority to serve the national community; confronting a new economy, business has been given an environment in which to flourish; society as a whole has become safer, more civil and more confident; and anyone who aspires has been given greater opportunity. And: The cumulative effect is more than literal addition. It is about more than material prosperity. This process, by intention, has been transforming. We have brought ourselves into a new era by remaking ourselves as a nation. This is not a dream, but the "real America." Then: There can be no truer American responsibility, no truer American ideal. Renewing the nation is the quintessential American act of self-government. ("The earth," Jefferson wrote to Madison in 1789, "belongs always to the living generation.") Against all efforts to deny legitimacy to this presidency, we must pose this enduring definition of legitimacy. Having done so, the point itself will go without saying.

SOTU

4:30 Dec. 16 1999

New Opportunity Agenda

- After school
- pre school
- absent fathers
- reward work
- new mkt.
- eq. pay

preparing ~~[illegible]~~ kids
family
poverty
equal.

elder
commty.

(5) [illegible] v challenges

prepare

(6) global econ

responsibility
kids
age

community
[illegible]

(1) [illegible]
(2) crime
(3) [illegible]

(1) ex opp.
(2) renew family
(3) deal aging [illegible]

TOP TEN DEMANDS OF STRIKING ELVES

10. Separate showers for elves and reindeer.
9. Increased vacation time from inhuman 11 months a year.
8. Stop feeding underperforming elves to Blitzen.
7. Treatment center for addiction to aerosol snow.
6. Replace bloodstained floorboards around tablesaw where Jingles the elf had his accident.
5. Unblock adult websites on workshop computers.
4. Bobo the elf is a very disturbed individual -- take him off the doll production line.
3. Once in a while, something other than 'Santa Claus is comin' to town' on the P.A. system.
2. Mrs. Claus must remove video camera from elves' locker room.
1. More twix in vending machine.

("Late Show," CBS, 12/15)

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Juvenile
indifferent pixel
One or two?
Other big goals
→ shelf - ideas
→ per-

CEQ - George

UAL SOTU

(1) Lands Legacy - $1 billion - lands
- refugees → $100 mill

- lands legacy tour

- Nat'l Monuments

Keeping Going

(2) Climate

Domestic
Air

(3) Forest conservation

(4) Livability

Great Lakes Initiative

ISTEA -

- Int'l Climate
- Lands
- Forest conservation

JP - Let's do a big thing
- let's do climate change
on Earth Day
- good issue

Enviro Swim/fish

(1) Gene SBA for non-profits

M. E. Pinder Universal child care

(3) DPL Equal Pay -
close the gap

(2) DPL • Alcohol trends

Airport congestion

Kennard Internet -
tech. resources
for
after school
D/c

Gene ethics

DPL Food safety czar

DPL WPA for fathers

(1) DPL VAWA II -

No sales tax on internet

Legacy Defibrillators not
- smoke detectors

OSTP

$2.8% GDP is research
— good news

Big Ideas
— Nano tech

University — challenge

Go to MARS

perils & promise of ~~[illegible]~~ biotechnology

→ Int'l
exploration

2 Thing issues
$ / Deficit

Safest big country

- homeless
- we aren't setting goals

① Ensuring Equal Eq. Opp
② Aging Society
③ Personal Responsibility
④ Sci / Tech
⑤ Work / Family
⑥ Interdepen.
⑦ One America

① We need to set goals for America - what do we want the environment to look like?

② We need to heal faith based approach

③ Defense
public school
→ work for us

Vets & homeless

Get Florida Speech

Something on human Genome - deadline & Use?

M.P.

We Society has changed

Welfare, Guns etc.

Opportunity
Mini Wage
Equal Pay
→ SBA for non-profits
→ VAWA II

Responsible
School Care
Alcohol Kids
~~SBA for non-profits~~
Food safety Law

Foreign

Conflicts of Spirit

Cold War Adversaries, Into Friends

Loose nukes (CTBT, rogue states)

Seattle (WTO) Globalization

New Democracies — Nigeria, Indonesia / Bosnia

Resources

Mideast / Syria

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

December 9, 1999

5012

MEMORANDUM FOR THE PRESIDENT

FROM: GEORGE T. FRAMPTON, JR. GTFJr.
ROGER BALLENTINE

SUBJECT: PROPOSED STATE OF THE UNION INITIATIVES

This memo outlines five potential State of the Union announcements for your consideration. Four of them – Clean Energy for the 21st Century, A Permanent Lands Legacy, Clean Waters Across America, and Building More Livable Communities – build on existing priorities. The fifth – Greening the Globe – would establish a major new priority.

CLEAN ENERGY FOR THE 21ST CENTURY

Action: You would announce your final, major climate change initiative, with both international and domestic components, including: 1) new efforts to promote clean energy technologies in developing countries; 2) a strategy for reducing greenhouse gas and other harmful emissions from U.S. coal-fired power plants; and 3) a challenge to the auto industry to significantly improve vehicle fuel economy.

Background: Over the past seven years, you and Vice President Gore have significantly elevated the issue of climate change on the domestic and international agendas and launched major initiatives to begin meeting this global challenge. The success of these efforts is evidenced, in part, by growing recognition by the American public and by corporate leaders that this issue is real and must be addressed. You have called for a new paradigm in meeting this challenge – that both developed and developing countries can limit their emissions while growing their economies.

The coming year represents the final opportunity for your Administration to build on these achievements and to put this new vision to the test. Diplomatically, we face two critical challenges: ensuring successful negotiations next November in the The Hague on the operational rules of the market-based mechanisms established by the Kyoto Protocol; and achieving more meaningful participation by developing countries. Domestically, we must begin laying the groundwork for achieving more significant emissions reductions, particularly in the two sectors with the greatest emissions: transportation and electricity generation.

These proposed initiatives would provide new incentives and mechanisms for reducing domestic mechanisms; demonstrate forcefully to the international community that the United States is fully committed to domestic emissions reduction; and assist developing countries in adopting growth paths that are both robust and clean.

Specific initiatives include:

Global Clean Energy in the 21st Century – You would propose new research, demonstration and export promotion measures to accelerate the development and deployment of clean energy technologies in developing countries.

This effort builds on the recommendations of the President's Council of Advisors on Science and Technology. Electric power accounts for one third of global greenhouse gas emissions, with the fastest growth occurring in developing countries. By 2020, a projected $1.7 trillion will be invested in electric power capacity in developing countries. These measures would help demonstrate to developing countries that they can protect the environment while growing their economies, and would help encourage their participation in global climate change efforts.

This proposal has three elements: improved coordination of existing programs at DOE, USAID, TDA, EXIM, OPIC and Commerce; new funding for research and development, policy reform and capacity building, and trade promotion and finance; and continued efforts within the OECD, G8 and WTO to steer capital flows to clean energy development.

Investing in Clean Power at Home – You would propose major new legislation to reduce greenhouse gas and other harmful emissions from older coal-fired power plants, and a Clean Air Bond to help finance the conversion of these plants to cleaner, more efficient technologies.

More than two-thirds of U.S. power plants are more than 30 years old and, as such, are not subject to the same Clean Air Act requirements as new plants. These plants are a major source of pollutants that contribute to smog and acid rain. They also are far less efficient than modern plants, making them major emitters of greenhouse gases.

Utilities will soon face major investment decisions – whether to retire these plants or extend their lives. These decisions are driven by mounting pressure to reduce conventional pollutants (new Clean Air Act requirements as well as state litigation in New York and Connecticut) and new uncertainties associated with electricity restructuring (the need for new capacity and additional cost competition). With the right strategy, we can make carbon reduction a central element in these investment decisions, provide the regulatory certainty the utilities seek, and achieve the greatest environmental benefit for the least cost by allowing the regulated entities the flexibility to comply in the most economically efficient manner.

To those ends, you would propose major legislation to mandate reductions in conventional pollutants and – for the first time – greenhouse gas emissions. These reductions would be achieved by setting caps to be phased in over 15 years – while easing permitting requirements that might deter plant modernizations – and by allowing market-based emissions trading. In addition, you would propose incentives for early action by utilities, in the form of a special class of tax-exempt "private activity bonds" to finance qualified clean energy investments.

While these steps would significantly strengthen domestic emissions reduction efforts, there may be considerable political fallout, particularly in coal states.

Choosing Fuel Economy – You would invite the CEOs of the auto companies to the White House to explore ways they can voluntarily improve fuel economy, and pledge to move forward on CAFÉ standards if they do not agree to act on their own. You might also propose a labeling program, modeled on the very successful Energy Star program, to help consumers identify particularly energy efficient vehicles and to provide additional incentive to manufacturers to produce them.

Transportation accounts for roughly a third of U.S. greenhouse gas emissions and the average fuel economy of new vehicles has fallen to its lowest level since 1980. Technology exists to significantly improve fuel economy. In fact, in Europe, auto makers (including Ford/Europe, GM/Europe, and DaimlerChrysler) have voluntarily committed to a 25 percent improvement in fuel efficiency by 2008. In Japan, the government has mandated a 23 percent improvement in gasoline vehicles, and a 15 percent improvement in diesel vehicles, by 2010.

Yet, for the past three years, a rider on the Transportation budget bill has barred the Administration from even studying the possibility of raising fuel economy standards for light-duty trucks (including SUVs), which now represent half the new car market. Although this year environmentalists enlisted 40 senators for a resolution opposing the rider, there were insufficient votes to sustain a veto. When you signed the Transportation bill, you again criticized the rider and said: "We cannot continue to ignore this. For that reason, we will soon invite the leaders of the auto industry to the White House to try to find a way to address this issue...."

In issuing this invitation, you would challenge the auto makers to provide American consumers with a choice they deserve – vehicles that are safe, affordable, and significantly more fuel efficient. To be credible, this challenge must be accompanied by a clear statement that, if the auto makers do not make such a commitment, you will veto the rider and initiate a review of CAFÉ standards.

Cost: $204 million in FY2001 ($183 million for Global Clean Energy in the 21st Century and $21 million for the Clean Air Bond).

A PERMANENT LANDS LEGACY

Action: You would again call on Congress to approve $1 billion a year in permanent land conservation funding; announce new protections for selected federal lands; announce that you will conduct a Lands Legacy tour highlighting recent and new actions to protect natural treasures; and set a goal of expanding the national wildlife refuge system to 100 million acres by 2003, the system's 100th anniversary.

Background: Last January, you announced a Lands Legacy initiative with two principal goals: $1 billion in FY 2000 for federal, state, and local efforts to protect land and coastal resources; and permanent funding of at least $1 billion a year to continue these efforts in the new century. In the recent budget negotiations, you secured $652 million for these efforts in FY 2000, a 42 percent increase over FY 1999. This includes the full funding needed to acquire the Baca Ranch. However, despite considerable bipartisan support for some form of dedicated or permanent funding, our last-minute "cap-and-fence" proposal for a dedicated fund similar to the highway trust fund did not win over the Appropriations committees.

As part of a package of initiatives for the coming year, your FY 2001 budget would propose another significant increase for Lands Legacy and would incorporate a "cap-and-fence" mechanism to ensure dedicated funding in the years ahead.

Other initiatives include:

> *New Land Protections* – Details are not yet available, but there may be opportunities to extend new protections to selected federal lands by executive action. Such lands would have natural, historic, or cultural values of national significance. Depending on the sites and the process employed, you would announce protections effective immediately or declare your intent to take such action within a certain time period (30-90 days).
>
> *Lands Legacy Tour* – You would announce plans to visit some of the natural treasures the Administration has protected, and possibly sites where new protections will be announced. The tour – or the first in a series of trips – could be scheduled for the week leading up to Earth Day. Possibilities include opening Headwaters Forest to the public, completing acquisition of Baca Ranch, visiting a site along the Lewis and Clark trail, inspecting some of the places proposed for executive designation, dedicating an addition to Pelican Island National Wildlife Refuge in Florida (the nation's first refuge, established by Theodore Roosevelt), dedicating an addition to a Civil War battlefield, and announcing our draft roadless protection rule at a national forest.
>
> *Expanding Wildlife Refuges* – You would set a goal of expanding the wildlife refuge system to 100 million acres by 2003, the system's 100th anniversary. The refuge system, established by Theodore Roosevelt, is the world's oldest and largest network of lands dedicated to protecting wildlife, with 93 million acres in all 50 states. A goal of 100 million acres would be an important milepost for the Lands Legacy initiative.

Cost: $1.35 billion in FY 2001.

GREENING THE GLOBE

Action: You would announce a set of initiatives to promote forest conservation around the world, including: a new fund to promote conservation-based development in developing countries; increased funding for debt-for-nature swaps; and a challenge to other developed countries to join us in reforming trade and lending practices that promote forest destruction.

Background: Your Administration has made tremendous strides in improving management of America's national forests, culminating in your recent proposal to protect more than 40 million acres of roadless area. These accomplishments, coupled with the United States' record of leadership on global environmental issues, put us in a strong position to promote international action to protect forests elsewhere around the world.

Apart from clean air and water, protecting rain forests is perhaps the most popular environmental cause ever. Yet, despite widespread public attention, the state of the world's forests continues to worsen. Scientists believe that only a fifth of the Earth's original forest cover remains intact and healthy, and the United Nations estimates that 250 acres of tropical forest are logged every minute.

Efforts to initiate negotiations toward an international forest convention have been stalled by concerns over sovereignty and other issues. And while a portion of the multilateral Global Environment Facility established in 1992 in Rio is dedicated to forest conservation, Congress has withheld full funding of the U.S. share. Our best prospects for catalyzing international forest protection efforts are a significant increase for U.S.-sponsored conservation programs and a challenge to other developed countries to join us in reforming trade and finance practices that promote forest destruction. As you told environmentalists when you met with them last week in Seattle, such a program could be targeted to countries whose forests might be impacted by trade liberalization (e.g. Indonesia, Malaysia, Congo, Brazil and Peru).

This initiative includes:

> *Global Forest Fund* – You would propose $100 million in FY 2001 for programs at USAID that forge partnerships with conservation organizations and developing countries to promote conservation-based development. Funds would support training and technical assistance in areas such as conservation planning, watershed improvement and reforestation, and would be targeted to regions where deforestation poses the greatest threat of biodiversity loss. Partnership agreements would be structured in a way to leverage significant private funding for these efforts. (Members of the public could be offered an opportunity to contribute directly to this fund through a check-off box on federal tax returns.)
>
> *Debt-for-Nature* – You would propose $50 million in FY 2001 to implement the Tropical Forest Conservation Act, which authorizes the reduction of debt to the United States in exchange for forest protection efforts. You requested $50 million for this program in FY 2000 but Congress appropriated only $13 million.

Eliminating Forestry Subsidies – You would propose multilateral negotiations, perhaps in the new WTO Round, to phase out subsidies that promote overlogging. This complements our position at the WTO Ministerial, where USTR and CEQ declared our opposition to proposals on non-tariff measures that would undermine legitimate efforts to protect a country's forest resources.

Forestry Lending Standards – You would call on G7 countries to adopt standards that bar lending for projects that destroy primary forest or promote unsustainable forestry. The World Bank and OPIC already prohibit certain infrastructure and forestry projects in primary forests. At this year's G7 summit, we won language calling for environmental guidelines for export credit agencies by the 2001 summit. We would build on this by calling for explicit forest policies.

Cost: $150 million in FY 2001.

CLEAN WATERS ACROSS AMERICA

Action: You would propose doubling America's investment in clean water over the next 10 years with the goals of: ending beach closures, restoring the Great Lakes, shrinking the Gulf of Mexico "dead zone" and, ultimately, making all our rivers, lakes and coastal waters clean enough for fishing and swimming. You also would call on Congress to reauthorize a strengthened Clean Water Act.

Background: Despite tremendous headway in combating water pollution, 40 percent of America's surveyed waterways are still too polluted for fishing and swimming, and beaches are closed to swimmers more than 1000 times a year. Regionally, the "dead zone" in the Gulf of Mexico continues to grow larger, and toxic sediments pose a continuing pollution threat in the Great Lakes.

The five-year Clean Water Action Plan you launched early last year is providing new resources to control the largest remaining sources of water pollution: dirty runoff from farms and urban areas. In FY 1999 and FY 2000, you secured $3.4 billion to carry out the plan, much of it directed to helping communities and farmers reduce polluted runoff. We are recommending another increase for FY 2001.

However, achieving the goal of "fishable and swimmable" waters across the country will require new legislative authorities and significant new resources. A newly reauthorized Clean Water Act must close court-created loopholes in wetlands protections, restore citizens' rights to enforce clean water standards, and provide authority to regulate polluted runoff when states fail to act. And major new funding is needed to meet replace aging wastewater infrastructure nationwide and meet other water quality challenges.

In recent years, your budgets have proposed reductions for the Clean Water State Revolving Funds that finance wastewater improvement on the assumption that the funds were approaching full capitalization at an adequate level. But recent surveys of wastewater infrastructure needs undercut that assumption, and mayors, governors and construction trade unions are pressing for increased funding. This year, Congress appropriated $550 million more than you requested. Future increases could meet these wastewater needs while also providing resources to address polluted runoff and critical regional issues.

This initiative includes:

Fulfilling the Promise of the Clean Water Act – You would set a near-term goal of ending beach closures and a long-term goal of making all of America's waterways safe for fishing and swimming.

Doubling Our Investment in Clean Water – You would propose doubling funding for the state revolving funds to $3 billion a year for 10 years. Half the funding would be allocated under the current formula for wastewater system improvements. The other half would be targeted as follows:

- $500 million a year to help farming and ranching communities reduce polluted runoff;
- $500 million a year for wetlands restoration and pollution control in the Mississippi Valley to help eliminate the "dead zone" in the Gulf of Mexico.
- $500 million a year (transferred from the Hazardous Substances Trust Fund) to help states address contaminated sediments and other pollution threats in the Great Lakes.

Strengthening the Clean Water Act – You would call on Congress to strengthen and reauthorize the Clean Water Act to meet a new generation of clean water challenges.

Cost: $15 billion over 10 years.

BUILDING MORE LIVABLE COMMUNITIES

Action: You would announce major new elements in the Administration's Livable Communities initiative, including: 1) doubling the Administration's current proposal for state and local tax credits for open space, brownfields, and water quality, known as Better America Bonds; (2) making billions of dollars in transportation money more readily available for projects that reduce both congestion and pollution; and 3) revitalizing urban areas by providing greater assistance through HUD for brownfields redevelopment.

Background: Last year, the Administration launched a new initiative to help communities preserve open space, reduce traffic congestion, fight sprawl and take other steps to enhance livability and sustain prosperity. Our initiative has drawn considerable support at the state and local levels, and in last month's election voters across the country approved another round of "smart growth" ballot initiatives.

New efforts proposed for this year's budget include:

Better America Bonds – You would propose $1.4 billion over five years for Better America Bonds, twice the level proposed last year. This funding would support federal tax credits enabling state, local and tribal governments to issue bonds to preserve open space, clean up brownfields, and improve water quality. The funding proposed last year would have allowed $9.5 billion in bond authority over five years.

Expanding Transportation Choices – You would propose allowing communities greater flexibility in the use of federal transportation funds so more can be steered to mass transit and alternative transportation. The transportation trust fund will generate $3 billion more in FY 2001 than was projected when TEA-21 was enacted.

Next Generation of Brownfields Redevelopment – You would propose two new steps to encourage cleanup and redevelopment of vacant, abandoned, or underutilized urban properties: changes to the tax code to allow the currently underutilized brownfields tax credit to be applied to cleanup costs associated with asbestos and lead, which are not now eligible; and changes to HUD's $5 billion-a-year Community Development Block Grant program to make it easier to use grants to finance brownfields cleanup and redevelopment.

Cost: $1.4 billion over five years for Better America Bonds.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20410-0001

5010

FAX COVER SHEET

From the office of Jacquie M. Lawing

Phone: 202/708-0270 Fax: 202/708-4087

DATE: 1/7/00 PAGES INCLUDING COVER: 5

TO: TOM FREEMAN

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COMMENTS:

HUD'S PROPOSED CONTRIBUTIONS TO THE STATE OF THE UNION ADDRESS

The end of this extraordinary American century presents us with two stories about our Nation's communities. On one hand, most people and places are economically the strongest they have been in more than a generation, with wealth up, crime down, jobs expanding, and hope blossoming. On the other, for those people and places left behind, the record-breaking economic success is not yet bringing the jobs, affordable housing, safe streets, and good schools that every neighborhood deserves. At this prosperous moment, we must invest in places left behind, to tap new markets and renew hope.

HUD, the agency charged with partnering with our nation's communities, is now "back in business." While once riddled with mismanagement and incompetence, HUD's management overhaul has received bi-partisan praise and has made great progress. Most noteworthy, in 1999 the agency received its first clean financial audit. HUD is positioned now to take its progress to the next level – leading the full-fledged effort to national community revitalization.

In this year's State of the Union address, President Clinton could speak to America about the stories of both types of communities. For example, while we often hear about the phenomenal success of Wall Street, the fact is that owning a home is still the number one way in which most families accumulate wealth. And homeownership is at an all-time high now, having reached 67%.

But too many Americans watch the great American success story as if it were someone else's dream. For those who want to work and are still jobless, for those not yet on the ladder to homeownership, we need investments in affordable housing, community safety programs, and private-sector-led job creation in what the President referred to last year as "our greatest untapped markets"—the economically distressed areas in urban and rural America. We will request 120,000 new housing vouchers to help the Nation's struggling renter families. Of these new vouchers, 10,000 will be devoted to a new initiative, the Community Renewal Housing Production Initiative, which will put HUD back into the housing construction business. And we will continue our efforts to help homeless people achieve independent living through the award-winning Continuum of Care program.

We will ask Congress to complete the Housing Security Plan for Elderly Americans—building on last year's progress by expanding FHA tools to finance assisted living facilities to serve the most vulnerable, frail elderly. Because no one can be well-housed without feeling secure in their homes, we will propose a Gun Violence Reduction Initiative to combat the scourge of crime-related and accidental gun deaths in cities nationwide. Finally, comprehensive community revitalization will require tapping into all sectors of the economy, including accessing the substantive energies and expertise of the Nation's non-profit and faith-based organizations.

A HOUSING POLICY FOR THE 21st CENTURY.

Even as our nation enjoys unprecedented prosperity, it is actually becoming more and more difficult for low-income American families to afford a decent place to live. For decades national housing policy has shifted back and forth between production oriented programs that focus on expanding the supply of affordable housing, and income based initiatives that provide cash assistance that enables lower income families to afford decent rental housing. As we enter the 21st Century, what is clear is that both approaches are needed if America is to realize the goal of decent housing for all first established some 50 years ago.

As part of his FY2001 budget request, the President is proposing a series of bold initiatives that will expand affordable housing opportunities to hundreds of thousands of families left behind in the new economy. These initiatives build on recent efforts to reform and restore public trust in the nation's affordable housing programs. HUD's 2020 Reform Initiative has cracked down on programmatic abuses, while at the same time demonstrating that the vast majority (over 87 percent) of the nation's assisted rental housing is in good or excellent condition. Three years ago, historic legislation created the Mark-to-Market program, which preserves project-based Section 8 housing (where rents are above market) while bringing costs in line with the private market. In 1998, Public Housing Reform secured a bright future for this vital component of the affordable housing inventory, while legislation in 1999 addressed the loss of affordable housing from "opt-outs," which occur when long-term Section 8 contracts expire and private owners choose to leave the program. Now is the time to build on these victories with renewed efforts to expand the number of housing vouchers while at the same time renewing efforts to produce new affordable rental housing.

New Housing Vouchers: Housing vouchers are an integral part of the Administration's efforts to reform welfare, reward work, support working families, and provide affordable housing for low-income families. This year the President's budget includes 120,000 new housing vouchers at a cost of $690 million. Of these, 32,000 will be targeted to families moving from welfare to work, 18,000 vouchers will help homeless individuals and families who would otherwise have the most difficult time securing permanent housing, and 10,000 will be devoted to the Community Renewal Housing Production Initiative (see below). In addition to the vouchers themselves, the budget request includes $50 million to support innovative local programs to assist housing voucher recipients to break down economic, social, or racial barriers that limit their ability to take full advantage of housing vouchers in tight markets.

Community Renewal Housing Production Initiative: Housing vouchers are just one part of a balanced housing policy. Supply side initiatives must also be part of the mix. FHA mortgage insurance is key to these new supply side efforts. To spur the production of housing affordable to the lowest income Americans in neighborhoods that will provide strong job opportunities and other benefits, HUD proposes a program that uses FHA mortgage insurance and links 10,000 new housing vouchers (included in the 120,000 total new vouchers described above) with the highly successful Low Income Housing Tax Credit (LIHTC) program. Funded at an initial cost of $66 million dollars in FY2001, the program will encourage income mixing, by limiting the use of vouchers to no more than 25% of the units in any new LIHTC development. The program includes $8 million for one-time incentive payments to developers who build units targeted to worst case housing needs, such as large families with children. The FY2001 budget also includes additional production initiatives, including an effort to use FHA mortgage insurance to promote mixed-used and mixed-income developments in urban redevelopment areas.

A Continuum of Care for the Nation's Homeless: Mayors, academicians and the President himself have long been saying that the Continuum of Care for addressing homelessness is a major innovation that works. This year, that was confirmed by Harvard University's John F. Kennedy School of Government and the Ford Foundation, when they awarded the Continuum the coveted "Innovations in Government" Award. It addresses the housing needs of the most vulnerable Americans – those making a transition from the streets back into homes and community life – and leverages many times the investment of Federal resources in private funds. It is responsible, over the past six years, for moving 400,000 formerly-homeless people to self-sufficiency. This year, the President will propose an all-time high of $1.2 billion in funding for the Continuum of Care.

ELDERLY ASSISTED LIVING PROGRAM.

As the President has often emphasized, our nation will, over the next 50 years, undergo a demographic shift unlike anything seen in our history. As part of anticipating the "greying" of America, HUD last year increased its focus on serving older Americans by proposing the Housing Security Plan for Older Americans. The plan, now enacted into law as part of HUD's FY2000 budget, provides a full range of options – a "Continuum of Care" – to meet the changing needs of our Nation's elders. Components include efforts to 1) help elders stay in their own homes, 2) build more affordable elderly housing, 3) provide seniors the services they need, and 4) ensure access to assisted housing. The FY2001 budget continues to expand the range of housing options for seniors by including a new initiative that combines FHA mortgage insurance with annual operating subsidies to produce new assisted living facilities. The President has included $50 million for this initiative in his budget request, and a total of $779 million for the entire Elderly Continuum of Care.

FIGHTING CRIME.

Although violent crimes are down nationwide, the United States still loses too many innocent victims to shootings each and every day, with 600 lives lost each week in gun violence, and another 1,800 people injured. So, this year, HUD initiated a gun buy-back program, pledging $15 million to buy up to 300,000 guns now in circulation. And seeking an even more systemic way to address the issue of gun violence, HUD announced last month that it will join with the Administration and 29 cities and counties to negotiate with the gun manufacturing industry, in an effort to encourage the industry to more responsibly design, market and distribute its products. Looking to the coming year, the President has included $30 million in his budget proposal for HUD's Anti-Gun Violence and Housing Safety Initiative, to provide a public education campaign about the misuse of firearms; technical assistance for local governments, public housing authorities, and non-profits on how to reduce gun-related violence; and state-of-the-art tracking and mapping systems to gather much-needed information on gun-related crimes, which could then be used for prevention activities.

NEW MARKETS.

A significant legacy that the President will leave with the Nation is his focus on New Markets – communities left behind in the nation's extraordinary prosperity. In the weeks and months that have followed the New Markets trips, HUD has been active in White House-led interagency efforts to concretely further the New Markets agenda. One of the major components of the New Markets initiative is the effort to stimulate large-scale private investment in areas with too little commercial activity, through three legislative initiatives, one of which, APIC (America's Private Investment Companies), received an appropriation in FY 2000. Working with Congress, we secured $20 million in credit subsidy to leverage over $540 million in private loans and $270 million in private equity capital to create and expand large-scale businesses in rural and urban America. The president will propose continued investment in the APIC program and the Community Empowerment Fund in his FY2001 submission.

The faith-based sector represents a vast, largely untapped potential partner for Government in working to improve the lives of Americans. Although faith-based organizations represent the third-largest segment of non-profit groups (after health and education), only a small percentage of these organizations report partnering with the Government. Yet they have strong advantages as community building partners because of their immediate ties to people, their ability to muster community support, their history of commitment to "safety net" and other types of important programs, and their credibility in public dialogue. HUD created the Center for Community and faith-based partnerships and has received enormous interest from this community on partnering with government to strengthen our communities. This year, the President will include in his budget a proposal that HUD spend $20 million to develop this important partnership resource.

State of Union

▶ **Paul J. Weinstein Jr.**
01/19/99 11:26:18 AM

Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: pls call ruby 65696

--------------------- Forwarded by Paul J. Weinstein Jr./OPD/EOP on 01/19/99 11:23 AM ---------------------------

Ruby Shamir

01/19/99 11:21:10 AM

Record Type: Record

To: Jonathan Orszag/OPD/EOP, Paul J. Weinstein Jr./OPD/EOP
cc:
Subject: pls call ruby 65696

1999 STATE OF THE UNION TALKING POINTS

I. Moving Forward To Do The People's Business: An Active Agenda

This is a broad and innovative agenda that will keep America strong, prosperous, and growing in the new century. It reflects the President's commitment to a government that is fiscally responsible, modern and progressive; a government that is dedicated to giving people the tools they need to make the most of their own lives and to the values of opportunity, responsibility and community. Although the President is in his seventh year, his agenda is full of forward-looking policy, as if it were his first year.

II. Building on a Foundation of Accomplishment

Thanks to the policies of the Clinton-Gore Administration and the hard work of the American people, the last six years have been a time of great progress.

Jobs Schools —
homes Welfare —

The economy is strong, with the longest peacetime economic expansion in history, nearly 18 million new jobs and the lowest peacetime unemployment rate in four decades. Home ownership is at an all time high. We have gone from annual budget deficits of $290 billion to a surplus of at least $76 billion and are on a course for surpluses for the next 25 years. Welfare rolls have been cut in half, violent crime at its lowest level in 25 years and pollution has been reduced while the economy has boomed.

III. <u>Meeting the Challenges of the 21st Century</u>

As the President will say, this is a record not to rest on, but to build upon. This is the last State of the Union address of the 20th century and accordingly, it will seek to meet the great challenges that face us as we enter the 21st century. The President's program will:

Address the Challenge of a Senior Boom -- by using the budget surplus to help save Social Security, strengthen Medicare, enable Americans to increase their retirement savings, and support families that provide long term care for their loved ones.

Call for Improving and Modernizing our Schools -- by adding new accountability initiatives such as ending social promotion, bringing high quality teachers into the classroom, strengthening our commitment to smaller class sizes and boosting our efforts for school modernization.

Expand Our Prosperity to Every Corner of America -- by targeting some of the greatest untapped urban, rural and farm markets with new programs that will encourage private sector capital and bring jobs and economic development to those areas so that no one is left behind.

Strengthen Our Families and Communities -- by raising the minimum wage, expanding child care tax credits and after school programs, expanding the Family and Medical Leave Act, and helping families meet their responsibilities at home and at work.

Expanding Access to Quality Health Care -- including allowing Americans 55 to 65 to buy into Medicare; improving care for working families without health insurance, enabling people with disabilities to return to work by accessing health care coverage, enacting tough privacy protections, and passing a strong enforceable Patients Bill of Rights.

Make Our Communities Safer and More Livable -- by putting 50,000 new police on the street equipped with the latest technology and providing assistance to communities to save open spaces and reduce traffic congestion.

Keep America a Leader Abroad -- by increasing funds for military readiness so that America's Armed Forces can maintain peace and fight terrorism and by reducing the spread and threat of nuclear weapons.

Maintain American Leadership in the Global Economy -- by expanding exports and support for American manufacturing, building a global financial system to deal with regional crises and lifting labor standards around the world.

Message Sent To:

Devorah R. Adler/OPD/EOP
Christopher C. Jennings/OPD/EOP
Sarah A. Bianchi/OVP @ OVP
Cynthia A. Rice/OPD/EOP
Thomas L. Freedman/OPD/EOP
Jose Cerda III/OPD/EOP

State of Union

EW

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

The Hate Crimes Prevention Act. This measure expands the principal federal hate crimes statute. The current statute prohibits any use of force that is based on a person's race, color, religion, or national origin and that is intended to interfere with certain specified federally protected activities. The Hate Crimes Prevention Act would strengthen and expand the ability of the Justice Department to prosecute hate crimes by removing needless jurisdictional requirements for existing crimes. Further, it would give Federal prosecutors the power to prosecute hate crimes committed because of the victim's sexual orientation, gender or disability. President Clinton originally announced his support for the bill on November 10, 1997 at the first-ever White House Conference on Hate Crimes.

50%

All the balls up in the air

- catch easiest on a -->lego?
- put hard over --> s___ pattern
- quest for power over unifying principle --> loss of civility --> __ developed ____

-- ___ of power over civil harmony
-- __ of pres. Gratification , negotiating a public dialogue

Tried to appeal to both ___ of our nation to find a new unifying vision of America that gives greater meaning to our union and wider, deeper meaning to our freedom

This is, I am convinced, what our founders meant when they told themselves and all their descendants down to the present day to form a more perfect union.

Just as we as individuals, must always strive to grow through success and failure, pain and joy, so must the nation gown in wisdom and spirit.

George Washington _______ed unto ___ beyond ___to our nation. Abraham Lincoln gave his life to move beyond division and slavery to one nation. Teddy Roosevelt and Woodrow Wilson pushed us to reach our belief of the __ ___ but also to ___ excessive exploitation of people and ___ so toward. FDR lead use out of depression and through a war to save freedom itself by reminding us that fear is always our real enemy and bold ___ experimentation is the only way to preserve and strengthen our nation. 50 years of ___ and __ leaders from President Truman to President Bush stood strong throughout the Cold War and built the _____at home to life our United States to a new pinnacle of prosperity, strength, and __.

But, by 1992, the cold war __again and became rapidly than ever before. A new global economy, the eve of the Cold War, and our ___ of new nations and old ___, their of need, religious fundamentalism, and cold war explosion of science, technology, and information presented the world with a whole new project, new winners and losers, new possibilities, and new threats in ___, a lot of balls in the air, most appealing and troubling, without an apparent order necessary to strengthen our union and deepen our freedom.

I sought this office in '92 because I felt our nation moving toward drift and division. Our debt had quadrupled in 4 years. Our social problems were worsening. Too many hardworking honest Americans were struggling to survive and make sense of a world increasingly beyond their control. Too many of our children were being harmed.

For 5 years I have struggled to redeem the promise of America, to forge a more perfect union, to widen and deepen the ___ of our freedom, to bring harmony and hope to a new era, I fiercely believe can be the most wonderful in all humanity's long journey.

I have __ to rebuild the spirit of hope, to achieve the better __ of our nation, to provide a unifying vision on which we can proceed with confidence into a new century into a new millennium.

Because the road has not always been clear, because neither I nor anyone have all the answers, I have embraced the path of bold _____ experimentation that has served us so well in the past.

But all our finished activity has been grounded in 3 ___ principles: opportunity for all; responsibility for all, and one __ community of all our citizens.

To make these principles real in this time it has been necessary to change our recognition of our role of government, going beyond our debate of recent years between those who say government is the enemy of American's economic interests and shared values and those who say ___of our government will sustain them or accept ___ of the ___.We have ____ our giving ___ and tools to keep making the most of this new era, on being a catalyst for new ideas, on protecting the defenseless and empowering the disadvantaged. In this we have budget success, thanks in large measure to the growing work of the Vice President is giving us the smallest government in 35 years but one still strong enough to move us forward.

Beyond forging this role of government, it has also been ___ to change the view Americans hold of __ relative to the rest of the world. I have brought, with __ success then I had hoped, to persuade Congress that the people that we live in an interdependent world in which what happens beyond our borders affects our security, our well-being, and our children's future. This fact, makes our leadership in partnership with others, in trade, in United Nation's activities including peace keeping and conflict prevention, in combating climate change and the spread of disease, ___ in stabilizing our global financial system far more important than ever before.

Tonight, with the State of the Union so strong, let us embrace with optimism and vigor the remaining challenges to build our bridge to the 21st century. Let us freeze our distaste and differences in a spirit of goodwill and civility. Let do whatever it takes to build an economy based on opportunity, a society based on responsibility, and union rooted in community.

FIRST: The opportunity economy

- Strategy: Balance Budget, Invest in people, affirm __ to our productivity.
- Balanced Budget Surplus --social security first
- Education past Year 10: progress --especially college
- Now: student loan reform, court, ___, ___, ____
- Environment: grow and preserve, reward, climate change, clean water
- Empowerment Abroad --labor law
- _______---> Ezs, CDFIs, CRA, ___, ___, base closing, HUD ___
- Trade
- Financial Markets

SECOND: Reform society

- Work/family, child care
  - Welfare,
  - Retirement
- Health Care: __
  - Medicare

Medicaid
Health Care Bill of Rights

<u>Crime</u>
<u>Welfare</u>
<u>Government reform</u>: __, IRS, Campaign finance
<u>National security</u>

THIRD <u>Nation Rooted in Community</u>
1. One America: ________ have together
2. Serving America: Give together Americorps

CONCLUSION <u>Gifts to the future</u>
HRC 1. Res --> pioneer (V
2. Space
3. Heritage

Progress --Yes. Pr___ Yes. Preserve. Yes.
<u>More to Life</u> --200 days to ___ ___ must be more than ___ continuum, ___ ___, even longer ___
<u>New level of harmony</u> _______

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Sperling Budget

December 11, 1999

MEMORANDUM FOR THE PRESIDENT

FROM GENE SPERLING

RE FY 2001 BUDGET INITIATIVES

The attached memorandum provides a brief description of new initiatives we are considering for the 2001 budget. Below is a brief outline of the themes and new ideas.

(1) FROM DIGITAL DIVIDE TO DIGITAL OPPORTUNITY
(2) STRENGTHENING MANUFACTURING FOR THE 21ST CENTURY
(3) CLOSING THE SKILLS GAP
(4) BUILDING ON THE IMPORTANCE OF EARLY LEARNING
(5) SOCIAL SECURITY WIDOW POVERTY
(6) REWARDING WORK
(7) EXPANDING NEW MARKETS
(8) BUILDING NATIVE AMERICAN NEW MARKETS
(9) PROGRESSIVE SAVING
(10) CHILD LABOR
(11) OTHER HUMAN FACE INITIATIVES
(12) MAINTAINING AMERICA'S TECHNOLOGICAL LEADERSHIP
(13) OTHER INITIATIVES

(1) FROM DIGITAL DIVIDE TO DIGITAL OPPORTUNITY

Access to computers and the Internet and the ability to use them effectively are becoming increasingly important for full participation in America's economic, political, and social life. Unfortunately, there is strong evidence of a "digital divide" – a gap between those who have access to these Information Age tools and those who don't. In some instances, this divide is actually widening. A July 1999 Commerce Department report revealed that households with incomes of $75,000 and higher are more than *twenty times* more likely to have access to the Internet than those at the lowest income levels, and more than *nine times* as likely to have a computer at home. A national campaign to help bridge the digital divide would help accelerate the rate at which we can create digital opportunity for all Americans and thereby help create "one America." We could use your New Markets trip on the digital divide to leverage private sector resources to help close the digital divide. Elements of the budget initiative could include:

Universal, Affordable Access to Computers and Internet Access at Home: You could set a goal of ensuring that every American who wants it should have affordable access to a computer and the Internet *at home*. A public-private partnership could bring the cost of an Internet-connected computer within the reach of even the poorest households by splitting a $30 monthly fee three ways ($10 government, $10 advertising and private sector sponsorships, $10 "co-pay" from poor households). You have previously discussed this idea with a group of Silicon Valley CEOs, who are very excited about working with us to make this a reality. We could reserve a $100 million fund in FY 2001 for a pilot that would reach up to 1 million households.

Digital Opportunity Through New Content and Applications: We could also support the development of applications and content to help empower low-income households and communities. Although companies are willing to spend $30 million to develop a Nintendo video-game, or $100 million for a Hollywood movie, very little private sector capital is available for the development of applications that would expand economic and social opportunity for low-income Americans. Applications might include: micro-enterprises, adult literacy, local information, and job training. Cost: Increase funding for Telecommunications Opportunity Program by $40 million.

Increase Support for Community Technology Centers: This year, the Administration was able to increase funding for Community Technology Centers from $10 million to $32.5 million. We could consider a more than four-fold increase in funding to $132.5 in FY 2001 as part of a major challenge to have Internet centers in all poor communities. We could challenge the private sector to contribute hardware, software and man-hours – and possibly give them tax incentives to donate used equipment. This would complement the "access to the home" initiative by stimulating demand and providing training.

Universal Broadband Access for Rural Communities: The Administration could propose an increase in programs designed to promote economic development – such as EDA and the Department of Agriculture's Rural Utility Service – targeted to greater use of telecommunications for economic development. This could support projects such as the deployment of high-speed networks to Indian Country and inner-cities to provide employment that can be "out-sourced" – such as data entry, call centers, and entry-level programming. This also solves some of the biggest obstacles associated with welfare-to-work – lack of affordable child care and public transportation. Cost: $50 to $100 million for 50 "broadband community" projects.

Global Dimension of Digital Divide: In your "Third Way" speech in Italy, you spoke eloquently about the potential of the Internet to provide "leap-frog" opportunities for economic development in the Third World. AID is currently only budgeted for a $2 million initiative to expand Internet access in 11 countries – we believe this needs to be significantly increased and expanded to cover 22 countries. Cost: $45 million

School Modernization for New Educational Technology: We could renew and re-focus our school construction initiative. We could complement our existing tax credit bond proposal with a discretionary spending proposal focused on modernization for internet access for poorer neighborhoods – both in terms of computer wiring and the infrastructure needed to support it – to help close the digital divide. Alternatively, we could focus school construction discretionary spending on the most pressing repairs needed to address health and safety code violations, to help ready schools for the 21st Century.

(2) STRENGTHENING MANUFACTURING FOR THE 21ST CENTURY

In August, you and the Vice President announced the creation of an interagency Manufacturing Task Force to explore concrete steps the Administration could take, together with labor and industry, to strengthen U.S. manufacturing. We are still meeting on the components, but some elements could be organized around the following areas: (A) skill development, (B) promoting exports, (C) improving technology, and (D) helping the environment and efficiency. In many of these areas, initiatives are specifically focused on helping small and medium-sized enterprises compete by having access to the latest technologies and to foreign markets.

(A) Skill Development. A key component of the manufacturing for the 21st century is expanding training to help upgrade skills or incumbent workers and train workers for newer, more skilled manufacturing jobs. The elements of this could include:

- **Matching Block Grants to States:** The Department of Labor proposes to competitively award block grants to 10 to 15 States for demonstrating innovative approaches to training and upgrading the skills of non-management employees at firms where there is a demonstrable risk of a large near-term layoff or in other special circumstances. These grants would require similarly sized matches of state and employer money and would be dispersed through existing state and local agencies for on-the-job training. DOL estimates these grants could generate new training for an additional 300,000 to 460,000 workers a year. DOL requested $100 million in new funding for FY 2001.

- **Increasing the Number of Regional Skills Partnerships:** The Department of Labor would increase the number of competitively-awarded Regional Skill Partnerships (RSP) grants. In these partnerships, industry, labor, and the local workforce development system would work together to assess the strengths and weaknesses of their workforce and design interventions to fill gaps and better match skills to employer needs within a region. DOL estimates that funding 50 to100 additional partnerships around the country would generate training infrastructures that could serve areas with anywhere from 6 to 12 million workers. Currently, the Department supports Regional Skills Partnerships through fees collected from the H1-B non-immigrant visa program. These partnerships are limited to occupations most impacted by the H1-B program. In FY 1999, the Department allocated $9 million in discretionary funds to be awarded through a national competition for establishing several Regional Skills Partnerships around the country for "capacity building." The Department estimates the cost of expanding the program to be $100 million per year.

- **Expanding the Manufacturing Career Cluster Project:** The Department of Education, working with other agencies, States, and leading industry and labor organizations, launched the "Building Linkages" initiative to develop pathways in five career areas including manufacturing. The goal is to increase the number of students in secondary schools interested in pursuing careers in manufacturing who meet academic and industry skill standards. As factories adopt more computer aided technologies, there will be a need for fewer employees, but they will be required to have better technical skills than those retiring. The Department of Education requested $5 million.

- **Increasing the Number of Manufacturing-Related Centers for Excellence for Advanced Technical Education (ATE):** The National Science Foundation's ATE program strengthens and broadens the education of technicians for high-skill occupations including high-tech manufacturing. With 2-year colleges at the hub, the program is creating synergy by engaging industry, 4-year institutions, high-schools, and other organizations in producing a new generation of versatile technicians who are well-versed in the fundamental concepts of science and engineering and can critically apply their knowledge and experience in the workplace. There are three ATEs that focus on manufacturing. NSF could double that number.

(B) Promoting Exports. A series of initiatives could focus on strengthening and extending the ability of American manufacturers to compete and succeed in the global economy. Many of these would be targeted at helping small and medium-sized enterprises.

- **Enabling More Smaller Manufacturers To "Go Global":** The Department of Commerce proposes to develop a series of domestic trade education and Internet-based outreach activities to introduce manufacturing firms to new markets, expose them to opportunities in newly opened economies, and suggest new means for reaching those markets. The Department would also assist smaller manufacturers in becoming "export ready" and create market development strategies for underrepresented small and medium-sized manufacturers. While 94 percent of exporting manufacturing firms are small and medium-sized, they account for only 14 percent of the sector's total export value. In addition, the majority of exporters only trade in one foreign market. We could set as goals to increase the number of small and medium-sized manufacturing firms that export, increase the value of those exports, and increase the number of countries to which smaller manufacturing firms export. The Department is requesting $20 million in new funding.

- **Reduce Non-Tariff, Technical Barriers to Trade:** The Department of Commerce proposes to reduce non-tariff barriers to trade arising from differences in the ways countries create product standards, testing, and certification requirements, by strengthening the U.S. measurements and standards infrastructure. Standards directly affect at least $150 billion in U.S. exports, and serve as barriers to trade for an additional $20 to $40 billion of exports. We could reduce these types of barriers to trade by: (1) increasing worldwide recognition of U.S. measurements and standards through cooperation with international and regional "measurement" organizations, (2) increasing acceptance of U.S. technologies by international standards developing organizations, and (3) facilitating market access for U.S. exports by posting additional standards experts in key export markets. This new proposal is estimated to require $10 to $20 million in FY 2001.

- **Increasing Sources of Working Capital Available to Small Exporters:** The Small Business Administration proposes to increase the number of lenders capable of offering short-term export working capital to their customers by enhancing the capabilities of its Export Risk Analysis Online (EXR-Online) system and through training and marketing initiatives aimed at potential lenders. EXR-Online utilizes interactive Internet technology to allow lenders to quickly determine whether or not an export transaction is eligible for funding under the Export Working Capital Program.

(C) Improving Technology. In addressing manufacturing, you could build on the Manufacturing Extension Partnership (MEP) and other programs to help foster innovation as well as the dissemination of ideas to smaller manufacturers.

- **Technology Infrastructure for 21st Century Manufacturing Supply Chains:** The Department of Commerce would accelerate the development of the technology infrastructure needed for supporting reliable, effective, interoperable, and secure solutions for business-to-business electronic commerce, focusing on the requirements of manufacturing supply chains. For example, the lack of just one type of information infrastructure in the automotive industry – standards for exchanging product data electronically between suppliers – imposes an annual cost of approximately $1 billion. Extrapolating to other industries with similarly complex supply chains – aerospace, electronics, construction – suggest a multi-billion dollar drain on the economy as a result of poorly integrated electronic commerce technologies. The Department requests $28 million in new funding.

- **Expand Manufacturing Extension Program to Provide Technical Assistance for Smaller Manufacturers.** Your November 30, 1998, directive on Electronic Commerce and Policy Statement asked the Department of Commerce and the Small Business Administration to develop strategies to help small businesses overcome barriers to the use of the Internet and electronic commerce. As larger manufacturers (such as the big three auto companies) are doing more and more of their procurement on-line, there is a real risk that small and medium-sized do not adopt these technologies, they will lose significant sales. We could address this through the Manufacturing Extension Partnership, a signature Clinton technology program that has successfully developed a national network of manufacturing extension centers. The Department of Commerce, Small Business Administration, and Department of Agriculture propose to develop, distribute nationwide, and support through their combined extension service networks a number of electronic commerce "tools," such as an electronic commerce self-assessment kit, an electronic commerce "jumpstart kit," and an electronic commerce adoption roadmap. The SBA and USDA would focus on accelerating the electronic commerce adoption rate in under-served markets – women and minority owned businesses, and businesses in rural areas. The Department of Commerce requested $30 million and the Small Business Administration requested $10 million for the effort.

- **Facilitating Collaborative Manufacturing R&D:** The Department of Commerce would facilitate collaborative industrial R&D that addresses manufacturing "infrastructure" needs across all sectors, by establishing a convening organization that would use a series of technology roadmaps developed over the past two years by over 400 representatives from four federal agencies (DOE, DOD, DOC, and NSF) and 150 firms in "manufacturing" industries. The roadmaps laid out common visions in the areas of information systems for manufacturing enterprises, modeling and simulation, manufacturing processes and equipment, and technologies for enterprise integration. The Department believes that $1 million will be needed in FY 2001 to support the Federal role.

(D) Helping the Environment and Efficiency. A series of green initiatives could help improve both the environment as well as the efficiency of American manufacturers. Some of these initiatives could include:

- **Energy- and Waste-Reducing R&D:** The Department of Energy proposes to increase funding for its Industries of the Future (IOF) program to support additional industry energy- and waste-reducing R&D identified in industry visions and technology roadmaps. The program creates partnerships between industry, government, and supporting laboratories and institutions to accelerate technology research, development and deployment in nine energy- and waste-intensive industries such as steel, aluminum, chemicals, forest products, glass, petroleum, and metal casting. Through the IOF program, DOE acts as a catalyst in bringing together many firms with national laboratories and others to pool risk, investment and know-how in developing promising technologies. The Department is proposing to increase this program by $35 million above its $150 million FY 2001 OMB submission.

- **Preventing Pollution In Manufacturing:** The Environmental Protection Agency's Design for the Environment (DfE) program encourages pollution prevention by helping industry focus on front-end innovations through redesign rather than relying on end-of-pipe controls to reduce potential risks to human health and the environment. The results of a DfE assessment are disseminated through industry leaders and trade association representatives so decision-makers within a firm can make better-informed decisions that result in reduced risks and environmental burdens while improving efficiency and the bottom-line. DfE has recently announced a partnership with the Saturn division of General Motors to assist the company and its network of suppliers in reducing health exposures and risks. Another program has been created with manufacturers of computer displays. The program's FY 2001 budget request to OMB is $3.7 million.

- **"Green" Manufacturing Research:** The National Science Foundation proposes to competitively award grants for fundamental research focusing on the development of product and process models for "Environmentally Benign Manufacturing". The results of this research would ultimately lead to the development of cost-effective, competitive products and processes that do not harm the environment, use as much recycled material for feedstock as possible, and create no significant waste, in terms of energy, material or human resources. Proposals would be submitted by U.S. academic institutions in support of individual investigators or small groups of investigators. NSF requested $2.5 million for FY 2001.

- **Clean Energy Exports:** You have repeatedly stressed the need to move beyond the idea that economic growth must be accompanied by increased pollution, including greenhouse gases. This initiative proposes spending $183 million to accelerate the development and deployment of clean energy technologies in developing countries.

The goal is to increase and "green" U.S. private capital flows and exports to the developing world in electric power production and consumption infrastructure and products. Between 1995 and 2020, $1.7 trillion will be invested in electric power capacity in developing countries. To capture market share, we must fashion a more effective and robust USG-private sector partnership to address the challenge of global clean energy markets by: (1) developing and demonstrating new large grid power systems and distributed generation technologies, as well as design and production techniques that save energy; (2) promoting exports and funding export promotion activities (for example, financing cost-share clean power feasibility studies at TDA, offering new bid-cost insurance at TDA, and expanding utilization of ExIm's "Environmental Export Program"); and (3) exercising leadership within the OECD, G8, and WTO to establish common principles and favorable terms for clean energy technologies in ECA guidelines and through WTO policies.

(3) CLOSING THE SKILLS GAP

The key component of the Skills Gap initiative is increased access – universal access if possible – to education and training opportunities. Main elements of an initiative to close the skills gap could be:

Keeping Students on Track for College: We could increase access for impoverished young people through Youth Opportunity Grants, TRIO, GEAR UP, and Youth Build, increasing funding to a total of $500 million.

Refundable Hope Scholarship and Pell Grant Increase: Expanding the maximum Pell Grant from $3,300 to $3,500 would cost $766 million in FY 2001. A complementary proposal would be to make the Hope Scholarship refundable.

Challenging Students to Complete College: The above initiatives could also be organized to promote not just going to college, but also completing college. In addition, a new initiative of College Completion Challenge Grants would provide grants to deal with college completion with a comprehensive program including, pre-freshman summer programs, support services and increased grant aid to students.

Universal Re-Employment Initiative: The universal re-employment initiative provides comprehensive assistance to workers who lose their jobs through no fault of their own. The initiative could provide: (1) training opportunities for every dislocated worker who wants and needs it in 5 years (we are entering the second year of this 5-year initiative); and (2) universal access to counseling and information about available jobs and training programs (for example, through "one-stops," America's Job Bank, mobile one-stops, and a toll free number).

Addressing Arbitrary Limit on Medicare Coverage for People with Disabilities: In the compromise on the Work Incentives Improvement Act, its Medicare benefit was limited to an additional 4 and a half years. This policy postpones rather than eliminates the disincentive to work, as Medicare provides the necessary coverage that is often unavailable or unaffordable on the job. Cost: $0 for 2001-2005, $200 million for 2006-2010.

Tax Credit for Workers with Disabilities: The FY 2000 budget proposed a $1,000 tax credit for people with disabilities who work. It would phase out for higher income tax payers (taxpayers with modified adjusted gross income exceeding $110,000 for couples, $75,000 for unmarried taxpayers, and $55,000 if the taxpayer is married but filing a separate return; same phase-out as the child tax credit). This credit may be refundable for taxpayers with three or more dependents. A taxpayer (or a taxpayer's spouse) would qualify for the proposed tax credit if he or she had earnings and was disabled. "Disabled" for this credit would be defined as being certified within the previous 12 months as being unable, for at least 12 months, to perform at least one activity of daily living without personal assistance from another individual, due to loss of functional capacity. Cost: about $300 million over 5 years.

High-Tech Skills: This initiative would expand funding for the National Science Foundation's Advanced Technological Education program – which helps prepare people for high-tech and technical careers by forming partnerships between industry and community colleges.

Improving Access to Assistive Technology: The FY 2000 budget proposed doubling Federal funding for assistive technology ($35 million), but Congress acted on only two small portions of our assistive technology initiative. Technology is often not adapted for people with disabilities, and even when it exists, people with disabilities may not know about it or may not be able to afford it. This new initiative would accelerate the development and adoption of information and communications technologies, which can improve the quality of life for people with disabilities and enhance their ability to participate in the workplace. This initiative: (1) makes the Federal government a "model user" of assistive technology and services; (2) supports new and expanded state loan programs to make assistive technology more affordable for Americans with disabilities; and (3) invests in research and development and technology transfer in areas such as "text to speech" for people who are blind, automatic captioning for people who are deaf, or speech recognition and eye tracking for people who can't use a keyboard.

Dual-Degree Programs for Minority-Serving Institutions: This program would provide competitive grants to consortia of minority-serving institutions and research universities to enable students at Hispanic-Serving Institutions (HSIs), Historically Black Colleges and Universities (HBCUs), and Tribal Colleges and Universities (TCUs) to earn dual degrees in 5 years. Participants would spend 3 years as undergraduates at the HSI, HBCU, or TCU earning a bachelor's degree and 2 years at a partner institution, such as a major research university, earning a bachelor's or master's degree in a field in which the student's racial, ethnic, or gender group is underrepresented. Funds would: (1) establish dual-degree program articulation agreements, (2) provide scholarships to students to bridge tuition and cost-of-attendance differences between the minority-serving institution and the partner institution, including differences in institutional scholarships, and (3) compensate the minority-serving institutions for tuition revenue losses associated with the participants' accelerated matriculation. This program would increase academic opportunities for students at minority-serving institutions, improve their postgraduate access and persistence, and promote their workforce participation in fields in which minorities are underrepresented.

Educational Technology Research Initiative: Invest in research to improve the "state-of-the-art" of educational technology. Examples would include: use of speech recognition and speech understanding to improve reading performance of at-risk 3rd graders; modeling and simulation to allow students to learn by doing – similar to the way pilots learn to fly by using a flight simulator as opposed to getting lectures on aerodynamics; an intelligent tutor that recognizes common student errors and provides customized feedback. *Rationale:* Leverage Federal Government's investment in IT research by applying it to education. Current level of investment in education research (relative to total spending) is 0.1 percent – compared to 3 percent for industry and 10-15 percent for high-tech industries. Recommended by President's Council of Advisors on Science and Technology (David Shaw report). Research in this area has led to demonstrable results that show effectiveness of educational technology (for example, Carnegie Mellon Algebra Tutor significantly improves student performance on story problems). Cost: $50 million in Department of Education budget. This would support 10 centers of excellence – including research, development, and evaluation in a classroom setting.

Distance Learning: The Administration's Learning Anytime, Anywhere Partnership program is helping underserved adults learn at a time, place, and pace that is convenient for them. Unfortunately, the program was only funded at $20 million in FY 2000 - and was swamped in 1999 by over 700 proposals. Given the number of high-quality proposals the program has attracted, the Administration should expand support for the program. Cost: $30 million.

Technology Training for Teachers: Last year's investment of $75 million will allow us to train 400,000 new teachers to use technology. This is important because we are often criticized for concentrating too much on computers and Internet access, and not enough on teacher training. More than doubling the program to $175 million would allow us to train another 400,000 teachers. Cost: $100 million.

Digital Library for Education: Although we are spending over $2 billion/year to connect schools to the Internet, we are investing very little to encourage the development of high-quality content. This initiative initiative will begin the development of a national library of text, images, sound recordings, and other materials available to every school-child and every American with access to the Internet. It will include: hundreds of thousands of America's historical and cultural artifacts that are now only accessible to scholars visiting archives; hundreds of thousands of books and images of paintings; and leading-edge material to help America's children meet high academic standards in math and science. The Federal government is the custodian of such things as the Apollo 11 command module, Rose Kennedy's personal tour of the John F. Kennedy birthplace, the Gettysburg battlefield, Ansel Adams photographs of Yosemite, the compass Lewis and Clark used to explore the American West, immigration records of Ellis Island, and Thomas Edison's laboratory notes. This initiative would allow the Smithsonian, the National Park Service and other agencies to digitize, index, and make available on the Internet not only pictures and documents, but music, oral history, 3-dimensional objects, and virtual tours of cultural sites like historic buildings or battlefields. Cost: $40 million.

(4) BUILDING ON THE IMPORTANCE OF EARLY LEARNING

We could employ a number of options to build on the growing awareness of the importance of early cognitive development. A robust initiative could include:

Dramatically Expanding Head Start: We are committed to enrolling 1 million children in Head Start by 2002. The fiscal year 2000 enacted level provides funding for about 880,000 slots, leaving 120,000 for the next 2 years. We could either move all the way to 1 million children in 2001, a year ahead of our commitment (at a cost of $1.6 billion), or stay on a slower path ($634 million for one-third of the way or $883 million for half), but seek advance appropriation for 2002 of the sum necessary to complete the task ($979 million for two-thirds or $790 million for half). A path for future fund increases to make Head Start universal could also be established.

Early Childhood Learning Fund: A dramatic increase in the Early Childhood Learning Fund combined with establishing a path for future increases. Could expand to $1 billion for FY 2001 – a $400 million increase – and aim for $2 billion per year over the next decade ($20 billion over 10 years). An alternative would be to endorse the effort by Senators Kennedy, Stevens, Dodd, Jeffords, John Kerry, and Murray in S. 749, the Early Learning Trust Fund, which would set up a program to provide flexible funds to states and localities to promote full-day, full-calendar-year early learning programs.

(5) SOCIAL SECURITY WIDOW POVERTY

You could advance on your call in the last State of the Union by endorsing a specific proposal to address widow poverty. You could announce that you intend to accomplish this in a manner that does not hurt the solvency of Social Security, and either suggest a specific way to finance the initiative or ask to work out a way to finance it.

Expand SSI Earnings Disregard: The current SSI earnings disregard of $20 per month reduces benefits one-for-one with higher Social Security benefits. Raising the earnings disregard, and possibly indexing it for inflation, would help about 3.2 million SSI recipients. One proposal, to immediately raise the disregard to $75 and index it to inflation, would have an on-budget cost of $21 billion over 10 years and would not affect Social Security solvency.

Expand the Survivor's Benefit to 75 Percent of the Couples' Benefit: The formula for the survivor's benefit could be altered to be 75 percent of the couples' combined benefit, subject to a cap to ensure that these benefits are well targeted at reducing widow poverty. The off-budget cost of this would be $51 billion over 10 years and, by itself, it would move the exhaustion date of Social Security up by one year to 2033. If, however, it were combined with other reforms or general revenues, it could be done in a way that would not affect solvency.

(6) REWARDING WORK

You could build on the progress made from the first year of your Presidency to continue to make work pay and reduce poverty for working families. This element could be the organizing principle for further initiatives in housing, expanding health care coverage, and rewarding work through EITC expansion. (Health initiatives are discussed in a separate memo.)

Expanding Housing Vouchers: Expand to 100,000 housing vouchers in FY 2001, with a goal of 500,000 vouchers by the fifth year. (Cost: $3 billion-$6 billion over five years.

Rewarding Work and Family Through the EITC:

- *Making the EITC Even More Pro-Work and Addressing the "Marriage Penalty."* Some of the highest marginal tax rates in the tax system are those paid by people phasing off of EITC. Reducing this discincentive to work could also be a way to expand the EITC and further reduce poverty and help hard-pressed working families. The EITC could be expanded by (1) increasing the phaseout so that more families get the maximum amount, (2) lowering the phaseout rate so that marginal tax rates are reduced, and (3) easing the marriage penalty by making these phaseouts more favorable for married couples. The third component of this proposal would cost $11 billion over 10 years.
- *EITC Increase for Three Children.* The poverty rate among children in families with three or more children is nearly twice that of families with fewer children. A third tier of EITC benefits could be created for families with three or more children. You

began your Administration with a large expansion of the EITC. The poverty rate for children has fallen dramatically, but it is still too high. The EITC plus the minimum wage lifts full-time workers with one or two children out of poverty. With a one dollar increase in the minimum wage, a full-time worker with two or more children would have earned $15,115 in 1998 – which is about $1,500 below the poverty line for a family of four ($16,660). Adding an additional tier to the EITC would be a well-targeted way to pursue the goal that no parent working full time should have to raise children in poverty. Then-Senator Gore introduced a proposal to do this (among other things) in a bill (S. 995) he introduced May 7, 1991. Congressman Downey introduced the companion bill (H.R. 2242) the same day. This could be done either by raising the maximum EITC with families with three or more children (which would benefit all families with three children). This would cost $8 billion over 10 years. Alternatively, this could be done in the context of making the EITC even more pro-work.

Getting to Work: A major factor in getting out of welfare and into a job is being able to drive to work. But the food stamp program penalizes any beneficiary who owns a car worth more than $4,650. That car allowance was $4,500 in 1977 and has barely crept up since. In the meantime, as a result of welfare reform, states can now liberalize their car allowance for purposes of the TANF program, and more than 40 states have. We could give states the option of conforming their car allowance under the food stamp program to their car allowance for TANF (so long as they do not lower it). Because of Administration steps to increase categorical eligibility under food stamps, the cost of this option will be less than it was last year. As well, the intervening year has seen a worrisome drop in food stamp participation. Finally, with states liberalizing their TANF car allowance, this is now an idea that the states have pioneered. The idea is reflected as section 3 of the Hunger Relief Act, S. 1805, introduced October 27, 1999, by Senators Kennedy, Specter, Leahy, and Jeffords, and H.R. 3192, introduced November 1, 1999, by Congressman Walsh and a bipartsan group of 10 Representatives. Cost: CBO estimates the cost at $1.3 billion over 5 years.

(7) EXPANDING NEW MARKETS

Expanded New Markets Tax Credit: Double the new markets tax credit, costing $4 billion over 10 years.

Expanded Empowerment Zones Credit: The goal would be to increase existing incentives, include empowerment zones in the new markets framework, and compromise with Talent-Watts' American Community Renewal Act.

Expanded Low-Income Housing Tax Credit: The FY 2000 budget proposed expanding the Low-Income Housing Tax Credit (LIHTC) from $1.25 per capita to $1.75 per capita at a cost of $1.6 billion over 5 years. In light of the housing shortages in many parts of the country, we may want to propose expanding this credit even further.

"Homestead Mortgages" – A Homeownership Tax Proposal for Lower-Income Families: The Nation has seen dramatic increases in homeownership rates during the your Administration, but rates for lower-income families, minorities, and those in under-served areas still lag significantly behind. The existing mortgage interest deduction benefits few lower-income homeowners, since few itemize deductions. The Treasury is developing a homeownership tax credit proposal that should help boost homeownership rates for lower income families. Specifically, income qualified, first-time homebuyers, buying homes within purchase price limits, would pay at an interest rate 15 percent less than the prevailing conventional rate; similarly qualified homebuyers purchasing homes in geographically targeted areas could pay interest at 30 percent below conventional rates. The tax credit taken by the lender would make up the difference. Treasury proposes that states be given the option of using their existing mortgage revenue bond allocations for these new "Homestead Mortgages" in which case the proposal would be revenue neutral. Alternatively, the cost could be scaled to the desired level.

Improving New Markets Data that Drives Business Investment: The budget could include $5 million to fund five demonstration projects to improve data used to assess business potential in underserved markets. These projects would be structured as cooperative agreements with private sector firms to test promising approaches to addressing the "information gap" that impairs business perception of market opportunity in the inner city.

Business Schools in the New Markets Initiative: Recognizing the importance of universities in local community-building activities, the budget could fund a pilot project at 10 to 12 business schools around the country to foster business development and serve organizations (businesses and community development corporations) located in low- and moderate-income areas. This program could be administered either through the University Partnerships or Community Development Block Grant programs at HUD.

Expanding the National Community Development Initiative (NCDI) Program: To support community-based economic growth, the budget could include funding to HUD to launch a new phase of the successful National Community Development Initiative (NCDI), a model public-private partnership that has provided significant support for capacity building in community-based organizations. This phase would focus on building the capacity of community organizations to help create, invest in, and profitably manage new business ventures in low-income areas. The funds would be channeled through the leading non-profit community development intermediaries – the Local Initiatives Support Corporation (LISC) and the Enterprise Foundation. These organizations would implement the effort to train CDCs and other community-based development organizations in the tools of successful business creation and management. These funds would be significantly leveraged by the investments of corporations and foundations. NCDI is now in conversations with private funders regarding their participation in a new phase of the program. This initiative could be expected to create thousands of new jobs, at hundreds of new community-based and -owned businesses in dozens of communities over the coming years.

(8) NATIVE AMERICAN NEW MARKETS

Using the new markets framework for Native Americans will require more than just extending existing programs. We are still discussing the specifics of this and will be meeting with Senator Domenici to go over some ideas. Some of the areas we are exploring include: encouraging Native Americans in information technology fields through training, promoting Native American economic development through grants for tribal infrastructure, creating a Native American Development Access Center to coordinate existing Federal economic development activities, Native American Small Business Development Centers through SBA, expand BusinessLINC to Indian Country, and a native American Economic Development Initiative to increase funds to be used for capacity building and long-term economic development.

Encouraging Native Americans in Information Technology Fields: This initiative would encourage Native Americans to pursue information technology as a field of study as well as increase the capacity of tribal colleges to offer these courses. The Commerce Department has noted that people in isolated, rural areas – where many reservations are located – are being left behind in the digital divide. Grants could be given to tribal colleges or Native American students. Funds would be used for course development and possibly work-study projects. We might consider using this initiative in tandem with the EDA's initiative to fund tribal technology infrastructure projects, such as setting up satellite and Internet capability. Cost: $10 million.

Additional Funding to CDFI To Establish a Training and Technical Assistance Program for Native Americans: The CDFI Fund is working on a congressionally mandated Native American Lending Study and Action Plan to help identify lending and investment barriers in Indian Country, the impact of such barriers on access to capital and credit, and recommendations on how to eliminate such barriers. A final report will be submitted to you and the Congress during the upcoming year. The budget could provide funding to establish a training and technical assistance program to increase access to capital within Native American and Native Hawaiian communities and on other lands held in trust by the federal government. The training and technical assistance program shall provide educational and other programs to further the following three goals:
(1) to enable financial institutions currently serving Indian Country to enhance their capacities to provide access to capital and credit to Native American communities; (2) to assist financial institutions contemplating serving Indian Country to do so; and (3) to

assist Native American communities to establish community development financial institutions.

(9) PROGRESSIVE SAVINGS

Progressive Savings Accounts: We could propose a scaled-back version of USAs – a highly-progressive savings incentive targeted at those who would be least likely to save under current law. We would want to keep it as administratively simple as possible. A scaled-back proposal could cost from $100 billion to $150 billion over 10 years. Possible means of scaling the proposal back could include lowering income thresholds or lowering the automatic contribution to less than $300.

America Saves Campaign:

Universal Banking Proposal:

(10) CHILD LABOR

In recent years, you have led in the creation of important new norms and programs concerning child labor (e.g., the ILO Child Labor Convention, the ILO Declaration on core labor standards, IPEC, the government procurement Executive Order, etc.). We recommend that you consolidate your child labor legacy by this year committing the US to the vigorous implementation of these norms and programs by proposing a qualitative increase in funding for IPEC and Customs enforcement as well as a new plan to mobilize public and private US resources to fund our participation in the global campaign to make basic education available to all children in poor countries by 2015. Specifically, we recommend:

A 50 Percent Increase in Funding for the ILO's International Program for the Elimination of Child Labor (IPEC): This would reflect the increase in demand from countries expected in the aftermath of the child labor convention's adoption (cost from $30 million to $45 million).

An 80 Percent Increase in Funding for Enforcement by the US Customs Service: Increasing funding from $5 million to $9 million.

A New Training Initiative to Help People Perform Hazardous Work: A new initiative to provide training for 16 and 17 year olds to allow them to safely perform potentially hazardous work (cost approximately $15 million to $20 million).

A New Commitment to Expanding Access to Basic Education in the Poorest Countries: Improving educational access is acknowledged to be a *sine qua non* for the elimination of child labor. Many children work in part because education in poor, unaffordable, or inaccessible. UNICEF estimates that 130 million to 140 million children do not have access to primary education, nearly two-thirds of whom are girls. Investment in the education of girls may well be one of the highest-return investments available in the developing world, with spinoff benefits for agricultural productivity, population control, and economic growth generally. You could make a legacy-leaving appeal that the US meet its responsibility to participate in the international campaign to universalize access to basic education by 2015 (the goal set by the OECD, World Bank, UNICEF, UNESCO, etc.) through a three part strategy:

- *Expansion of the School Works! program from $10 million to $100 million:* The expanded program would fund the creation of basic education alternatives in localities facing specific child labor problems as well as increased support for basic education in regions or countries where child labor is comparatively widespread.

- *Challenge the Private Sector to Complement these Efforts:* An appeal to private sector donors, particularly large, internationally-oriented companies but also private foundations, to complement USG efforts by contributing to a School Works! Trust Fund. By making such contributions, companies that benefit from global integration would effectively give something back to the process by helping to financing access to basic education as an alternative to child labor in poor countries.

- *Characterize Your Cologne Debt Initiative Request as Reducing Child Labor:* Characterization of your Cologne Debt Initiative appropriations request, (Congress provided none of the $600 million you requested over four years) as part of the effort to make primary education universal as an alternative to child labor. The HIPC Trust Fund is intended to finance debt reduction largely by the African, Inter-american, and Asian Development Banks, which do not have the internal resources of the IMF and World Bank. Congress refused to provide these funds because it opposed "bailing out" these institutions. But debt reduced by these institutions is intended to free up resources in countries for additional spending largely on education and health care. We might stand a better chance of selling our HIPC appropriations request by linking it to a concrete objective, such as making primary education universal and thereby reducing child labor, which are goals to which the NGO debt relief coalition fully subscribes

Call for a New Global Effort To Reduce Child Labor by Making Access to Primary Education Universal: The ILO estimates that 250 million children worldwide are working. Lack of educational opportunity is a major contributor to child labor. UNICEF estimates that 130 million children – 60 percent of whom are girls – do not have access to primary education. As the World Bank's chief economist, Secretary Summers stated that investment in the education of girls may well be the highest-return investment available in the developing world. You could build on your major child labor accomplishments by appealing to the international community to assemble an effort to make primary education universal. UNICEF estimates that accomplishing this over 10 years would cost an additional $7 billion a year. You could make a legacy-leaving appeal that the world commit to meet this goal within this period (or by 2015, the timeline suggested by the OECD's Development Assistance Committee) and propose that the U.S. should do its share by increasing its bilateral support for education programs designed to prevent child labor. You could propose a significant increase in funding for School Works! – a new program at USAID designed to help countries improve access to educational alternatives to child labor – as part of our good faith contribution to this cause ($50 million) (along with increased funds for IPEC and U.S. Customs enforcement on the ban on importation of goods made with forced or indentured child labor). In addition, you could frame a renewed request for HIPC Trust Fund appropriations (Congress provided none of the $600 million you requested over 3 years) as part of the effort to make primary education universal. Under the Cologne Debt Initiative, the HIPC Trust Fund is intended to finance debt reduction largely by the African, Interamerican, and Asian Development Banks, which do not have the internal resources of the IMF and World Bank. Under the Cologne framework, debt reduced by these institutions is intended to free up resources in countries for additional spending largely on education and health care. We might stand a better chance of selling our HIPC appropriations request by linking to a concrete objective, such as making primary education universal and reducing child labor, which are goals to which the NGO debt relief coalition fully subscribes.

(11) OTHER HUMAN FACE INITIATIVES

You could address domestic fears about a race to the bottom on labor and environmental standards while responding to developing country concerns that the benefits of trade liberalization are skewed toward developed countries.

Global Economic Democracy Initiative: Paralleling your private comments to international organizations in Seattle, you could appeal publicly to the international community to improve the mobilization and coordination of technical assistance to developing countries that wish to build modern systems of public administration for the implementation of such trade-related domestic economic policies as labor, environment, trade negotiation and customs facilitation, intellectual property rights protection, agriculture-biotechnology, and telecommunications-electronic commerce. As a sign of the seriousness of your commitment to this effort, you could build on last year's success in funding a new arm of the ILO dealing with core labor standards implementation by this year proposing a broader bilateral capacity building program covering each of these trade-related areas. The program might include creation of an Economic Democracy Corps – a high-profile exchange program in which we would bring developing country public administrators to the U.S. to learn how our institutions operate as well as send our experts and resources to their countries for onsite assistance. To the extent that we stimulate the development of regulatory capacity in developing countries, we relieve pressures placed on our own standards by global integration and remove some of the basis for demands that these issues be linked to trade rules in the WTO and elsewhere. A relatively modest commitment of additional U.S. funds could help leverage a much larger mobilization of resources in the international community, along the lines of what you asked the international organizations to report on prior to the next summer's G-8 Summit.

Call on World Bank and Multilateral Development Banks To Actively Assist in the Creation of Unemployment and Pension Programs in Developing Countries: One of the lessons of the Asian crisis is that the human toll of financial crises is worse in countries without basic social protections. We learned this lesson in the United States in at an earlier stage of our own economic development. Out of the ashes of our own financial crash and economic depression, we created two basic social insurance schemes to lessen the human costs the accelerated economic change brought by a modernizing economy. The establishment of our unemployment insurance and Social Security pension programs in the 1930s not only made our economy more resilient, it also bolstered public support for market-oriented policies essential to the flexibility and innovation central to America's subsequent economic success. The forces of creative destruction unleashed by today's global information economy dwarf those we experienced earlier in our industrialization. You could announce that we stand ready to help newly-industrializing countries that seek to institutionalize greater worker dislocation and pension protections for their workforces, calling on Congress to renew and expand last year's $10 million appropriation for DoL to provide technical assistance in these areas. In addition, you take the new step of seeking to leverage our bilateral efforts by calling on the World Bank in consultation with the regional multilateral development banks to provide technical and financial assistance in the design, capitalization, and administration of such programs. Helping developing countries construct social safety net labor programs can not only promote a broader distribution of the benefits of global integration among their citizens but also respond to fears about a race to the bottom on labor standards in our own country.

Improving USG Monitoring of International Labor Rights Policies and Practices: Congressional interest in worker rights issues is likely to intensify in the aftermath of Seattle, particularly in light of the trade legislation likely to be considered in 2001 (permanent NTR for China, CBI enhancement, and the African Growth and Opportunity Act). Democrats in particular have been skeptical of the thoroughness of our implementation of the existing labor rights conditionality in the GSP, CBI, and Andean trade preference programs. You could anticipate Congressional demands by proposing to boost our foreign labor attache monitoring and reporting capacity by adding 4 or 5 FTEs to the complement of State-Labor labor staff posted in embassies overseas (at least 1 additional in the CBI region, South America, Sub-Saharan Africa, South/Southeast Asia and China, as appropriate). In addition, you could propose the addition of 1 FTE to USTR's staff in this area (currently only one professional staffer handles labor and development issues).

Vaccine Initiative to Help the Poorest Countries: In your last UNGA speech, you committed to hold a White House conference on vaccines for developing countries (for example, AIDS, malaria, TB). A $50 million spending initiative in FY 2001 is proposed to fund a contribution to the Global Alliance for Vaccines and Immunizations (GAVI). Roughly two-thirds of this money would go to help Africans. This would be catalyst money that would help jumpstart a U.S. initiative to establish a large multilateral multi-billion Millenium Trust Fund over the next 5 to 10 years for the purchase of vaccines to help poor countries. In addition, we would call on the multilateral development banks to earmark 10 percent of their concessional funds for vaccines and medicines. We would also work to develop tax incentives or purchase guarantees to encourage drug companies to develop vaccines for diseases that ravage poor countries. *Rationale:* Millions of people die each year from preventable diseases, but pharmaceutical companies do not have strong incentives to develop and deliver vaccines where the ability to pay is low. Economic analysis shows, however, that vaccines have the lowest cost per death averted of all possible measures. Diseases in developing countries can effect the U.S. as well. Vaccines are an area where the U.S. has a strong technology advantage and where the moral imperative to help poor countries is high. Significant opportunities for leverage exist (Gates Foundation, other G-8 countries, etc.). This could be an excellent deliverable at the G-8 Economic Summit this summer in Okinawa.

H-1B Fraud Enforcement Initiative: Increased enforcement funding is needed to address the fraud problem in the H-1B visa program. The initiative would provide increased funding targeted to H-1B enforcement in the budgets of the State Department, INS and Department of Labor for a coordinated effort on this issue.

Strengthen Trade Agreement Monitoring and Enforcement: USTR and Commerce have been straining to keep up with their monitoring and compliance activities. Although USTR received additional slots last year, Commerce's Market Access and Compliance shop has seen its budget contract by one-third over the past 5 years. In light of the expansion of trade and expected WTO accession of numerous countries, it would be appropriate to expand our trade agreement monitoring and enforcement staff resources in USTR and Commerce, particularly in light of the scale of China's accession commitments. USTR has requested additional funding and personnel, which OMB has approved; we are looking into whether USTR plans to use these resources for monitoring and compliance. By contrast, Commerce's request for 9 FTEs to handle China WTO accession compliance and other non-WTO trade agreement monitoring and compliance activities was rejected by OMB. You could propose to fund these additional personnel.

Fighting International Money Laundering: The joint Treasury-Department of Justice Money Laundering Steering Committee is preparing a wide range of measures to better combat illegal money laundering. A series of relatively small budget requests for Justice and Treasury totaling roughly $20 million in FY01 will make a huge improvement in our ability to cut down of these illegal activities that poison our streets and threaten the safety of our children. Extra enforcement efforts will be focused on the "gate-keepers" in international money laundering–the accountants, lawyers, and business setup people–who facilitate the activity. Enforcement activities will also be better focused on targeted regions of the world and on particular industries where highly suspicious activity takes place. FINCEN's activities will also be bolstered.

(12) MAINTAINING AMERICA'S TECHNOLOGICAL LEADERSHIP

Today's booming economy, increased productivity, and rising standards of living is due in significant part to long-term investments (like the Internet) that the government made in the 1960s and 1970s. A targeted increase in Research and Development funding of $1.0 to $1.3 billion would allow us to accomplish key goals including increasing university-based research, helping maintain a balanced portfolio that includes research in physical sciences and engineering, supports key Presidential initiatives, and increases funding for research agencies.

Information Technology for the Twenty-First Century: You first called for this initiative in the 1999 State of the Union Address. This is the second year of a multi-year effort to significantly expand our investment in information technology research in three areas: (1) long-term IT research; (2) high-end supercomputers for uses such as better weather prediction and more rapid development of drugs; and (3) research on the ethical, legal, and social implications of the Information Revolution. The long-term research could lead to outcomes such as improving wireless technology so that it will provide broadband connectivity to rural America, real-time translation between multiple foreign languages, and developing computers based not on computer chips but on biological mechanisms such as DNA.

National Nanotechnology Initiative: Nanotechnology is the ability to manipulate matter at the atomic and molecular level to create things with new, useful properties. A "nanometer" is a billionth of a meter. Nanotechnology could transform the 21st century in the same way that the transistor and the Internet transformed today's economy and society. Nanotechnology could lead to the following breakthroughs: material that is as strong as steel but 10 times lighter; the ability to detect tumors a few cells in size as opposed to waiting until they are visible to the human eye; the ability to store the equivalent of the Library of Congress on your wrist-watch; and filters that can dramatically reduce air and water pollution by screening out small particles.

Bioenergy: You have strongly supported bioenergy and bio-based products because it could improve farm incomes, reduce our dependence on foreign oil, and reduce greenhouse gases. You have set an ambitious but achievable goal of tripling our use of bioenergy and biobased products by 2010 – the equivalent of taking 70 million cars off the road. Additional R&D in this area would help achieve the goal by making bioenergy (made from trees and crops) cost-competitive with oil.

Protecting Individual Privacy in the Digital Age: Privacy will be one of the defining issues in 2000 and throughout the next decade. While no funding is involved next year, the Administration will be doing many things to enhance privacy protections. The budget and the State of the Union present opportunities to lay out a vision on privacy and set forth themes that we can return to throughout the year. The Administration will be proposing legislation to provide special protections for financial and medical information – building upon earlier legislation we won to protect kids on the Internet, prevent identity theft, and provide some degree of financial privacy protection. You can issue an Executive Order to ensure that the Federal government builds privacy protections into its data collection and new technology initiatives. You can continue efforts to promote self-regulation in other areas, raising the bar for what we expect from voluntary industry action, and making clear always that you are prepared to seek legislation if those voluntary efforts are inadequate to protect Americans' reasonable expectations of privacy. In particular, you can press for better privacy policies and new ways to address specific troublesome practices like data profiling (including so-called "cookies" that collect individual usage and preference data unbeknownst to the consumer). New regulations in the medical and financial privacy arenas will continue the focus on these areas next year.

Energy and Environmental Technologies: The global markets for energy and environmental technology are growing dramatically. An increased supply of energy is needed for economic development around the world; failing to provide needed energy services would risk economic development and political stability. Likewise, the developing countries have a growing need for new environmental technologies; they are necessary to clean water, reduce environment-related health problems, and to promote sustainable development and the efficient use of global resources. You could propose a comprehensive initiative to expand U.S. export of energy and environmental technologies, creating perhaps several hundred thousand new jobs. Moreover, we would at the same time be enhancing air and water quality, reducing the emission of greenhouse gasses and improving health around the world. The President's Committee of Advisors on Science and Technology (PCAST) has concluded that global markets for energy supply technologies alone could total $10 trillion over the next 20 years. The Department of Commerce believes that we could double the export of environmental technologies to $36 billion by 2005, creating about 130,000 new jobs. U.S. firms need to capture a significant share of that market, however, if they are to remain competitive. PCAST has recommended approximately $250 million of additional spending in order take advantage of the opportunity that lies ahead. These funds would be used to promote increased joint technology cooperation in research, development and adaptation, including technical assistance and training, for buildings, industrial efficiency, transport, clean fossil energy, and renewables; to offer bilateral assistance to trading partners; increase support for energy sector policy reforms at multilateral banks; work with the private sector to promote practices that will facilitate the sale of such technology; and, streamline and enhance trade assistance at U.S. export agencies. You noted as recently as your last press conference that developing countries need not develop along the same fossil energy fuel path that the United States and Great Britain developed, and this initiative is consistent with that thought.

Extend Next Generation Internet to small, high-tech companies: Currently, all private sector investment is going into the development of applications that can be used over today's Internet. Although we have invested $100/year to connect universities to the Next Generation, small high-tech companies do not have access to this network. We should establish small business incubators that would allow companies to experiment with applications for the NGI. *Cost*: $10 million.

Environmental Applications of Information Technology: EPA has not been a major player in any of our information technology initiatives. A relatively small increment would allow them to get involved – in applications such as (1) the use of wireless sensors for real-time environmental monitoring; (2) expert systems that help small and medium-sized enterprises adopt manufacturing techniques that minimize pollution; (3) better modeling of the environmental impacts of pollution; and (4) tools for visualizing local environmental conditions. Cost: $10 million.

(13) OTHER INITIATIVES

Maintaining Airline Safety and Efficiency Through Air Traffic Control Reform: Fundamentally reforming the FAA's air traffic control system is the single most important thing the Administration can do to enhance airline competition, reduce airline passenger complaints, and promote the growth of the U.S. aviation industry (aerospace as well as airlines). Without fundamental reform, the ATC system will be a constraint on the growth of the aviation industry, as it was in the 1980s following the PATCO strike. Even in the near term, the Administration needs to have an aggressive plan for fixing the growing problem of ATC delays, which are likely to be as bad, if not worse, next spring and summer. Although we have not previously characterized ATC reform as primarily a budget issue, it has become one. The Administration is in a position to get broad airline industry and labor support for an ATC reform proposal that we are currently developing (we will probably recommend legislation that would put ATC operations into an independent government corporation). However, if we stick with our current budget proposal for the FAA–it eliminates the historic general fund contribution to FAA operations through the imposition of user fees on top of the excise tax–the airline industry will not support our ATC reform proposal and, in fact, will be critical of it. If we lose industry (Air Transport Association) support, we lose support from labor as well. The "cost" of eliminating user fees from our budget – and restoring the full general fund contribution – is about $1 billion a year. Although we need to eliminate "user fees" as an offset (the ATA cannot sign onto to any proposal that contains them), we may not need to restore the full general fund contribution to get industry support; partial restoration may be sufficient, but even that will be expensive.

Green Pages in the Phone Book – Government Service and Hotline Numbers: The Administration should develop a Green Pages section in the phone book that would describe in plain English basic rights and regulations the Government enforces, and services it provides with 1-800 numbers to find out more. The initiative could be introduced by the Vice President as part of his reinvention effort and be part of a full-scale customer service campaign. The Vice President's NPR office does have an initiative to modify their existing Blue Pages to make it more user friendly. The effort falls short, however, of its potential, and there are no plans to integrate it into a more visible campaign. Estimated cost: $4 million for GSA.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Chief of Staff

Washington, D.C 20201

SOTU

DEC 5 1999

NOTE TO MARIA ECHAVESTE Maria

Attached is a memorandum to the President from Secretary Shalala presenting the President's Legacy for Children: 1993-2001. The Secretary is recommending three initiatives to be considered in the development of the State of the Union Address. They include:

1. A proposal for voluntary universal child care. No family that chooses to work should go without the resources or <u>quality</u> child care.

2. A proposal to complete our efforts for comprehensive health care for every child.

3. A comprehensive billion dollar investment for two childhood diseases: Juvenile Diabetes and Asthma.

For further information, please contact me at 202/690-7431.

Mary Beth

Mary Beth Donahue

Attachment

cc: Thurgood Marshall, Jr.
Bruce Reed
Chris Jennings
Gene Sperling
Melanne Verveer
David Beier
Audrey Haynes

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

DEC 14 1999

MEMORANDUM TO THE PRESIDENT

FROM: DONNA E. SHALALA

SUBJECT: THE NEW MARSHALL PLAN

Fact 1: Capricia Marshall, White House Social Secretary, will deliver a baby boy Marshall at the beginning of the new century. (His first opportunity to run for the President will be 2036.)

Fact 2: The number of Americans over 65 will double by 2036.

Conclusion: The changing demographics demand that every American born in the new century be a healthy and productive member of our workforce.

Therefore your entire 2000 State of the Union Address ought to focus on:

The U.S. investment in the health, education and welfare of Baby Marshall and his generation. It must be substantial, consistent, equitable, outcomes oriented and unprecedented in its quality and scope.

The context for this investment must be a world at peace and a robust economy.

Finally, I am enclosing a summary of your Legacy for Children so far - it is impressive, but I urge you to be totally unsatisfied. We need your NEW MARSHALL PLAN for the new century.

I recommend three bold initiatives:

1. A proposal for voluntary universal child care. No family that chooses to work should go without the resources for quality child care.

2. A proposal to complete our efforts for comprehensive health care for every child.

3. A comprehensive billion dollar investment for two childhood diseases: Juvenile Diabetes and Asthma.

Attachment

DRAFT

THE CLINTON LEGACY: CHILDREN 1993-2001

DONNA E. SHALALA

SECRETARY OF HEALTH AND HUMAN SERVICES

DECEMBER 10, 1999

DRAFT

Legacy: Children 1993-2001

INTRODUCTION

VI. STRENGTHENING KNOWLEDGE AND INFORMATION

CHARTS

Legacy: Children 1993-2001

INTRODUCTION

Throughout its tenure, the Clinton Administration has been driven by the simple yet profound recognition that "our children are our future." This insight has led to an unwavering commitment, motivating the Administration to advance a series of far-reaching strategies to improve every aspect of childhood, from infancy through adolescence and young adulthood. The core of this commitment has been the recognition that the federal government retains a central role in helping families achieve positive results for their children. At the same time, in order to accomplish its goals, the Administration has sought to mobilize and share responsibility with other sectors, including other levels of government, employers, and families and young people themselves.

Opportunities - for health and development, safety and security, education and citizenship -- ought to be a fundamental part of childhood. The Administration embraced the idea that opportunities also involve the right to have dreams and to nurture those dreams. But income or race or the circumstances of birth should not limit the scope of a child's dreams. During the past seven years, the Administration has steadfastly developed means and ways to allow children and families to have realizable dreams about their future.

The leadership has held a strong belief that the entire federal enterprise has a contribution to make in assisting families and communities gain essential information, resources, support and stability. The effort, consequently, has not been limited to one program, one agency or one department, but has brought to bear the network of governmental functions to tackle every aspect of improving the life chances of children at every point during their childhood. Policy and research, training and resources, information, technology and media, personnel and program, and where necessary, litigation, have been deployed in a manner and scope never before exercised. The Administration's approach has permeated every facet of government, every department, scientific venue and delivery system to strengthen the likelihood that children will grow up healthy, educated and secure as well as productive, informed and contributing members of their families, communities and the nation.

At the same time, it was understood that, where the federal government cannot or should not undertake the action or activity, government could, nevertheless, stimulate, encourage, provide incentives and collaborate with others to get the job done. This involved reinvigorating, and in some cases, renegotiating, partnerships among the federal, state and local governments. It has also meant mobilizing and engaging non-governmental sectors in this vision and mission. Whether to augment the power and reach of the message, strengthen understanding and build public will, or extend and improve the delivery of services, the Administration has reached out strategically and repeatedly. Business and labor, universities and educators and scientists, the faith community, voluntary and community-based organizations and philanthropy, media and entertainment, and families and young people have provided critical leadership, expertise and resources in the overarching objective of bettering the lives of children.

These values -- of public and private sector engagement, individual and collective action, and entrepreneurial and collaborative initiatives -- stimulated strong expectations that progress for children is possible and that positive results are achievable, especially if every government agency, singly and collaboratively, deploys its expertise and leverage to this end. The Administration has promulgated important new policies and programs, generated new resources, and been a catalyst for significant shifts in attitudes and behaviors that affect the needs of children and promote their healthy development.

With its partners and this comprehensive strategy, the Administration has changed the environment, altered expectations and enhanced participation. All these changes have led to measurable positive results. Babies are healthier, teenagers are delaying sexual activity and early childbearing has declined. Health insurance is increasingly available for children at all income levels. Children are better prepared to enter school, and are afforded pathways to the education, training and work experiences that are critical to ensuring a productive future. Wages have increased, 20 million new jobs have been created bringing unemployment to its lowest point in three decades, and new supports have been developed to enable parents to carry out the dual responsibilities of raising their children and achieving economic sustenance for their families.

Importantly, in several instances, the frameworks and the financing have been put in place so that positive impacts will be increasingly apparent over time. Already, more than 1 million children have received new health insurance coverage and the Head Start program enrolls more than 255,000 more children than in 1992. A new program, Early Head Start, was created to provide the youngest children and their families a comprehensive set of supports and services to maximize opportunities for healthy development. Child support collections, a crucial support for children in single parent families, have increased 80 percent since 1992 to an historic 14.4 billion dollars. Over a three-year period, the number of children adopted from the public foster care system nationwide increased 29 percent. Millions of children have access to Internet technology through their schools and libraries.. Four hundred thousand children and youth are benefitting from new constructive educational and enrichment programs in their non-school hours rather than going home to an empty house or hanging out on the street corner only to get lured into risky, often dangerous ventures.

The medicines used in routine health care must also be proven safe for children as well as adults. Families can take time to care for a new or adopted baby or an ailing child without risking loss of employment or health insurance. And the financial responsibility for raising a child is more squarely shouldered by both parents through tougher policies to enforce child support obligations.

States have extraordinary new opportunities to extend coverage of physical and mental health care to millions of children whom they enroll in the Children's Health Insurance Program. The Administration has committed 24 billion dollars in Federal matching funds over five years, the largest investment in children's health care since 1965, to help states offer health insurance for children whose families do not qualify for private insurance. Funding for pre-school and early childhood programs more than doubled. Federal child care resources alone have increased by more than 80 percent and additional funds specifically directed for new opportunities to participate in after school activities have also doubled.

Communication has been an essential tool in the Administration's efforts and certain messages are now clear. First, the Administration has sent the message that improving children's well being makes a difference to individuals and families, communities and the nation. Now regardless of income or geography, race or religion, there is a chorus of agreement that the early years of childhood matter. Further, it has become accepted that there are all kinds of caring adults who in many different ways help children grow up in sound environments and assist the family in making such help possible.

The second message the Administration has sent by its actions conveys that families are critical to children's development. Families matter in the financial support they can provide, in the emotional care they offer, and in the capacity they have to ensure sound development. Investment, incentives, and increased expectations for responsible parenting are approaches the Administration has used to demonstrate that family formation should not be entered into cavalierly, and once formed, the partners in making a family have continuing obligations to the children involved. Initiatives have addressed ensuring children the support they are due from an absent parent, preventing pregnancy by teenagers too young to shoulder the responsibilities of parenthood, and reconnecting fathers to their children. Other strategies have involved creating incentives for young parents to stay in school and live at home, and promoting efforts to find adoptive homes for children who need them. Through these efforts, the Administration has contributed to a new climate of respect for the roles and responsibilities of parents - both fathers and mothers -- and a powerful recognition that children need families to raise them.

Third, the Administration has sent a clear message that being poor in America should not limit opportunities. There is a recognition that hard work and sacrifices may be necessary, but that on balance, no one in the nation should have to settle for being poor, and government policies should make it possible to achieve this goal. Making participation in the workforce a mainstream expectation, providing investment in welfare reform, the community-focused welfare to work program, and the public-private partnerships prompted as a result, indicate that all individuals who are poor matter to the nation and that others beside government should invest in them too.

Poor people work every day and raise families. The Administration has conveyed a fourth message – that these families need investment too. Serious investments in raising wages, expanding the Earned Income Tax Credit, and supporting other incentives to make the rewards of work economically meaningful, as well as the supports such as child care that families need to sustain their participation in the workforce, signify renewed dedication to working families. While it is still too early to determine the outcome of welfare reform for children, shifts in expectations and new patterns of work help parents dream of and build a better future for their children, and promote higher aspirations for this and future generations.

Reaching for these goals has also involved helping communities become well positioned to help families raise their children in positive and protected environments. With creativity and flexibility, the Administration has persisted in its efforts to build a continuum of high quality supports and high expectations for children and to provide states, communities and families the tools and capacity needed to sustain them.

In this paper we review how children's prospects for the future have brightened as a result of the Clinton Administration's powerful persistence, creativity and abiding commitment. What will emerge is that the Administration has not only stimulated early visible results, but that actions have been taken and investments made to ensure that these changes go beyond the life of one administration. Each part of this review seeks to illustrate actions taken by government, activity conducted by non-governmental partners and work undertaken to sustain the gains and the promise of continued progress. The first section focuses on children's improved health, and the second section on their changing attitudes, behaviors and lifestyles. Progress in children's preparation for school and work is the centerpiece of the third section. Sections four and five outline the ways in which children are realizing greater family stability and economic security, advances which surely have been aided by the nation's sustained economic growth since the outset of the Administration. Finally, a sixth section points out the concerted efforts to expand scientific knowledge and understanding and translate that new learning to improved policy and practice on behalf of children.

I. AMERICA'S CHILDREN ARE HEALTHIER

Health is a fundamental element of children's development, and a key marker of their overall well being. Without the basic aspects of good health, children's ability to learn and lead an active life may be compromised. From infant mortality reduction, to dramatic increases in vaccinations for children and prevention of childhood diseases, the Administration has made improving the health of children a priority. From the earliest days of 1993, both governmental and non-governmental sectors were enlisted in this fundamental and enduring endeavor.

Reduction in Childhood Diseases/ Increased Immunization Rates

The Administration has achieved great success in dramatically lowering the risk of preventable childhood illnesses. Recognizing the promise of this tested public health strategy, one of the Administration's earliest efforts made immunization for all children a matter of considerable urgency. The Childhood Immunization Initiative, responding to the disturbing gaps in immunization rates for young children, has resulted in complete immunization of a record percentage of young children throughout the nation. The Initiative worked to improve immunization services for needy families, and to make free services available for children who are uninsured, Medicaid-eligible, American Indian or Alaska Natives, or under-insured for immunizations.

For children under the age of three, the most vulnerable age group, immunization rates for those receiving the most critical doses of most of the routinely recommended vaccines have reached 91 to 94 percent, a record high level. Childhood immunization rates for the basic series of vaccinations are at an all-time high of 81 percent. Efforts by the CDC, including the Vaccines for Children program, to make vaccines more affordable, accompanied by many vigorous and creative public education campaigns conducted by public agencies, private agencies and public-private partnerships, have made possible greater availability of immunizations to millions of very young children.

Obstacles to immunization of children include both parents who are unaware of the need to immunize, as well as those who fear immunization. In addition to making vaccines affordable, the Administration has made efforts to inform parents of the benefits of immunization and the risks of adverse effects from vaccines.

Coupling public education strategies, outreach and further research has contributed to striking progress in preventing specific pediatric illnesses. In 1996, reported levels of infectious disease were at, or near, record low and three diseases, tetanus, polio, and mumps, reached the disease reduction goals. Measles has almost disappeared, moving from epidemic status to about 100 cases per year, most of which are imported from outside the U.S. Haemophilus influenzae which causes often-fatal meningitis which can result in mental retardation and deafness, has been reduced by 99 percent. Getting an improved vaccine for pertussis, commonly known as whooping cough, to market in 1996 has reduced the deleterious side effects that were experienced by children vaccinated with the previously used DTP (diptheria/tetanus/pertussis) vaccine. This change has increased parents' willingness to have their children immunized against DTP, and has reduced claims on the vaccine fund.

For the most critical childhood vaccines, vaccination levels were nearly the same for preschool children of all racial and ethnic groups, narrowing a gap that was estimated to be as wide as 26 percentage points a generation ago. However, minority children still lag behind white children when overall vaccination rates are compared.long racial and ethnic lines persist among children. And while childhood immunization rates for the basic series of vaccinations have risen to record levels, about 1 million children under age 2 still have not received all of their immunizations. Efforts are underway to eradicate these small disparities and achieve our overall goals.

Sudden Infant Death Syndrome (SIDS) Reduction

Sudden Infant Death Syndrome, which affects very young children, has confounded scientists for many years. In the last several years, however, significant advances have been made in understanding and stemming infant deaths due to SIDS.

The SIDS rate has declined 42.3% since 1992, declining 12% in 1997 alone. A vigorous Back to Sleep Campaign, with leadership from Mrs. Gore in partnership with the American Academy of Pediatrics, was launched in 1994 to let parents know they should put their infants to sleep on their backs, not on their stomachs. The campaign has worked to heighten awareness among parents and health care providers by producing and distributing brochures, posters, print public service announcements, and informational videos urging that babies be placed on their backs to sleep. Further, the campaign spurred the development of state SIDS campaigns, developed a Back to Sleep Internet web site, and established a toll-free phone number to enable the public to order campaign materials.

About one-fourth of the decline in mortality among infants is accounted for by the significant decline in deaths as a result of SIDS.

Infant Mortality Reduction

Infant mortality is one key indicator of the health of children and families. It is an important measure of the well being of infants, children, and pregnant women because it is associated with a variety of factors, such as maternal health, quality and access to medical care, socioeconomic conditions, and public health practices.

The Administration made infant mortality reduction an early emphasis, seeking to meet the established goal of reducing the national infant mortality rate to 7 per 1000 live births by the year 2000. Building on steady progress during the previous decades, the nation is very close to reaching its goal. We have succeeded in reducing the approximately 38,000 infant deaths annually in 1990 to 27-28,000 infant deaths a year in 1997, as a result of several critical research-based changes in practice.

As noted above, about one-fourth of the decline in mortality among infants is accounted for by the significant decline in deaths as a result of SIDS.

New ways of addressing the consequences of premature births have also contributed to the decline in infant mortality, especially with regard to respiratory distress syndrome (RDS). First, prenatal corticosteroids are now given to a mother prior to a premature birth, and a surfactant is given postnatally to the premature baby after delivery. A 1993 Consensus Conference held by the National Institute of Child Health and Human Development changed medical practices, leading physicians to use the new medications to prevent RDS.

One of the leading causes of infant mortality in the United States is birth defects. Researchers and scientists throughout HHS discovered that by using the B Vitamin folic acid certain birth defects can be prevented. The FDA is now fortifying the food supply with folic acid to assist women in reaching the recommended level of consumption. The CDC has begun a national campaign, with public and private partners, to encourage women of child-bearing age to consume 400 micrograms per day of folic acid.

Access to prenatal care early in pregnancy has long been understood to improve birth outcomes. The likelihood of delivering a very low birthweight infant is 40 percent higher among women who receive late or no prenatal care. In 1997, the proportion of pregnant women who received prenatal care in their first trimester rose for the sixth straight year to 82.5 percent, an increase from about 76 percent in the early 1990s. This improvement has been true for women in all racial and ethnic groups. When women receive late or no prenatal care, the risk of negative health consequences for both them and their infants increases.

Increasing the number of women who receive early and comprehensive prenatal care has been a primary area of focus across a series of policies and programs. In addition to its continuing attention in initiatives of Maternal and Child Health programs, it is among the salient goals of the new Early Head Start program, which serves low-income families with infants and toddlers. The Administration consistently sought expansion of the

Supplemental Feeding Program for Women, Infants and Children (WIC), which provides nutritional foods and links to pre-natal health care for low-income pregnant women and their children. Despite legislative efforts to the contrary, the Administration stood firm in maintaining the Medicaid entitlement and made it possible for states to expand the health insurance program's reach to more low income mothers and children as they entered the workforce in the context of welfare reform. These actions have resulted in the highest percentage of women receiving prenatal care on record. And through a renewed emphasis on reaching the most vulnerable pregnant women, the proportion of pregnant women who receive late or no prenatal care continues to decline, contributing to the birth of healthier infants.

Despite these impressive gains, the U.S. continues to have persistent disparities across some racial groups and high infant mortality rates overall, compared to other industrialized nations. In 1997, the infant mortality rate among black infants was 13.7 per 1000 live births, and 8.7 for American Indians compared to 6 per 1000 live births among white and Hispanic babies. As of 1995, the U.S. still ranked 24th in infant mortality rates compared to other industrialized countries.

Pediatric AIDS

The major source of new pediatric infections in the U.S. has been the transmission of HIV from infected pregnant women to their offspring. In 1994, an NIH-sponsored study group reported a clinical trial which demonstrated that zidovudine (ZDV or AZT) administered to the mother during pregnancy, labor and delivery and to the infant in the first weeks of life can reduce the risk of mother to child transmission of this infection from 25 to 8 percent. In both 1995 and 1998, a Public Health Service Task Force published recommendations that are the major basis for the use of this drug to prevent perinatally-transmitted HIV infection. Since then, doctors have found that prenatal use of AZT can actually reduce the risk of perinatal transmission to as low as 3 percent. In addition, the U.S. Public Health Service recommends universal HIV counseling and voluntary tests for all pregnant women in the United States.

Drug treatment of HIV-infected pregnant women has been highly successful in preventing transmission of the virus. *The Journal of the American Medical Association* reported recently that the number of babies who contracted AIDS from their mothers dropped by two-thirds between 1992 and 1997. Researchers found that the number of babies who developed AIDS after being infected with HIV before or during birth peaked at 907 in 1992, then declined over the next five years to 297 in 1997. While only 32 states collect information on HIV infection in newborns, the CDC estimates that 1,650 babies were born with HIV infection in 1991. By 1996, that number had dropped 71 percent to 480.

A two percent perinatal HIV transmission rate was a goal set by the private Pediatric AIDS Foundation a number of years ago and some researchers, at that time, believed this to be an unreachable goal. However, as a result of NIH-sponsored research, public health service clinical guidance and substantial public health efforts to reach out to women and their providers to facilitate early access to prenatal care and to encourage other key measures related specifically to AIDS prevention, this nation is on the way to eradicating mother-to-child transmitted pediatric AIDS.

Childhood Asthma and Protection From Environmental Health Threats

Children's health is directly and uniquely affected by our environment. The Clinton Administration worked to improve our understanding of how children are often at increased risk from many environmental threats, compared to adults. Children's systems are still developing, and they eat proportionately more food, drink more fluids, and breathe more air per pound of body weight. Children today face significant health hazards, from asthma-inducing air pollution, and lead-based paint in older homes, to treatment-reducing microbes in drinking water and persistent industrial chemicals.

Asthma, a chronic inflammatory disease of the air passageways, is the most common chronic disease of childhood and one of the leading causes of school absenteeism, accounting for over 10 million missed school days annually. Posing a significant risk to children's health and educational progress, both the incidence of asthma and the mortality rate from the disease are increasing. Between 1980 and 1994, the percentage of Americans with asthma increased 75 percent, and the percentage of pre-school age children with asthma increased 160 percent. However, the causes of asthma and of the asthma epidemic are not well understood. In April 1997, President Clinton created the Interagency Task Force on Children's Environmental Health and Safety, which identified asthma as a primary area of attention. In January 1999, this committee released a strategy for protecting children from asthma in conjunction with the Administration's $68 million initiative to fight childhood asthma through school-based programs, research, and a national public information campaign.

To address the burgeoning incidence of asthma, HHS has initiated a significant collaboration across its agencies. In FY 1999, the Department of Health and Human Services invested nearly $125 million in asthma research and prevention. Also, HUD and HHS are developing new information through a national allergen survey in public housing. HHS has also joined with the EPA to create new children's health centers, which will have a concentrated focus on asthma.

Federally supported studies have documented that certain allergens, including house dust mites, molds and cockroaches, often play an important role in childhood asthma. Additional research has demonstrated that reducing exposure to these allergens, coupled with educational approaches to improving self-management skills, are effective in reducing asthma-based hospitalizations in inner-city children. Based on this information, the task force is initiating a national public information campaign to reduce children's exposure to allergens and other asthma triggers such as environmental tobacco smoke.

ZAP Asthma is another innovation CDC has undertaken to combat this disease. Its initial test, in Atlanta, Georgia, seeks to show that a comprehensive approach to controlling asthma, including access to medical care, patient and practitioner education, and reductions in allergens, will reduce the number of asthma hospitalizations for children. The program includes surveillance to identify local disease trends and evaluation of prevention efforts; statewide education of practitioners, patients and community organizations; community asthma prevention interventions; and applied research. A unique feature of the project is the extensive public and private partnerships - with universities, health insurance companies, municipal government, and professional organizations - to carry out the project and the hiring of local community health workers.

Development of new medications to treat and prevent the symptoms of asthma, based on new insights into the cellular mechanisms of inflammation, will offer options to tailor therapy to the individual patient and minimize possibilities of side effects. While there have not yet been significant changes in the treatments available for children with asthma, NIH-sponsored studies have made progress in teaching individuals afflicted with asthma how and when to self-administer medications for maximum benefit, thereby also reducing hospitalization.

In its strides to protect children, the Administration has also issued new policy ensuring consideration of special environmental threats to children in the development of risk assessments, and has developed a research agenda focusing on food pesticides and other exposures unique to children, all using the most cutting-edge scientific technologies.

Directly responding to issues raised by the National Academy of Sciences 1993 report "Pesticides in the Diets of Infants and Children," the Administration took unprecedented steps to protect the health of children from the risks posed by pesticides in their food. The Environmental Protection Agency has intensified efforts to reduce the use of high-risk pesticides, increase research and testing, and establish new standards to protect children and infants from dietary health risks posed by pesticides.

Children's tolerance levels for chemical residues on food vary significantly from those of adults. Yet for many years, tolerance levels for food safety, pesticide residues on food, and enforcement of those tolerance levels were set without regard to differences between children and adults. The Food Quality Protection Act of 1996 not only recognizes this important principle, but requires use of an additional 10-fold factor to ensure protection of children when setting an acceptable level for a pesticide residue in food.

Further, under the Administration's Food Safety Initiative, three agencies -- HHS, EPA and USDA – work with communities, farmers, businesses, consumer protection groups and all levels of government to improve food safety. While not specifically targeted at any age group, this initiative has particularly benefitted children who are at high risk for bacterial food borne illness.

Some aspects of the Administration's efforts to improve food safety and strengthen information about healthy food choices have focused on children. Extensive market research has shown that children exert the greatest impact on family food purchases. Building on this data, the Food and Drug Administration engaged the children's book character, Curious George, to help children understand new food labels. FDA launched a public service advertising campaign aimed at making the food label real and relevant to children ages 4 to 10. By making children more aware of the nutrition facts label and encouraging them to share their knowledge with their whole family, this campaign seeks to help improve the food choices made by people of all ages.

Lead poisoning is another top environmental health hazard for children, affecting nearly 1 million children age 5 and under. Although lead-based house paint has long since been taken off the market, children living in older homes are at risk. More than 80 percent of U.S. homes built before 1978 - some 64 million - contain lead paint. Lead poisoning in children causes IQ deficiencies, reading and learning disabilities, impaired hearing, reduced attention spans, hyperactivity, antisocial behavior, and other difficulties.

Recent findings indicate that the expanded efforts of the Administration have aided in a distinct decline of blood lead levels in every segment of the U.S. population. Efforts in past decades prompting the removal of lead from gasoline, and other sources such as household paint, food and drink cans and plumbing systems have led to these results. Continuing the Administration's "right-to-know" efforts, EPA and HUD recently required sellers and landlords of dwellings built before 1978 to disclose any known lead-based paint hazards. Average blood lead levels in children ages 1-5 decreased from 15.0 to 2.7 micrograms per deciliter according to a National Health and Nutrition Examination Survey performed between 1976-1980 and 1991-1994. However, there are still close to one million children who continue to have blood lead levels greater than or equal to 10 micrograms per deciliter, including more than one-fifth of non-Hispanic black children living in older homes.

Mental Health

Every year, more than 63 million Americans experience diagnosable mental disorders. Of them, more than 6.7 million are disabled by severe mental illnesses, including as many as 4 million children and adolescents. Major depression, schizophrenia, bipolar illness, eating disorders, anxiety disorders, and other mental illnesses frequently impair normal daily activities. Yet only one-third of children and adolescents who need mental health services receive them.

In 1996, the President advocated for and signed into law the Mental Health Parity Act (MHPA) to take steps towards ending discrimination in health insurance on the basis of mental illness. Beginning in January 1998, health plans must begin to provide the same annual and lifetime spending caps for mental health benefits as they do for medical and surgical benefits. Consistent with the principles of the MHPA, the Children's Health Insurance Program (CHIP), discussed more fully in a subsequent section, further advanced states' options for providing mental health care for children. While not mandatory, CHIP provides the framework for including mental health benefits in the package of benefits each state may establish for its program. In addition, based on a directive from the President, the federal government will seek to achieve parity for mental health and substance abuse coverage in the Federal Employees Health Benefits Program by 2001. Early progress has been made in the past few years through the Office of Personnel Management's collaboration with health plans to eliminate lifetime and annual maximums for mental health care, and to move away from contractual day and visit limitations and high out-of-pocket costs for mental health care. In addition, medical visits and testing to monitor drug treatment for mental conditions can now be covered as pharmaceutical disease management. As the largest employer-sponsored health insurance program in the nation, with 285 participating health plans, changes in the federal program have the potential to advance access to mental health services for millions of children and families.

In June 1999, the Administration hosted the first ever White House Conference on Mental Health to give nationwide visibility to this long-neglected arena which affects millions of American children and families. The conference provided the launching pad for an innovative campaign to lift the veil of mystery and stigma that shrouds mental disorders and the individuals affected by them, and to utilize modern developments in science and further research to aid those, including millions of children, suffering from mental diseases. A key element of this initiative is the first-ever Surgeon General's Report on Mental Health, which takes a life cycle perspective and provides an up-to-date, comprehensive review of the scientific advances in the study of mental health and mental illness, including mental health of children and teenagers. The report and an outreach campaign to advance its messages stress that mental health and mental illness are part of the mainstream of health and are important concerns at all ages, from infancy through adulthood.

Another critical component of the initiative to overcome stigma will expand "Caring for Every Child's Mental Health: Communities Together Campaign," a national public education initiative to reduce the stigma of mental health disorders by highlighting the special mental health needs of children.

The child-focused campaign complements significant expansion over the past five years of pioneering comprehensive community-based systems of care for treating children with serious emotional disturbances. This approach recognizes the importance of treating the family unit and strives to ensure that children with special health care needs and their families obtain appropriate and sufficient mental health and substance abuse health care. Emerging evidence suggests that this system-of-care approach reduces behavioral problems and improves school performance as well as social functioning at home, school and the community. The approach also promises greater stability in living arrangements for these youngsters, fewer contacts with law enforcement, and fewer missed days of school.

For younger children, HHS in conjunction with the private-sector Casey Family Program has established the Starting Early, Starting Smart program to address the needs of children who have at least one parent who suffers from serious mental illness and/or substance abuse. Research has shown that these children experience increased emotional, behavioral, and relationship problems. This program seeks to test the effectiveness of integrating behavioral health services within primary care and early childhood service settings for children age 0 to 7. Realizing the importance of the earliest years, this public-private partnership seeks to reach children at their most critical time for mental and physical development.

Social and emotional well-being is a crucial component of success in school and later life. In another important partnership, Head Start and NIMH have joined forces to sponsor a consortium of researchers focused on promoting mental health and well-being for young children and their families. By focusing on prevention, prompt identification and treatment, the Head Start Mental Health Research Consortium is building on the longstanding tradition of Head Start as a national laboratory to refine interventions for children in poverty.

One of the most tragic complications of mental illness is suicide, which remains a serious problem among young people. While the suicide rate has generally declined over the last several decades, reported rates of suicide among teenagers and young adults grew threefold between 1952-1996. For adolescents ages 15-19, rates increased by 14 percent between 1980-1996, while the increase for 10-14 year olds was 100 percent during that same time period, placing suicide as the third and fourth leading cause of death for these age groups respectively. In response to this dramatic increase, the World Health Organization issued guidelines and urged its member countries to address suicide prevention. The United States followed suit by developing a public private partnership comprised of many agencies within HHS, and the grassroots Suicide Prevention Advocacy Network. These entities collaborated to develop a national strategy to prevent suicide in the United States, with special focus on youth, culminating in the Surgeon General's Call to Action to Prevent Suicide.

Eliminating Disparities

Despite gains and improvements for children overall, disparities in health status among children of various racial and ethnic minority populations plague our country. Blacks, Hispanics, American Indians and Alaska Natives, and Pacific Islanders experience continued disparities in health status as compared to the population as a whole. Infant mortality rates, for example, are more than twice as high for black infants compared to white infants. Minority children lag slightly behind white children in overall immunization rates. The President has committed the nation to an ambitious goal to eliminate the disparities for six indicators of health status by the year 2010. Improving the health of minority populations while sustaining the improvements of the overall health of the American people is a key component of the President's Initiative on Race.

In 1998, the President and the Department of Health and Human Services announced the Eliminating Racial and Ethnic Disparities in Health Initiative. The initiative focuses on six selected areas to achieve the President's vision of eliminating the gaps in health status: infant mortality, cancer screening and management, cardiovascular disease, diabetes, HIV infection/AIDS and immunization.

The Initiative includes funding as well as a campaign to reach out to local communities and community-based programs to improve education and outreach efforts. Racial and Ethnic Approaches to Community Health (REACH 2010) grants are two-phase projects to designed to encourage community mobilization and leverage more effective use of existing resources to develop effective and sustainable programs to eliminate health disparities of racial and ethnic minorities. The communities served by REACH will include all those identified for the Race Initiative. CDC has funded thirty-two local coalitions in 18 states to begin the planning for this critical task and in a partnership with the California Endowment, an additional three community coalitions will be funded.

To eliminate the disparity in infant mortality rates, the Administration is focusing on prenatal care, premature births, and Sudden Infant Death Syndrome (SIDS) rates among minority groups. Racial and ethnic disparities are greatest in pre-term births and low birthweight, among the leading causes of death for infants. In 1996, 84 percent of white women began their prenatal care in the first trimester, compared to 71 percent of black women. The incidence of pre-term births among black mothers (17.7 percent) is much higher than among white mothers (9.7 percent). The Administration is working towards eliminating the financial, educational, social, and logistical barriers to care that are creating these disparities as well as supporting research to identify and correct other causes for these disparities.

During the past several years, childhood immunizations have reached an all-time high. While immunization rates for minorities are slightly lower compared with the white population, minority rates of immunization have been increasing at a more rapid rate, diminishing the disparities. To sustain the improvement and close the gaps, a new public awareness campaign has been mounted to underscore for parents and caregivers the importance of all children receiving a full course of recommended vaccinations by age 2. Current efforts must be sustained in order to achieve the President's goal.

New Tools to Understand and Improve Children's Health

At its best, the United States has an excellent health care system, and its children are well cared for. However, in recent years, the health care system has identified numerous problems with the quality of health care that is delivered, including health care for children. To ameliorate these problems, the Administration has been actively identifying quality challenges in children's health care and developing strategies for quality improvement.

For example, children were identified as a vulnerable population in the report of the President's Advisory Commission on Consumer Protection and Quality in the Health Care Industry. As a result of recommendations in that report, HHS' Agency for Health Care Policy and Research is supporting research to develop measures of clinical quality of care for the most vulnerable children, such as very low birthweight babies and children with chronic illnesses. Working with its private sector partners, including the Foundation for Accountability (FACCT) and the National Committee for quality Assurance, HHS is developing measures for children with asthma and other chronic conditions, for teens who may have sexually transmitted diseases, and for all children who would benefit from preventive services such as well-child care and immunizations, if these services are provided.

Clear statements of the evidence on what works in prevention and treatment for children provide the backbone of quality measures development and quality improvement efforts. To this end, HHS has synthesized and disseminated the most rigorous evidence on treatment of attention deficit hyperactivity disorder (ADHD), otitis media, and a broad range of preventive services.

A major initiative to use distance learning is dramatically scaling up the reach of training for public health professionals, especially those addressing children's health. Through Internet-based accredited courses, facilitated discussion groups and information transfer, training in quantitative techniques and analytical methods for needs assessment, policy development and evaluation of interventions is now reaching 2000 local and state maternal and child health staff annually.

Finally, considerable effort has been made to covert health related data into useful and readily accessible information for program planning and assessment at the state and local levels. This innovative approach draws on the experience of states that have developed integrated web-based data systems and involve linked data sets supported by multiple agencies in a state. Integrated information systems provide a comprehensive view of health, particularly for children and mothers, to determine their health status, related risk factors, population characteristics and services delivered and needed such as health care system attributes and performance. With these integrated systems, local and state public health and health services agencies can significantly improve their use of information to strengthen health care for families and children.

II. AMERICA'S CHILDREN ARE LEARNING HEALTHIER ATTITUDES, BEHAVIORS, AND LIFESTYLES

While all efforts must be made to give children the best opportunities for a healthy start, especially in the critical early years, children also must be given education and encouragement to make decisions that further their healthy development. Children's health and well being are placed in jeopardy by the inherent dangers of tobacco and drug use, as well as the dangers posed by safety hazards that cause unintentional injuries. The Administration has made it a priority to protect children from these preventable health risks, while encouraging children to take up healthy habits, like physical activity and good nutrition.

Youth Tobacco

Research has shown that some children begin experimenting with tobacco as early as ages 10-13. All too often, they become addicted at age 14-16, and once addicted, risk becoming tobacco industry customers for life. Each year another million teenagers become regular smokers. To break this cycle, the Administration set a goal of reducing the smoking rate among young people by 50 percent by 2003, curbing unnecessary disease, disability and death in adulthood.

The insight that tobacco use is a pediatric disease persuaded the Administration to open a comprehensive campaign in the war against smoking. First, the Administration used its regulatory powers in a FDA rule that prohibits young people's access to tobacco and curtails its visibility and appeal to youth by limiting the industry's marketing tools, such as advertising, billboards, giveaways and sponsorship of events and other products. The Supreme Court recently granted a writ of *certiorari* in a case challenging this rule. Despite the legal challenges, the President has remained strong in his support of the FDA regulation.

Second, the Administration has cracked down on vendors who sell tobacco to minors. States are now required to conduct random unannounced inspections of a sample of tobacco vendors to assess their compliance with laws prohibiting tobacco sales to underage individuals. States failing to meet their goal of reducing vendor sales-to-minors violation rates to less than 20 percent risk losing a percentage of their federal funds for substance abuse prevention and treatment. Youth themselves are participating in enforcement inspections to ensure that retailers are obeying the law.

Third, HHS reinvigorated a special Office on Smoking and Health at the CDC, set up a clearinghouse to assist states with effective practices, established a public health research program to demonstrate and evaluate state-based programs, and created new strategies to address the effects of secondary smoke and other tobacco-related environmental issues. Today several states have programs of counter-advertising, community coalitions, and policies on the environmental effects of tobacco use.

Fourth, the Administration expanded the surveillance tools available to track tobacco use. The "Youth Risk Behavior Survey" and "Monitoring the Future" provide important national information and trends about teens' health behaviors and attitudes towards drug use, and in 1998, Monitoring the Future began collecting data on cigarette brands used by children. By 2001 a household survey administered by SAMHSA will provide smoking-related data not only by brand but also by state. This will advance markedly the ability to target specific geographic areas and specific company practices in order to reduce teen smoking.

Finally, There have also been considerable public awareness and education efforts to reduce youth use of tobacco and to promote health and fitness through partnerships among the Department of Health and Human Services, the U.S. Women's National Soccer Team, and US Soccer. The "Smoke-Free Kids" campaign is a multi-media approach to encourage children to get involved in soccer, and not cigarettes.

There is little question that the social climate in the country has changed as a result of the Administration's willingness to confront the life-threatening nature of tobacco use. No longer are public health professionals the only ones calling to "take the billboards down." It is now widely accepted and politically safe for individuals to talk about the hazards of smoking and the impact of smoking on the environment and for communities to take measures to countervail the vast advertising and marketing by the tobacco industry. Several states and localities have banned not only indoor smoking, but outdoor smoking as well. Cities such as Baltimore have prohibited billboard advertising.

More importantly, these efforts are affecting the smoking habits of millions of Americans. Massachusetts' aggressive set of activities against tobacco use has returned a 31 percent drop in consumption between 1992 and early 1997. Nationwide, during the same period, smoking declined among pregnant women. Smoking reduction in this group is especially important because women who smoke are more than twice as likely to deliver a low birthweight baby, and about 20 percent more likely to deliver prematurely, both circumstances that increase risks to the infant's health.

The recent "Monitoring the Future" survey administered in 1998 noted that most adolescents reported a greater awareness of the risks associated with drug-related activities. However, the increasing incidence of teen smoking - CDC reports that the number of teenagers taking up smoking as a daily habit has increased 73 percent between 1988 and 1996 - reinforces the importance of holding steadfast to this concerted and comprehensive campaign.

Youth Drug Use

The Clinton Administration has also made curbing the use of drugs and illicit substances an important priority. The main emphasis of the President's 1997 National Drug Control Strategy is to motivate our kids to reject the use of illegal drugs. In 1997, the Administration launched a $195 million National Youth Anti-Drug Media Campaign, which uses the power of the mass media to educate young people, parents, teachers, and mentors about the dangers of drugs. The President expanded the Drug-Free Schools Act into the Safe and Drug-Free Schools Act of 1994, making violence prevention a key part of this program. The program requires schools to adopt rigorous, comprehensive school safety plans that include tough, but fair discipline policies, as well as effective drug policies, and annual school drug use report cards. The Safe and Drug Free Schools Program provides support for violence and drug prevention programs to 97% of the nation's school districts, which use these funds to prevent drug and alcohol abuse as well as violence.

Despite the alarming increase of drug use throughout the early 1990s, the 1998 National Household Survey on Drug Abuse (NHSDA) found that illicit drug use declined among young people age 12-17 from 1997 to 1998. The percentage of youths reporting current illicit drug use declined significantly from 11.4 percent to 9.9 percent. Teen use of inhalants also decreased significantly from 2.0 percent in 1997 to 1.1 percent in 1998. The rate of youth reporting that they tried marijuana for the first time decreased. Another indication that the trends are moving, albeit slowly, in the right direction is that the average age of first-time marijuana use went up.

The NHSDA study found that illicit drug use among the overall population remained flat. In another study, HHS sponsored "Monitoring the Future" which monitors trends in drug use and attitudes in high school 8th, 10th, and 12th grade students, noted that most adolescents reported a greater awareness of the risks associated with drug related activities. Past year illicit drug use among 10th graders decreased slightly from 38.5 percent in 1997 to 35 percent in 1998. Past year use among 8th graders also decreased from 23.6 percent in 1996 to 21 percent in 1998. While drug use levels are still higher than they were a decade ago, halt in rising drug use over the past two years provides hope that the efforts to reverse the trend of drug use are beginning to work.

Injury and Youth Mortality Reduction

Both unintentional and intentional injury have diminished markedly in the past several years. Nevertheless, unintentional injury still remains the leading cause of death among children ages 14 and under in the United States. The unintentional injury death rate among children ages 14 and under declined 30 percent from 1987 to 1996. However, in 1996, nearly 6,300 children age 1 to 14 died from unintentional injuries, and each year nearly 120,000 children are permanently disabled. Overall, youth death rates have continued on a downward trend, with a rate of 38.3 per 100,000 in 1996, down from 47.5 in 1991.

Unintentional injury-related death is often a result of motor vehicle injuries, which include children as occupants, pedestrians and bicyclists. Safety has been the highest transportation priority for the Administration, resulting in efforts to encourage Americans to use seat belts and to encourage parents to buckle up their children. According to the National Highway Traffic Safety Administration, child safety seats each year save the lives of more than 300 children under five years old, and seat belts save more than 10,000 lives in America each year.

The President set a goal of increasing national seat belt use to 90 percent and reducing child occupant fatalities by 25 percent by the year 2005. To reach this goal, the Administration implemented an extensive national strategy including Operation ABC Mobilization: America Buckles Up Children, as well as a national billboard campaign reminding adults to be role models when it comes to restraints, which have persuaded more motorists to buckle up and use child safety seats. In conjunction with The National Safe Kids Campaign, Safe Kids Buckle Up is a multi-media public service campaign launched in 1997, that enlists the help of health and education organizations, as well as the private sector, such as car dealerships, to distribute information. The Air Bag and Seat Belt Safety Campaign, and a continued call for tough laws and strict visible enforcement have resulted in historic levels of seat belt use. It is estimated that 19 million more Americans started buckling up in 1998, bringing the nation's seat belt usage to a record high level. The National Highway Traffic Safety Administration reports that restraint use among toddlers aged 1-4 increased dramatically from 60.1 percent in 1996 to 87 percent in 1998. Restraint use for infants less than one year old increased from 85.2 percent in 1996 to 97.2 percent in 1998. The 1998 National Occupant Protection Survey also showed that restraint use among youngsters ages 5-15 increased 64.6 percent in 1996 to 68.7 percent in 1998, and among young adults ages 16-24 increased from 62.4 percent in 1996 to 66.8 percent in 1998.

Recent surveys conducted by NHTSA showed disparities among traffic deaths by ethnicity. Native Americans die in car crashes at rates 2-3 times that of other racial and ethnic groups, and motor vehicle crashes are the leading cause of death for Hispanics through age 24 and for African-Americans ages 1 to 14. One survey also showed that 42 percent of minority children are at greater risk because they are improperly placed in child safety seats, while only 15 percent of white infants are improperly placed. Seeking to eliminate these disparities, the Administration called on the National Diversity Forum to create life-saving solutions and propose recommendations while addressing different minority groups' concerns.

For children ages 5 and older, homicide joins unintentional injuries as one of the three leading causes of death. And for teenagers, injury, including both unintentional injuries, homicide and suicide, continue to account for four out of five deaths. From 1994 to 1996, both the firearm homicide and firearm suicide rates have fallen by about one-fourth for adolescents ages 15-19. A more extensive discussion of youth violence rates and the Administration's efforts toward preventing youth violence follows in the next section.

Youth Violence and Youth Crime

Just as juvenile violent victimization has declined in the past few years, so has the commission of crimes, both violent and nonviolent, by young people. In fact, despite recent high visibility student killings, juvenile violent crime fell to its lowest level since 1987, based on the FBI's Uniform Crime Reports data, and has declined 30 percent from 1994 to 1998 alone. Sharp decreases have been recorded for every category of violent crime committed by young people. The juvenile murder arrest rate dropped by 50 percent and the arrest rate for weapons law violations by 33 percent between 1993 and 1998. Arrests for forcible rape were down by 25 percent from 1991 to 1998 and assaults declined 20 percent from 1994 to 1998.

The Administration has been committed to addressing the issue of youth violence in a comprehensive manner. The Justice Department's Comprehensive Strategy for Serious, Violent and Chronic Juvenile Offenders has provided a strong framework of strategic responses at the community, city, State and national levels. The strategy calls on all sectors of society to work together to address the full continuum of needs from prevention programs that target all youth, to graduated sanctions that seek to habilitate delinquent youth. The comprehensive strategy engages the community in planning for young people both to support their healthy development and to hold them accountable for their offenses.

As the media and particularly the Internet, become increasingly present in the daily lives of children, the Administration has realized the need to ensure that the messages being sent to children are appropriate. It is estimated that children spend about 25 hours a week watching TV, more time each year than they spend in the classroom. By the time they complete elementary school, children have witnessed about 8,000 murders and 100,000 acts of violence. The President has directed and made various efforts to monitor and curb the violent and explicit content that is inappropriate for children's viewing.

In 1998, the Federal Communications Commission adopted rules requiring all television sets with picture screens 33 centimeters or larger to be equipped with features to block the display of television programming based upon its rating. This technology, known as the "V-Chip", allows parents to control what programs their children view. To expand parents' tools to block or select programming on a more informed basis, the Telecommunications Act of 1996 gave the broadcasting industry the first opportunity to establish voluntary ratings for programming containing sexual, violent, or other material parents may deem inappropriate. The Administration obtained voluntary commitment from the industry to broadcast signals containing these ratings.

In 1999, the President announced a nationwide movie ratings education and enforcement effort created in conjunction with the National Association of Theater Owners. Movie theater owners will require photo identification from young people seeking admission to

"R"-rated films, an educational outreach program is being devised for parents about the ratings system and new ID-check policy, and theater owners gave their support for a national study on the causes of violence.

Finally, the President enlisted the entertainment industry to marshal an anti-violence campaign across the airwaves. A coalition of broadcast and cable networks, in collaboration with the Advertising Council and the Kaiser Family Foundation, will promote a new public education advertising series aimed at adults, called "Talking with Kids about Violence." In addition to a vast array of network and cable channels, the campaign will also include a website and a booklet for parents. In addition, an independent and nonpartisan National Campaign Against Youth Violence will serve as a clearinghouse on programs that work, gain commitments across many sectors of society to address violence, and develop more supports for parents to help them protect their children.

Finally, because the most highly publicized and shocking acts of youth violence have occurred in schools, the Administration has placed high priority on comprehensive strategies aimed at preventing future acts of school-based violence. These initiatives are more fully described in the section entitled School Safety.

Physical Activity

The need for physical activity among today's youth is of increasing concern. Overweight adolescents are at greater risk of being overweight as adults, and adults who are overweight are at higher risk of numerous health problems. Overall, the percentage of children ages 6 through 17 who are overweight has increased more than twofold since the 1960s, with the largest increases seen since 1980. The percentage of overweight children was 13.6 during 1988-1994, rising from 7.6 in 1976-1980. With this continued increase, physical activity has become an important public health issue.

The Administration has made efforts to encourage and highlight the positive benefits of physical activity. In 1996, the Surgeon General produced a landmark report on physical activity and health. The report served both as a summary of the positive relationship between physical activity and health status, and as a national call to action to improve the health of the nation by continuing our commitment to healthy physical activity. In 1997, CDC issued Guidelines for School and Community Programs to Promote Lifelong Physical Activity Among Young People. These guidelines are based on an in-depth review of research, theory, current practice in physical education, exercise science, health education and public health. Finally, various physical activity and fitness objectives are included in the Healthy People 2000 goals and these objectives will continue to be benchmarks in the Healthy People 2010 Initiative.

Especially among girls, physical activity and participation in sports has been linked to various positive outcomes, such as increased self-esteem and a positive body image. The President's Council on Physical Fitness and Sports concluded that physical activity has an increasingly important role in the lives of girls, both because of its physical health and emotional benefits. Yet, of the major decrease in physical activity that occurs during grades 9-12, the decrease is more profound for girls than for boys. Therefore, strategies to increase the amount of physical activity will need to be tailored to the specific and varying needs of boys and girls. The Administration, led by the Department of Health and Human Services, has made encouraging girls' physical activity a top priority. Secretary Donna Shalala's Girl Power! initiative seeks to reinforce and sustain the positive views of their health that girls demonstrate at age 8 or 9, which research shows begin to deteriorate through age 14. A vital component of the Girl Power! campaign is to promote healthy physical activity among girls.

III. AMERICA'S CHILDREN ARE BETTER PREPARED FOR SCHOOL AND WORK

Education, from preschool through higher education, has a lasting impact on the life of a child and makes a critical contribution to social and economic success. However, in order to benefit from schooling, children must be ready to learn. Their health, home and child care environments, especially in their earliest years, can play a critical role in their ability to perform successfully at school, and later on at work. Schools must also be prepared to serve their students. Teachers must be well qualified, materials and resources must be current, and schools should have access to the latest technological advancements. Schools must also provide safe learning environments, and after-school activities are a proven way of enriching children's learning, while keeping them off the streets during those vulnerable after-school hours. Educational opportunities at all levels, from quality child care, to top-notch colleges and universities, must be accessible and affordable. Most importantly, schools must prepare children for life after graduation to help them become productive and active adults. For these reasons, the Administration has placed enormous emphasis on strengthening early childhood education, child care, education at all levels and high performance standards.

Increasing Effectiveness of Early Childhood Education and Head Start

Working with many partners in the public and private sector, the Administration has infused into all levels of government, and across communities of every type, the legitimacy of public investment in early childhood development. It is now commonly accepted and recognized that children need the right start in life and that parents, neighbors, and a wide range of public and private sector agencies and organizations play a significant role in making that start a positive one. In this section we address the Administration's extensive efforts to strengthen the quality of educational and developmental programming for young children. In a later section on supports for working families (see page), we also address the scale of investment as well as policy initiatives designed to enable early childhood programs to meet the changing needs of parents.

Knitting together various publicly-supported programs, such as Head Start and child care, and stimulating State investment in Head Start, pre-kindergarten and child care, the Administration has significantly advanced the goal of a universal system of developmental opportunities for young children. When children reach school age, the Administration has assured that new resources will also be available for them, promoting the notion that readiness for school and learning in the early grades require an educational continuum.

The President and the First Lady recognized the importance and potential of the new knowledge emerging from neuroscience about brain development in infants. The White House is invested in ensuring that children achieve the critical developmental milestones in the earliest stages of life. Failure to do so compromises children's social, emotional and cognitive competencies and impairs their school readiness. Hosting an unprecedented White House Conference on Early Learning and Brain Development exposed the public to these scientific understandings, and gave credibility to their importance for parental and other adult influences on babies and young children.

One of the National Education Goals for the year 2000 is that "all children will start school ready to learn." The Administration has built on the increasingly strong evidence that children benefit from having access to high quality and developmentally appropriate preschool programs that help prepare children for school. In 1996, enrollment rates continued to increase, and over half (53%) of all pre-kindergarten children ages 3 to 4 were enrolled in preschool and early childhood center-based programs, including day care centers, Head Start programs, preschools, pre-kindergartens. African-American children three to four years old have the highest enrollments in early childhood programs. In 1996, 63 percent of African-American children were enrolled, compared to 54 percent of whites, and 37 percent of Hispanic children. African-American children have shown the largest increase in recent years, increasing 10 percentage points between 1996 and 1997 from 45 percent to 55 percent in 1997. Preschool attendance increased among children living in poverty, from 34 percent in 1996 to 40 percent in 1997.

The President set a goal of strengthening program quality, while enrolling one million children in Head Start by the year 2002. Since taking office, the Clinton Administration has more than doubled funding for Head Start and increased the number of children and families served by 41 percent, from 621,078 in 1992 to about 877,000 in 1999. The President fought for and won a funding increase of $313 million for FY 1999, ensuring that Head Start will continue to expand and stay on track to reach its year 2002 goal.

In June of 1993, the Advisory Committee on Head Start Quality and Expansion was formed to make recommendations for a renewed Head Start program. Based on these recommendations, within a month bipartisan legislation to reauthorize and strengthen the Head Start Program was introduced, moved through Congress quickly and was signed by the President in 1994. The Human Services Reauthorization Act of 1998 passed by Congress at the President's urging again enhanced Head Start. This bipartisan legislation builds on the President's commitment to improve and expand the Head Start program.

The 1994 legislation charged HHS with developing revised Head Start Program Performance Standards, in consultation with Head Start and early childhood program practitioners and a range of other experts. For the first time since the 1970s, HHS published revised performance standards in 1996. These revised, user-friendly standards remove rigid and prescriptive requirements, integrate standards for infants and toddlers, and promote collaboration with other community programs. Since their issuance, HHS has monitored Head Start programs against these standards and closed approximately 100 programs unable to meet them, while turning around more than twice that many programs through intensive training and technical assistance. Annual teachers salaries have also risen to over $19,000 from only $17,000 a few years ago. Further, there is a nationwide effort to assure that at least half of all Head Start teachers have degrees in Early Childhood Education by September 2003. Head Start's own research efforts have underscored the importance of teachers' educational background to classroom quality, and this initiative to improve teacher training and qualifications will yield richer learning environments for preschool children.

Another strategy taken to strengthen the quality of early childhood development options involves an innovative collaboration by the Head Start and Child Care Bureaus jointly to fund and manage a national training and technical assistance project, called "Quality in Linking Together: Early Education Partnerships" (QUILT). QUILT is engaging states to develop strategic approaches to partnerships across Head Start, pre-kindergarten and child care by disseminating information on successful partnership models and providing on-site technical assistance for the full range of early education providers. Technical assistance is also promoting partnerships among Head Start, child care, and federally supported education programs such as the Even Start family literacy effort, and programs for infants, toddlers and young children with disabilities.

In 1997, the Administration implemented the Family and Child Experiences Survey (FACES) which is providing valuable data on the quality in Head Start classrooms. The FACES study represents the first time that there has been a regular look at quality and both family and children's outcomes in a nationally selected random sample of Head Start classrooms. Early results from this pioneering assessment indicate that the quality in most Head Start classrooms is good and no classrooms scored below the minimal quality range, underscoring the importance of standards and monitoring. Other promising findings indicate that Head Start four-year-olds perform above the levels expected for children from low-income families who have not attended center based programs, and that children who attended two years of Head Start performed better than children attending only one year.

Head Start's customer satisfaction rating is the highest of any program in the federal government. FACES results indicated that for a nationally representative sample of parents, over 96 percent were satisfied with their child's preparation for kindergarten, with 85 percent "very satisfied." When asked who had been most helpful in raising their child over the past year, parents indicated Head Start staff, even more often than relatives, indicating confidence and trust in these professional caregivers. These findings confirm those reported in the recent American Customer Satisfaction Index. For example, parents in both studies demonstrate a high degree of satisfaction with Head Start's support for their child's growth and development, openness to their own cultural backgrounds, ideas, and active participation in the program, and fostering of their role in the wider community.

Recognizing the critical importance of reaching children in their earliest years of life, in less than five years, the Administration has created a landmark program for young children. The Head Start Amendments of 1994 established Early Head Start, a new initiative to extend Head Start to low-income children ages 0-3 and pregnant women. Drawing on the advice of top experts, the National Advisory Committee on Services for Families with Infants and Toddlers designed a program that reflects the best science and experience. The 1998 reauthorization adopted the President's proposal to double the percentage of Head Start funds directed to Early Head Start by 2002. In 1999, Early Head Start will be able to extend child development and health services to nearly 39,000 children, and funding will total nearly $350 million.

Participation in quality child care also has the potential to strengthen children's preparation for school. Recent estimates indicate that approximately 68 percent of 3-year-olds, 78 percent of 4-year olds, and 84 percent of 5-year-olds are receiving some type of child care on a regular basis. That translates to 6.8 million preschoolers in child care. Expanding and improving safe, affordable, quality child care opportunities have been a complementary strategy to strengthening and expanding Head Start.

For the first time ever, in 1995, the federal government created an office focused solely on child care. The Child Care Bureau at the Department of Health and Human Services has brought greater attention in this key area and streamlined child care program operations, so that parents and providers could on achieving and obtaining the best care possible for their children. In addition, HHS launched the National Child Care Information Center to disseminate child care information, publications and resources to help parents, researchers and policy makers. The President and the First Lady hosted the first-ever White House Conference on Child Care in 1997. In this highly visible setting, experts brought national attention to the need for child care for working families, the impact of child care on children, and creative community-based strategies to augment the supply of care, improve the training and compensation of child care workers, and upgrade the quality of care.

To emphasize the importance of bolstering the quality of child care, the President directed federal agencies to increase civilian and military child care programs in compliance with standards set by national organizations that conduct voluntary accreditation programs. While there are several national accreditation systems for early care and education, at least three of these show numbers of accredited programs on the rise since 1992. As of September 1998, there are 6107 programs serving more than half a million children accredited through the National Association for the Education of Young Children and the National Early Childhood Program Accreditation Commission, nearly triple the number in 1992. The National Association for Family Child Care has also nearly doubled the number of accredited family child care homes and centers to 922 serving nearly 6,000 children. Since 1991, the number of accredited centers in the military has also risen dramatically: as of 1998, of the 435 military child care centers, 386 are accredited, up from 50 in 1991.

The Department of Defense child care system has become a model of employer-sponsored child care and after-school programming, serving 2000,000 children daily at over 300 locations worldwide. In 1997, the President asked DOD to share its expertise and lessons learned with the civilian child care community. Months later, the DOD produced a report with recommendations, suggestion and details about their child development program. DOD formed partnerships to foster the exchange of ideas, information and materials. Military Services has shared its expertise with civilian child care providers by mentoring local centers pursing accreditation, opening parent and family workshops to the civilian community, and offering internships in DOD programs to broaden the base of quality child care in communities surrounding military installations.

Several steps have been taken as well to improve the health and nutrition of children in child care settings. First, consistent with the Administration's efforts to ensure young children get life saving and illness-reducing vaccinations, new rules require that all children receiving federal child care assistance receive the recommended immunizations against childhood diseases. Second, the federal government, in collaboration with leading organizations of health professionals such as the American Academy of Pediatrics (AAP) and the American Public Health Association, facilitated new partnerships between health and mental health professionals at the state and local level and child care programs. The Healthy Child Care America Campaign was launched in 1995 by the Child Care Bureau and the Maternal and Child Health Bureau. In 1996, the AAP assumed coordination of the campaign, with the support of several federal health and human services agencies. Now, more than 60 states and territories have received support to implement Community Integrated Service Systems/Health Systems Development in Child Care Projects and to improve the quality of care and to enroll children in CHIP and Medicaid. These new partnerships between health professionals and child care providers are designed to ensure that children in child care are in safe and healthy environments and that they get the health care they need. Third, the President maintained the commitment to providing quality nutrition in the USDA-administered Child and Adult Care Food Program, which provides healthy meals and snacks in child care facilities. In 1998, the program provided meals to about 2.5 million children in approximately 36,500 child care and after-school centers.

Parents now have access to reliable consumer information that can assist them in selecting the best child care options for their children. Building on NIH-sponsored research regarding the quality of child care, it is now possible to reassure parents that they are not hurting their children by placing them in quality care. The NIH study, which is the largest, longest, and most rigorous child care study to date, highlights the elements of good child care that lead to optimal child development. Findings from the study offer parents help in choosing child care and the specific markers of quality. In addition to aiding parents, the study also provides guidance for policymakers about what good care should be and how to regulate it.

Without subsidies, many families are forced to rely on whatever child care they can afford which often means leaving children unsupervised or leaving them in inadequate and unsafe care. We discuss affordability in more depth in the section on Child Care for Working Families, however it is worth noting here that federal funding for child care has increased 80 percent since 1993. The $4 billion in additional funds over six years added through welfare reform. The earlier patchwork of child care funding has been streamlined in a way that will enable states to design comprehensive, integrated child care delivery systems to meet the needs of working families. Each budget the President has submitted to Congress has included increased funding for child care. The most recent five-year $20 billion proposal provides for wise and prudent investments in subsidies, tax credits, and resources to states and communities to improve the quality of child care programs.

Strengthening Elementary and Secondary Education

There has been no more crucial component of the Administration's focus on children than its emphasis on education. Beginning in 1993 and throughout the subsequent years, several targeted strategies generated new attention to and new investment in elementary, secondary and higher education, as well as to the linkage between schooling and employment opportunities.

Ensuring children's progress in the early grades became a critical first step. Through the reauthorization of the Elementary and Secondary Education Act (ESEA), the Improving America's Schools Act of 1994, Educational Excellence for All Children Act of 1999, and the Goals 2000: Educate America Act, the Clinton Administration took a number of historic steps towards preparing all of America's students to meet high academic standards and to transform the Federal role in education.

Research has shown instruction linked to high standards can produce significant gains to student performance in reading and math. The 1994 laws were built around the standards-based approach to reform: leveraging federal resources to encourage and assist states in developing and implementing challenging state standards for all children and in using those standards to improve learning through a coherent and aligned system of curricula and assessments. With federal leadership and support, 48 states, Puerto Rico and the District of Columbia have completed development of state content standards for children, and two other states have promoted challenging standards on the local level.

According to the General Accounting Office, state officials believe that Goals 2000 is helping states meet their own education reform goals. Goals 2000 and ESEA are spurring standards-based reform in local schools and communities. More than 80 percent of school districts with high concentrations of low-income children, and almost half of all districts nationwide, reported that Title I is "driving standards-based reform in the district as a whole."

The Educational Excellence for All Children Act of 1999 is President Clinton's proposal for reauthorizing the Elementary and Secondary Education Act (ESEA). His proposal continues this Administration's commitment to education in the 1994 reauthorization as well as Goals 2000, by building on the promise of getting high expectations, academic standards and well-prepared teachers into every classroom through incentives and stronger accountability to ensure that such reforms take hold. In addition, building on the evidence that student-teacher interaction is promoted by reduced class size, $1.2 billion has been allocated to provide funds to hire and train more than 30,000 additional qualified teachers for the 1999-2000 school year.

Improvements in achievement provide evidence that the Administration's reforms and initiatives are making a difference. Data from the National Assessment of Educational Progress (NAEP) and two international assessments provide clear indication that these changes are working in certain subject areas. The percentage of those performing above or at the basic achievement level has improved for most grade levels in reading and mathematics. There have been significant increases in math scores at the 4th, 8th, and 12th grades. The National Education Goals Panel reported that between 1990 and 1996, 27 States significantly increased the percentage of 8th graders scoring at either the proficient or the advanced level on the NAEP math test.

Another of the President's education challenges is that all children will read well and independently by the end of the third grade. Through the America Reads Challenge, the President enlisted over 1000 colleges and universities to sign up for the Federal Work-Study program, sending their work study students into schools and communities to tutor children in reading to help meet the challenge. Over 3000 tutor coordinators from colleges and universities as well as schools and community organizations have been trained, and consortia of reading collaboratives have new funds to train directly up to 10,000 reading tutors. In September of 1998, an additional $3 million was awarded to sixty-one partnerships across the country to provide resources for early literacy initiatives. Strengthening efforts to promote children's literacy, The Reading Excellence Act was passed in October 1998, in response to the President's challenge to all Americans to help children learn to read. This Act provides $260 million that will serve more than half a million children in pre-kindergarten through third grade.