Education and Training Programs Helping Minority Populations in America

(BA in millions)

Department/Program	1993 enacted	1996 request	1996 enacted	1997 request	1997 enacted	1998 request	House	Senate
EDUCATION DEPARTMENT								
Bilingual Education	184	200	128	157	157	199	199	199
Immigrant Education	29	100	50	100	100	150	150	150
	Protected in budget agreement. Provided funds in Bilingual ED for support services and professional development as well as instructional services.							
America Reads	n.a.	n.a.	n.a.	n.a.	n.a.	260	260	260
	Literacy initiative protected in budget agreement. Funding in House and Senate made contingent on authorization and delayed to FY 1999. Would provide assistance to children with reading difficulties -- especially in low income areas or LEP kids.							
School-to-Work	n.a.	200	180	200	200	200	200	200
	Helps young people move from high school to careers or postsecondary training/education; grants provided to partnerships serving youths in urban and rural high poverty areas and Indian youths.							
Adult Education (State grants)	255	293	250	290	340	382	340	340
	To meet increased demand created by welfare reform and new immigration legislation. Serves 3.9 million educationally disadvantaged adults: 70% of participants enrolled in basic education and ESL classes.							
Goals 2000	n.a.	750	350	491	491	620	475	530
	Helps raise academic standards for all students; half of local grants must go to most disadvantaged school districts							
Title I, Education for the Disadvantaged: Grants to LEAs	6,126	7,000	6,730	7,165	7,295	7,541	7,541	7,295
	28% of students served are African-American; 32% are Hispanic							
Title I, Even Start	91	n.a.[(1)]	102	102	102	108	108	108
	23% of families served are African American; 36% are Hispanic							
Title I, Education for the Disadvantaged: Migrant Education	300	310	305	310	305	320	305	305
	4% of students served are African American; 79% are Hispanic							
Safe and Drug-Free Schools	582	500	466	540	556	620	556	556
	30% of local funds are for LEAs with the greatest drug and violence prevention needs							
Training and Advisory Services	22	14	7	14	7	14	7	7
	Supports regional desegregation centers and State desegregation efforts							
Charter Schools	n.a.	20	18	40	51	100	75	51
	Improves school choice and supports innovation. 14% of students in charter schools are African American and 25% are Hispanic.							

Education and Training Programs Helping Minority Populations in America

(BA in millions)

Department/Program	1993 enacted	1996 request	1996 enacted	1997 request	1997 enacted	1998 request	House	Senate
Comprehensive Regional Assistance Centers	n.a.	55	22	45	26	34	26	26
	Helps with implementation of school reform with a focus of high poverty schools trying to put into place effective whole-school models.							
Historically Black Colleges and Universities	98	109	109	109	109	113	120	109
	103 HBCUs qualify for assistance under this formula grant program, which enroll about 16% of all Black students nationally (1993).							
Hispanic-serving Institutions	0	12	11	12	11	12	12	12
	Almost 200 schools have at least a 25% Hispanic enrollment in the country, but only half qualify for this program; 37 will receive HSI grants in FY 1997.							
TRIO programs	388	463	463	500	500	525	532	525
	For the two primary programs of TRIO -- Upward Bound and Student Support Services -- minority enrollment percentages are 80% and 54%, respectively.							
Pell Grants	6,459	6,602	4,914	5,919	5,919	7,635	7,438	6,911
	The $3,000 maximum policy and independent student eligibility expansion included in budget agreement. House and Senate funding for independent student expansion made contingent upon authorization. 40 percent of recipients are non-white.							
LABOR DEPARTMENT								
Job Training Partnership Act (JTPA) programs:								
Adult Job Training Grants	1,015	1,055	850	947	895	1,064	1,064	955
	This program and all the programs listed below under JTPA programs are in the Training and Employment Services appropriation which is protected under the Budget agreement. Nearly half the terminees in this program are minorities.							
Dislocated Workers	651	1,396	1,092	1,293	1,286	1,350	1,350	1,350
	A little more than one-quarter of terminees are minorities.							
Youth Job Training Grants	677	127	127	127	127	130	130	130
	60 percent of terminees are minorities.							
Job Corps	966	1,228	1,094	1,154	1,154	1,246	1,246	1,246
	70 percent of participants are minorities.							
School-to-Work	--	200	170	200	200	200	200	200

Education and Training Programs Helping Minority Populations in America

(BA in millions)

Department/Program	1993 enacted	1996 request	1996 enacted	1997 request	1997 enacted	1998 request	House	Senate
Opportunity Areas for Youth	–	–	–	250	–	250	[100]	[250]
	Targeted to 10-15 low-income urban and rural areas annually and designed to reduce unemployment among out-of-school youth. House provided $100 million available 7/1/99; the Senate $250 million available 10/1/98. Both appropriations available only if authorizing legislation is enacted.							
Summer Jobs	849	872	625	871	871	871	871	871
	76 percent of participants are minorities.							
Native American & Migrant Job Training	122	122	122	122	122	122	122	128
Employment Standards Administration: Office of Federal Contract Compliance Programs (OFCCP)	56	64	56	65	59	69	61	62
	OFCCP enforces EO11246 and various related laws requiring federal contractors to take affirmative action to ensure equal employment opportunity.							
HEALTH AND HUMAN SERVICES								
Head Start	2,776	3,935	3,569	3,981	3,981	4,305	4,305	4,305
	Fully funded at the President's request.							
Child Care and Development Block Grant	893	1,049	935	1,049	(2) 956	1,000	937	963
	Funded at less than the President's request. Senate Committee appropriates $26M more than House Committee.							
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE								
AmeriCorps (America Reads)	202	819	600	771	616	809	202	423
	FY 1998 includes $188 million literacy initiative (America Reads) protected in the budget agreement. House denied request; Senate provided $20 million. Would provide assistance to children with reading difficulties, especially those in low-income areas.							

Footnotes:

(1) The FY 1996 budget request proposed to consolidate this program into Vocational and Adult Education literacy programs.
(2) Comparable number to reflect conversion of CCDBG to an advance appropriation.

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LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998

(in millions of dollars)

Major Programs	FY 1997 Enacted [1] BA	FY 1997 Enacted [1] OL	FY 1998 Proposed [1] BA	FY 1998 Proposed [1] OL	House Committee [2] BA	House Committee [2] OL	Senate Committee [2] BA	Senate Committee [2] OL	Senate Committee Difference From: House Committee BA	Senate Committee Difference From: House Committee OL
General Purpose Discretionary										
Department of Education:										
Indian Education	61	67	63	61	63	61	63	61	---	---
Impact aid	730	901	658	701	796	813	795	813	-1	---
Education reform:										
Goals 2000	491	484	620	472	475	455	530	462	55	7
School-to-Work	200	206	200	206	200	206	200	206	---	---
Technology Literacy Challenge Fund [3]	---	---	425	51	460	55	425	51	-35	-4
Other, Education reform	---	1	---	1	---	1	116	15 [4]	116	14
Total, Education reform	691	691	1,245	730	1,135	717	1,271	734	136	17
Title I -- Education for the disadvantaged	7,791	7,247	8,077	7,545	8,204	7,488	7,807	7,444	-397	-44
School improvement programs:										
Charter Schools	51	21	100	50	75	47	51	44	-24	-3
Eisenhower Professional Development	310	296	360	316	310	310	310	310	---	---
Safe and Drug Free Schools	556	557	620	545	531	534	556	537	25	3
Other School improvement programs	509	642	219	485	565	527	565	522	---	-5
Total, School improvement programs	1,426	1,516	1,299	1,396	1,481	1,418	1,482	1,413	1	-5
America Reads Challenge [5]	---	---	260	31	---	---	---	---	---	---
Bilingual and immigrant education	262	225	354	276	354	276	354	276	---	---
Special education	4,036	3,426	4,210	3,753	4,349	3,767	4,958	3,828	609	61
Vocational and adult education	1,487	1,589	1,566	1,487	1,487	1,477	1,487	1,477	---	---
Student financial assistance:										
Pell Grants	5,919	6,167	7,635	6,531	7,438	6,386	6,910	5,933	-528	-453
Work Study	830	660	857	825	860	826	830	797	-30	-29
Other Student financial assistance	811	772	771	809	748	806	818	1,287	70	481
Total, Student financial assistance	7,560	7,599	9,263	8,165	9,046	8,018	8,558	8,017	-488	-1
Education, research, statistics and improvement:										
ED Technology [6]	275	81	94	210	85	209	9	8	-76	-201
Star Schools	30	27	26	29	---	26	30	29	30	3
After School Learning Centers	1	1	50	7	50	7	---	---	-50	-7
Other Education, research, statistics and improvement	293	303	341	305	374	308	323	476	-51	168
Total, Education, research, statistics and improvement	599	412	511	551	509	550	362	513 [4]	-147	-37
Other Education Department	1,662	1,659	1,844	1,705	1,719	1,772	1,740	1,763	21	-9
Total, Department of Education	**26,305**	**25,332**	**29,350**	**26,401**	**29,143**	**26,357**	**28,877**	**26,339**	**-266**	**-18**

LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1998 (continued)
(in millions of dollars)

Major Programs	FY 1997 Enacted [1]		FY 1998 Proposed [1]		House Committee [2]		Senate Committee [2]		Senate Committee Difference From: House Committee	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
Department of Health and Human Services:										
Health Resources and Services Administration (HRSA):										
Ryan White AIDS treatment grants	996	952	1,036	1,052	1,168	1,116	1,077	1,029	-91	-87
Other HRSA	2,412	2,303	2,217	3,320	2,452	2,344	2,376	2,365	-76	21
Total, HRSA	3,408	3,255	3,269	3,320	3,620	3,460	3,453	3,394	-167	-66
Centers for Disease Control and Prevention (CDC):										
HIV Prevention	617	687	634	623	622	599	647	623	25	24
Other CDC	1,644	1,472	1,637	1,607	1,722	1,654	1,670	1,621	-52	-33
Total, CDC	2,261	2,159	2,271	2,230	2,344	2,253	2,317	2,244	-27	-9
National Institutes of Health	12,741	12,146	13,078	12,786	13,504	12,951	13,694	13,025	190	74
Substance Abuse and Mental Health Svs Admin	2,134	1,880	2,156	2,064	2,152	2,062	2,127	2,050	-25	-12
Health Care Financing Administration (HCFA): Health Insurance (HI) and Supplementary Medical Insurance (SMI) -- Includes HCFA, SSA, and other HHS	2,598	2,700	2,758	2,756	2,734	2,740	2,775	2,778	41	38
HCFA Program Management (non-add)	1,735	1,778	1,775	1,763	1,679	1,672	1,719	1,712	40	40
Medicaid Vaccine Excise Tax Savings (non-add, included in total above)	---	---	(-72)	(-72)	---	---	---	---	---	---
Administration for Children and Families (ACF):										
Low income home energy assistance	1,005	1,097	1,000	996	1,000	996	1,000	996	---	---
Child care and development block grant	19	959	1,000	998	937	956	963	972	26	16
Head Start	3,981	3,740	4,305	4,099	4,305	4,099	4,305	4,099	---	---
Other ACF programs	1,810	1,758	1,590	1,698	1,519	1,609	1,537	1,601	18	-8
Total, ACF	6,815	7,554	7,895	7,791	7,761	7,660	7,805	7,668	44	8
Administration on Aging [7]	830	851	1,278	914	811	823	854	844	43	21
Other Health and Human Services Department	352	360	302	320	324	337	305	329	-19	-8
Total, Department of Health and Human Services	**31,139**	**30,905**	**33,007**	**32,181**	**33,250**	**32,286**	**33,330**	**32,332**	**80**	**46**
Department of Labor:										
Training and employment services (TES):										
Adult training	895	799	1,064	843	1,064	843	955	840	-109	-3
Summer Jobs	871	913	871	898	871	898	871	898	---	---
Dislocated workers	1,286	1,210	1,351	1,300	1,351	1,300	1,351	1,300	---	---
School-to-Work	200	228	200	203	200	203	200	203	---	---
Youth Opportunities Areas [5]	---	---	250	13	---	---	---	---	---	---
Other TES programs	1,464	1,568	1,559	1,480	1,577	1,481	1,633	1,484	56	3
Total, TES programs	4,716	4,718	5,295	4,737	5,063	4,725	5,010	4,725	-53	---
Older Americans Employment [7]	463	407	---	354	440	433	453	436	13	3

LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1998 (continued)
(in millions of dollars)

Major Programs	FY 1997 Enacted [1] BA	FY 1997 Enacted [1] OL	FY 1998 Proposed [1] BA	FY 1998 Proposed [1] OL	House Committee [2] BA	House Committee [2] OL	Senate Committee [2] BA	Senate Committee [2] OL	Senate Committee Difference From: House Committee BA	Senate Committee Difference From: House Committee OL
Department of Labor (cont'd):										
Unemployment Insurance:										
State employment services (subfunction 504)	173	126	192	166	173	147	173	147	---	---
One-Stop Career Centers (non-add)	(150)	(103)	(150)	(124)	(150)	(124)	(150)	(150)	---	---
Unemployment administration (subfunction 504)	1,076	1,083	1,079	1,079	1,079	1,079	1,077	1,077	-2	-2
Unemployment administration (subfunction 603)	2,345	2,345	2,634	2,554	2,533	2,533	2,495	2,435	-38	-98
Enforcement Agencies (MSHA, OSHA, ESA, PWBA, Solicitor's Office)	949	949	1,017	1,012	981	981	990	990	9	9
Bureau of Labor Statistics	309	309	327	322	328	323	320	317	-8	-6
Other Labor Department	218	215	239	227	224	155	224	216	---	61
Department of Labor	**10,249**	**10,152**	**10,783**	**10,451**	**10,821**	**10,376**	**10,742**	**10,343**	**-79**	**-33**
Social Security Administration:										
Supplemental security income program	2,403	2,395	2,272	2,254	2,272	2,254	2,262	2,249	-10	-5
Federal old-age and survivors insurance trust fund (OASI)/Federal disability insurance trust fund (DI)	3,451	3,474	3,293	3,393	3,198	3,307	3,187	3,296	-11	-11
Office of the Inspector General (non-trust fund)	6	7	10	10	10	10	6	6	-4	-4
Social Security Administration	**5,860**	**5,876**	**5,575**	**5,657**	**5,480**	**5,571**	**5,455**	**5,551**	**-25**	**-20**
MEMORANDUM: SSA ADMINISTRATIVE RESOURCES: (non-add)										
Limitation on Administrative Expenses (LAE): by Funding Source										
Supplementary Security Income (SSI):										
SSI Appropriation (net of CDRs)	*1,966*	*1,968*	*2,127*	*2,102*	*2,052*	*2,100*	*2,122*	*2,100*	*70*	—
Continuing Disability Reviews (CDRs)	*175*	*165*	*175*	*184*	*175*	*184*	*175*	*184*	—	—
SSI program: State supplemental fees	---	---	*-40*	*-37*	*-35*	*-35*	*-35*	*-35*	—	—
OASDI Trust Funds:										
OASDI Trust Funds (net of CDRs)	*3,285*	*3,316*	*3,144*	*3,205*	*3,086*	*3,152*	*3,086*	*3,152*	—	—
CDRs	*135*	*127*	*115*	*154*	*70*	*112*	*70*	*112*	—	—
HI/SMI Trust Funds (included in HHS totals above)	*846*	*844*	*965*	*954*	*965*	*954*	*965*	*954*	—	—
Total, LAE	*6,407*	*6,420*	*6,486*	*6,562*	*6,313*	*6,467*	*6,383*	*6,467*	*70*	—
Office of the Inspector General (including trust fund)	*37*	*37*	*44*	*44*	*52*	*52*	*37*	*37*	*-15*	*-15*
SSI Research and Demonstration	---	---	*10*	*5*	*10*	*5*	—	—	*-10*	*-5*
SSI Benefit Payments (provided in P.L. 105-18)	*262*	*262*	—	—	—	—	—	—	—	—
Total, Social Security Administration	***6,706***	***6,719***	***6,540***	***6,611***	***6,375***	***6,524***	***6,420***	***6,504***	***45***	***-20***

LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1998 (continued)
(in millions of dollars)

Major Programs	FY 1997 Enacted 1		FY 1998 Proposed 1		House Committee 2		Senate Committee 2		Senate Committee Difference From: House Committee	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
Corp for National and Community Service	214	207	260	240	228	222	233	225	5	3
Corporation for Public Broadcasting	260	260	250	250	250	250	250	250	---	---
National Labor Relations Board	175	177	186	186	175	176	175	176	---	---
Other	571	606	576	563	572	561	540	538	-32	-23
Total, Domestic Discretionary	**74,773**	**73,515**	**79,987**	**75,929**	**79,919**	**75,799**	**79,602**	**75,754**	**-317**	**-45**
International Discr: U.S. Institute of Peace	**11**	**12**	**11**	**11**	**11**	**11**	**11**	**11**	---	---
Total, General Purpose Discretionary	**74,784**	**73,527**	**79,998**	**75,940**	**79,930**	**75,810**	**79,613**	**75,765**	**-317**	**-45**
Violent Crime Reduction Programs										
HHS:										
CDC	41	30	45	41	45	41	51	44	6	3
ACF	20	17	99	35	99	35	93	34	-6	-1
Total, Violent Crime Reduction Programs	**61**	**47**	**144**	**76**	**144**	**76**	**144**	**78**	---	**2**
Total, General Purpose Discretionary and VCRTF	**74,845**	**73,574**	**80,142**	**76,016**	**80,074**	**75,886**	**79,757**	**75,843**	**-317**	**-43**

MEMORANDUM (Not Included in Totals Above):								
Emergency Appropriations/Emergency Releases (Released Subsequent to Transmittal of FY 1998 Budget)	210	210	---	---	---	---	---	---
Total, General Purpose Discretionary and VCRTF, Including Emergency Funding	**75,055**	**73,784**	**80,142**	**76,016**	**80,074**	**75,886**	**79,757**	**75,843**

LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1998 (continued)
(in millions of dollars)

	Proposed Allocation		House 602(b) Allocation		Senate 602(b) Allocation		House Commitee Less House 602(b)		Senate Commitee Less Senate 602(b)	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
Committee Total, Discretionary, Excluding VCRTF	79,746	75,976	79,895	75,936	79,313	75,779	35	-126	300	-14
Committee Total, VCRTF Programs	144	76	144	64	144	65	---	12	---	13
Total, Discretionary and VCRTF	79,890	76,052	80,039	76,000	79,457	75,844	35	-114	300	-1

1 FY 1997 Enacted and FY 1998 Proposed include transfers and technical re-estimates included in the FY 1998 Budget and non-emergency discretionary supplementals and rescissions enacted in P.L. 105-18. FY 1998 Proposed includes amendments transmitted to Congress subsequent to transmittal of the budget. Emergency supplemental appropriations enacted subsequent to the budget, including emergency spending enacted in P.L. 105-18, are included as a memorandum entry where applicable.

2 OMB scoring is preliminary.

3 The five-year Technology Literacy Challenge Fund program was funded in FY 1997 through the Education, research, statistics and improvement account.

4 The Technology Innovation Challenge Grants program was shifted from the Education Research, Statistics, and Improvement account to the Education Reform account by the Senate Committee. The program remains in the Education Research, Statistics, and Improvement account in both the House Committee and the President's budget.

5 This program received zero funding for FY 1998 but received an advance appropriation for FY 1999 pending authorizing legislation.

6 This estimate includes funding for the, Regional technology in education consortia, Ready-to-Learn television, and telecommunications demonstration project for mathematics; the FY 1997 Ed Technology figure also includes $200 million for the first installment of funding for the Technology Literacy Challenge Fund, which will be funded through the Office of Elementary and Secondary Education, Education reform account in FY 1998.

7 The FY 1998 Budget proposes to fund the "Community service employment for older Americans" account out of HHS's Administration on Aging.

LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998 (continued)

Major Issues -- House Committee/Senate Committee

SUMMARY:

- The House Floor SAP (pending West Wing review and clearance) urges the House to provide full funding for items specified or funding levels assumed in the BBA (e.g., America Reads Challenge, Pell grants, Training and Employment Services). An objection was raised to a potential Hyde amendment, with a preference for a Lowey amendment expressed. In addition, the SAP addresses the Administration's concern to a potential Istook amendment, with a preference for a Porter substitute expressed.

  The House approved a unanimous consent agreement for consideration of the bill in September. This agreement modifies the rule to make in order a Dreier amendment that is compromise abortion language worked out between Rep. Hyde and Rep. Lowey.

- The Senate Floor SAP (pending second floor/West Wing review and clearance) urges the Senate to provide full funding for items specified or funding assumed in the BBA (e.g., America Reads Challenge, Pell grants, Training and Employment Services Programs).

MAJOR FUNDING ISSUES:

Education Department

- Overall Funding Level. The overall discretionary funding level for the Education, Training, Employment and Social Services function is "protected" under the Bipartisan Budget Agreement (BBA). The following programs were separately identified in the Agreement as protected domestic discretionary priorities:

  -- Education Reform (includes Technology Literacy Challenge Fund) - House Committee funded at $110 million below the request. Goals 2000 was the primary victim of this cut, being funded $145 million below the request. The Senate Committee funded Education Reform at $26 million more than the President's request for Education Reform while cutting $90 million from Goals 2000. The Senate proposal exceeds the request total by transferring to this account existing programs presently in the Education, Research, Statistics and Improvement account.

  -- Bilingual and Immigrant Education - fully funded by House and Senate Committees.

- -- Pell ($300 increase in 1998 maximum award amount, to $3,000) - $3,000 maximum award was approved by House and Senate Committees, but overall program funding was cut by $197 million from the request in the House and $706 million in the Senate. Neither version of the bill includes the President's proposal of expanding independent student eligibility.
- -- America Reads Challenge. Consistent with the BBA, a budget amendment was transmitted that would provide discretionary funds, rather than mandatory funds as requested in the budget, for child literacy initiatives consistent with the goals and concepts of the President's America Reads Challenge as described in the America Reads Challenge Act of 1997. Both House and Senate Committees provided funding for FY 1999 rather than FY 1998. Advance appropriation is subject to pending authorization of the program.

Department of Health and Human Services

- Adoption Initiative. Both the House and Senate Committees failed to fund the Administration's request of $21 million for a new Adoption Initiative to double the number of children adopted or permanently placed outside of child welfare systems by FY 2002.

- Medicare Transaction System. The House Committee provided zero funding for the Medicare Transaction System (MTS), which is $89 million below the FY 1998 request and $75 million below the FY 1997 enacted level. The FY 1998 request would fund consolidation of HCFA's current contractor systems, which needs to occur prior to, and independent of, final resolution of MTS design issues. The Committee suggested that funding for the Medicare Integrity Program, provided by the Kassebaum-Kennedy bill, could be used for MTS. The Administration opposes funding MTS through the Medicare Integrity Program. The Senate Committee provided $55 million for MTS, a reduction of $55 million from the FY 1998 request.

- Head Start. The BBA separately identified the Head Start program as a protected domestic discretionary priority. Both the House and Senate Committees provided a $324 million increase to fund Head Start for FY 1998, matching the President's request.

- Funding for the National Institutes of Health (NIH). The House Committee increased funding for NIH by $764 million (six percent) above the FY 1997 enacted level. The Senate Committee has increased NIH funding by $952 million (7.5 percent) over FY 1997. The FY 1998 Budget includes a 2.6 percent, or $337 million, increase over the FY 1997 enacted level of $12.7 billion.

- Community Services Block Grant (CSBG). The House Committee funded CSBG at $490 million, $75 million above the President's Budget. The Senate Committee funded CSBG at $493 million. The FY 1998 request of $415 million is $75 million below the FY 1997 enacted level. The request is $25 million higher, however, than the FY 1997 request of $390 million. In addition, the Budget seeks to terminate another $47 million in discretionary Community Services activities. In total, the FY 1998 Budget is $122 million below the FY 1997 enacted level for all Community Services programs.

- Ryan White AIDS Treatment Grants. The House Committee funds Ryan White AIDS Treatment Grants $172 million over FY 1997, and $132 million over the budget request of $1.036 billion. $132 million of the House's increase is designated for the AIDS Drug Assistance Program set-aside, which was funded at the FY 1997 level in the budget request. The House Committee also provided $40 million over FY 1997 for the rest of Ryan White in a different allocation than requested. The budget allocated most of the $40 million to grants to States and clinics, which use more than half their funds on primary medical care and drugs; the Committee allocated most of its $40 million to grants to cities, whose spending tends to emphasize social services over primary medical care. The Senate Committee's mark for Ryan White is $1,077 million, $81 million (eight percent) over FY 1997 enacted and $41 million (four percent) over the budget request. The Senate Committee allocates $40 million of the increase roughly as requested in the budget, and provides an additional $38 million over the request for Title II (grants to States) and an additional $3 million for Title I (grants to cities).

- Welfare Research. The House and Senate Committees have rescinded $21 million in mandatory research funds. The President's request assumes $18 million in discretionary and $21 million in mandatory welfare research funds for a total of $39 million.

- Community Schools. Both the House and Senate Committees have failed to provide funding for the Community Schools program in the Administration for Children and Families.

Labor Department

- Overall Funding Level. The overall discretionary funding level for the Education, Training, Employment and Social Services function is "protected" under the BBA. The Training and Employment Service, including the Job Corps program, was separately identified in the Agreement as a protected domestic discretionary priority. The Training and Employment Service was cut by $233 million in the House and by $285 million in the Senate. This cut is primarily due to not funding the $250 million request for the Youth Opportunity Areas in FY 1998, but providing advance funding for FY 1999 if the program is subsequently authorized. This program can be carried out under existing law and authorization is not necessary.

LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998 (continued)

MAJOR LANGUAGE ISSUES:

- Abortion. The FY 1998 Budget proposed to delete the FY 1997 enacted provision which prohibits the use of funds provided in the L/HHS/Ed bill for abortion, except in the case of rape or incest (the Hyde Amendment). Both the House and Senate Committees retain the FY 1997 Hyde language.

  An amendment has been made in order that would include a prohibition on the purchase of health benefit coverage that includes abortion. The President believes that abortion should be safe, legal, and rare. However, the amendment would not only maintain, but further limit the range of conditions under which a woman's health would permit access to abortion. Furthermore, it would require a physician to make a legal determination that these conditions have been met. The Administration opposes this attempt to constrain further the availability of abortion services and has strongly urged the House not to adopt the amendment. The Administration believes that it is important that any legislation in this area be clear that limitations on the use of Federal funds to provide abortion services under managed care plans do not affect in any way the ability of states to provide such coverage using their own funds, nor the ability of managed care providers to participate in Federally-funded programs while also offering other coverage paid for by state or private funds.

- Embryo research/Human cloning. Both the House and Senate Committees would extend the FY 1996 and FY 1997 L/HHS/, Ed appropriations bill ban on using Federal funds on human embryo research to include research involving "human diploid cells." NIH staff advise that in practice, this extension does not differ from the original ban on human embryo research and would have no effect on NIH's present research efforts. The words "human diploid cells" were apparently added in an attempt to address cloning.

  A diploid cell is produced after fertilization occurs in humans --it is one stage of a developing embryo. Diploid cells could theoretically be produced via somatic cell nuclear transfer, which is more commonly referred to as "cloning." The FY 96 and FY 1997 L/HHS/Ed appropriations bills barred Federal funding for the creation of human embryos for research purposes or performing research on human embryos that subjects them to significant risk. The prohibition on creating embryos for research purposes would, de facto, prohibit creating a human embryo through cloning technology. This is why including diploid cells in the embryo research ban does not differ practically from banning the creation of human embryos.

  The FY 1998 Budget proposed to delete the embryo research ban, stating that the Administration "does not support addressing this issue in legislation." In December 1994, the President had issued a statement barring the use of Federal funds for creating human embryos for research purposes. On June 9, 1997, the President announced that he was sending proposed legislation to the Congress, the "Cloning Prohibition Act of 1997," which would prohibit any attempt to create a human bring using somatic cell nuclear transfer. The Administration has not opposed the language in the FY 1998 bill in its letters.

- NIH Office of AIDS Research. The House and Senate Committees do not appropriate a specific amount for AIDS research through a single appropriation for the National Institutes of Health's (NIH) Office of AIDS Research, as requested in the budget.

- Hansen's Disease. The House bill includes language that would transfer HHS's Hansen Disease treatment facility at Carville, Louisiana to the State of Louisiana, as does the budget. It appears that the bill's language includes provisions regarding the transfer of the property and the handling of employee benefits that are objectionable. Also, the House bill does not transfer Hansen's Disease research functions to NIH as proposed in the budget. The Senate bill does not include this provision

U.S. DEPARTMENT OF EDUCATION

FAX TRANSMISSION

Office of the Secretary
600 Independence Avenue, SW
Washington, D.C. 20202
Office: (202) 401-3058
Fax: (202) 401-0596

TO:	**ALLISON BALDERSTON**	**DATE:**	**September 3, 1997**
FAX :	**456 - 5581**	**PAGES:**	**2 (including cover)**

FROM: **Christopher Dwan**
Office of the Secretary

SUBJECT:

COMMENTS:

HOPE THIS HELPS!

Department of Education Discretionary Funding
FISCAL YEAR 1994-1997
(in thousands of dollars)

March 7, 1997

	FY 93 Approp-riations	FY 94 Approp-riations	FY 95 Approp-riations	FY 96 Approp-riations	<u>FY 97 President's Request</u>	FY 97 Approp-riations	<u>FY 98 President's Request</u>
GOALS 2000	------	97,000	371,870	350,000	491,000	491,000	620,000
School-to-Work	------	50,000	122,500	180,000	200,000	199,973	200,000
Title I (Grants to LEAs)	6,125,923	6,336,000	6,698,356	5,431,962	7,165,000	7,194,099	7,540,599
Eisenhower (State Grts)	246,016	250,998	251,298	275,000	610,000	310,000	360,000
Safe and Drug-Free	598,227	487,162	465,981	465,971	540,000	555,978	620,000
Charter Schools	-----	----	6,000	18,000	40,000	50,987	100,000
Bilingual & Immigrant Education	236,657	251,067	217,612	188,039	261,700	261,700	354,000
Voc Ed (all)	1,169,525	1,176,275	1,103,618	1,080,667	1,120,000	1,131,966	1,171,966
Adult Education (all)	304,718	304,908	278,943	259,583	300,000	354,551	394,000
Pell Grants (maximum grant)	6,090,970 ($2,300)	6,636,731 ($2,300)	6,146,845 ($2,340)	4,913,560 ($2,470)	5,919,000 ($2,700)	5,919,000 ($2,700)	7,635,000 ($3,000)
Special Education (all)	2,965,602	3,108,702	3,252,846	3,245,415	3,552,913	4,035,979	4,210,000
Federal Work-Study	616,949	616,508	616,508	616,508	679,000	830,000	857,000
SEOG	585,280	583,407	583,407	583,407	583,407	583,407	583,407
Federal Perkins Loans	168,640	158,000	158,000	93,297	158,000	158,000	158,000
TRIO	388,048	418,525	463,000	462,993	500,000	499,994	525,000
Tech. Challenge Grants	----	----	9,500	38,000	60,000	56,965	75,000
Tech. Challenge Fund		-----	----	----	250,000	200,000	425,000
Total Discretionary	23,693,805	24,532,552	24,517,164	22,826,754	25,598,177	26,211,048	29,089,749

April 29, 1997

MEMORANDUM FOR: GENE SPERLING
BRUCE REED
ANN LEWIS
JACK LEW
BOB SHIREMAN
KEN APFEL
CHUCK KIEFFER
LARRY HAAS
MIKE COHEN
BILL KINCAID
JAKE SIEWERT
JOHN KAPLAN
BARBARA CHOW
ANDY BLOCKER

FROM: SUSAN FROST

SUBJECT: PROPOSED CONTINUING RESOLUTION AT 98% OF FY97

Enclosed please find state-by-state comparisons of the President's proposed FY98 Department of Education budget to the proposed Continuing Resolution at 98 percent of the FY97 appropriation. Also enclosed is a one-page summary of the impact of the CR on major federal education programs.

If you have questions or comments, please contact me or Dan Bernal at (202) 401-8450.

U.S. DEPARTMENT OF EDUCATION

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

We have to work to give all of our children the gift of an education – to make sure every 8-year-old can read; every 12-year-old can log on the internet; and yes, every single 18-year-old in this country willing to work for it can have a college education.

- William J. Clinton, November 5, 1996

Within his balanced budget, President Clinton is requesting $29.1 billion in discretionary funds for the Department of Education in FY98, an increase of $2.9 billion or 11 percent over the 1997 level. This budget reflects the President's determination to continue making the investments needed to improve our schools based on standards of excellence, to help states and school districts cope with overcrowded classrooms caused by record breaking enrollment, and to expand access to higher education by providing all students the opportunity to attend at least two years of college.

Amendments may be offered to the FY97 supplemental appropriations bill to add an automatic continuing resolution for FY98 at 98 percent of the previous year's funding level. If this amendment is enacted, the President's education investments will be negated, unless the proposed continuing resolution is superseded by subsequent legislation that is enacted into law. Over 5 years, the difference between the proposed continuing resolution level and the President's budget would be $24 billion for discretionary education programs.

Approximate figures below compare the President's FY98 budget proposal to 98 percent of the FY97 appropriation for each major federal education program.

Major Federal Education Programs	President's FY98 Budget (in millions)	Continuing Resolution 98% of FY97 (in millions)	Difference (in millions)	Impact
Title I - Grants to Local Education Agencies Helps disadvantaged students learn the basics	$7,540.6	$7,076.2	- $464.4	675,000 fewer children would not receive services in 1998-99
Goals 2000 Helps schools raise student achievement	605.0	466.5	- 138.5	2,000 school districts could not participate in locally-developed reform strategies
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	425.0	196.0	- 229.0	Would provide less than half of the planned second installment on the $2 billion federal investment over 5 years
Eisenhower Professional Development Helps upgrade teachers' skills	360.0	303.8	- 56.2	65,000 fewer teachers would receive professional development in core academic subjects
Special Education - Grants to States Helps provide services to children with disabilities	3,248.8	3,045.4	- 203.4	Average per pupil assistance for 5.9 million disabled children would be $505 compared to $541 proposed by the President
Bilingual/Immigrant Education Helps children learn English	349.0	251.6	- 97.4	200,000 fewer bilingual children would receive services, and per pupil assistance for immigrant children would be $60 less than the President's proposal
Vocational Education - Basic State Grants Provides career preparation & technical education	1,043.5	995.2	- 48.3	Would impede state and local efforts to develop career preparation systems
Adult Education Provides adult literacy and other educational programs	382.0	333.5	- 48.5	Would serve 82,500 fewer adults despite increasing demand due to welfare reform and new immigration legislation
Pell Grants Provides aid for low-income college students	7,635.0	5,800.6	- 1,834.4	Maximum grant level would be $2,620 compared to $3,000 proposed by the President; and 397,000 fewer students would receive grants
Federal Work Study Helps students pay for college by working part time	857.0	813.4	- 43.6	Would provide $54 million less in aid (including non-federal matching funds) and would provide 51,000 fewer student jobs

U.S. DEPARTMENT OF EDUCATION

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

April 29, 1997

U.S. DEPARTMENT OF EDUCATION

ALABAMA

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

We have to work to give all of our children the gift of an education – to make sure every 8-year-old can read; every 12-year-old can log on the internet; and yes, every single 18-year-old in this country willing to work for it can have a college education.

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Within his balanced budget, President Clinton is requesting $29.1 billion in discretionary funds for the Department of Education in FY98, an increase of $2.9 billion or 11 percent over the 1997 level. This budget reflects the President's determination to continue making the investments needed to improve our schools based on standards of excellence, to help states and school districts cope with overcrowded classrooms caused by record breaking enrollment, and to expand access to higher education by providing all students the opportunity to attend at least two years of college.

Amendments may be offered to the FY97 supplemental appropriations bill to add an automatic continuing resolution for FY98 at 98 percent of the previous year's funding level. If this amendment is enacted, the President's education investments will be negated, unless the proposed continuing resolution is superseded by subsequent legislation that is enacted into law. Approximate figures below compare the President's FY98 budget proposal to 98 percent of the FY97 appropriation for each major federal education program in Alabama.

Major Federal Education Programs in Alabama	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$124,334,542	$118,322,594	- $6,011,948
Goals 2000 - Helps schools raise student achievement	9,541,021	7,349,203	-2,191,818
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	6,767,676	3,102,137	-3,665,539
Eisenhower Professional Development - Helps upgrade teachers' skills	5,582,304	4,707,637	-874,667
Special Education - Grants to States Helps provide services to children with disabilities	55,619,293	52,150,223	-3,469,070
Bilingual/Immigrant Education[2] - Helps children learn English	335,952	259,250	-76,702
Vocational Education - Basic State Grants Provides career preparation and technical education	19,761,993	18,760,044	-1,001,949
Adult Education - Provides adult literacy and other educational programs	7,702,626	6,721,866	-980,760
Pell Grants - Provides aid for low-income college students	144,166,417	109,529,089	-34,637,328
Federal Work Study - Helps students pay for college by working part time	14,508,751	13,770,616	-738,135

[1] *FY98 State allocations are based on data used for FY97 allocations. Therefore, FY98 State grants are provided as estimates, based on the most recent data available.*

[2] *Since Bilingual Education is a discretionary grant program, State shares differ significantly from year to year. However, these estimates assume that State shares in 1997 and 1998 will be the same as in 1996.*

U.S. DEPARTMENT OF EDUCATION

ALASKA

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Amendments may be offered to the FY97 supplemental appropriations bill to add an automatic continuing resolution for FY98 at 98 percent of the previous year's funding level. If this amendment is enacted, the President's education investments will be negated, unless the proposed continuing resolution is superseded by subsequent legislation that is enacted into law. Approximate figures below compare the President's FY98 budget proposal to 98 percent of the FY97 appropriation for each major federal education program in Alaska.

Major Federal Education Programs in Alaska	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$17,672,785	$16,657,558	- $1,015,227
Goals 2000 - Helps schools raise student achievement	2,202,437	1,696,480	-505,957
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,125,000	980,000	-1,145,000
Eisenhower Professional Development - Helps upgrade teachers' skills	1,775,466	1,497,276	-278,190
Special Education - Grants to States Helps provide services to children with disabilities	9,963,590	9,342,144	-621,446
Bilingual/Immigrant Education[2] - Helps children learn English	1,501,369	1,158,589	-342,780
Vocational Education - Basic State Grants Provides career preparation and technical education	4,214,921	4,214,921	0
Adult Education - Provides adult literacy and other educational programs	721,374	659,342	-62,032
Pell Grants - Provides aid for low-income college students	8,667,762	6,585,251	-2,082,511
Federal Work Study - Helps students pay for college by working part time	854,089	810,636	-43,453

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U.S. DEPARTMENT OF EDUCATION

ARIZONA

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Amendments may be offered to the FY97 supplemental appropriations bill to add an automatic continuing resolution for FY98 at 98 percent of the previous year's funding level. If this amendment is enacted, the President's education investments will be negated, unless the proposed continuing resolution is superseded by subsequent legislation that is enacted into law. Approximate figures below compare the President's FY98 budget proposal to 98 percent of the FY97 appropriation for each major federal education program in Arizona.

Major Federal Education Programs in Arizona	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$118,917,386	$110,839,163	- $8,078,223
Goals 2000 - Helps schools raise student achievement	9,609,959	7,402,304	-2,207,655
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	6,403,705	2,935,302	-3,468,403
Eisenhower Professional Development - Helps upgrade teachers' skills	5,626,967	4,745,302	-881,665
Special Education - Grants to States Helps provide services to children with disabilities	43,371,955	40,666,772	-2,705,183
Bilingual/Immigrant Education[2] - Helps children learn English	13,444,912	9,841,185	-3,603,727
Vocational Education - Basic State Grants Provides career preparation and technical education	17,515,055	16,627,028	-888,027
Adult Education - Provides adult literacy and other educational programs	4,998,102	4,373,255	-624,847
Pell Grants - Provides aid for low-income college students	135,827,806	103,193,908	-32,633,898
Federal Work Study - Helps students pay for college by working part time	9,909,509	9,405,362	-504,147

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U.S. DEPARTMENT OF EDUCATION

ARKANSAS

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Amendments may be offered to the FY97 supplemental appropriations bill to add an automatic continuing resolution for FY98 at 98 percent of the previous year's funding level. If this amendment is enacted, the President's education investments will be negated, unless the proposed continuing resolution is superseded by subsequent legislation that is enacted into law. Approximate figures below compare the President's FY98 budget proposal to 98 percent of the FY97 appropriation for each major federal education program in Arkansas.

Major Federal Education Programs in Arkansas	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$74,416,291	$70,701,728	- $3,714,563
Goals 2000 - Helps schools raise student achievement	5,771,015	4,445,264	-1,325,751
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	4,050,741	1,856,761	-2,193,980
Eisenhower Professional Development - Helps upgrade teachers' skills	3,376,980	2,847,856	-529,124
Special Education - Grants to States Helps provide services to children with disabilities	30,527,504	28,623,451	-1,904,053
Bilingual/Immigrant Education[2] - Helps children learn English	157,223	121,327	-35,896
Vocational Education - Basic State Grants Provides career preparation and technical education	11,742,777	11,147,409	-595,368
Adult Education - Provides adult literacy and other educational programs	4,606,942	4,033,572	-573,370
Pell Grants - Provides aid for low-income college students	76,331,430	57,992,091	-18,339,339
Federal Work Study - Helps students pay for college by working part time	6,983,960	6,628,650	-355,310

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U.S. DEPARTMENT OF EDUCATION

CALIFORNIA

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Amendments may be offered to the FY97 supplemental appropriations bill to add an automatic continuing resolution for FY98 at 98 percent of the previous year's funding level. If this amendment is enacted, the President's education investments will be negated, unless the proposed continuing resolution is superseded by subsequent legislation that is enacted into law. Approximate figures below compare the President's FY98 budget proposal to 98 percent of the FY97 appropriation for each major federal education program in California.

Major Federal Education Programs in California	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$868,657,903	$804,928,296	- $63,729,607
Goals 2000 - Helps schools raise student achievement	69,251,110	53,342,345	-15,908,765
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	46,549,397	21,337,106	-25,212,291
Eisenhower Professional Development - Helps upgrade teachers' skills	40,544,721	34,191,947	-6,352,774
Special Education - Grants to States Helps provide services to children with disabilities	320,623,404	300,625,575	-19,997,829
Bilingual/Immigrant Education[2] - Helps children learn English	121,518,348	88,673,105	-32,845,243
Vocational Education - Basic State Grants Provides career preparation and technical education	109,665,168	104,105,057	-5,560,111
Adult Education - Provides adult literacy and other educational programs	43,051,006	37,418,427	-5,632,579
Pell Grants - Provides aid for low-income college students	873,766,332	663,835,818	-209,930,514
Federal Work Study - Helps students pay for college by working part time	85,701,557	81,341,476	-4,360,081

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U.S. DEPARTMENT OF EDUCATION

COLORADO

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Amendments may be offered to the FY97 supplemental appropriations bill to add an automatic continuing resolution for FY98 at 98 percent of the previous year's funding level. If this amendment is enacted, the President's education investments will be negated, unless the proposed continuing resolution is superseded by subsequent legislation that is enacted into law. Approximate figures below compare the President's FY98 budget proposal to 98 percent of the FY97 appropriation for each major federal education program in Colorado.

Major Federal Education Programs in Colorado	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$71,846,117	$67,945,630	- $3,900,487
Goals 2000 - Helps schools raise student achievement	7,047,593	5,428,579	-1,619,014
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	3,922,640	1,798,042	-2,124,598
Eisenhower Professional Development - Helps upgrade teachers' skills	4,134,724	3,486,873	-647,851
Special Education - Grants to States Helps provide services to children with disabilities	39,534,014	37,068,210	-2,465,804
Bilingual/Immigrant Education[2] - Helps children learn English	3,801,783	2,799,192	-1,002,591
Vocational Education - Basic State Grants Provides career preparation and technical education	13,578,868	12,890,409	-688,459
Adult Education - Provides adult literacy and other educational programs	3,541,502	3,108,343	-433,159
Pell Grants - Provides aid for low-income college students	98,168,523	74,582,619	-23,585,904
Federal Work Study - Helps students pay for college by working part time	11,487,396	10,902,972	-584,424

[1] *FY98 State allocations are based on data used for FY97 allocations. Therefore, FY98 State grants are provided as estimates, based on the most recent data available.*

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U.S. DEPARTMENT OF EDUCATION

CONNECTICUT

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

We have to work to give all of our children the gift of an education – to make sure every 8-year-old can read; every 12-year-old can log on the internet; and yes, every single 18-year-old in this country willing to work for it can have a college education.

- William J. Clinton, November 5, 1996

Within his balanced budget, President Clinton is requesting $29.1 billion in discretionary funds for the Department of Education in FY98, an increase of $2.9 billion or 11 percent over the 1997 level. This budget reflects the President's determination to continue making the investments needed to improve our schools based on standards of excellence, to help states and school districts cope with overcrowded classrooms caused by record breaking enrollment, and to expand access to higher education by providing all students the opportunity to attend at least two years of college.

Amendments may be offered to the FY97 supplemental appropriations bill to add an automatic continuing resolution for FY98 at 98 percent of the previous year's funding level. If this amendment is enacted, the President's education investments will be negated, unless the proposed continuing resolution is superseded by subsequent legislation that is enacted into law. Approximate figures below compare the President's FY98 budget proposal to 98 percent of the FY97 appropriation for each major federal education program in Connecticut.

Major Federal Education Programs in Connecticut	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$69,947,274	$65,692,602	- $4,254,672
Goals 2000 - Helps schools raise student achievement	6,131,401	4,722,860	-1,408,541
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	3,803,227	1,743,306	-2,059,921
Eisenhower Professional Development - Helps upgrade teachers' skills	3,593,112	3,030,123	-562,989
Special Education - Grants to States Helps provide services to children with disabilities	43,488,548	40,776,093	-2,712,455
Bilingual/Immigrant Education[2] - Helps children learn English	2,584,097	1,914,831	-669,266
Vocational Education - Basic State Grants Provides career preparation and technical education	8,739,531	8,296,430	-443,101
Adult Education - Provides adult literacy and other educational programs	4,374,781	3,831,963	-542,818
Pell Grants - Provides aid for low-income college students	47,173,464	35,839,600	-11,333,864
Federal Work Study - Helps students pay for college by working part time	9,965,428	9,458,435	-506,993

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U.S. DEPARTMENT OF EDUCATION

DELAWARE

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Delaware	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$18,461,339	$17,432,246	- $1,029,093
Goals 2000 - Helps schools raise student achievement	2,235,460	1,721,917	-513,543
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,125,000	980,000	-1,145,000
Eisenhower Professional Development - Helps upgrade teachers' skills	1,775,466	1,497,276	-278,190
Special Education - Grants to States Helps provide services to children with disabilities	8,870,674	8,317,395	-553,279
Bilingual/Immigrant Education[2] - Helps children learn English	157,223	121,327	-35,896
Vocational Education - Basic State Grants Provides career preparation and technical education	4,214,921	4,214,921	0
Adult Education - Provides adult literacy and other educational programs	1,118,309	1,004,040	-114,269
Pell Grants - Provides aid for low-income college students	10,445,607	7,935,952	-2,509,655
Federal Work Study - Helps students pay for college by working part time	1,500,215	1,423,891	-76,324

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U.S. DEPARTMENT OF EDUCATION

THE DISTRICT OF COLUMBIA

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Amendments may be offered to the FY97 supplemental appropriations bill to add an automatic continuing resolution for FY98 at 98 percent of the previous year's funding level. If this amendment is enacted, the President's education investments will be negated, unless the proposed continuing resolution is superseded by subsequent legislation that is enacted into law. Approximate figures below compare the President's FY98 budget proposal to 98 percent of the FY97 appropriation for each major federal education program in the District of Columbia.

Major Federal Education Programs in the District of Columbia	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$21,487,070	$20,129,320	- $1,357,750
Goals 2000 - Helps schools raise student achievement	2,353,224	1,812,628	-540,596
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,125,000	980,000	-1,145,000
Eisenhower Professional Development - Helps upgrade teachers' skills	1,775,466	1,497,276	-278,190
Special Education - Grants to States Helps provide services to children with disabilities	3,994,718	3,745,561	-249,157
Bilingual/Immigrant Education[2] - Helps children learn English	1,400,957	1,012,736	-388,221
Vocational Education - Basic State Grants Provides career preparation and technical education	4,214,921	4,214,921	0
Adult Education - Provides adult literacy and other educational programs	1,223,944	1,095,774	-128,170
Pell Grants - Provides aid for low-income college students	19,825,259	15,062,055	-4,763,204
Federal Work Study - Helps students pay for college by working part time	8,727,593	8,283,575	-444,018

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U.S. DEPARTMENT OF EDUCATION

FLORIDA

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Florida	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$343,822,399	$321,992,047	- $21,830,352
Goals 2000 - Helps schools raise student achievement	27,767,369	21,388,489	-6,378,880
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	18,631,872	8,540,395	-10,091,477
Eisenhower Professional Development - Helps upgrade teachers' skills	16,257,417	13,710,113	-2,547,304
Special Education - Grants to States Helps provide services to children with disabilities	175,559,323	164,609,389	-10,949,934
Bilingual/Immigrant Education[2] - Helps children learn English	19,883,720	13,361,730	-6,521,990
Vocational Education - Basic State Grants Provides career preparation and technical education	46,656,556	44,291,032	-2,365,524
Adult Education - Provides adult literacy and other educational programs	20,138,983	17,521,608	-2,617,375
Pell Grants - Provides aid for low-income college students	358,499,847	272,366,914	-86,132,933
Federal Work Study - Helps students pay for college by working part time	28,692,615	27,232,874	-1,459,741

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U.S. DEPARTMENT OF EDUCATION

GEORGIA

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Within his balanced budget, President Clinton is requesting $29.1 billion in discretionary funds for the Department of Education in FY98, an increase of $2.9 billion or 11 percent over the 1997 level. This budget reflects the President's determination to continue making the investments needed to improve our schools based on standards of excellence, to help states and school districts cope with overcrowded classrooms caused by record breaking enrollment, and to expand access to higher education by providing all students the opportunity to attend at least two years of college.

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Major Federal Education Programs in Georgia	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$200,467,343	$188,405,926	- $12,061,417
Goals 2000 - Helps schools raise student achievement	16,041,838	12,356,614	-3,685,224
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	10,891,218	4,992,268	-5,898,950
Eisenhower Professional Development - Helps upgrade teachers' skills	9,390,944	7,919,518	-1,471,426
Special Education - Grants to States Helps provide services to children with disabilities	76,431,673	71,664,499	-4,767,174
Bilingual/Immigrant Education[2] - Helps children learn English	1,789,622	1,187,828	-601,794
Vocational Education - Basic State Grants Provides career preparation and technical education	29,843,888	28,330,779	-1,513,109
Adult Education - Provides adult literacy and other educational programs	10,938,361	9,531,781	-1,406,580
Pell Grants - Provides aid for low-income college students	168,803,930	128,247,210	-40,556,720
Federal Work Study - Helps students pay for college by working part time	18,082,078	17,162,150	-919,928

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U.S. DEPARTMENT OF EDUCATION

HAWAII

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Hawaii	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$20,909,151	$19,662,292	- $1,246,859
Goals 2000 - Helps schools raise student achievement	2,333,304	1,797,284	-536,020
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,125,000	980,000	-1,145,000
Eisenhower Professional Development - Helps upgrade teachers' skills	1,775,466	1,497,276	-278,190
Special Education - Grants to States Helps provide services to children with disabilities	9,072,165	8,506,318	-565,847
Bilingual/Immigrant Education[2] - Helps children learn English	2,332,693	1,737,145	-595,548
Vocational Education - Basic State Grants Provides career preparation and technical education	5,127,305	4,890,475	-236,830
Adult Education - Provides adult literacy and other educational programs	1,512,660	1,346,495	-166,165
Pell Grants - Provides aid for low-income college students	14,467,388	10,991,463	-3,475,925
Federal Work Study - Helps students pay for college by working part time	2,190,735	2,079,281	-111,454

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U.S. DEPARTMENT OF EDUCATION

IDAHO

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Idaho	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$21,628,377	$20,487,940	- $1,140,437
Goals 2000 - Helps schools raise student achievement	2,377,030	1,830,965	-546,065
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,125,000	980,000	-1,145,000
Eisenhower Professional Development - Helps upgrade teachers' skills	1,775,466	1,497,276	-278,190
Special Education - Grants to States Helps provide services to children with disabilities	13,443,829	12,605,314	-838,515
Bilingual/Immigrant Education[2] - Helps children learn English	1,475,152	1,063,537	-411,615
Vocational Education - Basic State Grants Provides career preparation and technical education	5,996,314	5,692,296	-304,018
Adult Education - Provides adult literacy and other educational programs	1,454,350	1,295,859	-158,491
Pell Grants - Provides aid for low-income college students	40,847,042	31,033,159	-9,813,883
Federal Work Study - Helps students pay for college by working part time	2,531,510	2,402,719	-128,791

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U.S. DEPARTMENT OF EDUCATION

ILLINOIS

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Illinois	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$334,699,287	$312,109,731	- $22,589,556
Goals 2000 - Helps schools raise student achievement	26,138,124	20,133,523	-6,004,601
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	17,992,404	8,247,279	-9,745,125
Eisenhower Professional Development - Helps upgrade teachers' skills	15,298,758	12,901,662	-2,397,096
Special Education - Grants to States Helps provide services to children with disabilities	144,838,253	135,804,444	-9,033,809
Bilingual/Immigrant Education[2] - Helps children learn English	13,428,753	9,112,722	-4,316,031
Vocational Education - Basic State Grants Provides career preparation and technical education	40,161,014	38,124,818	-2,036,196
Adult Education - Provides adult literacy and other educational programs	16,066,819	13,985,337	-2,081,482
Pell Grants - Provides aid for low-income college students	275,056,226	208,971,401	-66,084,825
Federal Work Study - Helps students pay for college by working part time	36,323,629	34,475,659	-1,847,970

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U.S. DEPARTMENT OF EDUCATION

INDIANA

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Indiana	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$112,622,667	$106,781,917	- $5,840,750
Goals 2000 - Helps schools raise student achievement	10,841,747	8,351,118	-2,490,629
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	6,162,855	2,824,902	-3,337,953
Eisenhower Professional Development - Helps upgrade teachers' skills	6,359,354	5,362,935	-996,419
Special Education - Grants to States Helps provide services to children with disabilities	75,820,410	71,091,362	-4,729,048
Bilingual/Immigrant Education[2] - Helps children learn English	333,129	257,072	-76,057
Vocational Education - Basic State Grants Provides career preparation and technical education	24,314,914	23,082,128	-1,232,786
Adult Education - Provides adult literacy and other educational programs	8,135,675	7,097,927	-1,037,748
Pell Grants - Provides aid for low-income college students	138,984,683	105,592,316	-33,392,367
Federal Work Study - Helps students pay for college by working part time	16,075,523	15,257,679	-817,844

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U.S. DEPARTMENT OF EDUCATION

IOWA

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Iowa	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$48,975,141	$46,989,836	- $1,985,305
Goals 2000 - Helps schools raise student achievement	5,141,842	3,960,629	-1,181,213
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,695,752	1,235,667	-1,460,085
Eisenhower Professional Development - Helps upgrade teachers' skills	3,018,389	2,545,451	-472,938
Special Education - Grants to States Helps provide services to children with disabilities	37,494,772	35,156,159	-2,338,613
Bilingual/Immigrant Education[2] - Helps children learn English	1,165,141	849,801	-315,340
Vocational Education - Basic State Grants Provides career preparation and technical education	12,143,422	11,527,741	-615,681
Adult Education - Provides adult literacy and other educational programs	3,504,587	3,076,286	-428,301
Pell Grants - Provides aid for low-income college students	93,044,237	70,689,491	-22,354,746
Federal Work Study - Helps students pay for college by working part time	11,324,441	10,748,309	-576,132

[1] *FY98 State allocations are based on data used for FY97 allocations. Therefore, FY98 State grants are provided as estimates, based on the most recent data available.*

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U.S. DEPARTMENT OF EDUCATION

KANSAS

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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- William J. Clinton, November 5, 1996

Within his balanced budget, President Clinton is requesting $29.1 billion in discretionary funds for the Department of Education in FY98, an increase of $2.9 billion or 11 percent over the 1997 level. This budget reflects the President's determination to continue making the investments needed to improve our schools based on standards of excellence, to help states and school districts cope with overcrowded classrooms caused by record breaking enrollment, and to expand access to higher education by providing all students the opportunity to attend at least two years of college.

Amendments may be offered to the FY97 supplemental appropriations bill to add an automatic continuing resolution for FY98 at 98 percent of the previous year's funding level. If this amendment is enacted, the President's education investments will be negated, unless the proposed continuing resolution is superseded by subsequent legislation that is enacted into law. Approximate figures below compare the President's FY98 budget proposal to 98 percent of the FY97 appropriation for each major federal education program in Kansas.

Major Federal Education Programs in Kansas	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$55,425,105	$52,574,531	- $2,850,574
Goals 2000 - Helps schools raise student achievement	5,216,305	4,017,985	-1,198,320
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	3,037,380	1,392,261	-1,645,119
Eisenhower Professional Development - Helps upgrade teachers' skills	3,058,928	2,579,638	-479,290
Special Education - Grants to States Helps provide services to children with disabilities	30,337,899	28,445,672	-1,892,227
Bilingual/Immigrant Education[2] - Helps children learn English	1,590,752	1,133,116	-457,636
Vocational Education - Basic State Grants Provides career preparation and technical education	10,384,782	9,858,266	-526,516
Adult Education - Provides adult literacy and other educational programs	3,027,728	2,662,181	-365,547
Pell Grants - Provides aid for low-income college students	82,301,371	62,527,699	-19,773,672
Federal Work Study - Helps students pay for college by working part time	7,999,764	7,592,774	-406,990

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U.S. DEPARTMENT OF EDUCATION

KENTUCKY

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Major Federal Education Programs in Kentucky	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$127,966,250	$121,043,658	- $6,922,592
Goals 2000 - Helps schools raise student achievement	9,279,710	7,147,921	-2,131,789
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	6,949,329	3,185,403	-3,763,926
Eisenhower Professional Development - Helps upgrade teachers' skills	5,425,566	4,575,458	-850,108
Special Education - Grants to States Helps provide services to children with disabilities	46,913,886	43,987,787	-2,926,099
Bilingual/Immigrant Education[2] - Helps children learn English	157,223	121,327	-35,896
Vocational Education - Basic State Grants Provides career preparation and technical education	18,379,063	17,447,230	-931,833
Adult Education - Provides adult literacy and other educational programs	7,360,119	6,424,433	-935,686
Pell Grants - Provides aid for low-income college students	125,644,554	95,457,277	-30,187,277
Federal Work Study - Helps students pay for college by working part time	11,185,850	10,616,768	-569,082

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U.S. DEPARTMENT OF EDUCATION

LOUISIANA

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Major Federal Education Programs in Louisiana	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$190,200,044	$180,166,604	- $10,033,440
Goals 2000 - Helps schools raise student achievement	12,849,557	9,897,682	-2,951,875
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	10,272,812	4,708,806	-5,564,006
Eisenhower Professional Development - Helps upgrade teachers' skills	7,505,930	6,329,859	-1,176,071
Special Education - Grants to States Helps provide services to children with disabilities	51,537,979	48,323,467	-3,214,512
Bilingual/Immigrant Education[2] - Helps children learn English	2,620,956	1,971,835	-649,121
Vocational Education - Basic State Grants Provides career preparation and technical education	21,350,615	20,268,122	-1,082,493
Adult Education - Provides adult literacy and other educational programs	7,487,183	6,534,775	-952,408
Pell Grants - Provides aid for low-income college students	175,895,462	133,634,935	-42,260,527
Federal Work Study - Helps students pay for college by working part time	14,924,251	14,164,978	-759,273

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U.S. DEPARTMENT OF EDUCATION

MAINE

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Major Federal Education Programs in Maine	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$29,034,825	$27,539,567	- $1,495,258
Goals 2000 - Helps schools raise student achievement	2,669,948	2,056,592	-613,356
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,125,000	980,000	-1,145,000
Eisenhower Professional Development - Helps upgrade teachers' skills	1,775,466	1,497,276	-278,190
Special Education - Grants to States Helps provide services to children with disabilities	18,039,057	16,913,930	-1,125,127
Bilingual/Immigrant Education[2] - Helps children learn English	1,204,011	920,129	-283,882
Vocational Education - Basic State Grants Provides career preparation and technical education	5,183,126	4,920,338	-262,788
Adult Education - Provides adult literacy and other educational programs	1,813,492	1,607,738	-205,754
Pell Grants - Provides aid for low-income college students	28,105,326	21,352,759	-6,752,567
Federal Work Study - Helps students pay for college by working part time	7,845,509	7,446,367	-399,142

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U.S. DEPARTMENT OF EDUCATION

MARYLAND

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Major Federal Education Programs in Maryland	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$101,798,852	$95,492,183	- $6,306,669
Goals 2000 - Helps schools raise student achievement	9,350,527	7,202,470	-2,148,057
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	5,528,434	2,534,099	-2,994,335
Eisenhower Professional Development - Helps upgrade teachers' skills	5,482,426	4,623,408	-859,018
Special Education - Grants to States Helps provide services to children with disabilities	57,089,154	53,528,406	-3,560,748
Bilingual/Immigrant Education[2] - Helps children learn English	2,151,004	1,484,464	-666,540
Vocational Education - Basic State Grants Provides career preparation and technical education	14,917,691	14,161,352	-756,339
Adult Education - Provides adult literacy and other educational programs	6,358,349	5,554,495	-803,854
Pell Grants - Provides aid for low-income college students	99,019,717	75,229,306	-23,790,411
Federal Work Study - Helps students pay for college by working part time	12,190,534	11,570,340	-620,194

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U.S. DEPARTMENT OF EDUCATION

MASSACHUSETTS

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Massachusetts	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$149,369,400	$140,188,995	- $9,180,405
Goals 2000 - Helps schools raise student achievement	11,932,075	9,190,970	-2,741,105
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	8,115,371	3,719,888	-4,395,483
Eisenhower Professional Development - Helps upgrade teachers' skills	6,984,925	5,890,487	-1,094,438
Special Education - Grants to States Helps provide services to children with disabilities	88,970,493	83,421,251	-5,549,242
Bilingual/Immigrant Education[2] - Helps children learn English	6,992,349	5,015,985	-1,976,364
Vocational Education - Basic State Grants Provides career preparation and technical education	17,323,922	17,323,922	0
Adult Education - Provides adult literacy and other educational programs	7,477,678	6,526,521	-951,157
Pell Grants - Provides aid for low-income college students	153,102,745	116,318,381	-36,784,364
Federal Work Study - Helps students pay for college by working part time	45,271,757	42,968,550	-2,303,207

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U.S. DEPARTMENT OF EDUCATION

MICHIGAN

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Major Federal Education Programs in Michigan	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$336,587,079	$314,832,001	- $21,755,078
Goals 2000 - Helps schools raise student achievement	24,157,898	18,608,206	-5,549,692
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	18,215,451	8,349,518	-9,865,933
Eisenhower Professional Development - Helps upgrade teachers' skills	14,123,090	11,910,205	-2,212,885
Special Education - Grants to States Helps provide services to children with disabilities	106,839,754	100,175,977	-6,663,777
Bilingual/Immigrant Education[2] - Helps children learn English	2,076,668	1,473,056	-603,612
Vocational Education - Basic State Grants Provides career preparation and technical education	35,835,484	34,018,596	-1,816,888
Adult Education - Provides adult literacy and other educational programs	12,915,049	11,248,338	-1,666,711
Pell Grants - Provides aid for low-income college students	248,743,575	188,980,610	-59,762,965
Federal Work Study - Helps students pay for college by working part time	27,253,402	25,866,881	-1,386,521

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U.S. DEPARTMENT OF EDUCATION

MINNESOTA

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Major Federal Education Programs in Minnesota	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$89,416,217	$84,579,970	- $4,836,247
Goals 2000 - Helps schools raise student achievement	8,999,739	6,932,267	-2,067,472
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	4,888,611	2,240,820	-2,647,791
Eisenhower Professional Development - Helps upgrade teachers' skills	5,281,286	4,453,784	-827,502
Special Education - Grants to States Helps provide services to children with disabilities	55,642,498	52,171,981	-3,470,517
Bilingual/Immigrant Education[2] - Helps children learn English	3,033,823	2,256,074	-777,749
Vocational Education - Basic State Grants Provides career preparation and technical education	16,747,210	15,898,114	-849,096
Adult Education - Provides adult literacy and other educational programs	4,895,457	4,284,119	-611,338
Pell Grants - Provides aid for low-income college students	128,944,474	97,964,360	-30,980,114
Federal Work Study - Helps students pay for college by working part time	18,498,887	17,557,754	-941,133

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U.S. DEPARTMENT OF EDUCATION

MISSISSIPPI

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Mississippi	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$123,821,878	$117,505,547	- $6,316,331
Goals 2000 - Helps schools raise student achievement	8,170,565	6,293,576	-1,876,989
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	6,696,008	3,069,287	-3,626,721
Eisenhower Professional Development - Helps upgrade teachers' skills	4,771,029	4,023,477	-747,552
Special Education - Grants to States Helps provide services to children with disabilities	37,810,026	35,451,750	-2,358,276
Bilingual/Immigrant Education[2] - Helps children learn English	157,223	121,327	-35,896
Vocational Education - Basic State Grants Provides career preparation and technical education	13,803,436	13,103,591	-699,845
Adult Education - Provides adult literacy and other educational programs	5,136,750	4,493,657	-643,093
Pell Grants - Provides aid for low-income college students	111,438,239	84,664,162	-26,774,077
Federal Work Study - Helps students pay for college by working part time	11,546,880	10,959,431	-587,449

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U.S. DEPARTMENT OF EDUCATION

MISSOURI

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Missouri	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$128,892,104	$121,226,700	- $7,665,404
Goals 2000 - Helps schools raise student achievement	11,070,612	8,527,407	-2,543,205
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	7,002,554	3,209,799	-3,792,755
Eisenhower Professional Development - Helps upgrade teachers' skills	6,486,158	5,469,870	-1,016,288
Special Education - Grants to States Helps provide services to children with disabilities	68,714,475	64,428,636	-4,285,839
Bilingual/Immigrant Education[2] - Helps children learn English	1,779,659	1,325,032	-454,627
Vocational Education - Basic State Grants Provides career preparation and technical education	21,316,628	20,235,858	-1,080,770
Adult Education - Provides adult literacy and other educational programs	7,863,629	6,861,681	-1,001,948
Pell Grants - Provides aid for low-income college students	146,460,936	111,272,329	-35,188,607
Federal Work Study - Helps students pay for college by working part time	16,983,877	16,119,820	-864,057

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U.S. DEPARTMENT OF EDUCATION

MONTANA

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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- William J. Clinton, November 5, 1996

Within his balanced budget, President Clinton is requesting $29.1 billion in discretionary funds for the Department of Education in FY98, an increase of $2.9 billion or 11 percent over the 1997 level. This budget reflects the President's determination to continue making the investments needed to improve our schools based on standards of excellence, to help states and school districts cope with overcrowded classrooms caused by record breaking enrollment, and to expand access to higher education by providing all students the opportunity to attend at least two years of college.

Amendments may be offered to the FY97 supplemental appropriations bill to add an automatic continuing resolution for FY98 at 98 percent of the previous year's funding level. If this amendment is enacted, the President's education investments will be negated, unless the proposed continuing resolution is superseded by subsequent legislation that is enacted into law. Approximate figures below compare the President's FY98 budget proposal to 98 percent of the FY97 appropriation for each major federal education program in Montana.

Major Federal Education Programs in Montana	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$24,778,620	$23,637,329	- $1,141,291
Goals 2000 - Helps schools raise student achievement	2,495,414	1,922,153	-573,261
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,125,000	980,000	-1,145,000
Eisenhower Professional Development - Helps upgrade teachers' skills	1,775,466	1,497,276	-278,190
Special Education - Grants to States Helps provide services to children with disabilities	10,353,554	9,707,785	-645,769
Bilingual/Immigrant Education[2] - Helps children learn English	2,540,956	1,956,949	-584,007
Vocational Education - Basic State Grants Provides career preparation and technical education	4,883,734	4,658,155	-225,579
Adult Education - Provides adult literacy and other educational programs	1,177,862	1,055,756	-122,106
Pell Grants - Provides aid for low-income college students	34,208,629	25,989,687	-8,218,942
Federal Work Study - Helps students pay for college by working part time	3,387,629	3,215,283	-172,346

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U.S. DEPARTMENT OF EDUCATION

NEBRASKA

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Nebraska	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$30,690,339	$29,210,934	- $1,479,405
Goals 2000 - Helps schools raise student achievement	3,161,616	2,435,311	-726,305
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,125,000	980,000	-1,145,000
Eisenhower Professional Development - Helps upgrade teachers' skills	1,855,673	1,564,916	-290,757
Special Education - Grants to States Helps provide services to children with disabilities	22,247,717	20,860,089	-1,387,628
Bilingual/Immigrant Education[2] - Helps children learn English	911,360	655,178	-256,182
Vocational Education - Basic State Grants Provides career preparation and technical education	6,852,662	6,505,227	-347,435
Adult Education - Provides adult literacy and other educational programs	1,968,194	1,742,081	-226,113
Pell Grants - Provides aid for low-income college students	50,418,096	38,304,678	-12,113,418
Federal Work Study - Helps students pay for college by working part time	5,938,495	5,636,373	-302,122

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U.S. DEPARTMENT OF EDUCATION

NEVADA

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Nevada	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$22,838,713	$21,455,384	- $1,383,329
Goals 2000 - Helps schools raise student achievement	2,545,124	1,960,443	-584,681
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,125,000	980,000	-1,145,000
Eisenhower Professional Development - Helps upgrade teachers' skills	1,775,466	1,497,276	-278,190
Special Education - Grants to States Helps provide services to children with disabilities	15,961,894	14,966,323	-995,571
Bilingual/Immigrant Education[2] - Helps children learn English	979,424	658,498	-320,926
Vocational Education - Basic State Grants Provides career preparation and technical education	5,127,305	4,890,475	-236,830
Adult Education - Provides adult literacy and other educational programs	1,827,052	1,619,513	-207,539
Pell Grants - Provides aid for low-income college students	15,912,910	12,089,685	-3,823,225
Federal Work Study - Helps students pay for college by working part time	1,381,264	1,310,992	-70,272

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U.S. DEPARTMENT OF EDUCATION

NEW HAMPSHIRE

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Major Federal Education Programs in New Hampshire	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$17,436,879	$16,458,734	- $978,145
Goals 2000 - Helps schools raise student achievement	2,193,843	1,689,861	-503,982
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,125,000	980,000	-1,145,000
Eisenhower Professional Development - Helps upgrade teachers' skills	1,775,466	1,497,276	-278,190
Special Education - Grants to States Helps provide services to children with disabilities	14,313,747	13,420,974	-892,773
Bilingual/Immigrant Education[2] - Helps children learn English	440,225	339,717	-100,508
Vocational Education - Basic State Grants Provides career preparation and technical education	5,127,305	4,890,475	-236,830
Adult Education - Provides adult literacy and other educational programs	1,480,055	1,318,180	-161,875
Pell Grants - Provides aid for low-income college students	23,475,414	17,835,227	-5,640,187
Federal Work Study - Helps students pay for college by working part time	5,960,224	5,656,997	-303,227

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U.S. DEPARTMENT OF EDUCATION

NEW JERSEY

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Major Federal Education Programs in New Jersey	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$164,778,930	$154,943,644	- $9,835,286
Goals 2000 - Helps schools raise student achievement	14,703,487	11,325,717	-3,377,770
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	8,969,777	4,111,526	-4,858,251
Eisenhower Professional Development - Helps upgrade teachers' skills	8,618,089	7,267,758	-1,350,331
Special Education - Grants to States Helps provide services to children with disabilities	111,534,029	104,577,462	-6,956,567
Bilingual/Immigrant Education[2] - Helps children learn English	5,318,578	3,528,940	-1,789,638
Vocational Education - Basic State Grants Provides career preparation and technical education	21,850,896	20,743,038	-1,107,858
Adult Education - Provides adult literacy and other educational programs	10,988,975	9,575,734	-1,413,241
Pell Grants - Provides aid for low-income college students	145,459,686	110,511,639	-34,948,047
Federal Work Study - Helps students pay for college by working part time	15,408,007	14,624,123	-783,884

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U.S. DEPARTMENT OF EDUCATION

NEW MEXICO

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Major Federal Education Programs in New Mexico	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$65,011,803	$60,938,170	- $4,073,633
Goals 2000 - Helps schools raise student achievement	4,705,771	3,624,734	-1,081,037
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	3,516,603	1,611,925	-1,904,678
Eisenhower Professional Development - Helps upgrade teachers' skills	2,751,400	2,320,295	-431,105
Special Education - Grants to States Helps provide services to children with disabilities	26,928,409	25,248,838	-1,679,571
Bilingual/Immigrant Education[2] - Helps children learn English	7,313,583	5,451,235	-1,862,348
Vocational Education - Basic State Grants Provides career preparation and technical education	8,124,898	7,712,959	-411,939
Adult Education - Provides adult literacy and other educational programs	2,403,399	2,120,013	-283,386
Pell Grants - Provides aid for low-income college students	64,581,379	49,065,100	-15,516,279
Federal Work Study - Helps students pay for college by working part time	6,552,238	6,218,892	-333,346

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U.S. DEPARTMENT OF EDUCATION

NEW YORK

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Major Federal Education Programs in New York	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$703,308,924	$652,827,695	- $50,481,229
Goals 2000 - Helps schools raise student achievement	46,426,293	35,760,977	-10,665,316
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	37,787,905	17,321,052	-20,466,853
Eisenhower Professional Development - Helps upgrade teachers' skills	27,112,377	22,864,259	-4,248,118
Special Education - Grants to States Helps provide services to children with disabilities	223,473,869	209,535,423	-13,938,446
Bilingual/Immigrant Education[2] - Helps children learn English	54,496,991	39,011,279	-15,485,712
Vocational Education - Basic State Grants Provides career preparation and technical education	51,856,387	51,361,537	-494,850
Adult Education - Provides adult literacy and other educational programs	26,659,485	23,184,017	-3,475,468
Pell Grants - Provides aid for low-income college students	744,557,979	565,670,976	-178,887,003
Federal Work Study - Helps students pay for college by working part time	83,195,474	78,962,892	-4,232,582

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U.S. DEPARTMENT OF EDUCATION

NORTH CAROLINA

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in North Carolina	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$140,689,603	$133,224,777	- $7,464,826
Goals 2000 - Helps schools raise student achievement	13,175,137	10,148,468	-3,026,669
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	7,698,246	3,528,688	-4,169,558
Eisenhower Professional Development - Helps upgrade teachers' skills	7,725,840	6,515,312	-1,210,528
Special Education - Grants to States Helps provide services to children with disabilities	83,243,862	78,051,800	-5,192,062
Bilingual/Immigrant Education[2] - Helps children learn English	958,162	733,598	-224,564
Vocational Education - Basic State Grants Provides career preparation and technical education	29,426,741	27,934,782	-1,491,959
Adult Education - Provides adult literacy and other educational programs	11,490,454	10,011,219	-1,479,235
Pell Grants - Provides aid for low-income college students	157,356,878	119,550,420	-37,806,458
Federal Work Study - Helps students pay for college by working part time	19,655,839	18,655,845	-999,994

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U.S. DEPARTMENT OF EDUCATION

NORTH DAKOTA

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in North Dakota	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$18,352,603	$17,265,052	- $1,087,551
Goals 2000 - Helps schools raise student achievement	2,228,333	1,716,427	-511,906
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,125,000	980,000	-1,145,000
Eisenhower Professional Development - Helps upgrade teachers' skills	1,775,466	1,497,276	-278,190
Special Education - Grants to States Helps provide services to children with disabilities	6,992,738	6,556,589	-436,149
Bilingual/Immigrant Education[2] - Helps children learn English	2,330,834	1,791,310	-539,524
Vocational Education - Basic State Grants Provides career preparation and technical education	4,214,921	4,214,921	0
Adult Education - Provides adult literacy and other educational programs	1,073,566	965,186	-108,380
Pell Grants - Provides aid for low-income college students	28,423,006	21,594,114	-6,828,892
Federal Work Study - Helps students pay for college by working part time	3,232,398	3,067,949	-164,449

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U.S. DEPARTMENT OF EDUCATION

OHIO

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Ohio	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$306,024,723	$289,109,693	- $16,915,030
Goals 2000 - Helps schools raise student achievement	24,459,849	18,840,791	-5,619,058
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	16,650,418	7,632,145	-9,018,273
Eisenhower Professional Development - Helps upgrade teachers' skills	14,318,414	12,074,924	-2,243,490
Special Education - Grants to States Helps provide services to children with disabilities	128,777,878	120,745,782	-8,032,096
Bilingual/Immigrant Education[2] - Helps children learn English	497,321	343,524	-153,797
Vocational Education - Basic State Grants Provides career preparation and technical education	43,634,697	41,422,383	-2,212,314
Adult Education - Provides adult literacy and other educational programs	15,635,455	13,610,741	-2,024,714
Pell Grants - Provides aid for low-income college students	288,374,729	219,090,009	-69,284,720
Federal Work Study - Helps students pay for college by working part time	36,009,356	34,177,375	-1,831,981

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U.S. DEPARTMENT OF EDUCATION

OKLAHOMA

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Oklahoma	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$87,912,372	$83,030,416	- $4,881,956
Goals 2000 - Helps schools raise student achievement	7,310,304	5,630,939	-1,679,365
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	4,787,553	2,194,497	-2,593,056
Eisenhower Professional Development - Helps upgrade teachers' skills	4,281,317	3,610,496	-670,821
Special Education - Grants to States Helps provide services to children with disabilities	40,596,933	38,064,833	-2,532,100
Bilingual/Immigrant Education[2] - Helps children learn English	11,951,818	9,185,386	-2,766,432
Vocational Education - Basic State Grants Provides career preparation and technical education	15,352,175	14,573,807	-778,368
Adult Education - Provides adult literacy and other educational programs	4,831,649	4,228,707	-602,942
Pell Grants - Provides aid for low-income college students	129,769,429	98,591,113	-31,178,316
Federal Work Study - Helps students pay for college by working part time	10,261,108	9,739,072	-522,036

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U.S. DEPARTMENT OF EDUCATION

OREGON

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Oregon	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$69,120,989	$65,558,091	- $3,562,898
Goals 2000 - Helps schools raise student achievement	6,218,983	4,790,322	-1,428,661
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	3,785,276	1,735,078	-2,050,198
Eisenhower Professional Development - Helps upgrade teachers' skills	3,645,195	3,074,045	-571,150
Special Education - Grants to States Helps provide services to children with disabilities	36,801,441	34,506,073	-2,295,368
Bilingual/Immigrant Education[2] - Helps children learn English	3,633,330	2,686,432	-946,898
Vocational Education - Basic State Grants Provides career preparation and technical education	12,517,734	11,883,075	-634,659
Adult Education - Provides adult literacy and other educational programs	3,543,506	3,110,083	-433,423
Pell Grants - Provides aid for low-income college students	74,828,685	56,850,395	-17,978,290
Federal Work Study - Helps students pay for college by working part time	12,198,017	11,577,442	-620,575

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U.S. DEPARTMENT OF EDUCATION

PENNSYLVANIA

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Major Federal Education Programs in Pennsylvania	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$337,497,515	$316,692,631	- $20,804,884
Goals 2000 - Helps schools raise student achievement	25,920,484	19,965,881	-5,954,603
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	18,328,348	8,401,267	-9,927,081
Eisenhower Professional Development - Helps upgrade teachers' skills	15,166,278	12,789,940	-2,376,338
Special Education - Grants to States Helps provide services to children with disabilities	119,382,536	111,936,443	-7,446,093
Bilingual/Immigrant Education[2] - Helps children learn English	2,760,000	2,036,385	-723,615
Vocational Education - Basic State Grants Provides career preparation and technical education	41,885,790	39,762,148	-2,123,642
Adult Education - Provides adult literacy and other educational programs	17,628,756	15,341,725	-2,287,031
Pell Grants - Provides aid for low-income college students	294,690,167	223,888,104	-70,802,063
Federal Work Study - Helps students pay for college by working part time	46,916,698	44,529,804	-2,386,894

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U.S. DEPARTMENT OF EDUCATION

RHODE ISLAND

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Major Federal Education Programs in Rhode Island	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$25,200,719	$23,698,526	- $1,502,193
Goals 2000 - Helps schools raise student achievement	2,505,977	1,930,289	-575,688
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,125,000	980,000	-1,145,000
Eisenhower Professional Development - Helps upgrade teachers' skills	1,775,466	1,497,276	-278,190
Special Education - Grants to States Helps provide services to children with disabilities	14,190,362	13,305,285	-885,077
Bilingual/Immigrant Education[2] - Helps children learn English	1,748,630	1,161,046	-587,584
Vocational Education - Basic State Grants Provides career preparation and technical education	5,127,305	4,890,475	-236,830
Adult Education - Provides adult literacy and other educational programs	1,840,039	1,630,791	-209,248
Pell Grants - Provides aid for low-income college students	32,171,704	24,442,152	-7,729,552
Federal Work Study - Helps students pay for college by working part time	7,009,993	6,653,359	-356,634

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U.S. DEPARTMENT OF EDUCATION

SOUTH CAROLINA

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Major Federal Education Programs in South Carolina	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$93,678,819	$88,823,793	- $4,855,026
Goals 2000 - Helps schools raise student achievement	7,743,894	5,964,922	-1,778,972
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	5,107,330	2,341,075	-2,766,255
Eisenhower Professional Development - Helps upgrade teachers' skills	4,534,876	3,824,326	-710,550
Special Education - Grants to States Helps provide services to children with disabilities	48,974,069	45,919,473	-3,054,596
Bilingual/Immigrant Education[2] - Helps children learn English	157,223	121,327	-35,896
Vocational Education - Basic State Grants Provides career preparation and technical education	17,143,285	16,274,107	-869,178
Adult Education - Provides adult literacy and other educational programs	6,356,270	5,552,690	-803,580
Pell Grants - Provides aid for low-income college students	94,287,584	71,634,112	-22,653,472
Federal Work Study - Helps students pay for college by working part time	11,169,774	10,601,510	-568,264

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U.S. DEPARTMENT OF EDUCATION

SOUTH DAKOTA

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Major Federal Education Programs in South Dakota	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$19,662,455	$18,589,948	- $1,072,507
Goals 2000 - Helps schools raise student achievement	2,280,753	1,756,805	-523,948
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,125,000	980,000	-1,145,000
Eisenhower Professional Development - Helps upgrade teachers' skills	1,775,466	1,497,276	-278,190
Special Education - Grants to States Helps provide services to children with disabilities	8,779,551	8,231,955	-547,596
Bilingual/Immigrant Education[2] - Helps children learn English	2,851,888	2,200,769	-651,119
Vocational Education - Basic State Grants Provides career preparation and technical education	4,214,921	4,214,921	0
Adult Education - Provides adult literacy and other educational programs	1,151,066	1,032,486	-118,580
Pell Grants - Provides aid for low-income college students	29,860,079	22,685,916	-7,174,163
Federal Work Study - Helps students pay for college by working part time	4,177,403	3,964,877	-212,526

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U.S. DEPARTMENT OF EDUCATION

TENNESSEE

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Major Federal Education Programs in Tennessee	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$131,951,697	$124,300,136	- $7,651,561
Goals 2000 - Helps schools raise student achievement	10,812,294	8,328,431	-2,483,863
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	7,184,544	3,293,220	-3,891,324
Eisenhower Professional Development - Helps upgrade teachers' skills	6,331,190	5,339,183	-992,007
Special Education - Grants to States Helps provide services to children with disabilities	71,574,961	67,110,708	-4,464,253
Bilingual/Immigrant Education[2] - Helps children learn English	530,936	365,486	-165,450
Vocational Education - Basic State Grants Provides career preparation and technical education	21,945,948	20,833,272	-1,112,676
Adult Education - Provides adult literacy and other educational programs	9,242,017	8,058,674	-1,183,343
Pell Grants - Provides aid for low-income college students	136,861,320	103,979,110	-32,882,210
Federal Work Study - Helps students pay for college by working part time	15,448,877	14,662,913	-785,964

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U.S. DEPARTMENT OF EDUCATION

TEXAS

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Texas	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$656,060,137	$611,643,893	- $44,416,244
Goals 2000 - Helps schools raise student achievement	48,359,392	37,249,993	-11,109,399
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	35,344,118	16,200,880	-19,143,238
Eisenhower Professional Development - Helps upgrade teachers' skills	28,283,408	23,851,806	-4,431,602
Special Education - Grants to States Helps provide services to children with disabilities	249,906,475	234,319,382	-15,587,093
Bilingual/Immigrant Education[2] - Helps children learn English	26,828,649	18,999,591	-7,829,058
Vocational Education - Basic State Grants Provides career preparation and technical education	80,792,674	76,696,421	-4,096,253
Adult Education - Provides adult literacy and other educational programs	27,236,875	23,685,423	-3,551,452
Pell Grants - Provides aid for low-income college students	495,700,623	376,603,923	-119,096,700
Federal Work Study - Helps students pay for college by working part time	44,842,642	42,561,266	-2,281,376

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U.S. DEPARTMENT OF EDUCATION

UTAH

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Major Federal Education Programs in Utah	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$32,390,885	$30,640,088	- $1,750,797
Goals 2000 - Helps schools raise student achievement	4,167,458	3,210,086	-957,372
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,125,000	980,000	-1,145,000
Eisenhower Professional Development - Helps upgrade teachers' skills	2,450,748	2,066,751	-383,997
Special Education - Grants to States Helps provide services to children with disabilities	29,693,243	27,841,224	-1,852,019
Bilingual/Immigrant Education[2] - Helps children learn English	2,037,438	1,398,106	-639,332
Vocational Education - Basic State Grants Provides career preparation and technical education	11,505,989	10,922,626	-583,363
Adult Education - Provides adult literacy and other educational programs	1,827,128	1,619,579	-207,549
Pell Grants - Provides aid for low-income college students	82,086,881	62,364,742	-19,722,139
Federal Work Study - Helps students pay for college by working part time	4,673,736	4,435,959	-237,777

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U.S. DEPARTMENT OF EDUCATION

VERMONT

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Vermont	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$16,959,388	$16,039,543	- $919,845
Goals 2000 - Helps schools raise student achievement	2,176,093	1,676,188	-499,905
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,125,000	980,000	-1,145,000
Eisenhower Professional Development - Helps upgrade teachers' skills	1,775,466	1,497,276	-278,190
Special Education - Grants to States Helps provide services to children with disabilities	6,366,193	5,969,123	-397,070
Bilingual/Immigrant Education[2] - Helps children learn English	443,225	338,886	-104,339
Vocational Education - Basic State Grants Provides career preparation and technical education	4,214,921	4,214,921	0
Adult Education - Provides adult literacy and other educational programs	898,997	813,589	-85,408
Pell Grants - Provides aid for low-income college students	16,226,979	12,328,296	-3,898,683
Federal Work Study - Helps students pay for college by working part time	5,652,365	5,364,800	-287,565

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U.S. DEPARTMENT OF EDUCATION

VIRGINIA

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Amendments may be offered to the FY97 supplemental appropriations bill to add an automatic continuing resolution for FY98 at 98 percent of the previous year's funding level. If this amendment is enacted, the President's education investments will be negated, unless the proposed continuing resolution is superseded by subsequent legislation that is enacted into law. Approximate figures below compare the President's FY98 budget proposal to 98 percent of the FY97 appropriation for each major federal education program in Virginia.

Major Federal Education Programs in Virginia	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$112,769,006	$106,574,153	- $6,194,853
Goals 2000 - Helps schools raise student achievement	11,240,612	8,658,354	-2,582,258
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	6,155,251	2,821,417	-3,333,834
Eisenhower Professional Development - Helps upgrade teachers' skills	6,595,772	5,562,309	-1,033,463
Special Education - Grants to States Helps provide services to children with disabilities	80,652,785	75,622,334	-5,030,451
Bilingual/Immigrant Education[2] - Helps children learn English	1,884,855	1,231,439	-653,416
Vocational Education - Basic State Grants Provides career preparation and technical education	23,611,123	22,414,020	-1,197,103
Adult Education - Provides adult literacy and other educational programs	9,139,973	7,970,059	-1,169,914
Pell Grants - Provides aid for low-income college students	143,843,080	109,283,438	-34,559,642
Federal Work Study - Helps students pay for college by working part time	18,331,064	17,398,468	-932,596

[1] *FY98 State allocations are based on data used for FY97 allocations. Therefore, FY98 State grants are provided as estimates, based on the most recent data available.*

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U.S. DEPARTMENT OF EDUCATION

WASHINGTON STATE

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Washington State	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$112,104,447	$105,625,943	- $6,478,504
Goals 2000 - Helps schools raise student achievement	10,531,383	8,112,053	-2,419,330
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	6,112,694	2,801,910	-3,310,784
Eisenhower Professional Development - Helps upgrade teachers' skills	6,175,983	5,208,295	-967,688
Special Education - Grants to States Helps provide services to children with disabilities	60,498,079	56,724,710	-3,773,369
Bilingual/Immigrant Education[2] - Helps children learn English	4,902,060	3,441,359	-1,460,701
Vocational Education - Basic State Grants Provides career preparation and technical education	19,522,865	18,533,041	-989,824
Adult Education - Provides adult literacy and other educational programs	5,309,282	4,643,484	-665,798
Pell Grants - Provides aid for low-income college students	132,721,834	100,834,176	-31,887,658
Federal Work Study - Helps students pay for college by working part time	15,297,373	14,519,117	-778,256

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U.S. DEPARTMENT OF EDUCATION

WEST VIRGINIA

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in West Virginia	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$73,140,130	$69,057,013	- $4,083,117
Goals 2000 - Helps schools raise student achievement	4,773,210	3,676,681	-1,096,529
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	3,973,755	1,821,472	-2,152,283
Eisenhower Professional Development - Helps upgrade teachers' skills	2,786,565	2,349,950	-436,615
Special Education - Grants to States Helps provide services to children with disabilities	25,746,633	24,140,772	-1,605,861
Bilingual/Immigrant Education[2] - Helps children learn English	0	0	0
Vocational Education - Basic State Grants Provides career preparation and technical education	8,848,563	8,399,934	-448,629
Adult Education - Provides adult literacy and other educational programs	3,680,517	3,229,064	-451,453
Pell Grants - Provides aid for low-income college students	59,171,454	44,954,960	-14,216,494
Federal Work Study - Helps students pay for college by working part time	6,333,400	6,011,188	-322,212

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U.S. DEPARTMENT OF EDUCATION

WISCONSIN

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Wisconsin	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$125,580,109	$118,361,278	- $7,218,831
Goals 2000 - Helps schools raise student achievement	10,933,389	8,421,708	-2,511,681
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	6,840,340	3,135,445	-3,704,895
Eisenhower Professional Development - Helps upgrade teachers' skills	6,406,551	5,402,736	-1,003,815
Special Education - Grants to States Helps provide services to children with disabilities	60,228,104	56,471,575	-3,756,529
Bilingual/Immigrant Education[2] - Helps children learn English	1,201,918	885,529	-316,389
Vocational Education - Basic State Grants Provides career preparation and technical education	20,438,785	19,402,523	-1,036,262
Adult Education - Provides adult literacy and other educational programs	6,337,405	5,536,307	-801,098
Pell Grants - Provides aid for low-income college students	115,731,161	87,925,670	-27,805,491
Federal Work Study - Helps students pay for college by working part time	16,972,692	16,109,204	-863,488

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U.S. DEPARTMENT OF EDUCATION

WYOMING

The President's FY98 Proposed Education Budget Vs. an Automatic Continuing Resolution at 98 Percent of FY97

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Major Federal Education Programs in Wyoming	President's FY98 Budget	Continuing Resolution (98% of FY97)	Difference
Title I - Grants to Local Education Agencies[1] Helps disadvantaged students learn the basics	$16,148,133	$15,253,435	- $894,698
Goals 2000 - Helps schools raise student achievement	2,142,583	1,650,377	-492,206
Technology Literacy Challenge Fund Helps provide computers, software and technology training to schools	2,125,000	980,000	-1,145,000
Eisenhower Professional Development - Helps upgrade teachers' skills	1,775,466	1,497,276	-278,190
Special Education - Grants to States Helps provide services to children with disabilities	7,102,539	6,659,541	-442,998
Bilingual/Immigrant Education[2] - Helps children learn English	824,520	636,273	-188,247
Vocational Education - Basic State Grants Provides career preparation and technical education	4,214,921	4,214,921	0
Adult Education - Provides adult literacy and other educational programs	724,863	662,371	-62,492
Pell Grants - Provides aid for low-income college students	16,135,175	12,258,549	-3,876,626
Federal Work Study - Helps students pay for college by working part time	1,008,237	956,943	-51,294

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PRESIDENT CLINTON'S FISCAL YEAR 1998 BALANCED BUDGET

Summary Documents

February 1997

INVESTING IN THE FUTURE. The President's budget maintains our critical priorities by increasing our investments in health care, education and training, the environment and science and technology. It also establishes new initiatives important new initiatives to help prepare America for the 21st century.

Health Care:

- Helps an estimated **3.3 million families, including 700,000 children**, keep their health care coverage for up to six months until their breadwinners find new jobs.
- Provides **health insurance coverage** for millions of children who are uninsured.
- Invests more in the **Ryan White AIDS program and in biomedical research** at NIH to find ways to prevent and treat diseases.
- Establishes a new **Alzheimer's respite benefit** within Medicare and provides for an **annual mammogram** without copayments.

Education and Training:

- Increases funding for **Head Start** by 55%, from $2.8 billion in FY93 to $4.3 billion in FY98.
- Increases **GOALS 2000** funding by 26% to help states raise educational achievement.
- Doubles funding to $500 million next year for the **Technology Literacy Challenge** and a related program to help ensure that all children are technology literate by the turn of the century.
- Includes the largest increase in the maximum **Pell Grant scholarship** in two decades, a $1.7 billion increase in aid over FY97, and expanded eligibility for at least 348,000 more students.
- Creates the **America Reads Challenge** to help insure that all children can read well and independently by the end of third grade ($2.75 billion over five years.)
- Creates a $5 billion new **school construction** fund over four years to spur $20 billion in school construction and renovation.

Environment:

- Funds the **Kalamazoo Initiative** to protect communities from **toxic pollution** by the 2000.
- Increases funds for the **National Park System** to help improve park facilities and further protect our national and cultural treasures.

Crime:

- Funds **17,000 more police,** helping to move towards the President's goal of 100,000 new police by the year 2000.
- Increases funds for the Drug Courts initiative, for drug testing, for the **Safe and Drug-Free Schools** initiative and other programs to fight drugs.
- Funds 7,359 **Border Patrol agents** -- 85% more than in FY93 -- to control illegal immigration.

A BALANCED BUDGET PLAN THAT CLOSES LOOPHOLES AND SPECIAL INTEREST PROVISIONS.

To protect priorities like Medicare, Medicaid, education and the environment, the President believes we should also be closing loopholes and special interest provisions.

- The President's budget proposes approximately **$34 billion** of business tax base broadeners, tax loophole closers and tax compliance measures for FY 1998-2002.

LET'S BUILD ON OUR PROGRESS.

We have cut the deficit by 63%. Deficit reduction has reduced interest rates, and spurred strong investment and the creation of over 11 million new jobs. Now, we must work together to achieve a real and solid balanced budget that keeps America strong and growing.

SELECTED CLINTON ADMINISTRATION DISCRETIONARY INVESTMENTS

INITIATIVE	*FY93-FY97 INVESTMENT*	*IMPACT*	*FY98 BUDGET*
EDUCATION AND TRAINING: The President's FY98 Budget increases funding 33% for major education and training discretionary programs compared to FY93, providing $51 billion for all FY98 education & training.			
Goals 2000	*Created Goals 2000 to support state-developed academic standards and school reform, supporting reform in 1,000 schools in 1994.*	*Goals 2000 is now supporting school reforms in all 50 states.*	*Increases funding 26% in FY98 to $620 million, supporting standards-based reform in 16,000 public schools across the 50 states.*
Technology Literacy Challenge (TLC)	*Created and funded in FY97 at $200 million to help ensure that all children are technologically literate by the dawn of the 21st century.*	*Funds state-wide plans to wire schools, train teachers, and purchase educational software and on-line resources.*	*More than doubles funding in FY98 to $425 million and provides $2 billion over 5 years. Provides $500 million for the TLC and a related grant program in FY98.*
Pell Grants	*Increased the maximum Pell Grant 17%, from $2,300 in FY93 to $2,700 in FY97, increasing college opportunities for low-income students.*	*3.7 million low-income students currently receive Pell Grants of up to $2,700.*	*Increases the grant from $2,700 to $3,000 in FY98 -- the largest increase in two decades. Provides $1.7 billion more aid in FY98 than FY97, making 348000 more families eligible.*
Dislocated Worker Assistance	*Doubled funding for dislocated workers, from $651 million in FY93 to $1,286 million in FY97. Will assist 580,000 workers this year.*	*Provides 274,000 more workers in FY97 with job training and search services to help them find jobs more quickly.*	*Increases funding to $1,350 million to serve 605,200 dislocated workers in FY98, double then number in FY93.*
EARLY CHILDHOOD DEVELOPMENT AND HEALTH:			
Head Start	*Increased funding 43% from $2.8 billion in FY93 to $4.0 billion in FY97. Created the Early Head Start program in 1994 to support zero-3 year olds and their families.*	*Serves 800,000 low-income 3- and 4-year olds this year, including thousands of 0-3 year-olds and their families.*	*Provides a $324 million increase in FY98, serving 122,100 more children than in FY93 while continuing to increase program quality and the 0-3 program, and on track to serve 1 million children in 2002.*
WIC Supplemental Nutrition Program	*Increased funding nearly $1 billion or 34% to $3.83 billion in FY97. Provides nutrition packages, nutrition education and health referrals to low-income pregnant women, infants, and children.*	*Expanded participation by 1.7 million since 1993, or 30% with the requested supplemental, from 5.7 to 7.4 million women, infants, and children.*	*Increases funding to $4.1 billion to achieve the President's goal of full participation by the end of FY98. Research shows that WIC prenatal services save Medicaid much more by reducing health care costs in the first 60 days after birth.*
Ryan White AIDS Treatment	*Increased funding 158%, to $996 million in FY97. Provides grants to states and to 49 hard-hit cities, double the number in FY93.*	*This program may be partly responsible for the 30% decline in AIDS deaths in NYC in 1996.*	*Provides a 221% increase for State AIDS Drug Assistance since 1996 to expand access to effective new medications to those who could not otherwise afford them.*
National Institutes of Health	*Increased funding 23%, to $12.7 billion in FY97. NIH now supports 32,000 grants in more than 1,700 universities, medical schools, and other research institutions.*	*Research has contributed to major advances in treating people with HIV and in medications for Alzheimer's disease.*	*Increases funding by $337 million to maintain NIH's leadership in medical research.*

CLINTON ADMINISTRATION HIGHER EDUCATION INITIATIVES

INITIATIVE	DESCRIPTION	AMOUNT	IMPACT
Pell Grant Increase and Expansion	Largest increase in two decades -- from $2700 to $3000. Combined with the FY97 increase, the scholarship has increased $530 -- from $2,470 in FY 96.	$1.7 billion more than the FY97 appropriation . -- a 25% increase in aid.	Over 3.6 million students now eligible will receive an increase up to $300. This increase will also make an additional 130,000 families eligible for the grant.
Pell Grant Expansion for Older, Low-Income Students	Increases eligibility so any student from a low-income family can receive a Pell Grant.	$3.9 billion over five years.	An additional 218,000 low-income students generally aged 24 or over will be newly eligible for Pell Grants. 891,000 students will receive an average increase of over $800.
Cut in Student Loan Fees	Cuts loan fees from 4% to 2% on need-based Stafford loans -- and to 3% on other loans for students and parents.	$2.6 billion over five years.	Loan fees will be cut in half for 4 million low- and middle-income students, and by a quarter for 2.5 million other loans.
Hope Scholarship Tax Credits	Up to $1500 per-student tax credit for tuition in student's first year and another $1500 in the second year if student earns at least a B average.	$18.6 billion from 1997-2002.	Expected to help 4.2 million middle-income students in 1998.
$10,000 Tax Deduction for Higher Education and Training	Phases up to a $10,000 maximum deduction Also available for training.	$17.6 billion from 1997-2002.	Expected to help 8.1 million middle-income students in 1998.
Tax-Free Education Savings	Families with incomes up to $100,000 would be eligible for IRAs, and could make penalty-free withdrawals for higher education.	Education specific estimates not available.	Combined with tax deduction, the IRA savings for higher education for middle-income families will never be taxed. Will make over 20 million families eligible for such a benefit.
Community Service: Work Study	President has called on colleges to commit half of the increased funding for work study to support community service jobs.	$240 million increase over FY96; $120 million for work-study community service in FY98	1 million College Work-Study slots by the year 2000, including 100,000, reading tutors.
Community Service: Loan Forgiveness	The President's budget provides tax relief for community service loan forgiveness.	$15 million between 1997-2002.	Not available.
Presidential Honors Scholarships	One-year, $1,000 scholarships for the top 5% of all high school graduates in the country.	$132 million in FY98.	Benefits 132,000 students who graduate from high school next year.
Educational Assistance from Employers	Extends tax exclusion from employer-provided education assistance through 2000, for both undergraduate & graduate education. Also provides a tax credit to encourage small businesses to offer educational assistance to employees.	$2.4 billion between 1997-2001.	Benefits 1.7 million employees a year.

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PRESIDENT CLINTON'S FY 1998 BALANCED BUDGET

Summary Talking Points: February 6, 1997

A BALANCED BUDGET THAT REFLECTS AMERICA'S VALUES. President Clinton's budget demonstrates that we can move the country beyond the false choices of the past -- and that we can finish the job of balancing the budget, to lower interest rates and keep the economy growing, while still investing in key priorities such as education that help the American people thrive and our economy grow.

A DETAILED PLAN TO BALANCE THE BUDGET IN 5 YEARS.

- **Protect and Strengthen Medicare & Medicaid.** Extend the life of the Medicare Trust Fund well into the next century. Protect the fundamental guarantee of health benefits for the disabled, nursing home residents, & strengthen health coverage for children.
- **Invest in Education -- our nation's number 1 priority for preparing for the next century.**
- **Strengthen environmental protections.**
- **Build on the Vice-President's efforts to make our government work better and cost less.**
- **Provide middle-class tax relief to pay for education, health care, to help raise a child and buy and sell a home.**

BUILD ON PRESIDENT CLINTON'S RECORD ON DEFICIT REDUCTION.

- We have cut the deficit by 63% after it had quadrupled during the previous 12 years.
- We now have a smaller deficit as a share of GDP than any other major country in the world.
- FY98 budget builds on this progress and reaches balance by 2002 while investing in the future.

MEETING REPUBLICANS HALFWAY ON MEDICARE.

On difficult issues such as Medicare reforms, the President shows that he is serious about reaching a bipartisan agreement to balance the budget.

- **The President's Balanced Budget uses responsible Medicare policies to strengthen the life of the Trust Fund without placing unnecessary burdens on beneficiaries.** The President's plan achieves $100 billion of savings over 5 years ($138 billion over 6 years) through several reforms including reducing reimbursement to managed care. The plan also guarantees the solvency of the Part A trust fund until 2007 while maintaining choice and the high-quality of Medicare services.

TAX CUTS FOR FAMILIES WHEN THEY NEED IT MOST.

The President's budget provides about **$100 billion of tax cuts over the next five years** to help families:

- Raise their **children** ($500 per child),
- Send them to **college** ($1,500 HOPE Scholarship and $10,000 tuition tax deduction),
- Save for the **future** (penalty-free withdrawals from IRAs for education and first homes; tax-free savings for education through combined use of the tuition tax deduction and education IRA);
- Buy and sell their **homes by the exclusion of $500,000 of capital gains** on the sale of the home,
- **Move from welfare** to work with tax incentives to businesses, by allowing employers a 50% credit on the first $10,000 of annual wages that they pay to long-term welfare recipients.
- And tax incentives to boost **investment** in distressed areas and promote hiring of the economically disadvantaged.

PRESIDENT'S BUDGET CUTS $252 BILLION OVER 5 YEARS

PRESIDENT CLINTON'S BUDGET:

⇒ **PRODUCES $350 BILLION IN SAVINGS OVER 5 YEARS**
⇒ **CUTS NET SPENDING BY $275 BILLION**
⇒ **CUTS NET SPENDING, INCLUDING CORPORATE SUBSIDIES, BY $309 BILLION**
⇒ **CUTS THE DEFICIT BY $252 BILLION**

THE BUDGET SAVES $350 BILLION OVER 5 YEARS, INCLUDING:

- It saves **$137 billion in discretionary spending**, by cutting unnecessary and lower-priority spending areas;
- It saves **$100 billion in Medicare ($138 billion over six years)**, extending the life of the Part A Trust Fund to 2007 while maintaining the high-quality of Medicare services. It also saves $9 billion in Medicaid -- $22 billion in gross savings offset by a $13 billion related to the welfare reform law and new children's health initiatives.
- It saves $34 billion by reducing corporate subsidies.

THE BUDGET CUTS THE DEFICIT BY $252 BILLION:

- It **cuts taxes by $98 billion**, providing tax relief to tens of millions of middle-income Americans and small businesses, while extending several expired tax provisions.

AREA	SAVINGS OVER 5 YEARS, 1998-2002
Discretionary spending	$137.4 billion
Medicare	$100.2 billion*
Medicaid	$9.3 billion**
Spectrum sales/mandatory spending	$11.8 billion
Net interest	$15.9 billion
NET SPENDING CUTS	***$275 billion***
Corporate subsidies	$34.3 billion
TOTAL CUTS INCLUDING CORPORATE LOOPHOLES	***$309 billion***
Extending tax provisions	$41.7 billion
TOTAL SAVINGS	***$350 billion***
Tax cuts	-$98.4 billion
TOTAL DEFICIT REDUCTION	***$252 billion***

** $138 billion over six years*

*** $22 billion in gross savings offset by $13 billion additional spending for children's health and other initiatives*

INITIATIVE	FY93-97 INVESTMENT	IMPACT	FY98 BUDGET
ENVIRONMENT:			
Superfund	*Reformed program, cut cleanup costs 20%, cleaned up 260 toxic waste sites in the last 4 years.*	*Cleaned up more sites in the last 4 years than in the previous 12.*	*Increases funding 50% from FY97 to clean up an additional 500 sites by the year 2000 -- 2/3 of all listed sites.*
Environmental Enforcement	*Increased funding 12% to $3.1 billion for EPA operations including enforcement.*	*Will cut chemical plant toxic air emissions 90% and enforced.*	*Standards to cut chemical plant toxic air emissions 90%, stronger enforcement.*
National Parks	*Increased operations funding 17% to $1.2 billion. 4% increase in the number of parks since 1993.*	*Maintaining parks for 275 million annual visitors.*	*Increases funding 6% to increase maintenance and keep up with increasing visitorship.*
COMMUNITY:			
AmeriCorps National Service	*Created the AmeriCorps in 1993 to enable young people to earn money for college while serving their communities.*	*Enabled 70,000 young people to earn money for college through services in 3 years.*	*Funds 35,000 participants and increases funding 31% to provide tutor coordinators for the President's America Reads Challenge.*
Community Development Institutions	*Created Community Development Financial Institutions Fund to expand access to credit and capital to distressed communities.*	*Awarded $37 million in financial and technical assistance to 32 CDFIs in 1996.*	*Increases funding 150% to $125 million in FY98, and invests $1 billion over the next 5 years.*
Ezs/ECs	*Created the first federal Empowerment Zones and Enterprise Communities in 1994, providing assistance to distressed urban and rural communities.*	*Designated 105 EZs/ECs, providing $2.5 billion in tax incentives & $1 billion in funding over 5 years.*	*Proposes to double the number of EZ/ECs with a second round of designations, and tax incentives to spur the clean up and development of "brownfield" industrial sites.*
CRIME:			
Community Policing: COPS	*Created COPS program in 1994 Crime Bill to put 100,000 more community police on the streets.*	*Will have funded 64,000 police by the end of FY97.*	*Proposes funding for an additional 17,000 officers, on track to fund 100,000 by the year 2000.*
Federal Prisons	*Increased funding 62% to $1.4 billion in FY97 to open new federal prisons.*	*Reduced overcrowding while prison population expanded 38%.*	*Continues to increase funding for new federal prisons and to continue to reduce overcrowding.*
INS Border Patrols	*More than doubled funding to $729 million in FY97.*	*6,859 border patrol agents -- 2,894 more.*	*Funds 7,359 agents -- 85% more than in FY93.*
TECHNOLOGY:			
Advanced Technology Program	*Increased funding 231% to $225 million in FY97 to develop new technologies with private sector.*	*Funds high risk technologies w/ large potential public benefit.*	*$50 million increase to support about 90 new projects with 200 new participants.*
Manufacturing Extension	*Increased funding 428%, expanding from 7 to 78 extension centers.*	*Providing technical expertise to smaller manufacturers.*	*Increases funding an additional 29% in FY98 to help more small manufacturers increase sales & jobs.*
NII and Next Generation Internet	*Created the National Information Infrastructure program in 1994, funded at $21 million in FY97.*	*NII supports innovative telecom demonstration projects.*	*Increases NII and proposes $100 million for the next generation Internet: 100-1,000 faster than today's Internet.*

SUMMARY OF TAX CUTS IN THE PRESIDENT'S BUDGET

$100 BILLION IN TAX CUTS. President Clinton's 1998 budget provides nearly $100 billion of tax cuts through FY 2002, including a child credit for middle-income families; tax cuts for education and training; expanded IRAs; targeted home-ownership tax cut; and tax incentives to boost investment in distressed areas and to promote hiring of the economically disadvantaged.

MIDDLE-CLASS TAX CUTS *($90.8 BILLION).* These proposals will help middle-class families pay the bills, raise their children, send them to college, upgrade their skills, and save for retirement.
- **Tax Credit for Dependent Children *($46.7 billion)*:** Phased-in $500 tax credit for dependent children.
- **Education and Training Tax Incentive *($38.6 billion)*:** HOPE Scholarship tax credits of up to $1,500 per year, for first two years of post-secondary education; a $10,000 tax deduction for post-secondary education and training; income exclusion for forgiveness of certain student loans; and extending the exclusion for employer-provided educational assistance, reinstating exclusion for graduate courses, and providing small businesses a 10% income tax credit for employee education expenses.
- **Expand Individual Retirement Accounts (IRAs) *($5.5 billion)*:** Double, over time, the income limits on deductible IRAs; expand penalty-free withdrawals to cover post-secondary education, unemployment expenses, and first-time home purchases; and add new "special" back-loaded IRAs.

TARGETED HOME-OWNERSHIP TAX CUT *($1.5 BILLION).* Allow exclusion of $500,000 ($250,000 singles) of capital gains from selling a home. This would exempt over 99% of home sales from capital gains taxes and dramatically simplify taxes and record-keeping for over 60 million homeowners.

TAX INCENTIVES FOR DISTRESSED AREAS *($2.4 BILLION)*
- **"Brownfields" Initiative:** Allow immediate expensing of certain costs to encourage firms to clean up abandoned, contaminated industrial properties in distressed urban & rural areas.
- **Incentives to Empower Communities:** Stimulate revitalization of economically distressed urban & rural communities by designating 20 additional Empowerment Zones and 80 additional Enterprise Communities, providing new tax incentives, additional small business expensing, and new private activity bonds.
- **Community Development Financial Institutions (CDFI) Tax Credit:** Provide $100 million of credits to be allocated among equity investors in community development banks.

WELFARE-TO-WORK INITIATIVE *($0.6 BILLION).* To encourage hiring of long-term welfare recipients, provide a new welfare-to-work credit through September 30, 2000. It would allow employers a 50% credit on the first $10,000 of annual wages that they pay to long-term welfare recipients for up to two years. Also expand the Work Opportunity Tax Credit to include certain able-bodied adults, ages 18-50.

SMALL BUSINESS AND FARM ESTATE TAX RELIEF *($0.7 BILLION).* To address cash-flow problems that may arise upon the death of a farmer or small business owner, increase the amount of property eligible for a favorable interest rate on deferred tax from $1 million to $2.5 million.

OTHER INITIATIVES. Extend for one year expiring tax provisions (R&E credit, Work Opportunity Tax Credit, others) *($2.7 billion)*. Modify statutes of limitations on tax refunds to treat the disabled fairly *($0.05 billion)*. Revitalize DC with tax incentives *($0.26 billion)* and provide a more efficient and effective tax incentive for Puerto Rico *($0.417 billion)*. Allow FSC software benefits for computer software licenses ($0.56 billion).

THE PRESIDENT'S MEDICARE REFORM PACKAGE

President Clinton's balanced budget balances our values and protects our priorities. It achieves $100 billion in real scorable savings over 5 years, places no undue burdens on beneficiaries, modernizes and improves the program, and extends the life of the Medicare Trust Fund to 2007. This plan meets Republicans halfway -- and they have responded in a constructive and positive manner. The President looks forward to working with both Congressional Democrats and Republicans in a bipartisan process to protect Medicare.

The President's plan reforms and improves Medicare by:

- **Extending the life of the Medicare Trust Fund to 2007.**
- **Bringing the program into the 21st century by:**
  - ⇒ *Providing more choice by establishing new private health plan options.*
  - ⇒ *Establishing market-oriented purchasing for Medicare including new prospective payment systems and competitive bidding authority and centers of excellence to improve quality and cut back on costs.*
- **Adding Medigap protections to increase the security of Medicare beneficiaries.**

The President's plan explicitly:

- **Saves $34 billion by reducing reimbursement to managed care** through a phased in reduction in HMO payment rates and an indirect reduction in HMO payments associated with the traditional fee-for-service cuts.
- **Saves $33 billion in hospital expenditures through reductions in hospital updates, capital payments etc.**
- **Saves about $14 billion over 5 years through the transition to and establishment of a new prospective payment system and other programmatic changes in reimbursement to home health care.**
- **Saves about $7 billion over 5 years through the transition to and establishment of a new prospective payment system and other programmatic changes in reimbursement to nursing home facilities.**
- **Saves about $7 billion over 5 years through a modification of physician updates.**
- **Saves about $9 billion over 5 years through new provisions to combat fraud and abuse.**
- **Saves about $10 billion over 5 years by extending current law that sets the Part B premium at 25% of program costs.**
- **Invests $15 billion over 5 years in preventive health care to improve seniors' health status, in establishing a new Alzheimer's respite benefit starting in 1998 and in buying down excessive outpatient copayments to the traditional 20% level.**

PRESIDENT CLINTON'S RECORD ON DEFICIT REDUCTION

- **CUT THE DEFICIT BY 63 PERCENT.** President Clinton has reduced the budget deficit by 63 percent -- from $290 billion in FY 1992 to $107 billion in FY 1996. [Based on data from OMB, *FY 1998 Budget*, February 1997.]

- **LOWEST DEFICIT SINCE THE EARLY 1970'S.** The deficit has fallen from 4.7 percent of GDP in FY 1992 to 1.4 percent in FY 1996 -- the lowest for any year since 1974. [Based on data from OMB, *FY 1998 Budget*, February 1997.]

- **LOWEST DEFICIT OF ANY MAJOR ECONOMY.** The total U.S. deficit in 1996 as a percentage of the economy was lower than for any other major country. [OECD, *Economic Outlook*, December 1996.]

- **MAKING GOVERNMENT MORE EFFICIENT.** Federal employment has fallen by 275,000 from its 1993 base. Federal employment as a share of total employment is the smallest it has been since the early 1930's. [Based on data from OMB, *FY 1998 Budget*, February 1997.]

AS A RESULT OF PRESIDENT CLINTON'S EFFORTS TO REDUCE THE DEFICIT, ECONOMIC PERFORMANCE HAS IMPROVED DRAMATICALLY:

- **INVESTMENT BOOM.** Deficit reduction has lowered interest rates and spurred investment. Equipment investment has grown by 10 percent per year under President Clinton -- faster than any Administration since John F. Kennedy was President. [Based on data from the Bureau of Economic Analysis, Department of Commerce.]

- **EMPLOYMENT BOOM.** Since January 1993, the economy has added more than 11 million new jobs -- a faster rate of job growth than under any Republican Administration since the Roaring 1920's. [Based on data from the Bureau of Labor Statistics, Department of Labor.]

- **THE LOWEST COMBINED RATE OF UNEMPLOYMENT AND INFLATION SINCE JOHNSON.** The combined rate of unemployment and inflation has been lower under President Clinton than for any Administration since Lyndon Johnson was President. [Based on data from the Bureau of Labor Statistics, Department of Labor.]

THE EXPERTS AGREE THAT ECONOMIC PERFORMANCE HAS BEEN REMARKABLE;

√ **Money Magazine**: President Clinton has "presided over the kind of economic progress any Republican President would be proud to post." [*Money Magazine*, August 1996]

√ **Paul Volcker, former Chairman of the Federal Reserve**: "It's been a remarkable period of steady growth, low inflation and low unemployment." [8/3/96]

√ **Allen Sinai, a leading economic forecaster**: "When the history book on this business cycle upturn is written, it will go down as the best ever, compared with other post-World War II upturns." [10/23/96]

THE FACTS ON GOVERNMENT SPENDING UNDER PRESIDENT CLINTON

SPENDING IS LOWER TODAY UNDER REAGAN OR BUSH:

- **FEDERAL SPENDING WAS LOWER IN 1996 -- AND IS EXPECTED TO REMAIN LOWER IN 1997 -- THAN IN ANY YEAR SINCE 1979.** Federal outlays as a share of GDP were lower in 1996 than in any year since 1979. And current projections suggest no increase in outlays as a percent of GDP during 1997. Outlays under President Clinton have been a smaller share of GDP than under Reagan or Bush. [Based on data from OMB, *FY 1998 Budget*, February 1997.]

- **SINCE PASSAGE OF PRESIDENT CLINTON'S 1993 DEFICIT REDUCTION PACKAGE, EXPECTED GOVERNMENT SPENDING BETWEEN 1993 AND 2002 HAS FALLEN BY MORE THAN $1.4 TRILLION.** The President's budget will cut net spending by an additional $275 billion by 2002 -- for a total spending cut between 1993 and 2002 of more than $1.7 trillion. That's about $25,000 for a family of four. [Based on data from OMB, *FY 1998 Budget*, February 1997.]

- **GROWTH IN TOTAL FEDERAL SPENDING HAS BEEN LOWER UNDER CLINTON THAN UNDER REAGAN OR BUSH.** Real Federal outlays have grown by 0.7 percent per year under President Clinton -- lower than under President Bush (2.6 percent per year) or President Reagan (2.6 percent per year). [Based on data from OMB, *FY 1998 Budget*, February 1997.]

- **WHILE MAINTAINING CRUCIAL INVESTMENTS IN PEOPLE, REAL DISCRETIONARY SPENDING HAS FALLEN UNDER PRESIDENT CLINTON -- A BETTER RECORD THAN UNDER REAGAN OR BUSH.** Real discretionary outlays have *fallen* by 2.5 percent per year under President Clinton -- lower than under President Bush or Reagan. [Based on data from OMB, *FY 1998 Budget*, February 1997.]

- **NON-DEFENSE DISCRETIONARY SPENDING IS NOW A SMALLER SHARE OF THE ECONOMY THAN IN 8 OF THE 12 YEARS UNDER REAGAN OR BUSH.** Non-defense discretionary outlays are now lower than in 8 of the 12 Reagan-Bush years. With the President's balanced budget plan, non-defense discretionary outlays will fall by 9 percent in real terms between 1997 and 2002. [Based on data from OMB, *FY 1998 Budget*, February 1997.]

⇒ **SPENDING GROWTH LOWER UNDER CLINTON THAN UNDER REAGAN OR BUSH**

	Federal outlays (% of GDP)	Real growth in Federal outlays (percent per year)
CLINTON	21.3	0.7
BUSH	22.1	2.6
REAGAN	22.5	2.6

[Based on data from OMB, *FY 1998 Budget*, February 1997.]

THE CLINTON ADMINISTRATION'S BUDGET ASSUMPTIONS: ESTABLISHING A CREDIBLE RECORD OVER THE PAST 4 YEARS

- **A RECORD OF CREDIBLE FORECASTS.** For the past four years, the Clinton Administration has used middle-of-the-road economic forecasts for budgetary purposes. ***For four years in a row, growth has been higher and the deficit has been smaller than we had projected.***

- **ACTUAL DEFICITS HAVE BEEN SMALLER THAN WE PREDICTED.** Between FY 1994 and FY 1996, **the actual deficit has on average been about $50 billion lower than we had projected the year before.** CBO has been less accurate: their estimates have been off by $59 billion on average.

- **THE 1996 DATA CONFIRM THE CREDIBILITY OF OUR FORECASTS.** The most recently available economic data confirm the credibility of our forecasts. **Our estimates of growth and the deficit for 1996 were too cautious** -- and turned out to be more accurate than the Congressional Budget Office's forecasts.

    - In last year's budget, we projected that real growth during 1996 would be 2.2 percent. But the advance GDP data released in February indicate that growth in 1996 was 2.5 percent (on a year-over-year basis). While both the Administration's forecast and the CBO's forecast were conservative, ours was more accurate (CBO had predicted 2.0 percent). Over the past four years, our real GDP forecasts have been more accurate than CBO's.

    - The FY 1996 deficit was smaller than we had projected. Our projection for the FY 1996 deficit was $170 billion in February 1994 and $197 billion in February 1995. CBO's projections were $177 billion in February 1994 and $211 billion in February 1995. The actual deficit was only $107 billion. Again, while both the Administration and CBO forecasts were conservative, ours were more accurate.

- **NO MORE ROSY SCENARIOS.** As in each of the four years that we have been in office, our estimates of growth in 1996 were thus too low and our estimates of the deficit too high -- confirming that the Clinton Administration does not use rosy scenarios for its budget projections.

- **MAINSTREAM PROJECTIONS FOR THE FUTURE.** Our forecasts for the next 5 years are also mainstream and conservative. For key budgetary variables such as GDP growth (2.2 percent per year) and GDP inflation (2.6 percent per year), **our assumptions match those of the Blue Chip private sector consensus.** While we think that the economy can grow faster than these forecasts would suggest, we continue to use prudent projections for budgetary purposes.

A Balanced Budget Plan that's Tough but Fair
Key Points to Make About the President's Budget

- **Tough Choices are Made Now.** The President's budget makes the hard choices today to balance the budget by 2002. It locks in savings of $350 billion over five years -- including $137 billion in discretionary spending, $100 billion in Medicare, and $34 billion in corporate tax subsidies. The credibility of the budget is underscored by the fact that it is the first Presidential budget declared "alive on arrival" since 1981.

- **Cuts are Sustainable and Workable.** The President's budget cuts non-defense discretionary spending by 9 percent in real terms over five years, while protecting investments in the President's priorities. The spending path is reduced slowly and steadily.

- **Built on Solid, Conservative Economic Forecasts.** The President's budget is based on prudent and conservative assumptions about future economic performance. For four years in a row, growth has been higher and the deficit has been lower than the Administration had predicted. The actual deficit has been $50 billion lower we had forecast a year earlier -- a healthy break from the rosy scenarios of the previous two Administrations, in which the deficit was larger than forecast in 10 out of 12 years. In 1996, the President's budget office's estimate of growth and the deficit were too cautious -- and more accurate than the Congressional Budget Office's forecasts.

- **Major Investment in Education.** The President's plan makes a dramatic investment to open the doors of college to more Americans. It includes the largest increase in the maximum Pell Grant in two decades, provides a yearly $1,500 HOPE scholarship tax credit, and creates a $10,000-a-year tuition tax deduction for college costs to make education more affordable. It also expands IRAs, which in conjunction with the tuition tax deduction, allows families to save and pay for college tax-free.

- **Expanding Health Care and Investments in Children.** The President's plan makes critical savings in health care, while expanding coverage for as many as 5 million children. It also expands Head Start to meet our target of 1 million children by 2002; and increases funding in children's nutrition and prenatal programs (WIC) to $4.1 billion.

- **Hard-Nosed Measures to Trim Corporate Subsidies.** The President's plan achieves more than $34 billion dollars by cutting corporate subsidies. Those savings -- achieved by closing unwarranted and unnecessary tax loopholes, and by stiffening compliance measures -- are three times as much as the proposed savings in GOP Budget Chairman John Kasich's plan.

QUESTIONS & ANSWERS

Q: DOESN'T YOUR BUDGET AVOID ALL THE PAINFUL DECISIONS NEEDED TO ELIMINATE THE DEFICIT?

A:

- Not at all. We are locking in savings of $350 billion over the next 5 years -- including $137 billion in discretionary spending, $100 billion in Medicare savings ($138 billion over 6 years), and $34 billion in reducing unneeded corporate tax subsidies -- and cutting the deficit by $252 billion. Our budget will eliminate the deficit by the year 2002, the first time we will have balanced the budget since 1969.

- We have carefully examined the budget for areas in which we can achieve savings. Our Medicare and Medicaid proposals achieve $110 billion in savings over the next five years, and extend the life of the Medicare Trust Fund to 2007, while maintaining the integrity of both programs. Our non-defense discretionary outlays follow a smooth, steady decline -- falling by 9 percent in real terms between FY 1997 and 2002.

- The Budget includes specific, credible cuts in many areas. In addition to the savings from Medicare, Medicaid, and unwarranted corporate subsidies, the budget reduces non-defense discretionary spending by 9 percent in real terms over 5 years. As just a few examples, we are reducing funding for Federal building construction; for the Corps of Engineers (as part of our effort to target new construction to projects that are national priorities); for P.L. 480 farm subsidies (farm incomes are at record levels); and for Clean Coal Technology projects that are no longer economically viable. We're also cutting USDA buildings and facilities, international conferences and contingencies, the Overseas Private Investment Corporation, and GSA Operations.

Q: DOESN'T YOUR BUDGET ACHIEVE 75 PERCENT OF ITS SAVINGS IN THE FINAL TWO YEARS?

A:

- Our budget is <u>not</u> backloaded. Just take a look at our record. We've already cut the deficit from $290 billion in 1992 to $107 billion last year. When the President took office, the deficit had to be cut by a cumulative $2.75 trillion between 1993 and 2002 in order to reach balance by 2002. We have already locked in $2.5 trillion of those savings, and this budget would lock in the extra $250 billion needed. *The fact is that we've done most of the work in our first 4 years.*

- We are making the hard decisions now. We are locking in savings of $350 billion over the next 5 years -- including $137 billion in discretionary spending and $100 billion in Medicare savings ($138 billion over 6 years) -- and cutting the deficit by $252 billion.

- As with any credible budget plan, the savings from making those hard decisions now grow over time. Our savings are not backloaded: 67 percent of the $350 billion in savings occur in the last two years. That's within the range that Robert Reischauer, the former director of the CBO, has proposed as showing that the budget cuts are smooth and *not* backloaded. And over 6 years, only 61.7 percent of our savings occur in the final two years.

Q: DOESN'T YOUR BUDGET FAIL TO BALANCE UNDER CBO ASSUMPTIONS?

A:

- We have submitted a plan that balances the budget in 2002 under our assumptions. Our assumptions have proven to be conservative over the past four years: *every year, the deficit has been lower and growth has been higher than we had predicted.* Our current assumptions are equally prudent and conservative.

- Since we took office, the actual deficit has on average been about $50 billion lower than we had projected the year before. CBO has been less accurate: they have overestimated the deficit by $59 billion on average.

- It is important that the numbers we use as part of a balanced budget agreement be credible and conservative -- and that they are supported by both the markets and the public. Our projections for GDP growth and inflation over the next five years match those of the Blue Chip private sector consensus.

- If, despite our expectations, our assumptions do not prove correct, we will pursue an expedited process with Congress to agree on how to close any budget gap. And in order to ensure that we eliminate the deficit in 2002, we have identified precisely what steps would be taken by statute if our assumptions prove inaccurate and the expedited process with Congress doesn't work. Specifically, most of our tax cut proposals would sunset in 2001, and a 2.25 percent across-the-board reduction in spending (except Social Security) would be triggered. The discretionary spending reductions would start in 2001 and the reductions in mandatory programs would begin in 2002.

Q: YOU HAVE INCLUDED A HOME HEALTH CARE TRANSFER GIMMICK IN THE BUDGET. HOW CAN YOU POSSIBLY DEFEND IT?

A:

- Let's be clear: our savings of $138 billion in Medicare over 6 years ($100 billion over 5 years) does *not* include the home health care transfer from Part A to Part B of the program. The $138 billion is the net reduction of Medicare spending relative to the budget baseline -- and thus is the amount by which our Medicare changes contribute to deficit reduction. The transfer does not contribute to the $252 net deficit reduction in our package.

- The policy you mentioned was in our budget last year and it was in the House Republican budget in 1995 which every Republican in the House voted for. It is also included in this year's Blue Dog Coalition budget,

- Shifting long-term home health visits (other than the first 100 visits following a hospitalization) away from Part A of the Medicare program makes sense because home health care has increasingly become a chronic care benefit not linked to hospitalization. It was also the established policy prior to the 1980s. And it protects the Medicare Trust Fund until 2007, while not imposing harmful cuts on hospitals or other priorities, or excessive burdens on beneficiaries.

[Background: Originally designed as a post-acute care benefit for beneficiaries who had been hospitalized, home health care has increasingly become a chronic care benefit, not linked to hospitalization. Our proposal restores the original split of home health care benefits so that the first 100 home health visits following a 3-day hospitalization would be reimbursed by Part A and all other visits -- including those not following hospitalization -- would be reimbursed by Part B.]

Q: FOLLOW: IF THE HOME HEALTH TRANSFER IS NOT A GIMMICK, THEN WHY DON'T YOU INCLUDE IT AS PART OF THE PART B PREMIUM?

A:
- We have always been concerned about out-of-pocket costs for Medicare beneficiaries. Older Americans spend, on average, 20 percent of their income on health care and three-fourths have incomes lower than $25,000. We have to be careful that as we reform the Medicare program, we do not place undue burden on lower-income seniors.

Q. DOESN'T YOUR BUDGET CREATE $60 BILLION IN NEW ENTITLEMENTS?

A.
- No. My budget actually *saves* $121 billion in entitlement spending over the next 5 years.

- We are proposing some new additions to our health care programs, but they are aimed at reducing the number of uninsured Americans and are *not* open-ended entitlements. For example:

  -- Our program to provide health insurance for unemployed workers is capped. The program is structured as a grants program to States. While there are provisions to help States that have unanticipated increases in unemployment, there is an overall Federal cap on spending that cannot be breached. Moreover, the program is sunset after 4 years.

-- There are no new entitlements in children's health as well. The children's health initiative also contains no new individual entitlement. It provides States with grants that, by law, will not exceed $750 million in each year. Medicaid spending itself, under my plan, will be capped for the first time in its history. The Federal funding limits are set based on the number of people covered so that States — not the Federal government — make the decisions about coverage.

- We are also proposing some changes to the welfare reform legislation that was enacted last year, but our purpose is to fix unnecessary and damaging provisions in that legislation -- involving legal immigrants and Food Stamp recipients. We do not view these changes as new spending or new entitlements.

- It is ironic that we are sometimes criticized for phasing out new proposals -- such as school construction -- and simultaneously for creating permanent new mandatory spending programs. Our phase-outs are designed to allow an evaluation of how well the new programs are working -- and we have been careful to avoid creating permanent new entitlements without knowing the effects.

Q: WHY DO YOU ELIMINATE MANY OF YOUR NEW PROGRAMS BEFORE 2002?

A.

- Many of our proposals -- such as school construction, welfare to work, skill grants, and health insurance for the unemployed -- are new programs. They are untried. We want to see how they work before the government funds these initiatives permanently.

- For example, our school construction initiative -- providing $5 billion over 4 years -- is explicitly designed to jump-start $20 billion in local projects. The Federal government has traditionally not been involved in school construction and renovation; our proposal is therefore not supposed to be a permanent Federal program.

FY 98 Reconciliation / Spending Package

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
LEGISLATIVE AFFAIRS

PHONE: 395-4790 / FAX: 395-3729

TO: EOP Internal Distribution List

DATE: 7/2

SUBJECT: FY98 Budget Reconciliation Letter from Franklin D. Raines, Director

PAGES: 22 Conferees Letter

URGENT

Please fax 3 dog-eared pages to Jon Weintraub in OVAE at 205-8748 (phone 205-5451) Say FYI from me.
— Thanks. Bill

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

THE DIRECTOR

July 2, 1997

The Honorable John R. Kasich
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

As the Conferees begin to consider this year's budget reconciliation bill, I am writing to transmit the Administration's views on the House and Senate versions of the spending bill on reconciliation, H.R. 2015. The Administration will separately transmit its views on the tax provisions.

We are pleased that the House and Senate adopted many provisions that are consistent with the Bipartisan Budget Agreement, reflecting the continuing bipartisan cooperation that we will need to fully implement the agreement and balance the budget. In several areas, however, the House and Senate bills violate the agreement. In other areas outside the scope of the agreement, we have very strong concerns about the reported provisions. We have raised a number of these issues in letters to you and to the authorizing committee chairmen and ranking members throughout House and Senate consideration of the separate reconciliation spending bills.

On the pages that follow, we have outlined noteworthy provisions of the House and Senate bills with which we agree, others that we believe violate the budget agreement, and still others about which we have concerns.

We expect and will insist that the final budget legislation conform to the budget agreement. In addition, we look forward to working with you to craft a final conference report that is free of objectionable provisions, resolves the other major policy differences between us, and balances the budget by 2002 in a way that we can all be proud of. We hope to meet that goal before the August recess.

We look forward to working with you.

Sincerely,

Franklin D. Raines
Director

Enclosure

cc: Senate Conferees
House Committee Chairmen and Ranking Members

Identical letter sent to Honorable Pete V. Domenici,
Honorable John M. Spratt Jr., and Honorable Frank R. Lautenberg

THE ADMINISTRATION'S DETAILED VIEWS:

THE HOUSE AND SENATE RECONCILIATION BILLS ON SPENDING

Medicare

We applaud the House and Senate for reporting bills that largely conform to the underlying principles of the budget agreement. Both bills achieve the necessary level of Medicare savings -- although we still await final scoring of the Senate provisions from the Congressional Budget Office (CBO) -- and would extend the life of the Hospital Insurance Trust Fund by at least 10 years; provide structural reforms that will give beneficiaries more informed choices among competing health plans; establish prospective payment systems for home health agencies, skilled nursing facilities, and hospital outpatient departments; incorporate prudent purchasing reforms; and provide the funds to establish a wide array of cost-effective preventive benefits, including mammography and colorectal screening. We look forward to working with your staffs on the many technical issues related to ensuring that these provisions are implemented correctly.

We are pleased that the Senate has included provisions in its bill to require managed care and fee-for-service demonstrations of Medicare reimbursement to the Departments of Defense (DOD) and Veterans Affairs -- a concept known as Medicare subvention. We are encouraged that these provisions are similar to our own Medicare subvention legislation, which we transmitted to Congress on February 7, 1997. We look forward to working with the Conferees to develop a bill that addresses Administration concerns about the fee-for-service and payment rate components of the DOD demonstration.

Notwithstanding these achievements, both the House Ways and Means and Senate bills contain a provision that we believe is inconsistent with the budget agreement. During our negotiations over the agreement, we discussed at great length the reallocation of home health expenditures to Medicare Part B. All sides clearly understood that the reallocation would be immediate. Both bills, however, phase in the reallocation, which costs two years of solvency in the Part A trust fund -- two years that we can ill afford to lose. We urge the Conferees to incorporate the provisions in the House Commerce Committee title of the House bill, reallocating home health spending consistent with the budget agreement.

The Administration has significant concerns with other provisions of the two bills, concerns that we urge the Conferees to address.

Beneficiary Contributions to a Balanced Budget. We worked very hard during the budget negotiations to set a beneficiary contribution to a balanced budget that was fair and equitable -- applying the Part B premium, over several years, to the home health reallocation and maintaining the Part B premium equal to 25 percent of program costs. Other provisions of the Senate bill, however, would go beyond the budget agreement and introduce new, inadequately developed proposals.

- *Raising the Medicare Eligibility Age*. The Senate bill raises the eligibility age for Medicare from 65 to 67 over a period of years. Raising the eligibility age is not necessary to balance the budget, and consideration of this policy should be part of a bipartisan process to address the long-term financing challenges facing Medicare. Moreover, early retirees between 65 and 67 may not be able to obtain affordable insurance in the private market. The Administration is concerned about the potential loss of coverage for any American, and we urge the Conferees to drop the provision as part of this bill.

- *Imposing Home Health Copayments*. The Senate bill would impose a Part B home health copayment of $5 per visit, capped at an amount equal to the annual hospital deductible. Most home health users who lack Medigap or Medicaid protections are poor and will face financial burdens that may result in reduced access to needed care. Those beneficiaries who have Medigap or Medicaid will have no real incentive to reduce utilization. We do not need to impose a home health copay to balance the budget, and any further consideration of this policy should be part of a bipartisan process to address the long-term financing challenges facing Medicare. We urge the Conferees to drop this provision as part of this bill.

- *Income-relating the Part B Premium*. The Senate bill would income-relate the Medicare Part B premium. While we do not oppose income-relating Medicare in principle, we have a number of concerns about this proposal. First, we do not need income-related beneficiary contributions to Medicare to balance the budget. Second, we have serious concerns about how an income-related premium will be administered. Administration by the Department of Health and Human Services (HHS), which has no access to individual beneficiary income data, would be impractical and very expensive, and we have previously said that only the Treasury Department could administer such a policy in the short run. Moreover, the administering agency would require substantial additional resources to undertake this new responsibility. Finally, we believe that this provision, which completely eliminates any Part B premium subsidy for the highest-income beneficiaries, could lead these beneficiaries to drop Medicare coverage, thus leaving poorer, typically less healthy, beneficiaries in the Medicare risk pool and thereby increasing their premiums. While we have serious concerns about this proposal as drafted, we remain interested in discussing it, or proposals like it, in the broader context of reforms to address the long-term financing and structural challenges facing the program.

Threat to Beneficiary Protections. The Administration strongly supports the introduction of new options for Medicare beneficiaries in both the fee-for-service and managed care sectors. We also believe, however, that any new options must both provide value beyond that offered by the traditional Medicare program and include beneficiary protections. The Senate bill includes several provisions that violate these principles, and we urge the Conferees to drop them.

The first provision allows beneficiaries to choose a so-called "private fee-for-service" option under the Medicare Choice program. We are concerned that private fee-for-service plans in Medicare Choice represent bad policy, particularly given the fact that these plans will be subject to no balance billing or quality protections. We are also concerned that this option will attract primarily healthy and wealthy beneficiaries and leave sicker and poorer beneficiaries in the more expensive, traditional Medicare program. In addition, it could disproportionately attract rural beneficiaries if the few providers in their area choose to leave traditional Medicare and form private fee-for-service plans.

The second provision would allow physicians to obtain private contracts from beneficiaries whereby the beneficiary would agree to pay whatever the physician charged (i.e., waive balance billing limits) and agree not to submit a bill to or collect anything from Medicare. The beneficiary would be totally responsible for out-of-pocket expenses for the physician's entire bill, even though the service would be covered by Medicare if the bill were submitted to Medicare. As a result, we are concerned that private agreements could become licenses for physicians to coerce beneficiaries, exposing beneficiaries to unlimited liability and making meaningless the Medicare coverage they have paid for.

The third provision would allow Durable Medical Equipment (DME) suppliers to bill Medicare beneficiaries for amounts beyond cost-sharing for "upgraded" DME items, while still accepting assignment. Beneficiaries already have the option of choosing upgraded DME under current law. We are concerned that this new option undermines limits on beneficiaries' out-of-pocket payments and, as a result, could permit suppliers to take advantage of beneficiaries.

Medical Savings Accounts. We believe that any demonstration of this concept should be limited in order to minimize potential damage and costs to Medicare. We commend the Senate for limiting the demonstration to 100,000 participants, but we believe a successful demonstration could be structured with fewer participants. In any case, we want this demonstration to be as small as possible. We also commend the Senate for limiting cost-sharing and deductibles to amounts enacted under the Health Insurance Portability and Accountability Act (HIPAA). But, we still prefer a geographically-limited demonstration that applies current law limits on balance billing to protect beneficiaries from additional provider charges. We urge the Conferees to limit this demonstration numerically (within the numbers outlined above) and geographically for a trial period (two States for three years), enabling us to design the demonstration to answer key policy questions.

Preventive Benefits. We are pleased that the preventive benefits in the House and Senate bills are largely the same as those in the President's budget. Unlike the budget, however, the House and Senate bills do not waive all cost sharing (coinsurance and deductibles) for mammograms. Research shows that copayments hinder women from fully taking advantage of this benefit. We urge the Conferees to modify the House and Senate provisions to waive all cost sharing for mammograms.

Medigap. The President's budget advanced a number of important Medigap reforms, including annual open enrollment, community rating, initial open enrollment for disabled and kidney dialysis beneficiaries, and various portability provisions. We are disappointed that neither the House or Senate adopted certain of these reforms. The Senate bill took the largest strides toward these important reforms, providing for an initial open enrollment period for disabled beneficiaries and a trial period for managed care enrollees. We urge the Conferees to adopt at least the Senate provisions, and to fully consider the President's suggested additional reforms.

Medical Malpractice. The House bill includes malpractice provisions that are extraneous to the budget agreement. The Administration has consistently made it clear that we find these provisions objectionable, and we urge the Conferees to delete them.

Provider Sponsored Organizations. Another step forward in both bills is their inclusion of provider sponsored organizations (PSOs) as Medicare options. We are concerned, however, about the lack of minimum private enrollment requirements and aspects of the PSO definition, and we look forward to working with the Conferees on these issues.

Managed Care Payments. We agree that the current unjustifiable geographic variation in payments to managed care plans should be remedied as part of the reconciliation bill. We prefer the House proposal, which mitigates the geographic variation in payments and maintains the link to fee-for-service payments, along with an adjustment for adverse selection. Various payment provisions in the Senate bill, some of which are individually justifiable, together have a significant negative impact on areas with a high managed care enrollment and could lead to abrupt changes in additional benefits now provided to Medicare enrollees. The Senate proposal also ties growth in managed care payments to growth in gross domestic product (GDP). We prefer a less disruptive payment proposal and one that ties growth in payments to growth in fee-for-service Medicare. Limiting managed care payment growth to GDP effectively creates two growth rates for Medicare payments, leading to an erosion of the value of the Medicare Choice benefit package and exposing beneficiaries to increased premiums.

Managed Care Risk Adjustment. The Senate bill includes immediate implementation of an untried, "new enrollee" risk adjustment methodology that would be applied in an inequitable manner (exempting some plans) and that would be replaced by a different revised methodology two years later. We prefer to implement a managed care risk adjustment methodology once -- and sooner. Therefore, we support the House provisions on risk adjustment, modified to authorize the collection of hospital discharge data immediately and to authorize implementation of the risk adjustment methodology in 2000.

Medical Education/Disproportionate Share (DSH) Carve-out. The President's 1998 budget proposed to move medical education (indirect and direct) and DSH adjustments out of managed care payment rates and redirect them to eligible hospitals that provide services to Medicare managed care enrollees. This important proposal would ensure that the Nation's teaching hospitals and those that serve low-income populations receive the Medicare payments to which they are entitled. The Senate and the House Commerce Committee adopted these provisions, and we urge the Conferees to adopt them as well.

Managed Care Enrollment. We urge adoption of the Senate provisions with regard to open enrollment. The House bill permits beneficiaries to be locked into a MedicarePlus plan for as long as nine months, after a lengthy transition period. We continue to support the monthly disenrollment option as an important safety valve for managed care enrollees who are dissatisfied with their managed care plan.

Managed Care Quality. Both the House and Senate bills go far to ensure quality in Medicare managed care. The House bill, however, has an objectionable provision allowing external quality review requirements to be met through accreditation. The House bill also contains a similar provision in its Medicaid title. We prefer maintaining a true requirement for external quality review to protect beneficiaries in this rapidly changing marketplace, as the Senate bill provides.

Medicare Commission. Both the Senate and House bills would establish a Medicare commission. We believe strongly that a mutually agreeable, bipartisan process is essential to successfully address the long-term financing challenges facing Medicare. We look forward to working with you to develop the best possible bipartisan process to address those challenges while simultaneously ensuring the sound restructuring of Medicare to continue to provide high-quality care for our Nation's senior citizens.

Office of Competition. The Senate bill would create an Office of Competition within HHS to administer competitive pricing demonstrations. We believe this provision would create unnecessary duplication of staff and resources within HHS and become a potential source of confusion for Medicare beneficiaries and plans. We are also concerned about certain aspects of the competitive pricing demonstration, and we look forward to working with the Conferees to ensure that the demonstration authority would lead to valid and verifiable results.

Hospital Payment Systems. We have several concerns with various House and Senate provisions relating to hospital payments, including: the Senate provision to move the hospital update to a calendar year basis while leaving all other changes to PPS payments on a fiscal year basis, thus requiring two separate payment rules; the Senate provision on hospital transfers, which does not include home health agencies and which we believe creates a strong, unjustified payment bias to use home health services for post acute care; and the Senate provision to provide large bonus payments for certain PPS-exempt facilities, which could lead to a significant redistribution of funds among PPS exempt facilities.

Medicare Disproportionate Share Payments (DSH). We look forward to working with Congress to develop a new adjustment for hospitals that serve a disproportionate share of low-income individuals. We want to improve the current adjustment to create a better measure of services to indigent populations so that we can better target DSH payments. But, we oppose any cuts to the current DSH adjustment in the interim. We have proposed to freeze the adjustment for the next two years to ensure that vulnerable hospitals serving large numbers of uninsured and under-insured patients are not burdened with excessive cuts.

Medicare Secondary Payer (MSP). Both the House and Senate bills limit the time period for MSP recovery to three years after the date of service. We urge the Conferees to adopt a five-year time limit, consistent with the President's proposal. The IRS/SSA data match does not provide information in a timely enough manner to be able to recover overpayments within a three-year window. We also urge the Conferees to adopt our insurer reporting proposals.

Implementation Issues. We are concerned about how the full scope of the House and Senate provisions would affect HHS' administrative abilities and resources necessary to implement them. We urge the Conferees to consider changes in the effective dates of the provisions so they are consistent with the funding levels that the budget agreement provided to the Health Care Financing Administration (HCFA).

Medicaid

We commend the House and Senate for reporting bills that conform to many of the Medicaid reform principles of the budget agreement. Both achieve savings through lower disproportionate share hospital payments (DSH) and greater State flexibility. Both bills give States more flexibility to manage their Medicaid programs by repealing the Boren amendment, allowing managed care without Federal waivers, and eliminating unnecessary administrative requirements. We also commend the Senate for including managed care quality standards that are consistent with the President's consumer protection framework.

Nevertheless, the House and Senate bills contain provisions that are inconsistent with the budget agreement.

First, the budget agreement includes a provision to restore Medicaid for current disabled children losing Supplemental Security Income (SSI) because of the new, more strict definition of childhood eligibility. The Senate bill does not include this proposal. The House bill allows, but does not require, States to provide Medicaid benefits for about 30,000 children who could lose their health care coverage in fiscal 1998. We strongly urge the Conferees to conform to the budget agreement by including the provision from the President's budget that would guarantee coverage to these children, and allocate the necessary funds for this purpose.

Second, the budget agreement includes a 70 percent Federal matching payment for Medicaid in the District of Columbia. We are pleased that the Senate bill includes a higher matching payment, but we are concerned that it is not sufficient; it sunsets at the end of fiscal 2000 and is 10 percentage points lower than the 70 percent that the budget agreement called for. A 60 percent matching rate would still leave the District paying a higher share of its Medicaid program than any other local government. We urge the Conferees to include the provision from the agreement.

The budget agreement also includes adjustments for the Medicaid programs in Puerto Rico and the territories. We are pleased that the Senate includes adjustments for those programs, but we would prefer that the Conferees include the language in the President's 1998 budget.

The Administration has significant concerns with other House and Senate provisions that we urge the Conferees to address.

<u>Assistance for Low-Income Medicare Beneficiaries</u>. The Senate bill includes $1.5 billion in premium assistance for low-income beneficiaries through a Medicare block grant to States. The House provides $1.5 billion to expand eligibility to Medicaid but does so, in part, through an administratively complex formula subsidizing only a portion of the Part B premium. We prefer a simpler approach that would finance the cost of the full Part B premium through Medicaid. In addition, we object to the Senate provision that sunsets this assistance in 2002; low-income senior citizens will still need this assistance after that date.

<u>Medicaid Cost Sharing</u>. The Senate bill would allow States to require limited cost sharing for optional benefits. We are pleased that a Senate amendment would bar States from imposing cost sharing on children under 18 in families with incomes below 150 percent of poverty. But, we are still concerned that the bill may compromise beneficiary access to quality care. Low-income elderly and disabled Medicaid beneficiaries may forgo needed services if they cannot afford the copayments.

<u>Disproportionate Share Hospitals —Allocation to States</u>. We have concerns about the House and Senate allocations and levels of DSH payment reductions among States. As in the DSH policy of the 1993 budget reconciliation bill, this year's policy should address past abuses without causing undue hardship on any State. We are seriously concerned, however,

that the House and Senate bills may have unintended distributional effects among States. We urge the Conferees to adopt the President's 1998 budget proposal, which takes an equal percentage off of States' total DSH spending up to an "upper limit," ensuring that States with the highest DSH spending do not bear most of the impact.

Disproportionate Share Hospitals --Targeting to Hospitals. The House bill does not retarget DSH funds. The Senate bill would require States to develop DSH targeting plans, but it does not include a Federal DSH targeting standard. As we have said previously, we believe that significant DSH savings should be linked to a Federal standard for targeting the remaining DSH funds to needy hospitals. Without such standards, providers with high-volume Medicaid and low-income utilization may not be sufficiently protected from DSH reductions.

In addition, the House bill would require States to make DSH payments directly to qualifying hospitals, and would not allow States to make DSH payments through capitation payments to managed care organizations. The Senate bill does not include this provision. We urge the Conferees to adopt the House provision, ensuring that all eligible hospitals receive a Federal DSH payment regardless of their contract, or lack of a contract, with a particular HMO.

§1115 Extensions and Provider Tax Waiver. The House and Senate bills would extend expiring §1115 Medicaid waivers. The Senate would deem approved §1115 waivers without regard to whether they will increase spending. In addition, the Senate bill would deem provider taxes as approved for one State. We have serious concerns about these provisions and would like to work with the Conferees to address the underlying problems.

Return to Work. We are pleased that the Senate bill would allow States to allow workers with disabilities to buy into Medicaid. But we urge the Conferees to adopt the version of this proposal from the President's 1998 budget, which would not limit eligibility for this program to people whose earnings are below 250 percent of poverty. We believe that the Senate-proposed limit would not give States enough flexibility to remove disincentives to work for people with disabilities.

Criminal Penalties for Asset Divestiture. The Senate bill would amend Section 217 of the Health Insurance and Portability and Accountability Act 1996 (HIPAA) to provide sanctions against those who help people to dispose of assets in order to qualify for Medicaid. We prefer to repeal section 217 because we believe that the Medicaid laws in effect before HIPAA are sufficient to protect Medicaid against inappropriate asset divestiture.

Management Information. The President's 1998 budget included a major reduction in unnecessary administrative burdens on the States, but ensured that States collect sufficient information to effectively manage their Medicaid programs. The House approach would require States to show that their State-designed systems meet outcome-based performance standards and would permit the collection and analysis of person-based data. The Senate did not include this provision. We urge the Conferees to adopt the House provision.

Alaska FMAP Change. The Senate bill would increase Alaska's Federal Medical Assistance Percentage (FMAP) above the level of the current law formula. While we have consistently supported efforts to examine alternatives to the current Medicaid matching structure, we believe that changing the FMAP for Alaska alone is unwarranted and does not address the underlying inequities in the current system.

Children's Health

We are pleased that the children's health initiative is in both the House and Senate bills. In fact, the Senate bill goes beyond the $16 billion that the budget agreement provides, adding another $8 billion, which is a portion of the revenue from a 20-cent increase in the tobacco tax.

We support a 20-cent increase in the tobacco tax -- we agree that it complements the budget agreement -- and we endorse the idea of using all of the revenues raised by such an increase for initiatives that focus on the needs of children and health. We urge the Conferees to invest all of these funds wisely in order to ensure meaningful coverage for millions of uninsured children. In addition, we especially support the Senate provisions for benefits and cost sharing.

Notwithstanding these achievements, we have serious concerns about the following House and Senate provisions, which we urge the Conferees to address.

Sunset of Tobacco Tax Revenue for Children's Health. Although we commend the Senate for supporting the use of the tobacco tax for children's health, we urge the Conferees to continue this funding after 2002. A sudden drop in funding in 2003 would cause many of the newly-insured children to lose their coverage.

Meaningful Benefits, Cost Sharing/Direct Services. The budget agreement calls for the children's health investment to go for health insurance coverage. Thus, we support the Senate's definition of benefits and its limits on cost sharing, the latter of which will ensure that low-income children do not shoulder unrealistically high costs that could lead to reduced access to needed health care. We do not support the direct services option of the House bill because we are concerned that a State could spend all of its money on one benefit or to offset the effects of the DSH cuts on certain hospitals, and that children would not be assured appropriate coverage. In our view, this provision does not fulfill the commitment of the budget agreement to provide "up to five million additional children with health insurance by 2002."

Funding Structure. We support the straightforward funding structure of the House bill. But its proposal for different matching rates for Medicaid and the grant option could discourage States from choosing Medicaid. We believe Medicaid is a cost-effective approach to covering low-income children, and we support using the same matching rates for both options. In addition, we support the House provision that gives States the flexibility to spend their grant money on Medicaid, a grant program, or a combination of the two. The Senate bill requires States to choose between Medicaid and a grant option.

Eligibility. The Senate bill includes a ceiling of 200 percent of poverty. We agree that the funds should first go for insurance coverage for low-income uninsured children, but we believe income ceilings would limit States' flexibility to design programs that best fit their needs.

Use of Funds. We want to ensure that the investment in children's health goes to cover children who currently lack insurance, rather than replace existing public or private funds for children's health insurance. Thus, we support a strong maintenance of effort provision and the prohibition on using provider taxes and donations to fund the State share of the program. In addition, we want to ensure that the funds are used in the most cost-effective manner to provide coverage to as many children as possible. Therefore, we do not support provisions that allow States to pay for family coverage or pay the employee's share of employer sponsored insurance.

Expansion of the "Hyde Amendment"

Both the House and Senate bills would expand the Hyde Amendment prohibitions on Medicaid payment for abortion services to include spending on the children's health initiative, and to codify these prohibitions in permanent law. This provision could deny access to abortion services to poor women to the extent that States choose to use the children's health funding to offer family coverage, as the House bill would permit. As we have repeatedly said, we do not support limiting access to medically necessary benefits, including abortion services.

In addition, the Senate bill contains a provision that redefines the term "medically necessary services" in the context of managed care sanctions to exclude abortion services except under certain circumstances. We oppose this attempt to further constrain the availability of abortion services through this provision, and we strongly urge the Conferees not to begin writing into the Medicaid law permanent, restrictive definitions of what are "medically necessary" services -- an issue that is more appropriately decided by health professionals.

Multiple Employer Welfare Arrangements (MEWAs)

The House bill allows for Multiple Employer Welfare Arrangements (MEWAs) by including language from H.R. 1515, the "Expansion of Portability and Health Insurance Coverage Act of 1997," while the Senate bill includes no such provisions. We strongly oppose including provisions from H.R. 1515 because the bill has inadequate consumer protections and could lead to premium increases for small businesses and employees who may bear the burden of adverse selection. H.R. 1515 would transfer the regulation of a large health insurance market away from the States by preempting State laws under the Employee Retirement Income Security Act ("ERISA"). This far-reaching proposal demands much greater analysis and discussion. We also oppose the provision of the House and Senate bills that would allow a religious fraternal benefit society plan to establish a Medicare Choices plan; it would set a precedent for allowing association health plans (such as those allowed under the House MEWA language) to become Medicare Choice providers.

Continued SSI and Medicaid Benefits for Legal Immigrants

We are pleased with several provisions in the House and Senate bills. Both bills would grandfather immigrants who were receiving SSI benefits as of August 22, 1996, as the President indicated he would support in a June 20 letter to Budget Committee Chairman Kasich and Ranking Member Spratt. Both bills also extend the exemption period from five to seven years for refugees, asylees, and those who are not deported because they would likely face persecution back home.

We are pleased that the Senate bill, which restores SSI and Medicaid eligibility for all legal immigrants who are or become disabled and who entered the U.S. prior to August 23, 1996, implements the budget agreement. The House bill, however, does not. It fails to fully restore SSI and Medicaid benefits for all legal immigrants who are or become disabled and who entered the U.S. prior to August 23, 1996. As the President stated in his June 20 letter, he will not sign legislation that does not include the policy, as the budget agreement calls for, that protects disabled immigrants. Compared to the budget agreement, the House bill would protect 75,000 fewer immigrants by 2002. We strongly urge the Conferees to adopt the Senate approach.

In addition, if resources are available, we urge the Conferees to support several other Senate provisions. The Senate bill restores Medicaid coverage for future immigrant children; provides SSI and Medicaid to immigrants who are too disabled to satisfy the requirements to naturalize; and provides the same exemption period for Amerasian and Cuban Haitian immigrants as for refugees. We look forward to working with you on these matters.

Additional Work Slots for Individuals Subject to the Food Stamp Time Limits

The budget agreement included $1.5 billion in additional Food Stamp funding to encourage work and give States the flexibility to exempt individuals from Food Stamp time limits due to hardship. The agreement specifically states that existing Food Stamp Employment and Training funds will be redirected and new capped mandatory funding added "to create additional work slots for individuals subject to the time limits," and it provides $1 billion for this purpose.

We appreciate that the House and Senate bills would implement the 15 percent hardship exemption, consistent with the agreement. But, we are concerned that both bills create significantly fewer job opportunities than the five-year target of 350,000 slots -- 70,000 a year -- that the negotiators discussed. We are particularly concerned about the House bill, which would create 100,000 fewer slots than the President's proposal and about 40,000 fewer than the Senate approach over five years. The House bill also does not reflect the agreement because it does not target the funding to workslots for individuals facing the time limits. We believe the final bill should follow the Senate approach in targeting funds to work slots that meet the welfare reform law's tough requirements for Food Stamp recipients, and establishing performance standards to reward States that create additional work opportunities. We urge the Conferees to follow the Senate approach, with the House maintenance of effort provision, to make it fully consistent with the budget agreement.

Welfare to Work

We are pleased that the House and Senate bills would address many of our priorities for the welfare-to-work program to some degree, including: the provision of formula grant funds to States based on poverty and adult welfare recipients; a sub-State allocation of the formula grants to ensure targeting on areas of greatest need; appropriate flexibility for grantees to use the funds for a broad array of activities that offer the promise of permanent placement in unsubsidized jobs; some funds awarded on a competitive basis; and a substantial set-aside for evaluation. We look forward to working with the Conferees to refine these provisions.

We continue to be concerned, however, about several priority issues. In some cases, only one Chamber has adequately addressed our concerns; in others, neither has. The issues that concern us the most are highlighted below, and we urge the Conferees to address them.

<u>Targeting Welfare-to-Work Funding to Cities and Counties with Large Poverty Populations</u>. The challenge of welfare reform -- moving welfare recipients into permanent, unsubsidized employment -- will be greatest in large urban centers, especially those with the highest number of adults in poverty. Recognizing this fact, the budget agreement provided that funds be allocated and targeted to areas with high poverty and unemployment. While

both the House and Senate bills include formulas to target funds to these areas to some degree, of the three provisions in conference, the Ways and Means provision of the House bill best accomplishes this goal through its division of funds between formula (50 percent) and competitive (50 percent); its formula grant sub-State allocation factors and method of administration; and its reserving of 65 percent of competitive grants for cities with large poverty populations. We urge the Conferees to adopt the Ways and Means proposal.

Local Program Administration. The budget agreement provided not only that welfare-to-work funds be targeted to high-poverty and high unemployment areas, but that a share of them go to cities and counties. We strongly believe that cities and other local areas should manage a substantial amount of all welfare-to-work funds. These entities can most effectively move long-term welfare recipients into lasting unsubsidized employment that cuts or ends dependency. Recognizing this fact, the House provisions use existing structures to help accomplish this goal. We urge the Conferees to adopt these provisions.

Federal Administering Agency. Both bills would require consistency with Federal TANF strategies and focus resources on achieving the goal of moving long-term welfare recipients into lasting jobs. We agree with the need for consistency and with the goal, and we believe we can most effectively achieve it if we closely align welfare-to-work activities with the workforce development system that the Secretary of Labor oversees. Thus, we believe the Secretary should administer this program in consultation with the Secretaries of HHS and HUD, as included in titles V and IX of the House bill.

Performance Fund. We are pleased that the Senate recognized the value of a performance bonus concept. The Senate performance approach, however, simply augments the existing TANF performance fund in 2003, with no link to the performance that welfare-to-work funds achieve. We want to work with the Conferees to develop an effective mechanism to provide needed incentives and rewards for placing more of the hardest-to-serve in lasting unsubsidized jobs that promote self-sufficiency. A possible approach could include requiring the Governors to use a share of their discretionary funds to reward high-achieving welfare-to-work programs.

Distribution of Funds by Year. The House provides for a two-year program, with $1.5 billion in 1998 and in 1999. The Senate bill provides for a three-year program. We want to work with the Conferees to ensure that the final bill includes an outlay pattern consistent with an estimate of zero outlays in fiscal 2002, as the budget agreement calls for. Congress could modify the Senate proposal, for instance, by requiring that no resources are spent after fiscal 2001.

Minimum Wage and Workfare

We applaud the Senate for not modifying current law with respect to applying the minimum wage and other worker protections for working welfare recipients under TANF. The minimum wage and welfare work requirement proposals in the House-passed bill were not part of the budget agreement and, had they come up in the negotiations, we would have strongly opposed them. We believe strongly that everyone who can work must work, and everyone who works should earn at least the minimum wage and receive the protections of existing employment laws -- regardless of whether they are coming off welfare.

As a result, we continue to have serious concerns that certain welfare recipients would not enjoy the status of employees under the House bill and, thus, would not receive worker protections. Although the House bill moves toward ensuring that welfare recipients in work experience and community service receive the minimum wage, it fails to provide an effective enforcement mechanism. Also, while the House bill contains some protections against discrimination and threats to health and safety, we believe that its limited grievance procedures are inadequate to ensure welfare recipients receive the same protections as regular employees, and regular employees receive protection against displacement. In addition, the Administration strongly believes that we must retain the welfare law's strict emphasis on work and oppose provisions to permit States to count additional time spent in activities such as job search toward the work requirements.

We urge the Conferees to adopt the Senate position on the minimum wage, which makes no changes to current law, and to extend the Senate provisions on grievance procedures and worker protections to all working welfare recipients under TANF.

Non-Displacement

While we support the Senate provisions that include worker displacement language from H.R. 1385 (the House-passed job training reform bill), we urge the Conferees to apply these enhanced non-displacement protections to all welfare recipients moving from welfare to work, as the House does, not just to welfare-to-work funds. In addition, we urge the Conferees to accept the House provision that ensures that the Federal Government will not pre-empt State non-displacement laws that provide greater worker protections than Federal law.

Unemployment Insurance

We are pleased that the House and Senate have included the Unemployment Trust Fund ceiling adjustment and special distribution to the States that were part of the budget agreement.

The House bill also includes the provision of the agreement that achieves $763 million in mandatory savings over five years by authorizing an increase in discretionary spending for unemployment insurance "program integrity" activities of $89 million in 1998 and $467 million over five years. We urge the Conferees to adopt the House language. In addition, we are seeking budget process provisions to allow for discretionary funding for these activities and the resulting savings.

Repeal of Maintenance of Effort Requirement on State Supplementation of SSI Benefits

We are pleased that the Senate bill does not repeal the maintenance of effort requirement on State supplementation of SSI benefits. We strongly oppose the House provision, which would let States significantly cut, or even eliminate, benefits to nearly 2.8 million poor elderly, disabled, and blind persons. Congress instituted the maintenance of effort requirement in the mid-1970s to prevent States from effectively transferring Federal benefit increases from SSI recipients to State treasuries. The House proposal also could put at risk low-income elderly and disabled individuals who could lose SSI entirely and possibly then lose Medicaid coverage. We opposed this proposal during last year's welfare reform debate, and we urge the Conferees to follow the Senate approach and not repeal the State maintenance of effort requirement for State supplementation of SSI benefits.

Spectrum

We support a number of the spectrum-related provisions in the Senate and House bills. We believe, however, that the Senate bill is more consistent with the goals and targets in the budget agreement, and we urge the Conferees to use it as the basis for conference negotiations. Specifically, the Senate bill provides for reimbursing Federal agencies for the costs of relocating to new spectrum bands, so that the Federal Communications Commission (FCC) can auction, for commercial use, the spectrum that they are now using. This key provision is essential to prevent agencies from making future multi-billion dollar requests for additional discretionary funding.

We have other significant concerns with both bills. First, they fall over $6 billion short of the savings targets of the budget agreement. They both fail to include two proposals that the agreement specifies -- the auction of "vanity" toll-free telephone numbers (which would raise $0.7 billion) and the spectrum fee (which would raise $2 billion). In addition, neither bill contains a firm date for terminating analog broadcasting (as the budget agreement assumed), which reduced the CBO's scoring of the House bill by $2.9 billion, and of the Senate bill by $3.4 billion. Any delay in returning analog broadcast spectrum will likely impede the rapid build-out of digital technology, delay job creation and consumer benefits, and reduce revenues from spectrum auctions. We urge the Conferees to conform the final bill to these provisions of the budget agreement.

We also request that the Conferees delete the House language that specifies spectrum bands and bandwidth for reallocation; repeals the FCC's fee retention authority; waives the duopoly/newspaper cross-ownership rules; and accelerates payments from the universal service fund. These provisions conflict with good telecommunications policy, and with sound and efficient spectrum management policy. We also urge the Conferees to amend the overly expansive definition of "public safety" of the bills; to delete mandated minimum bid requirements; and to include provisions that would authorize the FCC (1) to revoke and reassign licenses when an entity declares bankruptcy, and (2) to use economic mechanisms (such as user fees), other than auctions. We support Senate provisions requiring the FCC to explain its rationale if it cannot accommodate relocated users in commercial spectrum and to consult with the Secretary of Commerce and the Attorney General on assigning new spectrum made available for public safety.

TANF Transfers to Title XX

We oppose the House provision to allow States to divert TANF funds away from welfare-to-work efforts to other Title XX social service activities. The Senate bill includes no such provision. The budget agreement did not address making changes in the Title XX transfers provisions, and we strongly urge the Conferees to drop these provisions.

Vocational Education in TANF

We are concerned with the House and Senate provisions on vocational education in TANF. The House bill includes two sets of provisions -- one from the Ways and Means Committee, the other from the Education and Workforce Committee -- which narrow the base of eligible recipients against which the cap on vocational education applies. The Ways and Means Committee excluded teen parents in school from the cap, and set the cap at 30 percent of the narrower base. The Senate bill maintains the existing base, but removes teen parents who attend school from the 20 percent cap on vocational education. The budget agreement did not address changes in TANF work requirements regarding vocational education and educational services for teen parents, and we urge the Conferees to drop these provisions.

State SSI Administration Fees

The House bill includes a provision, consistent with the budget agreement, to raise the fees that the Federal Government charges States for administering their State supplemental SSI payments and to make the increase available, subject to appropriations, for SSA administrative expenses. This proposal would collect about $380 million over five years, to be spent upon receipt for this purpose. The Senate bill does not reflect this provision of the budget agreement, and evidently assumes that the Appropriations Committee will implement the proposal. The agreement, however, anticipated revenue from this proposal over the full five years and, as part of the reconciliation bill, Congress should raise the fees and make the increased revenue available, subject to appropriations. Consequently, we urge the Conferees to adopt the House provision.

Housing

We are pleased that the House and Senate bills include provisions to produce savings by reforming the FHA Assignment program and making appropriate reductions to Section 8 annual adjustment factors. We are concerned, however, about two additional provisions of the Senate bill.

The Senate bill would not transform FHA multifamily housing restructuring in the most efficient, effective fashion. By ruling out the possibility of portable tenant-based assistance, the bill would limit tenants' ability to find the best available housing and prevent projects from developing a more diverse mix of income levels. By establishing a preference for delegating restructuring tasks to housing finance agencies, the bill places an unnecessary constraint on HUD's ability to design the most effective partnerships. Finally, since Congress did not address tax issues explicitly, the Senate bill does not resolve impediments that could discourage owners from participating in a restructuring process.

We oppose the inclusion, in the reconciliation bill, of Section 2203 of the Senate bill, which repeals Federal preferences for low-income or disadvantaged individuals for the Section 8 tenant-based and project-based programs. We have supported such repeals only if they come with income targeting that would replace the Federal preferences. That targeting would ensure: (1) that the tenant-based program continues to mostly serve extremely low income families, with incomes below 30 percent of the area median income, and (2) that all developments in the project-based program are accessible to a reasonable number of extremely low-income families. We are working with Congress on this issue in the broader context of separate public housing reform legislation.

Privatization of Welfare Programs

The House bill would allow for privatizing eligibility and enrollment determination functions in Medicaid and Food Stamps. While certain program functions, such as computer systems, can now be contracted out to private entities, the certification of eligibility for benefits and related operations (such as obtaining and verifying information about income and other eligibility factors) should remain public functions. Thus, we strongly oppose the House provision, and we urge the Conferees to drop it.

Student Loans

We are pleased that both bills bill include $1.8 billion in outlay savings, including $1 billion in Federal reserves recalled from guaranty agencies, $160 million from an end to the fee paid to institutions in the Direct Loan program, and $603 million in reduced Federal student loan administrative costs. All of these provisions are consistent with the budget agreement, and the savings are achieved without raising costs on, or reducing benefits to, students and their families.

But, we oppose a provision in both bills, unrelated to the budget agreement, requiring administrative cost allowances (ACAs) to guaranty agencies in the Federal Family Education Loan (FFEL) program at a rate of .85% of new loan volume -- paid from mandatory funding authorized under Section 458 of the Higher Education Act of 1965 (HEA) from 1998 to 2000. This provision would create a new Federal entitlement, and it would inappropriately limit the funds available to the Secretary to effectively manage the FFEL Program. Any allowance to these agencies should bear some relationship to the costs these agencies incur, and should not be based on an arbitrary formula. This is an issue more appropriately left for the Higher Education Act (HEA) reauthorization.

We strongly prefer the House language for cutting student loan administrative costs. It specifies that the Education Department may use administrative funds authorized under section 458 of the HEA to operate the FFEL program and the Direct Loan program. Under the Senate language, the Secretary would lack adequate funds to administer the FFEL program effectively.

We also oppose a House provision that would stipulate that an 18.5 percent guaranty agency retention allowance on default collections that result from defaulted loans reentering repayment through loan consolidation. This provision, now specified in regulation and letters as "up to" 18.5 percent, would codify this share at 18.5 percent without regard to the actual expenses that the guaranty agencies incur. This issue also should be resolved in the upcoming HEA reauthorization.

Smith-Hughes

We are pleased that the House bill would repeal the Smith-Hughes Act of 1917 and is consistent with the budget agreement. The Senate bill does not include such a provision, although it finds the agreed-upon $29 million savings from the student loan programs. In light of the $1.2 billion annual appropriation under the Carl D. Perkins Vocational and Applied Technology Education Act, we see no justification for $7 million in mandatory spending a year under Smith-Hughes. We urge the Conferees to adopt the House provision.

Budget Process

On budget process, the House and Senate bills generally follow the budget agreement. We appreciate the provisions to extend the discretionary caps to 2002 at the levels in the agreement, to create a firewall between defense and non-defense spending for 1998-99, to provide an adjustment for international arrears and for an IMF quota increase and the New Arrangements to Borrow, and to otherwise extend and update the Budget Enforcement Act along the lines of the budget agreement.

In some respects, however, the House or Senate bills are not fully consistent with the budget agreement. For instance, both bills provide that only net deficit increases in the prior year, rather than both increases and decreases, would count under the paygo "lookback" procedure. In addition, the House bill is inconsistent with the agreement (and with the Senate bill) with regard to "paygo" requirements.

In other respects, the bills include provisions about which we have serious concerns. For instance, the House bill does not provide for the transportation reserve funds that the budget resolution established for highways, Amtrak and transit. Also, one or both of the House and Senate bills do not include several technical changes to fully extend the Budget Enforcement Act. These changes include a budget authority allowance for technical estimating differences between CBO and OMB, as current law provides; a reserve fund for unemployment integrity to carry out the mandatory savings of the agreement; and a technical change to the existing Continuing Disability Reviews (CDR) adjustment to account for the conversion of obligation limitations to budget authority. In addition, the House bill would require a cumbersome notification procedure for the detailed scoring of each paygo or appropriations bill.