William R. Kincaid
02/14/98 05:17:55 PM

Record Type: Record

To: Carol_Cichowski @ ed.gov @ INET @ LNGTWY
cc: See the distribution list at the bottom of this message
bcc: Records Management
Subject: Re: Fact Sheet on Proposals that Benefit Kids with Disabilities

Carol--

This is useful, but I think it can be strengthened.

1. I think the title should be more proactive, with the flavor of: The President's FY 99 Education Budget: A Historic Investment in K-12 Education With Dramatic Benefits for Children with Disabilities.

2. I think the paper should lead off with a brief summary paragraph that makes the case that this budget would bring record levels of new investment to key educational priorities that would benefit all children but would have an especially critical impact on children with disabilities, such as reducing class size to an average of 18 in the early grades, modernizing 5,000 schools around the country, helping all children read well and independently by the end of third grade, as well as mentoring and after-school learning opportunities. These initiatives build on a solid base of investment in special education and Title I funding. All told, the Administration is proposing an increase of X billion in these areas.

3. I would then lead off with the strong suit -- the description of the new initiatives, call it something like New Initiatives to Dramatically Improve Teaching and Learning in Elementary and Secondary Schools. I would then order the descriptions of the new initaitives (which, by and large, look pretty good to me), roughly as follows:

Early Grades Targeted/General:

Class Size
Reading
School Construction
Education Opportunity Zones

Middle School Targeted

High Hopes
21st Century Schools

4. Then I would go into a discussion of our funding for the base compensatory and special ed programs. I might lead with Title I increase, and then go through the special ed programs, but I'm not positive about that. I spoke to Tom Hehir, and he mentioned that when he talks about special ed funding, he often leads off by noting that 2 years ago the Administration proposed the first significant increase in special ed in many years (perhaps in the program's history), and it may be worth mentioning that.

Some over here have questioned whether we can justifiably cite the 64% increase over the past two years and take credit for that. The more I think about this, I think we should cite the 64% increase, not so much to say that we are responsible for that, but to provide context for why no increase was proposed this time around.

I encourage others to weigh in if they disagree with or can do a better job elaborating on the points I've made.

Thanks.

Bill

Carol_Cichowski @ ed.gov

**Carol_Cichowski @ ed.gov**
02/13/98 01:29:00 PM

Record Type: Record

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

cc:
Subject: Fact Sheet on Proposals that Benefit Kids with Disabilities

Attached is a revised draft, for your review, that describes ED proposals that benefit children with disabilities. It now includes bullets on Title I, America Reads Challenge, and 21st Century Community Learning Centers.

In reviewing this piece, please keep in mind that this fact sheet is intended for both internal and external use. We'd like to share it, for example, with Cheryl Smith on Mr. Obey's staff. Others may want to give it to the press if Mr. Goodling ever conducts a press conference to blast the Administration for its meager special ed request.

I'd appreciate any comments by COB, Tuesday, February 17th.

Thanks.

Carol

Message Sent To:

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Michael Cohen
diana m. fortuna
William R. Kincaid
Jonathan H. Schnur @ OVP@EOP
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021400BP.WPD 021400BQ.TXT

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More appropriate

## FY 1999 ED Proposals that Benefit Children with Disabilities

### Special Education Budget Request

Special Education Grants to States ($3.8 billion). The President's budget would maintain funding for States at the 1998 level, which represented an increase of 64 percent over the 1996 level--an additional $1.5 billion. These significant additional resources are available to States and school districts to carry out the important changes made by the 1997 amendments to the Individuals with Disabilities Education Act. The request would maintain the Federal contribution at 9 percent of the excess costs of serving more than 6 million children with disabilities. The Federal contribution has increased significantly since 1996, when the Federal appropriation covered only 6 percent of the excess costs.

Special Education State Improvement Grants ($ 45.2 million). The President's budget requests a $10 million increase for State Improvement grants to enable another 15 States, in addition to the 25 States who are expected to receive grants in 1998, to carry out their reform strategies to improve results for children with disabilities. Because of the focus of this program on accountability for results, these funds will leverage better use of other Federal, State, and local funds spent on special education.

Grants for Infants and Families ($380 million). The President's budget includes a $20 million increase for the Grants for Infants and Families program, a program that plays a major role in helping to ensure that young children with disabilities enter school ready to learn.

Drive New commitment

### Other Elementary and Secondary Education Proposals

Build on a solid base!

Other initiatives and funding increases proposed in the area of elementary and secondary education will improve educational opportunities for children with disabilities, especially those in high-poverty schools. Because of the correlation between poverty and disability, a disproportionate number of children with disabilities are poor. Children with disabilities attending high-poverty schools are further disadvantaged by the difficulties high-poverty schools face in delivering high quality services. Many of these students are likely to encounter low expectations or lower quality services provided in separate classrooms or separate schools.

The following initiatives would provide substantial benefits to children with disabilities:

(4)

(6) Education Opportunity Zones ($200 million). This program wouldl assist high-poverty urban and rural school districts that are implementing reforms that have a clear focus on high standards and accountability. Providing support for districts with a demonstrated commitment to raising achievement would benefit all students, including students with disabililties. Historically, students with disabilities have encountered low expectations. They have not had access to the same curricula as nondisabled children and have been largely excluded from accountability systems, such as State and local

assessment programs. Because of this history, the IDEA Amendments of 1997 made a number of important changes that are designed to better focus IDEA State grant programs on improving results. For example, States applying for State Improvement grants are required to analyze peformance data in such areas as student achievement and school completion and to develop appropriate strategies to improve their performance. Children with disabilities are to be included in assessments, and States and districts must report to the public on their performance.

The EOZ proposal would foster effective implementation of these changes at the local level by providing high-poverty school districts with educational resources for carrying out reform programs aimed at improving results for all children, including children with disabilities. For example, schools wouldl be required to establish ambitious benchmarks and to disaggregate results for special populations such as children with disabilities. Attention to key indicators like the dropout rate could also have significant benefits for children with disabilities, who drop out of school at roughly twice the rate as nondisabled children.

(1) Class Size Reduction Initiative ($1.1 billion). This program would assist States in reducing class size, particularly in high-poverty districts, to an average of 1 teacher for every 18 students in grades 1 through 3. Each year this proposal would benefit thousands of children with disabilities who spend a significant part of their day in regular classrooms. A reduction in class size should also reduce the costs of special education by enabling children with learning difficulties to get the help they need earlier, thereby obviating the need for special education in some cases. About a half million children in grades 1 to 3 are later identified as disabled in grade 4 through 6. Many of these children have reading problems that could be remediated if they receive attention early. This program should enable thousands of those children to get the assistance they need in the early grades.

High Hopes

(5) College-School Partnerships ($140 million). Students with disabilities are half as likely to enroll in a postsecondary education program as students without disabilities. Students with disabilities, especially those in high-poverty schools, have encountered a number of barriers to postsecondary education such as low expectations in elementary and secondary school and exclusion from the general curriculum and from accountability systems. However, with appropriate services, support, and encouragement, many more children with disabilities could attend college. This program would provide approximately 175,000 students with support services such as mentoring, tutoring, counseling, and after-school programs. Thousands of students with disabilities would benefit from this program. Begins 7th grade 6.

(amount) 10 B.

(2) School Construction. Funding for construction would help to eliminate physical barriers to the full participation of children with disabilities in education programs and activities in elementary and secondary schools. Despite Federal mandates requiring accessible schools, many older school facilities remain inaccessible or partly accessible. The President's initiative would permit States and school districts to issue about $22 billion in no-interest construction bonds. If half of the available funds were used for new

construction, then these bonds could pay for 1000 new schools and 5000 major repair projects, bringing safer and more accessible classrooms to thousands of students with disabilities. A GAO study found more than one-third of schools, serving more than 14 million children, to need extensive repair and renovation. Most of these schools probably have lacked the funding to make their schools fully accessible to children with disabilities.

3 America Reads Challenge ($260 million). This program is designed to help ensure that all children read well and independently by the end of the third grade. The program would create quality extended learning opportunities in reading that are connected to solid in-school reading instruction. Efforts to improve student achievement in reading would help the 300,000 children in the primary grades who have a learning disability and are having significant difficulty with learning to read. In addition, efforts to increase the proportion of fourth graders who meet proficient levels in reading should reduce the costs of special education associated with serving the additional half million children who are identified as having a learning disability at ages 9 through 11.

Title I: Education for the Disadvantaged ($7.8 billion). The $392 million increase requested for 1999 would support services to over 10.5 students in 50,000 schools. All children, including children with disabilities who are served in regular classrooms, benefit from improved instruction in schools that are using Title I funds to implement schoolwide programs to improve teaching and learning. In addition, a substantial number of children with disabilities who are also educationally disadvantaged are served as Title I students. In both cases, increased funding for Title I would mean improved services to children with disabilities.

21st Century Community Learning Centers ($200 million). This request, an increase of $160 million over the 1998 level, would support approximately 4,000 before- and after-school programs serving about a half million children. The funds would be focused on expanding learning opportunities for students in a safe and constructive environment. Extended learning programs would be especially beneficial to low-achieving students such as students with disabilities who need help in mastering basic skills. In addition, providing a safe haven and supervised activities, especially for middle school students, could be instrumental in improving student behavior and attendance. Keeping students engaged during middle school is critical, especially for students with disabilities, who drop out at roughly twice the rate as nondisabled students.

## Increase for IDEA Special Education and New Initiatives Benefitting Children with Disabilities

- Our request includes $3.8 billion for Grants to States. This represents an increase of 64 percent in the last 3 years--an additional $1.5 billion over 1996. These significant additional resources are available to States and school districts to carry out the important changes made by the 1997 IDEA amendments.

- Our request would maintain the Federal contribution at 9 percent of the excess costs of serving more than 6 million children with disabilities. The Federal contribution has increased significantly since 1996, when the Federal appropriation covered only 6 percent of the excess costs.

- The President's budget requests a $10 million increase for State Improvement grants to enable another 15 States, in addition to the 25 States who are expected to receive grants in 1998, to carry out their reform strategies to improve results for children with disabilities. Because of the focus of this program on accountability for results, these funds will leverage better use of other Federal, State, and local funds spent on special education.

- Our budget also includes a $20 million increase for the Grants for Infants and Families program, a program that plays a major role in helping to ensure that young children with disabilities enter school ready to learn.

- Other initiatives and funding increases proposed in the area of elementary and secondary education will improve educational opportunities for children with disabilities, especially those in high-poverty schools. Because of the correlation between poverty and disability, a disproportionate number of children with disabilities are poor. Children with disabilities attending high poverty schools are further disadvantaged by the difficulties high poverty schools face in delivering high quality services. Many of these students are likely to encounter low expectations or lower quality services provided in separate classrooms or separate schools.

The following initiatives will provide substantial benefits to children with disabilities:

Education Opportunity Zones ($200 million). This program will assist high-poverty urban and rural school districts that are implementing reforms that have a clear focus on high standards and accountability. Providing support for districts with a demonstrated commitment to raising achievement will benefit all students, ~~especially~~ including students with disabililties. Historically, students with disabilities have encountered low expectations. They have not had access to the same curricula as nondisabled children and have been largely excluded from accountability systems, such as State and local assessment programs. Because of this history, the IDEA Amendments of 1997 made a number of important changes that are designed to better focus IDEA State grant programs on improving results. For example, States applying for State Improvement grants are required to analyze peformance data in areas such as student achievement and school completion and to develop appropriate strategies. Children with disabilities are to be included in assessments and States and districts must report to the public on their performance.

The EOZ proposal would foster effective implementation of these changes at the local level by providing high-poverty school districts with educational resources for carrying out reform programs aimed at improving results for all children, including children with disabilities. For example, schools will be required to establish ambitious benchmarks and to disaggregate results for special populations such as children with disabilities. Attention to key indicators like the dropout rate could also have significant benefits for children with disabilities, who drop out of school at roughly twice the rate as nondisabled children.

<u>Class Size Reduction Initiative</u> ($1.1 billion). This program will assist States in reducing class size, particularly in high-poverty districts, to an average of 1 teacher for every 18 students in grades 1 through 3. Each year this proposal would benefit thousands of children with disabilities who spend a significant part of their day in regular classrooms. A reduction in class size should also reduce the costs of special education by enabling children with learning difficulties to get the help they need earlier, thereby obviating the need for special education in some cases. About half a million children in grades 1 to 3 are later identified as disabled in grade 4. Many of these children have reading problems that could be remediated if they receive attention early. This program should enable thousands of those children to get the assistance they need in the early grades.

<u>College-School Partnerships</u> ($140 million). Students without disabilities are more than twice as likely to enroll in a postsecondary education program as students with disabilities. Students with disabilities, especially those in high-poverty schools, have encountered a number of barriers to postsecondary education such as low expectations in elementary and secondary school and exclusion from the general curriculum and from accountability systems. However, with appropriate services, support, and encouragement, many more children with disabilities could attend college. This program will provide approximately 175,000 students with support services such as mentoring, tutoring, counseling, and after-school programs. Thousands of students with disabilities would benefit from this program.

<u>School Construction</u>. Funding for construction will help to eliminate physical barriers to the full participation of children with disabilities in education programs and activities in elementary and secondary schools. Despite Federal mandates requiring accessible schools, many older school facilities remain inaccessible or partly accessible. The President's initiative would permit States and school districts to issue about $22 billion in no-interest construction bonds. If half of the available funds were used for new construction, then these bonds could pay for 1000 new schools and 5000 major repair projects, bringing safer and more accessible classrooms to thousands of students with disabilities. A GAO study found more than one-third of schools, serving more than 14 million children, to need extensive repair and renovation. Most of these schools probably have lacked the funding to make their schools fully accessible to children with

disabilities.

Intern'l

**PRESIDENT CLINTON'S FY 1999 BALANCED BUDGET**
**THE FIRST BALANCED BUDGET IN 30 YEARS**

February 2, 1998

*"Tonight, I come before you to announce that the federal deficit -- once so incomprehensibly large that it had 11 zeroes -- will be, simply, zero. I will submit to Congress for 1999 the first balanced budget in 30 years."*

President Bill Clinton
January 27, 1998

**THE FIRST BALANCED BUDGET IN THREE DECADES.** The President's FY99 budget maintains our fiscal discipline while investing in the critical needs of our people. In only the second year of the historic balanced budget agreement that included $900 billion in net 10-year deficit savings and nearly half a trillion dollars in entitlement savings over 10 years, the President's plan reaches balance three years earlier. And it does by paying for every new initiative dollar by dollar -- consistent with the 1997 Balanced Budget Agreement.

**THE PRESIDENT'S FY 1999 BUDGET MAINTAINS OUR FISCAL DISCIPLINE WHILE INVESTING IN THE CRITICAL NEEDS OF OUR PEOPLE.** This budget builds on the President's record of fiscal discipline. In 1992, the deficit was $290 billion, job growth was weak, and the unemployment rate was 7.5 percent. The President's 1993 Economic Plan helped cut the deficit 92 percent, from $290 billion in 1992 to $23 billion in 1997 -- its lowest level since 1974. This year, our deficit is projected to be $10 billion, and heading lower. The economy has produced over 14 million new jobs; and the unemployment rate is as low as it has been in 24 years.

- **This budget implements the historic balanced budget agreement reached last year with Congress.** That agreement included $900 billion in net 10-year deficit savings and nearly half a trillion dollars in entitlement savings over 10 years.
- **In a historic shift, this budget delivers surpluses over the next ten years of $1.1 trillion -- reserved pending Social Security reform.**
- **Everything is paid for dollar by dollar consistent with the 1997 Balanced Budget Agreement.**

**SOCIAL SECURITY FIRST.** Over the next two years, President Clinton is firmly committed to strengthening Social Security for the 21st century. He therefore proposes that we should not spend any of the projected budget surpluses on anything else until we have reformed Social Security. This proposal, which continues the fiscally responsible policies that have been the hallmark of this Administration, is intended to reserve the surpluses in case they are needed for Social Security reform.

**THE PRESIDENT'S BUDGET INCLUDES NEW INVESTMENTS AND TAX CUTS TARGETED TO THE NEEDS OF WORKING FAMILIES, SUCH AS EDUCATION, CHILD CARE, HEALTH CARE, AND THE ENVIRONMENT.** We are keeping our fiscal discipline and paying for every initiative dollar for dollar. These initiatives include: Reducing **class size** and funding **100,000 new teachers** by 2005; a new **school construction** initiative; more services for **dislocated workers**; housing and urban initiatives, such as expanding the **Low-Income Housing Tax Credit**, flexible funding for **Empowerment Zones** and **welfare-to-work housing vouchers**; **child care** tax credits and investments; new options for Americans ages 55-65 to obtain health insurance by buying into **Medicare**; and tax incentives and R&D to **cut greenhouse gas emissions**.

NR? HOPE (all caps or just initial cap)
Work-Study (hyphen or not)

# 1. INVESTING IN EDUCATION AND TRAINING



> *Americans want the best for our children. We want them to live out their dreams, empowered with the tools they need to make the most of their lives and to build a future where America remains the world's beacon of hope and freedom and opportunity. To do this, we must all make improving the quality of education in America one of our highest priorities.*
>
> President Clinton
> September 1997

In today's fast-paced, increasingly competitive world economy, the most successful Americans are those with the skills to compete, making education more and more vital for all Americans. Tomorrow's workers face an even greater challenge. As technological innovations change the very nature of work, employers will demand even more highly skilled and flexible workers. The best-paying jobs increasingly will go only to those with education and training beyond high school.

For the most part, our Nation places responsibility for education and training on State and local governments, families and individuals, and the private sector. Nevertheless, the Federal Government plays a crucial role in supporting education and training, from pre-school through adulthood.

Over the last five years, the President has worked hard to expand Federal support in ways that help families, communities, and States ensure that every boy and girl is prepared to make the best use of education; that the education system enables every child to learn to his or her potential; that those who need resources to pay for postsecondary education and training can get them; that those who need a second chance at education and training, or a chance to improve or learn new skills throughout their working lives, can get those opportunities; and that States and communities that receive Federal funds can use them more flexibly, with fewer regulations and less paperwork.

The budget proposes to significantly increase funding to help children, especially children in the poorest communities, reach challenging academic standards, and it proposes to make further progress in implementing voluntary national tests. At the same time, the budget proposes major new initiatives to help families and caregivers more effectively begin children's education; to help high-poverty, ~~low achieving~~ urban & rural school districts carry out reforms and hold schools accountable for improving student achievement; to raise the rate of school construction and renovation; to add xx school- and community-based sites for before- and after-school programs for children; to pay for 80,000 new teachers over the next seven years ~~; to~~ to reduce class size to an average of 18 in grades 1-3 expand public school choice; to improve reading and mathematics achievement; and to improve the quality of teaching and the use of technology.

And ~~To~~ to ensure that Americans get the post-~~secondary education~~ training they need to succeed at work, the budget proposes to increase Pell Grants and other college scholarship awards; to expand College Work Study to a record one million students; to streamline student loan programs and cut student fees; to continue implementing the Welfare-To-Work program; and to expand access to job placement services, training, and related services for dislocated workers and others. In addition, the budget proposes new initiatives to help colleges, high schools, ~~and~~ middle schools form partnerships to ~~provide~~ continuous mentoring and other services to encourage students in high-poverty areas to stay in school and

(See Table 1-1)



prepare for college; to explain the benefits of college and the availability of Federal student aid to students and their families; and to provide intensive help to jobless youth in high-poverty areas.

## Elementary and Secondary Education

Federal programs help all children, especially those in high-poverty areas, achieve all they can. The budget increases support for most ongoing programs, and proposes new programs with substantial resources to supplement them.

*Voluntary National Tests:* The President has proposed tests—in fourth grade reading and eighth grade mathematics—with which parents and schools can evaluate their students' achievement against challenging standards of performance, and against the achievements of children across the country and the world. The budget proposes $16 million to further develop the tests, which the States would administer.

*New Teachers and Smaller Class Sizes:* Soaring school enrollments have caused severe teacher shortages and classroom overcrowding. The budget provides $7.3 billion over five years to help States reduce class size in the early grades by recruiting and training teachers to teach effectively in small-class settings. Research in Tennessee and Indiana shows that reducing class size to 15 ~~to~~ 18 students in the early grades improves student achievement, particularly among low- income and minority students in inner cities.

dash

close up

*Teacher Recruitment and Preparation:* The budget provides $67 million, and $350 million over five years, to help improve the quality of teacher preparation programs at colleges and universities and address shortages of well-prepared teachers, particularly in urban and rural schools. In 1999, the proposal would fund 12 partnerships of exemplary teaching colleges and universities, urban and rural schools, and subsidiary colleges and universities with teaching programs. It also would fund at least 7,000 scholarships in 1999, and 35,000 over five years, to help recruit and retain teachers for urban and rural schools.

*Education Opportunity Zones:* Most school districts with children who are the furthest away from reaching challenging academic standards serve the poorest communities. The budget proposes new resources to help these districts if they adopt tough reforms to hold schools accountable for improving quality, expanding public school choice, ending social promotion, and showing real improvements in student achievement. About 50 high-poverty, low-achieving, urban and rural school districts would receive funds for at least three years, and schools that show significant learning gains could get funds for two more. The budget proposes $200 million for the initiative, and $1.5 billion over five years.

upgrade teaching & learning

*School Construction:* A third of all schools across the country, with 14 million students, have one or more buildings that need extensive repair, according to the General Accounting Office. School districts also face the cost of upgrading schools to accommodate computers and modern technology, and of constructing new classrooms and schools to meet expected record enrollment levels over the next decade. The President proposes $5 billion in tax incentives over five years to help States and school districts accelerate the pace of new construction or renovation projects, leveraging over $20 billion in interest-free bonds.

*Education Technology:* In February 1996, the President challenged the public and private sectors to work together to ensure that all children are technologically literate by the dawn of the 21st Century, and that schools take full advantage of the benefits of technology in raising student achievement. Achieving this goal will require progress in four areas: connecting every classroom to the Internet, expanding access to multimedia computers, increasing the availability of high-quality educational software and content, and ensuring that teachers can teach effectively using technology.

The budget supports the following major programs that help achieve these goals, with a new focus on technology training for teachers, so that all new teachers entering the workforce can use technology effectively in the classroom, and that there is at least one teacher who can serve as a technology expert in every school to help other teachers use technology.

**Table 1–1. THE BUDGET INCREASES RESOURCES FOR MAJOR EDUCATION AND TRAINING PROGRAMS BY $11.5 BILLION, OR 31 PERCENT OVER 1998; A TOTAL INCREASE OVER 1993 OF 74 PERCENT**

(Dollar amounts in millions)

| | 1993 Actual | 1998 Estimate | 1999 Proposed | Dollar Change: 1998 to 1999 | Percent Change: 1993 to 1999 |
|---|---|---|---|---|---|
| **TAX EXPENDITURES:** | | | | | |
| Hope Scholarships Credit | | 206 | 4,161 | +3,955 | NA |
| Lifetime Learning Credit | | 113 | 2,549 | +2,436 | NA |
| School Construction | | | 215 | +215 | NA |
| Work Opportunity Tax Credit (TJTC in 1993) | 160 | 280 | 406 | +126 | +154% |
| Welfare/Jobs Tax Credit | | 10 | 41 | +31 | NA |
| **Total, tax expenditures** | 160 | 609 | 7,372 | +6,763 | +4,508% |
| **MANDATORY OUTLAYS:** | | | | | |
| Welfare-to-Work Grants | | 466 | 1,299 | +833 | NA |
| Early Learning Fund | | 124 | 115 | −9 | NA |
| **RECEIPTS FROM TOBACCO LEGISLATION:** | | | | | |
| New Teachers/Reducing Class Size | | | 1,100 | +1,100 | NA |
| **DISCRETIONARY BUDGET AUTHORITY:** | | | | | |
| Pre-School (see Ch. 2): | | | | | |
| Head Start | 2,776 | 4,355 | 4,660 | +305 | +68% |
| **Elementary and Secondary Education:** | | | | | |
| America Reads Challenge: | | | | | |
| Department of Education | | | 260 | +260 | NA |
| Corp. for National and Community Service | | 64 | 153 | +89 | NA |
| Goals 2000 | | 491 | 501 | +10 | NA |
| Education Opportunity Zones | | | 200 | +200 | NA |
| Education Technology | 23 | 584 | 721 | +137 | +3,035% |
| Title I—Education for Disadvantaged | 6,709 | 8,022 | 8,554 | +532 | +28% |
| Eisenhower Professional Development | 289 | 335 | 335 | | +16% |
| Teacher Recruitment and Preparation | | | 65 | +65 | NA |
| Special Education | 2,966 | 4,811 | 4,846 | +35 | +63% |
| Bilingual and Immigrant Education | 213 | 354 | 387 | +33 | +82% |
| Safe and Drug Free Schools and Communities | 582 | 556 | 606 | +50 | +4% |
| Charter Schools | | 80 | 100 | +20 | NA |
| After-School Learning Centers | | 40 | 200 | +160 | NA |
| **Post-secondary aid:** | | | | | |
| Pell Grants | 6,372 | 7,345 | 7,594 | +249 | +19% |
| College Work-Study | 617 | 830 | 900 | +70 | +46% |
| Other Campus-based Aid | 764 | 779 | 709 | −70 | −7% |
| College-School Partnerships | | | 140 | +140 | NA |
| Early Information Campaign | | | 15 | +15 | NA |
| **Work force Development:** | | | | | |
| Learning on Demand (Education and Labor Departments) | | | 40 | +40 | NA |
| Opportunity Areas for Out-of-School Youth | | | 250 | +250 | NA |
| Vocational Education | 1,170 | 1,147 | 1,150 | +3 | −2% |
| Adult Education | 305 | 361 | 394 | +33 | +29% |
| Veterans Employment Services and Training | 167 | 164 | 264 | +100 | +58% |
| School-to-Work (Education and Labor Departments) | | 400 | 250 | −150 | NA |
| Summer and Year Round Youth Programs | 1,526 | 1,001 | 1,001 | | −34% |
| Job Corps | 966 | 1,246 | 1,308 | +62 | +35% |
| JTPA Low-income Adult Training | 1,015 | 955 | 1,000 | +45 | −1% |
| JTPA Dislocated Worker Training | 517 | 1,351 | 1,451 | +100 | +181% |
| Employment Service and One-Stop Centers | 895 | 974 | 964 | −10 | +8% |
| **Total, budget authority** | 27,872 | 36,245 | 39,018 | +2,773 | +40% |
| **TOTAL RESOURCES** (tax expenditures; receipts; mandatory outlays; and budget authority) | 28,032 | 37,444 | 48,904 | +11,460 | +74% |
| **STUDENT LOANS (face value of loans issued):** | | | | | |
| Direct Loans | | 11,204 | 12,002 | +798 | ~~+100%~~ NA |
| Guaranteed Loans | 16,089 | 20,461 | 21,932 | +1,471 | +36% |
| Consolidation Loans | 1,540 | 6,574 | 6,116 | −458 | +297% |
| **Total** | 17,629 | 38,239 | 40,050 | +1,811 | +127% |
| **DEPARTMENT OF EDUCATION:** | | | | | |
| Discretionary Budget Authority | 23,694 | 29,559 | 31,156 | +1,597 | +31% |

NA = Not applicable.

Chapter

spell out

- *Technology Literacy Challenge Fund:* In 1996, the President committed to securing $2 billion over five years with which the Fund would support education technology goals. States receive formula grants for buying hardware, connecting to the Internet, teacher training, and developing and buying high-quality software. Through 1998, the Fund has received $625 million and, for 1999, the budget proposes another $475 million. In 1999, the Administration will encourage States to spend at least 30 percent of the Fund on teacher training in technology use.
- *Technology Innovation Challenge Grants:* The budget proposes $106 million for these grants, which award competitive matching funds to partnerships between schools and the private sector to implement innovative applications of educational technology.
- *Technology Training for Teachers:* The budget provides $75 million for new grants to States, teacher colleges, and others to help ensure that all new teachers can use technology effectively.
- *Community Computer Centers:* The budget proposes $10 million to help establish computer centers in low-income communities so that families that cannot afford to buy computers at home still have access to the technology, and their children will not fall behind classmates with home computers. These centers can help low-income families gain access to on-line job databases and distance learning opportunities.

***America Reads:*** Last year, the President launched the America Reads Challenge, a multi-faceted effort to help States and communities ensure that all children can read well and independently by the end of third grade. The budget provides $260 million for the Education Department to help train reading tutors and coordinate after-school, weekend, and summer reading programs that are linked to in-school instruction; help train teachers to teach reading; and help parents help children prepare to learn to read. The budget also proposes a $89 million increase, to $153 million, for the Corporation for National and Community Service to recruit America Reads tutors through its AmeriCorps and related programs. Responding to the President's challenge, 838 colleges have pledged to use thousands of federally-financed work- study positions for tutoring programs.

***Mathematics Initiative:*** The Third International Mathematics and Science Study ~~(TIMSS)~~ revealed that while the Nation's fourth grade students are performing above average in mathematics, eighth graders are performing below average. In response, the President asked the Education Department and the National Science Foundation to develop an initiative to help students meet challenging mathematics standards in the eighth grade. The budget proposes $37 million for this initiative, which will improve mathematics teaching through improved teacher preparation and use of effective instructional materials and technology.

*Goals 2000:* Enacted in 1994, Goals 2000 helps States set high standards for all children, and plan and implement steps to raise educational achievement. It builds on the National Education Goals, first articulated by the Nation's governors (led by then-Governor Clinton) and President Bush in 1989, which provide national targets but encourage States to develop their own means to achieve them. The budget provides $501 million for Goals 2000 (in which every State participates), $10 million more than the 1998 level.

innovation *Charter Schools:* Charter schools introduce ~~variety~~ and choice into the public school system. Parents, teachers, and communities create the schools, and States free them from most rules and regulations. Charter schools now number over 700, and some are already producing higher student test scores and lower drop-out rates. The budget proposes $100 million for public charter schools, a $20 million increase over the 1998 level, to fund start-up costs for 1,300 to 1,500 schools and continue progress toward the President's goal of 3,000 charter schools by 2001. early in the next century

***Title I—Education for the Disadvantaged:*** Title I provides funds to raise the educational achievement of disadvantaged children. In 1994, the President proposed, and Congress adopted, legislation to focus Title I resources more on low-income children, to set the same high standards for those children as for all others, to hold schools accountable for progress toward achieving those standards, and to give States and schools greater flexibility in using Title I funds. The budget provides \$8.5 billion, six percent more than in 1998, including \$7.8 billion for grants with which school districts can provide educational services to over 10 million children in poor communities.

*Comprehensive School Reform Demonstration:* This program, which Congress enacted last year, will help 3,000 schools Nationwide implement effective, research-based school improvement models. The budget proposes \$150 million for these demonstrations in high- poverty schools, a \$30 million increase, and \$25 million for similar demonstrations in other schools.

*Safe and Drug-Free Schools and Communities:* Since 1993, this program has provided a total of \$3.1 billion to help 97 percent of all school districts implement anti-drug and anti- violence programs. The budget proposes \$556 million, including \$125 million in competitive grants for projects that use proven program designs in high-need areas. The budget also proposes \$50 million for a new School Drug Prevention Coordinators program to ensure that half ~~a quarter~~ of all middle schools have a director of drug and violence prevention programs to monitor local programs and link school-based programs to community-based programs.

*Special Education:* Last year, the President signed into law amendments to the Individuals with Disabilities Education Act (IDEA) to help States improve educational results for children with disabilities by holding States accountable for performance and focusing resources on teaching and learning. The budget provides \$4.9 billion for IDEA, including an increase of \$20 million for the Infants and Families program and an increase of \$10 million to expand State Improvement Grants to reach 35 to 40 States.

### Postsecondary Education and Training

High school is the first key step to a good job. But it is only a first step. Those with more years of schooling consistently earn more over their working careers than those with only a high school degree. The cost of higher education can be imposing to many families, but Federal support through Pell Grants, work-study, student loans, Hope Scholarship credits, Lifetime Learning Credits, other tax benefits, and other programs now make college affordable for every American. The budget proposes to help even more young people go to college and to teach all families about the full range of Federal aid.

*College-School Partnerships:* This initiative will give young students, especially those in low-income schools, continuing guidance and information about the benefits of postsecondary education and access to Federal financial aid so that more students stay in school and go on to college. The budget proposes \$140 million to leverage the first round of partnerships among middle and high schools, colleges, community groups and the private sector. Over five years, the budget proposes \$2.2 billion for partnerships in 3,300 high-poverty schools, reaching about 1.5 million students. The budget also proposes a \$15 million College and Financial Aid Information program, a Nationwide information campaign on the benefits of higher education and the availability of Federal resources.

*Hope Scholarship Credits and Lifetime Learning Credits:* Last year, the President proposed, and Congress enacted, new tax benefits for postsecondary education for low- and middle-income families. With Hope Scholarships, students in the first two years of college or other eligible postsecondary training can get a tax credit of up to \$1,500, for tuition and fees. In 1999, an estimated 5.5 million students will receive \$4.2 billion in tax credits. Under the Lifetime Learning Credit, students beyond the first two years of college, or those taking classes part-time to improve or upgrade their job skills, will receive a 20 percent tax credit for the first \$5,000 of tuition and fees each year through 2002, and a 20 percent credit for the first \$10,000 thereafter. In 1999, an estimated 7.1 million students will receive \$2.5 billion in tax credits.

*Pell Grants:* The President proposes to raise the maximum Pell Grant award by \$100, to \$3,100—the highest ever—to reach 3.9 million low- and middle-income undergraduates. The budget provides \$7.6 billion for Pell Grants, a \$249 million increase over the 1998 level. In addition, in its reauthorization pro-

### Investing in the Special Needs of Hispanic Americans

The education of Hispanic Americans requires special attention. Their high school drop- out rate, for example, is unacceptably high. Due in part to 1994 improvements in the way that children with limited English proficiency are served, Latinos now receive 32 percent of services under Title I (the largest elementary and secondary program), more than any other group. On top of other efforts to boost funding for programs that serve disadvantaged students, the budget targets funding to programs that show particular promise in addressing these needs. The funding increases include:

- $30 million, to $150 million, for Comprehensive School Reform, providing grants for research-proven "whole school" reform efforts to schools that have low achievement—many of the same schools that contribute to the high Hispanic drop-out rate;
- $25 million, to $50 million, for Bilingual Education Professional Development, giving teachers the skills they need to address the English language deficiencies of their students;
- $53 million, to $583 million, for the "TRIO" programs that work with low-income high school and college students to encourage them to complete high school and attend, and graduate from, college;
- $16 million, to $28 million, for assistance for colleges and universities that serve large numbers of Hispanic students;
- $5 million, to $15 million, for the High School Equivalency Program for migrants and the College Assistance Migrant Program;
- $33 million, to $394 million, for Adult Education to expand services and improve English as a Second Language programs by identifying and disseminating proven and promising practices;
- $50 million, to $355 million, for Title I-Migrant Education, which provides additional educational assistance to migrant children; and
- $5 million for new Labor Department demonstration programs to develop new training, and work and learning opportunities to help young migrant farm workers qualify for other job opportunities with career potential.

posals for 2000, the Administration will propose to expanding Pell Grants to reach more low-income independent students and others.

*Work Study:* In 1996, the President committed to expanding the Work-Study program to one million students by the year 2000. The budget reaches the goal one year early. In 1999, one million needy students would earn their work-study awards by helping their schools or surrounding communities. The budget provides $900 million—the highest level ever—a $70 million increase over the 1998 level.

*Student Loans:* An estimated 6.2 million people will borrow $40 billion through the Federal student loan programs in 1999. The Administration proposes to improve financial incentives in the Federal Family Education Loan (FFEL) program, which guarantees commercial loans through intermediaries known as guaranty agencies, and ensure continued innovation in the Direct Loan program, which provides capital directly to schools and students. The budget proposes to streamline the Government-guaranty system, to save money for students and families, and to improve services to both schools and borrowers.

A new interest rate structure for student loans, scheduled to take effect on July 1, 1998, may prompt some lenders in the Government-guaranteed loan system to withdraw rather than accept lower revenues. The Administration plans to work with Congress on a rate structure that ensures that students continue to enjoy access to loans but does not impose costs on students.

*Research on College Access and Retention among Low-Income Students, espe-*

### Improving Student Loan Programs

The budget proposes reforms in both Federal student loans programs that will benefit both students and schools, as outlined below:

*Providing More Benefits to Students*

- Cut origination fees on new loans to students and parents to three percent, from four percent.
- Phase out origination fees for needy students.
- Require lenders to offer flexible repayment terms to borrowers.

*Streamlining the Government-Guaranteed Loan System*

- Establish performance agreements with guaranty agencies, with compensation tied to the amount and quality of work they perform.
- Recapture unneeded Federal funds held by guaranty agencies and use them for high- priority investments.

*Improving Loan Management*

- Ensure that both loan programs use private industry best practices, such as electronic loan origination and access on the Internet to loan balance information, to improve customer service, better prevent defaults, and improve loan servicing.
- Standardize processes and data formats as much as possible in both Federal loan programs to increase efficiency and lower costs.

*cially Minorities:* Although the Federal Government provides significant resources to finance higher education for everyone who needs the help, some groups of Americans, especially some minorities, still attend college at lower rates than others and drop out at higher rates. The budget provides $20 million for rigorously-designed experiments to determine how to promote greater college attendance and completion.

***Learning on Demand:*** The budget proposes $40 million ($30 million in the Education Department, $10 million in the Labor Department) to enhance and promote distance learning opportunities (i.e., learning outside the usual classroom settings, via computers and other technology) for all adult learners. In Education, the program would fund partnerships among educational institutions, software developers, subject matter specialists, and private employers to develop new means of delivering distance learning, and of assessing competencies of distance learners. In Labor, the program would support information for job seekers and others on the skills required for various occupations, and the training available to acquire them.

### Work Force Development

With college now affordable to every American through the broad array of Federal assistance, the Administration seeks to ensure that every adult has access to employment and training services. Adults who lose jobs or need new jobs or new skills, adults who are seeking jobs for the first time, or adults who want new skills to advance or change their careers need a broad array of financial and program supports—especially as workers strive to succeed in the fast-changing new economy.

To the extent that adults need resources for traditional education and certain job training, the major postsecondary programs (described earlier in this chapter) cover most of their need. All adults can get loan assistance to finance postsecondary degrees or certificates; all low-income adults seeking undergraduate degrees can get Pell Grants; and all low- and middle-income adults can get tax credits for non-degree and degree training and education expenses under the Hope Scholarship and Lifetime Learning Credits.

In addition, all adults working in jobs covered by the Unemployment Insurance system are eligible, in accord with State laws, for income support when they lose jobs. Many of them are also eligible for other income support if they lose jobs for specific reasons, such as the impact of certain trade policy. All adults can get job search assistance (ES) through the Employment Service and its NR? One-Stop centers, an Administration initiative of the last five years that has greatly improved the ES system by providing ES services and information in the same sites. Adults also have increasingly greater access to job information through the Internet and will have still greater opportunities through the Learning on Demand initiatives described above. Nevertheless, the system for adults is not yet complete.

The budget proposes to build on the initiatives, enacted in 1997, that began the process of ensuring that State unemployment insurance funds will be sufficiently solvent in case of an economic downturn. The budget also proposes to improve the mechanisms to supplement regular unemployment insurance with Extended Benefits when individual States experience economic downturns.

Since 1993, the President has worked with Congress to triple funding for dislocated worker training and employment assistance and is proposing major new investments in the employment and training needs of veterans. But, many adults need more than financial help for training or income support when they are between jobs. The system of programmatic support for these adults is primarily represented by the Job Training Partnership Act (JTPA), including its Dislocated Worker and Adult worker programs. The Administration continues to believe that JTPA needs a significant structural overhaul. It proposed an overhaul in its 1994 GI Bill for America's Workers, and it is working closely with Congress to fashion major reform and streamlining of JTPA programs, vocational education, and adult education programs.

The Administration is committed to improve the system for adults so that, in time, all adults will be able to afford, and have access to, the training and job placement and related services they need. The budget proposes to make further progress toward this goal through the work force development proposals described below.

- *Dislocated Worker Training:* The budget proposes $1.5 billion, an increase of $100 million and nearly three times the amount available when the President took office, to provide readjustment services, job search assistance, training, and related services to help dislocated workers find new jobs as quickly as possible. Among the workers assisted by the program, and the proposed increase, are those displaced by trade and related causes.
- *Low-Income Adult Training:* The budget proposes $1 billion, an increase of $45 million, for the JTPA program that provides training for disadvantaged and low-income unemployed adults, including welfare recipients.
- *Welfare-To-Work:* To help reach TANF's employment goal for current and former welfare recipients, the Administration sought, and Congress provided, additional targeted funds for a new Labor Department welfare-to-work grants program. It will provide $3 billion in 1998 and 1999 for formula and competitive grants to States and local communities to give long-term welfare recipients the job placement services, transitional employment, and job retention and support services they need to achieve economic self- sufficiency.
- *Adult Education:* This program helps almost four million educationally disadvantaged adults, including welfare recipients and immigrants, develop basic skills (including literacy), achieve their certification of high school equivalency, and learn English. The budget proposes $394 million, an increase of $33 million over the 1998 level.
- *One-Stop Employment Service:* The budget proposes $817 million for grants to the State Employment Service system, and $147 million to complete the initial development of the One-Stop Career Center system and to continue building America's Labor Market Information System. By the end of 1999, all States will have received grants to implement One-Stop systems that streamline re-employment and career

development activities by improving access to services for job seekers and employers.

- *Unemployment Insurance:* Experienced workers who lose their jobs generally are eligible for up to 26 weeks of unemployment benefits. Although benefits vary by State, the average benefit Nation-wide is nearly $200 a week. An estimated 8.3 million people will draw benefits in 1999. To make the system even more secure, the Administration will propose legislation in 1999 that will strengthen the unemployment insurance safety net to ensure that benefits are available in the event of a recession, make the program more accessible to unemployed workers, and improve State administrative operations. The legislation would make the standby Extended Benefits program more responsive to State unemployment, increase access to benefits for low-wage workers, and encourage States to improve the solvency of their unemployment trust funds.

- *Trade Adjustment Assistance (TAA):* The budget includes several proposals to carry out the President's commitment to help trade-impacted workers by providing better access to training and income support: extending the TAA and NAFTA-Transitional Adjustment Assistance (NAFTA-TAA) programs for five years; expanding eligibility for TAA benefits to cover workers who lose jobs when plants or production shifts abroad; raising the statutory cap on training expenses; making training and income support more consistent across the TAA and NAFTA-TAA programs; and adding a contingency provision to ensure that the Federal Government has sufficient funds to finance any unexpected increase in benefit costs for eligible workers. The budget proposes $737 million for TAA programs over five years.

- *Montgomery GI Bill (MGIB) and Veterans Training and Employment:* Over 400,000 veterans and reservists will receive education benefits under the MGIB Active-Duty and MGIB Reservist programs, which help service members readjust to civilian life after military service. The budget proposes a 20 percent rate increase for MGIB trainees—the most significant benefit increase since the program's inception—raising the Active-Duty MGIB benefit to over $500 a month in 1999 for full-time enrollment, most of which is in colleges. Along with the MGIB benefit increase, for which the budget provides $1 billion over five years, the budget also proposes an increase of $100 million, and $500 million over five years, to expand the Labor Department's veterans employment and training programs.

*Youth Programs:* While continuing to improve the education of young people and eliminate financial barriers to postsecondary education and training for all, the budget continues support for State development of school-to-work systems and for Labor Department programs to help disadvantaged youth prepare for careers.

- *School-to-Work:* Funded and administered by the Education and Labor Departments, this initiative makes competitive awards to States and communities to build comprehensive systems that help young people move from high school to careers or postsecondary training and education. School-to-Work supports school reforms and ties between schools and employers, enabling young people to prepare for high-skill, high-wage careers; receive top-quality academic and occupational training; and pursue more postsecondary education or training. The budget proposes $250 million, $150 million less than the 1998 level, reflecting the Administration's commitment to sunset the program as States implement and sustain their own systems.

- *Youth Opportunity Areas Program:* Recognizing the special problems of out-of-school youth, especially in inner-cities and other areas where jobless rates can top 50 percent, the budget includes $250 million for competitive grants to selected high-poverty urban and rural areas with major youth unemployment problems. The Labor Department will award funds to those high-poverty areas, including federally-designated Empowerment Zones and Enterprise Communities, that submit applications showing that they have the best chance of substantially increasing employment among out-of-school youth. These "seed" funds will leverage State, local, and private resources to employ youth in private sector jobs with good career opportunities. (For more information on Empowerment Zones and Enterprise Communities, see Chapter 8—"Strengthening the American Community.")

- *Summer and Year-Round Youth Employment and Training Programs:* The summer jobs program gives hundreds of thousands of urban and rural disadvantaged youth their first work experience. The budget provides $871 million to finance 530,000 job opportunities for the summer of 1999, assuming that localities spend this flexible funding entirely on summer jobs. The budget also includes $130 million for the year-round program to help low-income youth—many of them in families on public assistance—who have dropped out of school, or are at risk of doing so, return to school or alternative learning programs. The budget would continue to permit local service delivery areas that receive both types of these funds to shift resources between the summer and year-round programs, as local needs dictate.
- *Job Corps:* The Job Corps provides intensive, work-related vocational skills training, integrated with academic and social education, and support services to severely disadvantaged young people in a structured residential setting. The budget proposes $1.3 billion, an increase of $62 million over the 1998 level, to open three to five new centers, fund opportunities for 70,000 young people, and maintain progress on quality improvements begun in 1998.

### Child Labor Abuses

Responding to growing concern for the working conditions of children all over the world, the budget proposes $39 million for a two-pronged attack on domestic and international child labor abuses.

***International Child Labor Activities:*** The budget proposes a $27 million increase, to $30 million, for the Labor Department to enable the International Labor Organization's International Programme to Eliminate Child Labor expand its work into more countries and industries. The proposed five-year, $150 million investment will help ensure that goods produced abroad for the U.S. market are not made with illegal child labor. The budget also proposes $3 million to enable the Customs Service to enforce the law banning the import of goods made with forced or bonded child labor.

***Domestic Child Labor Activities:*** The budget proposes $9 million for the Labor Department, including $4 million to help eliminate domestic violations of child labor laws, particularly in the agriculture sector, and $5 million for demonstration programs to provide alternatives to field work for migrant youth.

# 4. PROTECTING THE ENVIRONMENT

> *There is a new understanding today in the world between the bonds that connect human beings and their natural environment. We know we have to preserve them, and we know that in the end economic development itself cannot occur unless the environment is preserved.*
>
> President Clinton
> May 1997

With the historic December 1997 international agreement in Kyoto calling for cuts in greenhouse gas emissions, the Administration capped a remarkable year of environmental successes. History has shown that the Nation does not have to choose between a strong economy and a clean environment. The President's policies have contributed to five years of both strong economic growth and a cleaner, healthier environment.

Along with the Kyoto Protocol, the Administration has issued new, more protective air quality standards to better safeguard public health, and has strengthened our citizens' right to know about toxic chemical releases. It has continued its efforts to protect our natural treasures, such as Yellowstone National Park, the Everglades, Grand Staircase National Monument, and the Headwaters redwoods, from environmental threats. It has secured $699 million in the Land and Water Conservation Fund for acquiring Headwaters Forest, the New World Mine near Yellowstone, and other high-priority land acquisitions to protect key natural, cultural, and historic resources. It has cleaned up more toxic waste sites in its first four years than the previous two administrations did in 12, and it is continuing to advance toward the President's goal of 900 site cleanups by the end of year 2001.

While Americans want a Government that helps protect the environment and our natural resources, they do not want to burden business unduly, choke innovation, or waste taxpayer dollars. If sensibly designed and flexibly implemented, environmental initiatives can cost less while providing unforeseen economic opportunities. Americans have met environmental challenges because we innovate, we compete, and we find solutions to problems in ways that promote entrepreneurship and strengthen the economy.

To implement his vision for the environment and our natural resources, the President is proposing an Environment Fund for America to support increases for many of the Nation's key environmental programs. The Fund provides for enhanced construction, maintenance, and land acquisition for national parks, forests, refuges and other public lands; a new multi-agency initiative to improve our Nation's water quality; infrastructure funding for community drinking water and wastewater facilities; and resources to clean up abandoned hazardous waste sites. The budget also includes a new, five-year $6 billion program to implement the President's commitment to prevent global warming, as well as increased resources to protect endangered species, carry out pollution control programs, and preserve the global environment.

### Approaches for Environmental Success

*Preventing Global Warming:* In December, the United States reached an historic agreement with other nations to meet the challenge of global warming. The Kyoto Protocol establishes realistic, achievable, and binding commitments to reduce greenhouse gas emissions and reflects the Administration's commitment to use market mechanisms to tackle the problem in innovative and flexible ways.

*Improving Air Quality:* In July 1997, the Administration took the most far-reaching steps in 20 years to improve our air quality by cutting smog levels and, for the first time ever, setting standards to lower the levels of fine particles in the atmosphere. These standards will prevent adverse health effects for people of all ages and may prevent up to 15,000 premature deaths a year.

Reflecting the Administration's approach to regulatory decision making, however, the President directed that the Environmental Protection Agency (EPA) implement the standards in ways that will maximize common sense, flexibility, and cost-effectiveness. He directed that implementation maintain the progress underway toward cleaner air, reward early action to reduce air pollution, employ regulatory flexibility to minimize economic impacts, and recognize the substantial lead time needed to implement the new fine particle standard. Further, the President directed EPA to complete a new science review of the standard before imposing any new controls to meet it.

*Restoring the Everglades:* The budget supports the continued Federal, State, local and Tribal efforts to implement the restoration project for the South Florida ecosystem, which the Administration began in 1993 and Congress authorized in the 1996 Water Resources Development Act. In 1999, the Army Corps of Engineers will complete the Central and Southern Florida Comprehensive Review Study, providing long-term direction for restoration efforts.

In December 1997, Vice President Gore announced the Government's intent to purchase (with non-Federal partners) 50,000 acres of land (known as the "Talisman" tract) on the northern edge of Everglades National Park. This land, formerly used for sugar farming, will serve as a critical buffer zone between the Everglades and the sugar plantations to the north, helping to re- establish the essential natural flow of water into the Everglades and improve water quality.

Along with better water flows and water management, the budget recognizes the need for scientific guidance and land acquisition to restore the Everglades' hydrologic functions, providing a steady funding source for these needs. The budget proposes $285 million, 25 percent more than Congress approved in 1998, continuing the Administration's support for a four-year, $100-million-a-year Everglades Restoration Initiative to accelerate the effort and provide a steady source of funding for land acquisition, science, and modified water delivery.

*Saving Yellowstone Park:* To protect Yellowstone National Park, the Federal Government agreed in August 1996 to acquire Crown Butte, Inc.'s interest in the New World Mine, whose development posed a severe environmental threat to Yellowstone's unique landscape and wildlife resources. In 1998, the Administration sought, and Congress provided, $65 million to proceed with this agreement, which will preserve one of the crown jewels of the National Park System. Crown Butte will dedicate $22 million to clean up contamination at the site from earlier mining activities. The Administration is working with Crown Butte and other parties to complete the acquisition.

*Protecting Headwaters Forest:* In 1998, the Administration sought, and Congres provided, $250 million to acquire the Headwaters Forest in northern California, the largest privately-owned stand of ancient redwoods. As part of the acquisition, the Administration is committed to ensuring that Headwaters and its threatened and endangered inhabitant species are protected. As a result, the Administration is developing, and has made significant progress on, a scientifically and technically sound habitat conservation plan and an environmental impact statement. The Federal Government and State of California expect to acquire Headwaters by March 1999.

*Preserving Other Natural Resources:* As part of last year's budget agreement with Congress, the Administration secured $699 million in 1998 for priority Federal land acquisitions and exchanges. After financing the top two priorities—protecting the Headwaters Forest and saving Yellowstone—$362 million remained to invest in other priorities for parks, forests, refuges, and public lands. The Administration is considering potential acquisitions to restore the Elwha River in Olympic National Park, protect bison winter habitat outside Yellowstone, acquire the Baca Ranch in New Mexico, add lands to the Santa Monica Mountains National Recreation Area, and complete the Appalachian Trail.

***Targeting the Conservation Reserve Program (CRP):*** In this Agriculture Department (USDA) program, landowners establish long-term conservation practices on erodible and environmentally sensitive land in exchange for 10 to 15 years of rental payments. The 16.1 million acres accepted into the CRP in March 1997, out of 23.2 million acres that farmers bid, will increase the environmental benefits by nearly 85 percent for every dollar spent, compared with earlier CRP sign-ups. At the same time, program costs are falling, with the Department paying 21 percent less per acre—saving over $1.6 billion over the life of the program. Within the CRP, the Conservation Reserve Enhancement Program targets priority lands to better address water pollution and protect endangered species.

***Protecting Roadless Areas and Improving the Forest Road System:*** The 94 million acres without roads in our National Forests have outstanding ecological, aesthetic, and social value. They are often the refuge of last resort for rare species and the source areas of municipal water supplies. The Forest Service is working to meet public access needs in an ecologically sensitive manner, ensuring that we protect these roadless areas for future generations. At the same time, the extensive Forest Service road system is rapidly eroding, risking public safety and contributing to environmental damage in some national forests. The budget proposes $200 million, a 34-percent increase over the 1998 level, for investments in road maintenance and reconstruction, road closures and obliteration, and watershed improvements that are critically important to salmon, water quality, and other resource management goals. The budget also proposes to eliminate the timber purchaser road credit program, and provide a stable payment to counties that is not linked to timber harvest volume.

***Enhancing Citizen Right to Know:*** The Administration continues to expand the information available to citizens on substances being released into their neighborhoods. In the decade since community right-to-know legislation went into effect, the law has helped spur a 43-percent cut in toxic emissions by industry. In April 1997, the Administration increased by 30 percent the number of facilities covered by adding seven sectors that must report under the program. This expansion comes on top of a 1995 rule that nearly doubled the number of toxic chemicals that facilities must report.

***Redeveloping Contaminated Land:*** The Administration has established a Brownfields National Partnership, bringing together the resources of over 15 Federal agencies to help empower and revitalize communities. The Partnership is just one piece of the Administration's efforts to help thousands of communities clean up and redevelop Brownfields—abandoned pieces of land, usually in inner cities, that are highly contaminated from previous industrial use. The Partnership—which includes a $300 million Federal investment—will leverage an expected $5 billion to $28 billion in private investment, support up to 196,000 jobs, and protect up to 34,000 acres of undeveloped "greenfield" areas outside of cities.

***Restoring the Presidio of San Francisco:*** The Administration has established a Government corporation, known as the Presidio Trust, to rehabilitate and lease hundreds of unused buildings in the Presidio of San Francisco, once a military base and now a national park. The Presidio Trust will restore these houses and offices in a manner consistent with park purposes, then lease them to families and businesses. To cut taxpayer costs, the budget provides for the Presidio Trust to borrow $25 million from the Treasury in both 1999 and 2000 to fund these improvements, and repay the money through future lease receipts.

***Making the Endangered Species Act (ESA) Work:*** Administration reforms have improved the way the ESA works. Habitat Conservation Plans (HCPs), for example, give State, local, and tribal governments and the private sector the flexibility to protect endangered species and conserve habitat, while allowing for development. HCPs will cover an estimated 18.5 million acres by the end of 1998. The Administration is also providing earlier protection for species to preclude their listing as endangered. For instance, the Federal Government has entered into 40 Candidate Conservation Agreements (CCAs) with private landowners or State and local governments, providing benefits to over 200 species and preventing the listing of five.

## Environmental and Natural Resource Investments

The budget proposes to boost funding for high-priority environmental and natural resources programs by xx percent, compared to 1998 levels (see Table 4–1).

*Reducing Greenhouse Gases and Promoting Energy Efficiency:* Last fall, the President announced a nine-point plan to begin addressing climate change, including a five-year, $5 billion package of tax incentives and research and development spending to spur energy efficiency and help develop low-carbon energy sources. With the historic agreement in December 1997 to reduce greenhouse gas emissions, the President now proposes a $6 billion package of tax incentives and research spending. The budget provides $xxx million for the Climate Change Technology Initiative, a $xxx million increase over the 1998 level, as a down-payment on the President's five-year commitment. (For a longer discussion of the Administration's climate change efforts, see Chapter 6, "Promoting Research.")

? more detailed

*Creating the Environment Fund for America:* The budget proposes the Environment Fund for America, an innovative financing mechanism for environmental initiatives. It provides $7.7 billion, 13 percent more than in 1998, for many key environmental restoration programs and is financed, in part, by the proposed renewal of taxes that support the Superfund Trust Fund (see Chart 4–1). The Fund includes:

- *Land, Water, and Facility Restoration Initiative:* National parks, refuges, forests, and public lands are the heart of the Nation's natural, cultural, and historical legacy. As custodians of these resources, Federal land management agencies face growing demands to invest more to restore lands and rehabilitate an aging infrastructure of public facilities and trails. These needed investments would protect wildlife habitat, maintain historic sites, and preserve the many national treasures, from the Arctic National Wildlife Refuge to Independence Hall to the California Desert, that constitute our legacy for future generations. The budget proposes higher construction and maintenance funding for national parks, forests, refuges, public lands, and Indian schools, with which the agencies will focus on top priorities and control costs through better management. It also includes a broad initiative to invest more in land acquisition and historic preservation, a 35-percent increase in spending over the next five years from the Land and Water Conservation Fund and a 12-percent increase from the Historic Preservation Fund.

- *Clean Water and Watershed Restoration Initiative:* Commemorating the 25th anniversary of the Clean Water Act, the Vice President last October announced a Clean Water Initiative—an action plan to focus on three remaining challenges to restore and protect the Nation's waterways: (1) preventing polluted runoff; (2) protecting public health; and (3) ensuring community-based watershed management. USDA and EPA are leading an inter-agency task force to develop the plan by February 14, 1998, relying on better coordination and targeting of Federal activities and resources, public participation, and innovative approaches to pollution control.

  The budget includes $520 million, a 34-percent increase over the 1998 level, for this multi-agency initiative, including more mandatory funding for USDA's Environmental Quality Incentives Program to help farmers prevent polluted runoff; for the Forest Service and the Interior Department to better address water quality problems on Federal lands; for EPA to provide grants to States to implement water quality improvement projects; for the National Oceanic and Atmospheric Administration (NOAA) to help States and local communities protect their coasts from the pollution that leads to degradation; for Interior's U.S. Geological Survey and USDA to increase water quality monitoring and research, with a focus on nutrient pollution; and for the Army Corps of Engineers to begin a new riverine ecosystem initiative—"Challenge 21"—to plan and implement projects that restore watershed while providing flood hazard mitigation for communities.

(Table should precede chart, based on text reference. p5)

## Chart 4-1. ENVIRONMENTAL RESOURCES FUND FOR AMERICA

(Budget authority; changes relative to 1998 enacted)

**Restore Water Quality in Critical Watersheds**

**I. Clean Water and Watershed Restoration Initiative:**
+$559M (34%)
+$2.3B (28%) over five years

**II. Land, Water, and Facility Restoration Initiative:**
+$72M (5%)
+$1.5B (20%) over five years

**Enhance National Parks, National Forests, and Other Public Lands**

**Finance Drinking Water and Sewage Treatment Plants/Systems**

**III. Water Infrastructure:**
Water/Wastewater (USDA)
+$52M (9%)
Drinking Water SRF (EPA)
+$50M (7%)
Clean Water SRF (EPA)
-$275M (20%)

**IV. Superfund:**
+$593M (40%)
+$200M orphan share (mandatory; not in Fund)

**Clean Up Abandoned Hazardous Waste Sites**

### CLEAN WATER AND WATERSHED RESTORATION INITIATIVE

**–Assistance to States and Localities:**
- EPA Nonpoint Source (+$95M)
- NOAA Coastal Water Quality (+$22M)
- EPA State Water Quality (+$20M)
- USDA Watershed Coordinators (+$20M)
- FWS Partnerships (+$6M)
- Clean Streams (OSM) (+$2M)

**–Assistance to Farmers:**
- Environmental Quality Incentive Program (EQIP) (+$100M) (+$350M over five years) (mandatory; not in Fund)

**–Federal Lands Restoration:**
- National Forests (+$69M)
- Public Lands (BLM) (+$16M)
- Indian Reservations (BIA/tribes) (+$5M)

**–Continued Commitment to Restoration of Nationally Significant Watersheds:**
- Bay-Delta (CA) (+$58M)
- Everglades (FL) (+$53M)
- Army Corps of Engineers (new program) (+$25M)

**–Improved Monitoring and Federal Management:** (+$68M)

### LAND, WATER, AND FACILITY RESTORATION INITIATIVE

**–Priority Maintenance, Rehabilitation, and Construction:** +$67M (5%); +$900M (15%) over five years
- National Parks
- National Forests
- Fish and Wildlife Refuges
- Public Lands (BLM)
- BIA/Tribal Schools and Other Facilities

**–Land and Water Conservation Fund (LWCF):** 1999 request equal to 1998 base; +$576M (43%) over five years
- National Parks
- National Forests
- Fish and Wildlife Refuges
- Other Public Lands (BLM)

**–Historic Preservation Fund (HPF):** +$5M (12%); +$26M (13%) over five years
- State Historic Preservation Grants
- Historically Black Colleges and Universities

Not all data is final—



**Table 4–1. ENVIRONMENTAL/NATURAL RESOURCES HIGH-PRIORITY PROGRAMS**
(Discretionary budget authority unless otherwise noted; dollar amounts in millions)

| | 1997 Actual | 1998 Estimate | 1999 Proposed | Percent Change: 1998 to 1999 | Percent Change: 1998 to 1999 |
|---|---|---|---|---|---|
| **Climate Change Technology Initiative (DOE, EPA, USDA, DOC, HUD):** | 743 | 819 | 1,391 | +572 | +70% |
| Spending (non-add) | (743) | (819) | (1,291) | (472) | +58% |
| Tax Incentives (non-add) | | | (100) | (100) | NA |
| **Environmental Resources Fund for America (EPA, USDA, DOI, DOC, Corps)** | 6,359 | 6,722 | 7,672 | +950 | +14% |
| **Priority Land Acquisition (BBA):** | | 699 | | NA | NA |
| Headwaters (CA) | | (250) | | NA | NA |
| New World Mine (MT) | | (65) | | NA | NA |
| **Environmental Protection Agency (EPA): Operating Program** | 3,109 | 3,328 | 3,603 | +275 | +8% |
| Subtotal, All EPA | 6,799 | 7,361 | 7,771 | +410 | +6% |
| **Department of the Interior (DOI):** | | | | | |
| National Park Service Operating Program | 1,155 | 1,234 | 1,321 | +87 | +7% |
| Bureau of Land Management Operating Program | 674 | 685 | 726 | +41 | +6% |
| Fish and Wildlife Service Operating Program | 525 | 595 | 676 | +81 | +14% |
| Geological Survey Water Quality Initiative | 129 | 125 | 147 | +22 | +18% |
| Subtotal, DOI (Select programs) | 2,483 | 2,639 | 2,870 | +231 | +9% |
| **Department of Agriculture (USDA):** | | | | | |
| Forest Service Operating Program | 1,275 | 1,349 | 1,417 | +68 | +5% |
| Natural Resources Conservation Services Operating Program | 693 | 694 | 742 | +48 | +7% |
| Environmental Quality Incentives Program (Mandatory) | 200 | 200 | 300 | +100 | +50% |
| Wetlands Reserve Program (Mandatory) | 118 | 176 | 127 | –49 | –28% |
| Conservation Reserve Program (Mandatory) | 1,691 | 1,860 | 1,718 | –142 | –8% |
| Subtotal, USDA (Select programs) | 3,977 | 4,279 | 4,304 | +25 | +1% |
| **Land & Water Conservation Fund (LWCF) (DOI/USDA)** | 159 | 270 | 270 | | |
| **Department of Energy (DOE):** | | | | | |
| Energy Conservation and Efficiency (gross) | 570 | 612 | 809 | +197 | +32% |
| Solar and Renewable Energy R&D (net) | 247 | 272 | 372 | +100 | +37% |
| Federal Facilities Cleanup (Environmental Management Program) | 5,995 | 5,849 | 6,124 | +275 | +5% |
| Subtotal, DOE (Select programs) | 6,812 | 6,733 | 7,305 | +572 | +8% |
| **Department of Defense (DOD):** | | | | | |
| Cleanup | 1,994 | 2,140 | 1,924 | –216 | –10% |
| Environmental Compliance/Pollution Prevention/Conservation | 2,293 | 2,466 | 2,281 | –185 | –8% |
| Environmental Technology | 207 | 219 | 170 | –49 | –22% |
| Subtotal, DOD (Select programs) | 4,494 | 4,825 | 4,375 | –450 | –9% |
| **Department of Commerce (DOC)/National Oceanic and Atmospheric Administration (NOAA):** | | | | | |
| Fisheries and Protected Species | 295 | 319 | 326 | +7 | +2% |
| Ocean and Coastal Management | 130 | 172 | 175 | +3 | +2% |
| Ocean and Atmospheric Research | 228 | 240 | 234 | –6 | –3% |
| Subtotal, DOC/NOAA (Select programs) | 653 | 731 | 735 | +4 | +1% |
| **Department of Transportation (DOT):** | | | | | |
| Congestion Mitigation and Air Quality | 807 | 1,258 | 1,261 | +3 | +% |
| Environmental Enhancements | 768 | 568 | 561 | –7 | –1% |
| Subtotal, DOT (Select programs) | 1,575 | 1,826 | 1,822 | –4 | –*% |
| **Endangered Species Act (DOI/NOAA)** | 102 | 107 | 153 | +46 | +43% |
| **Partnership for a New Generation of Vehicles (DOE, DOC, NSF, EPA, DOT)** | 234 | 227 | 277 | +50 | +22% |
| **U.S. Global Change Research (NASA, DOE, NSF, DOC, others)** | 1,818 | 1,867 | 1,864 | –3 | –*% |
| **GLOBE—Global Environmental Education (DOC, NASA, EPA, NSF)** | 13 | 12 | 14 | +2 | +17% |
| **Montreal Protocol (State/EPA)** | 40 | 40 | 55 | +15 | +38% |
| **Global Environment Facility (Treasury)**[1] | 35 | 48 | 300 | +252 | +525% |
| **Multilateral and Bilateral Assistance (~~Funds Appropriated to the President~~/USAID)** | 246 | 312 | 322 | +10 | +3% |
| Total[2] | 28,579 | 30,057 | 31,475 | +1,418 | +5% |

[1] 1999 includes $192.5 million for payments in arrears.
[2] Total adjusted to eliminate double counts, mandatory spending, and tax incentives.
NA = Not applicable.
* Less than 0.5 percent.

— International Assistance Programs

In addition, the budget proposes $143 million for California Bay-Delta watershed restoration activities, the fully authorized amount and a 69-percent increase over 1998 funding. The program will continue focusing on basic investments to begin restoring this important ecosystem, with a special emphasis on acquiring critical wetlands habitat, managing flood plains, enhancing fish passage, and improving habitat along the Sacramento River.

- *Water Quality Infrastructure:* The budget proposes $775 million in capitalization grants for Drinking Water State Revolving Funds (SRFs), which make low-interest loans to help municipalities meet the requirements of the Safe Drinking Water Act Amendments. These funds will help ensure that Americans have a safe, clean drinking water supply—our first line of defense in protecting public health. EPA also proposes $1.1 billion in capitalization grants to Clean Water SRFs to help municipalities comply with the Clean Water Act, thus helping to reduce beach closures and keeping our waterways safe and clean.

  These levels for the two SRFs make progress toward the Administration's goal of providing sufficient capital for the funds to provide $2.5 billion a year in financial assistance to municipalities over the long run. In addition, the budget proposes targeted wastewater funds for areas facing unique circumstances—$50 million for Boston Harbor, $100 million for Mexican border projects, and $15 million for Alaskan Native villages.

- *USDA Water 2000:* The budget provides funds for USDA's Water 2000 initiative—to bring safe drinking water to rural Americans with some of the Nation's most serious problems of water availability, dependability, and quality—within its $1.3 billion for rural water and wastewater loans and grants. With proposed Rural Community Advancement Program funding 14 percent above the 1998 levels, the Administration expects to fund 250 systems in 1999. Since the effort began in 1994, USDA has invested almost $1.3 billion in loans and grants on high-priority Water 2000 projects Nation-wide.

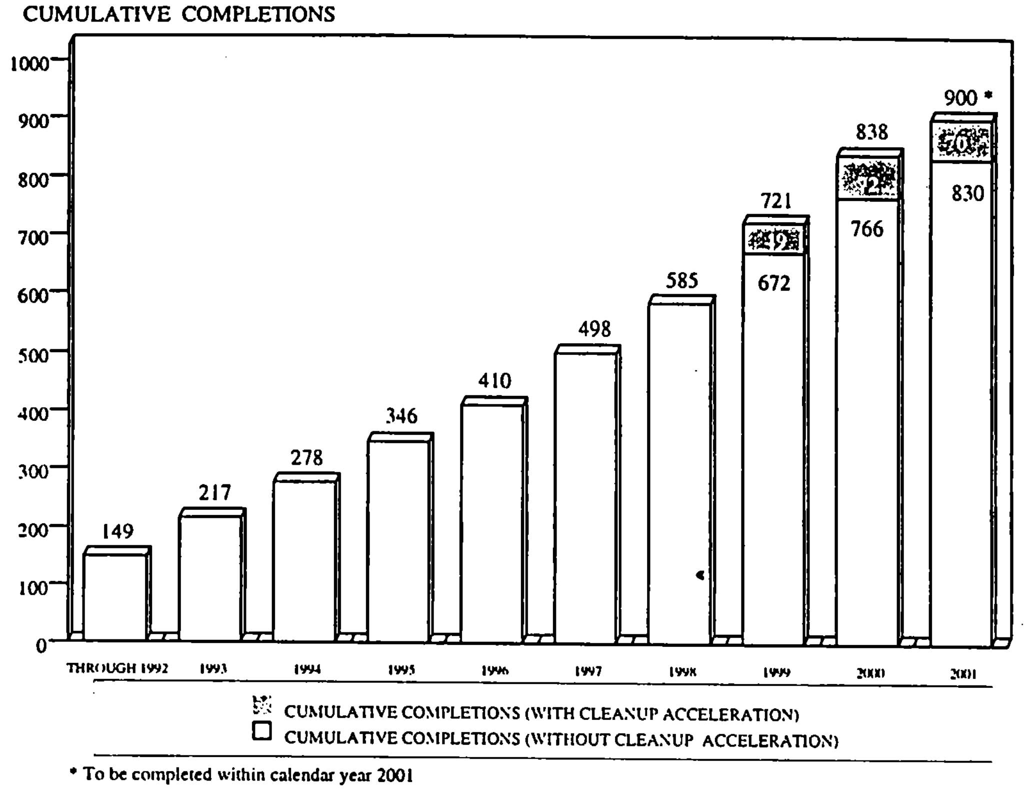
- *Superfund Cleanups:* The budget proposes $2.1 billion for Superfund, a 40-percent increase over the 1998 level. Combined with continuing administrative reforms, these funds will help meet the President's pledge to nearly double the pace of Superfund cleanups. The Administration proposes to clean up another 400 sites within the next four years, meaning that about two-thirds of the Nation's worst toxic waste dumps would be cleaned up by the end of the year 2001 (see Chart 4–2).

*Extending the Brownfields Redevelopment Initiative:* The budget proposes to extend the President's Brownfields initiative, which promotes local cleanup and redevelopment, bringing jobs to blighted areas. First, EPA would receive $91 million for grants to communities for site assessment and redevelopment planning and for revolving loan funds to finance clean-up efforts at the local level. Second, the Department of Housing and Urban Development would receive $50 million, $25 million more than in 1998, to leverage State, local, and private funds for redeveloping the cleaned-up sites and creating jobs. The President also proposes to extend the targeted tax incentive to spur Brownfields cleanup.

*Enhancing Endangered Species Act Efforts:* The budget proposes a $36 million increase, to $113 million, for the Interior Department's endangered species program, mainly for the Administration's new reforms to encourage private landowners to protect species. The program is designed to increase the number of cooperative partnerships between the Federal Government and States, localities, and private parties to recover listed species and prevent the need to list more. The budget also proposes a $10 million increase, to $40 million, for NOAA's endangered species program, mainly focused on habitat conservation planning.

The budget increases funds to develop HCPs, make grants to States for land acquisition tied to HCPs, and provide incentive payments to landowners for safe harbor agreements. The funds will double the acreage that HCPs cover; improve the way HCPs are developed and implemented; extend CCAs between the Federal Government and landowners or State and local governments protect 80 more species;

**Chart 4-2. MAJOR PROGRESS IN SUPERFUND CLEANUPS**




keep 20 species off the endangered species list; stabilize or improve the status of 60 percent of listed species; and recover and delist 30 threatened and endangered species.

***Funding the EPA Operating Program:*** The budget proposes $3.6 billion, an eight-percent increase over 1998, for EPA's operating program, which includes most of EPA's research, regulatory, partnership grants (with States and Tribes), and enforcement programs. The program represents the backbone of the Nation's efforts to protect public health through sound science, standard setting, enforcement, and other means, ensuring that our water is pure, our air clean, and our food safe.

Within the operating program, the budget proposes increases of $145 million as part of the President's water quality initiative to address polluted runoff; $115 million for research and conservation programs to cut greenhouse gas emissions; and $65 million to establish a new network to monitor fine particulate matter. It also proposes significant investments to improve Americans' right-to-know about toxic threats, by making information available for the 75 largest metropolitan areas in the country, and to address significant environmental health risks to children.

***Providing Multilateral and Bilateral Environmental Assistance:*** The budget proposes $325 million, seven percent more than in 1998, for bilateral and multilateral environmental assistance. Bilateral assistance includes U.S. Agency for International Development (USAID) activities to address topics such as biodiversity, and to implement USAID's five-year, $1 billion commitment to address climate change issues in developing countries. Multilateral assistance funds U.S. voluntary contributions to the UN environmental system and other international organizations to address international environmental activities.

***Supporting the Global Environment Facility (GEF):*** U.S. participation in the GEF is a cornerstone of our foreign policy on the environment. The GEF has become the world's leading institution for protecting the global environment and avoiding economic disruption from climate change, massive extinction of valuable species, and dramatic collapse of the oceans' fish population. The $300 million proposal for 1999 includes $193 million for contributions previously due and $108 million for the initial contribution to the GEF's second four-year replenishment program, from 1999 to 2002. U.S. funding for these items is crucial if the Nation hopes to continue influencing GEF's policies and lending strategies.

***Expanding the Federal Facilities Cleanup and Compliance:*** The Federal Government continues to face the huge challenge of cleaning up Federal facilities contaminated with radioactive or hazardous waste. The Energy Department (DOE) faces the most complex and costly problems from over 40 years of research, production, and testing of nuclear weapons and reactors. The Defense Department's (DOD) problems, meanwhile, include hazardous wastes like those found at industrial and commercial sites.

The budget proposes $6.5 billion for DOE's Environmental Management program, including $277 million for the Uranium Enrichment Decontamination and Decommissioning Fund. The budget also proposes $500 million to continue to "privatize" waste remediation at the Hanford (WA) and Idaho facilities, through which DOE pays for the delivery of treated waste that meets approved specifications in order to speed cleanups, reduce health risks, and cut costs at these sites.

DOD, which operates one of America's most diverse and successful environmental programs, is focusing its efforts on reducing relative risk at its active and closing installations. As of early 1997, it is conducting studies or clean-ups at 762 military installations and 2,651 formerly-used properties. Moreover, it has determined that 13,013 sites require no further action. DOD also is making progress in its compliance/pollution prevention, conservation, and environmental technology programs. The budget proposes $4.4 billion for all DOD environmental activities, continuing the Administration's commitment to making all current and former DOD property safe and clean.

# 6. PROMOTING RESEARCH

> *I ask you to simply imagine that new century full of its promise, molded by science, shaped by technology, powered by knowledge. These potent transforming forces can give us lives fuller and richer than we have ever known... If we are to make the most of this century, we—all of us, each and every one of us, regardless of our background—must work to master these forces with vision and wisdom and determination. The past half-century has seen mankind split the atom, splice genes, create the microchip, explore the heavens. We enter the next century propelled by new and stunning developments.*
>
> President Clinton
> May 1997

Scientific and technological advances have left few facets of life untouched. Great leaps in the speed and economy of transportation, enormous increases in farm productivity, global flows of information and services, advances in health treatment and prevention and in environmental protection—all these changes have created a world at the dawn of the 21st Century that is vastly different from the world our grandparents knew. As numerous studies show, technological innovation and scientific discovery have been responsible for at least half of the Nation's productivity growth in the last 50 years, generated millions of high-skill, high-wage jobs, and substantially improved the quality of life in America.

The Federal Government has played an important role in spurring and sustaining this scientific and technological advance. Among other feats, Government-sponsored research and development (R&D) has put Americans on the moon, explored the oceans, harnessed the atom, devised more effective treatments for cancers, found the remains of lost civilizations, tracked weather patterns and earthquake faults, and discovered the chemistry of life. No other country in history can match America's record of achievement in science and technology.

Because these investments have paid such rich dividends, and because the next century will bring new challenges, opportunities, and problems that science and technology can help address, continued U.S. leadership in science and technology is a cornerstone of the President's and the Vice President's vision for America. Thus, the budget strengthens these vital investments, contributing substantially to many of the Administration's broader goals by creating new knowledge, training more workers, catalyzing new jobs and industries, addressing health challenges, enhancing our understanding of and ability to address environmental problems, improving the education of our children, and maintaining a strong national defense. The centerpiece of the Administration's continuing commitment is the proposed Research Fund for America, from which many of the research dollars will now flow.

But Federal funds are not limitless. Thus, agencies are working to make smarter, better science and technology investments, guided by two fundamental principles:

- First, agencies are focusing on potentially high-payoff research that could have substantial public benefit, but is too high-risk or long-term for the private sector. The Federal Government, in partnership with States, universities, and industry, supports a balanced mix of basic and applied research and technology development, given that scientific discovery and technological innovation are intricately interwoven. The Federal Government also supports international partnerships that benefit our scientists, leverage our investments, and address complex, global problems.

- Second, agencies are focusing more on the performance and results of science and technology investments, rather than just dollars spent. They are also pursuing improvements in efficiency, where possible, through innovations in government laboratories, university grants, and private contracts.

## Research Fund for America

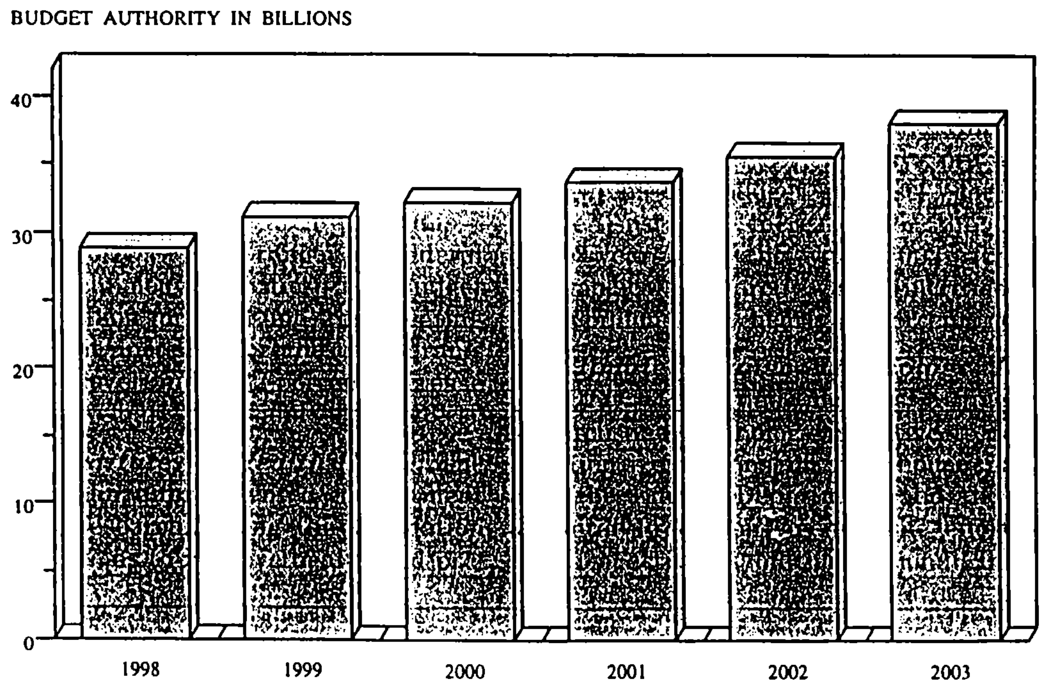
The budget proposes a Research Fund for America—reflecting the President's commitment to ensuring long-term stability and growth for non-defense research programs—that will support a wide range of Federal science and technology activities. The budget proposes $31 billion for the Fund, representing an eight-percent increase for these programs over the 1998 level and a 32-percent increase by 2003 (see Chart 6–1 and Table 6–1).

*National Institutes of Health (NIH):* The Fund supports an unprecedented commitment to biomedical research, laying the foundation for new innovations to improve health and prevent disease. It provides an increase of $1.~~15~~ 2 billion for the National Institutes of Health (NIH), the largest ever, to a proposed $14.8 billion funding level that will support greater research on brain disorders, cancer, drug demand reduction, genetic medicine, disease prevention strategies, and the development of an AIDS vaccine.

NIH's highest priority continues to be investigator-initiated, peer-reviewed research project grants. To ensure that the United States continues to invest heavily in biomedical research, the budget proposes, for the first time, sustained increases for the NIH over five years. By the year 2003, funding for biomedical research would increase to over $20 billion, or by nearly 50 percent.

*Climate Change Technology Initiative (CCTI):* The Fund includes a five-year research and technology initiative to reduce the Nation's emissions of greenhouse gases. Led by the Energy Department (DOE) and the Environmental Protection Agency (EPA), the effort also includes activities of the National Institute of

Chart 6-1. RESEARCH FUND FOR AMERICA



Not all data is FINAL



**Table 6–1. RESEARCH FUND FOR AMERICA**
(Budget authority, dollar amounts in millions) ← smaller font

| | 1998 Estimate | 1999 Proposed | 2003 Proposed | Percent Change: 1998 to 1999 | Percent Change: 1998 to 2003 |
|---|---|---|---|---|---|
| **Health and Human Services:** | | | | | |
| National Institutes of Health | 13,648 | 14,798 | 20,188 | | |
| Agency for Health Care Policy and Research | .............. | 46 | 56 | | |
| Centers for Disease Control and Prevention | .............. | 25 | 30 | | |
| Agency total | 13,648 | 14,869 | 20,274 | +8% | +48% |
| **National Science Foundation (NSF)** | 3,366 | 3,710 | 4,183 | +10% | +24% |
| **Department of Energy:** | | | | | |
| Science Program | 2,236 | 2,296 | 2,420 | | |
| Fusion Research | 232 | 228 | 200 | | |
| National Spallation Neutron Source | .............. | 157 | 195 | | |
| Agency total | 2,468 | 2,681 | 2,815 | +9% | +14% |
| **National Aeronautics and Space Administration:** | | | | | |
| Space Science | 2,034 | 2,058 | 2,568 | | |
| Mission to Planet Earth | 1,417 | 1,372 | 1,407 | | |
| Advanced Space Transportation Technology | 417 | 389 | 490 | | |
| Aeronautics | 920 | 786 | 775 | | |
| Agency total | 4,788 | 4,605 | 5,240 | –4% | +9% |
| **Department of Commerce:** | | | | | |
| National Oceanic and Atmospheric Administration | 278 | 251 | 251 | | |
| National Institute of Standards and Technology | 563 | 600 | 689 | | |
| Agency total | 841 | 851 | 940 | +1% | +12% |
| **Department of Interior:** U.S. Geological Survey | 759 | 807 | 796 | +6% | +5% |
| **Department of Education:** Education Research | .............. | 50 | 50 | NA | NA |
| **Department of Veterans Affairs:** Medical Research | 272 | 300 | 300 | +10% | +10% |
| **Department of Agriculture:** | | | | | |
| CSREES Research and Education | 430 | 423 | 423 | | |
| Economic Research Service | 53 | 56 | 56 | | |
| Agricultural Research Service | 745 | 770 | 770 | | |
| Forest Service Research | 188 | 195 | 195 | | |
| Agency total | 1,416 | 1,444 | 1,444 | +2% | +2% |
| **Environmental Protection Agency:** Office of Research and Development | 538 | 487 | 578 | –9% | +7% |
| **President's Climate Change Initiative:** | | | | | |
| Energy | 729 | 1,060 | 1,144 | | |
| Environmental Protection Agency | 90 | 205 | 241 | | |
| Commerce | .............. | 7 | 8 | | |
| Housing and Urban Development | .............. | 10 | .............. | | |
| Agriculture | .............. | 10 | 21 | | |
| ~~Subtotal~~ Climate Change Initiative total | .............. | 1,292 | 1,414 | | |
| **Total** | 28,915 | 31,096 | 38,034 | +8% | +32% |

[1] NSF data excludes $63 million per year in Function 054, Defense related activities.
[2] Excludes transfer in 1999 of research function from USDA feeding programs.

Agriculture Department

(NIST)

(USDA)

Standards and Technology and the Departments of Agriculture and Housing and Urban Development. The budget proposes a combined $2.7 billion increase over five years for these agencies for R&D on energy efficiency, renewable energy, and carbon-reduction technologies. The budget also proposes $3.5 billion in tax incentives over five years to stimulate the adoption of more efficient technologies in buildings, industrial processes, vehicles, and power generation.

An example of efforts to develop breakthrough technologies to cut greenhouse gases and improve energy efficiency is the Partnership for a New Generation of Vehicles (PNGV)—a Government-industry effort to develop an attractive, affordable car that meets all applicable safety and environmental standards and is up to three times more fuel efficient than today's cars, reaching roughly 80 miles per gallon. The budget proposes a similar Government-industry effort to develop more efficient heavy truck engines. Other key parts of the CCTI are Government-industry partnerships on energy-efficient technologies for commercial buildings and homes; stronger labeling and efficiency requirements for appliances and office equipment; the deployment of new technologies in the industrial sector to capture waste heat and convert it into electricity; and R&D spending and incentives for renewable energy sources like biomass, wind, photovoltaics, and fuel cells (See Tables 6–2 and 6–3)

*National Aeronautics and Space Administration (NASA):* The Fund supports several ongoing activities, including: $2 billion for Space Science, a program that has outperformed all expectations in 1997 with the highly successful Mars Pathfinder mission; $1.4 billion for Mission to Planet Earth, which explores the influence of natural processes and human activities on the environment, and which will launch the first of NASA's new generation of Earth Observing System Satellites, known as AM–1, in 1998; $388 million for Advanced Space Transportation Technology, including funds for the X–33 and X–34 reusable launch vehicle technology demonstrations; $786 million for NASA's Aeronautics Research and Technology programs, including Aviation Safety R&D; and $800 million in future-year funds to support launch vehicles that would lower NASA's launch costs.

*National Science Foundation (NSF):* The Fund provides $3.7 billion, 10 percent more than in 1998, for NSF, whose broad mission is to promote science and engineering research and education across all fields and disciplines. NSF supports nearly half of the non-medical basic research conducted at academic institutions, and provides 30 percent of Federal support for mathematics and science education.

**Table 6–2. CLIMATE CHANGE TECHNOLOGY INITIATIVE (AGENCIES)**

(In millions of dollars)

| Selected Agencies | 1997 Actual | 1998 Estimate | 1999 Proposed | Dollar Change: 1998 to 1999 | Total, 1999–2003 |
|---|---|---|---|---|---|
| **Discretionary Budget Authority:** | | | | | |
| Energy | 657 | 729 | 1,060 | +330 | +1,899 |
| Environmental Protection Agency | 86 | 90 | 205 | +115 | +677 |
| Housing and Urban Development | ............ | ............ | 10 | +10 | +10 |
| Commerce | ............ | ............ | 7 | +7 | +38 |
| Agriculture | ............ | ............ | 10 | +10 | +86 |
| Subtotal, budget authority | 743 | 819 | 1,292 | +472 | +2,710 |
| Tax Incentives | ............ | ............ | 421 | +421 | +3,502 |
| **Total Initiative** | **743** | **819** | **1,713** | **+894** | **+6,212** |

NOT FINAL

**Table 6–3. CLIMATE CHANGE TECHNOLOGY INITIATIVE (SECTORS)**

(In millions of dollars)

| Key Sectors | 1998 Estimate | 1999 Proposed | Dollar Change: 1998 to 1999 |
|---|---|---|---|
| **Discretionary Budget Authority:** | | | |
| Buildings | 146 | 264 | +118 |
| Industry | 156 | 216 | +60 |
| Transportation | 246 | 356 | +110 |
| Electricity | 220 | 332 | +112 |
| Carbon Sequestration and Cross-Cutting Research | .............. | 42 | +42 |
| Policy Analysis, Market Incentives | 6 | 26 | +16 |
| Program Direction | 45 | 57 | +12 |
| **Total** | **819** | **1,292** | **+473** |

Because most NSF awards go to colleges and universities, they not only generate knowledge, but also train the next generation of scientists and engineers.

*Department of Energy (DOE):* The Fund provides the resources for DOE's science research and nuclear fusion programs, for constructing the National Spallation Neutron Source, for the international partnership on the Large Hadion Collider, and for DOE research under the Climate Change Technology Initiative (discussed earlier in this chapter).

*~~Department of Agriculture~~ (USDA):* The Fund provides $777 million for the Agricultural Research Service, $33 million more than in 1998, and $56 million for the Economic Research Service, which conduct a broad range of food, farm, and environmental research programs. The budget also provides $423 million for Cooperative State Research, Education, and Extension Service (CSREES) programs, including $130 million for the National Research Initiative, a 34 percent increase over the 1998 level. CSREES provides grants for agricultural, food, and environmental research, and for higher education. National Research Initiative competitive research grants improve the quality and increase the quantity of USDA's farm, food, and environmental research. The budget proposes a Food Genome Initiative to expand efforts to understand the genomes of important plants, animals, and microbes. In addition, it increases funding for the Forest Service's Forest and Rangeland Research program to conduct research on sensitive and complex natural resource management issues, forest health restoration, wildland fire fuels reduction, wildlife habitat restoration, alternative uses of forest and rangeland resources, and inventory and monitoring methods.

*Department of Commerce's ~~National Institute of Standards and Technology~~ (NIST):* The Fund provides $260 million for NIST's Advanced Technology Program (ATP), growing to $399 million by 2003, to promote unique, rigorously competitive, cost-shared R&D partnerships between Government and private industry to more quickly develop high-risk technologies that promise significant commercial payoffs and widespread economic benefits. The Fund also provides $342 million for NIST's Standards and Technology Laboratories, including $302 million for ongoing programs and new initiatives in disaster mitigation, semiconductors, and trade-related standards and $40 million to build an Advanced Measurement Laboratory on the NIST campus in Gaithersburg, Md.

*Department of Commerce's National Oceanic and Atmospheric Administration/ Office of Oceanic and Atmospheric Research (OAR):* The Fund provides $251 million for OAR to conduct research to provide the scientific basis for national policy decisions in areas such as climate change, air quality, and stratospheric ozone depletion, as well as research to promote economic growth through efforts in marine biotechnology and environmental technologies.

*Department of the Interior's U.S. Geological Survey (USGS):* The Fund provides $806 million for science that directly supports natural resource and environmental decision making. Increases for USGS support research on pollutant transport in ground water; enhanced understanding of species habitat; and improved monitoring of water quality, species habitat, and natural hazards. USGS plans to use its mapping, remote sensing, and natural resources monitoring capabilities to develop new ways to improve the availability and dissemination of domestic natural disaster hazards information, as well as to support NASA's Earth Observing System satellites.

*~~Environmental Protection Agency~~ (EPA):* The Fund provides $487 million for EPA's Office of Research and Development (ORD), which performs most of EPA's research and provides a sound scientific and technical foundation for environmental policy and regulatory decision-making. ORD also provides technical support to EPA's mission, integrates the work of its own scientific partners, and provides leadership in addressing emerging environmental issues.

*Department of Veterans Affairs' (VA) Medical Research:* The Fund provides $300 million—about a third of the department's overall research program of nearly $1 billion—for clinical, epidemiological, and behavioral studies across a broad spectrum of medical research disciplines.

*Department of Education:* The Fund includes $50 million a year for five years for the Education Research Initiative, a partnership between the Education Department and the National Science Foundation—consistent with recommendations by the President's Committee of Advisors on Science and Technology, the National Academy of Education, and the National Research Council's Committee on the Federal Role in Education Research. The initiative will support large-scale research studies on the best approaches to raising student achievement through, for example, technology, reading, mathematics, and instructional applications of brain research.

(HHS)

*Department of Health and Human Services Agency for Health Care Policy and Research (AHCPR):* The Fund provides $46 million for AHCPR to complement the work of the President's quality commission by working toward evidence-based research on finding treatment, diagnosis, and cures produced from investments at NIH. AHCPR works primarily through peer-reviewed grants to academic health centers, universities, and non-profit research organizations.

*Centers for Disease Control and Prevention (CDC):* The Fund includes a $25 million increase for CDC's population-based research activities to provide new peer-reviewed grants that will enable academic centers to perform population-based research to help prevent diabetes, heart disease, workplace injuries, and cancers. HHS

## Science and Technology Highlights

Federal investments in science and technology contribute to the Administration's economic, educational, health, environmental, and national security goals. Along with programs of the Research Fund for America, the budget proposes increases for a host of other important activities. (For total Federal R&D funding, see Table 6–4; for science and technology highlights, see Table 6–5.)

*Increasing Total Support for Science and Technology:* The budget marks the sixth straight year that the President has proposed increases in R&D—at $xx billion, $yy billion or zz percent more than in 1998. The budget also provides an increasing share for civilian R&D investments, which comprise xx percent of the total.

*Boosting Funding for Basic and Applied Research:* The budget proposes $xx billion for basic research and $xx billion for applied research—increases of $xxx million and $xxx million, respectively, over 1998. These investments, which include increases of xx percent for NIH, yy percent for NSF, and zz percent for DOE, reflect the Administration's commitment to obtaining knowledge that will provide future economic and social benefits and improve our ability to meet economic needs without adversely affecting health and the environment.

Not all data FINAL

**Table 6–4. RESEARCH AND DEVELOPMENT INVESTMENTS**
(Budget authority, dollar amounts in millions)

| | 1997 Actual | 1998 Estimate | 1999 Proposed | Dollar Change: 1998 to 1999 | Percent Change: 1998 to 1999 | |
|---|---|---|---|---|---|---|
| **By Agency:** | | | | | | |
| Defense | 37,238 | 37,430 | 37,010 | –420 | –1% | |
| Health and Human Services | 12,941 | 13,836 | 15,136 | +1,300 | +9% | |
| National Aeronautics and Space Administration | 9,348 | 9,752 | 9,501 | –251 | –3% | |
| Energy | 6,234 | 6,477 | 7,174 | +697 | +11% | |
| National Science Foundation | 2,463 | 2,607 | 2,893 | +286 | +11% | |
| Agriculture | 1,562 | 1,559 | 1,552 | –7 | ~~+0%~~ | * |
| Commerce | 978 | 1,079 | 1,080 | +1 | ~~+0%~~ | * |
| Interior | 592 | 609 | 631 | +22 | +4% | |
| Transportation | 612 | 676 | 775 | +99 | +15% | |
| Environmental Protection Agency | 564 | 637 | 631 | –6 | –1% | |
| Other | 1,471 | 1,536 | 1,776 | +240 | +16% | |
| Total | 74,003 | 76,198 | 78,159 | +1,961 | +3% | |
| **By R&D Type:** | | | | | | |
| Basic Research | 15,017 | 15,773 | 16,966 | +1,193 | +8% | |
| Applied Research | 14,393 | 15,553 | 16,401 | +848 | +5% | |
| Development | 42,352 | 42,474 | 42,161 | –313 | –1% | |
| Equipment | 688 | 721 | 837 | +116 | +16% | |
| Facilities | 1,553 | 1,677 | 1,794 | +117 | +7% | |
| Total | 74,003 | 76,198 | 78,159 | +1,961 | +3% | |
| **By Civilian Theme:** | | | | | | |
| Basic Research | 13,927 | 14,673 | 15,811 | +1,138 | +8% | |
| Applied Research | 10,348 | 11,244 | 11,772 | +528 | +5% | |
| Development | 7,896 | 8,010 | 8,229 | +219 | +3% | |
| Equipment | 542 | 577 | 693 | +116 | +20% | |
| Facilities | 1,243 | 1,252 | 1,318 | +66 | +5% | |
| Subtotal | 33,956 | 35,756 | 37,823 | +2,067 | +6% | |
| **By Defense Theme:** | | | | | | |
| Basic Research | 1,090 | 1,100 | 1,155 | +55 | +5% | |
| Applied Research | 4,045 | 4,309 | 4,629 | +320 | +7% | |
| Development | 34,456 | 34,464 | 33,932 | –532 | –2% | |
| Equipment | 146 | 144 | 144 | ~~+0~~ | ~~+0%~~ | --/-- |
| Facilities | 310 | 425 | 476 | +51 | +12% | |
| Subtotal | 40,047 | 40,442 | 40,336 | –106 | ~~+0%~~ | -*% |
| **By R&D Share:** | | | | | | |
| Defense | 40,047 | 40,442 | 40,336 | –106 | ~~+0%~~ | -*% |
| Civilian | 33,956 | 35,756 | 37,823 | +2,067 | +6% | |
| Total | 74,003 | 76,198 | 78,159 | +1,961 | +3% | |
| Civilian (percent) | ~~0~~ | ~~0~~ | ~~0~~ | NA | NA | |
| R&D Support to Universities | 12,682 | 13,633 | 14,471 | +838 | +6% | |
| Merit (Peer) Reviewed R&D Programs | 21,438 | 22,689 | 24,324 | +1,635 | +7% | |
| | 46% | 47% | 48% | | | |

bf?

* Less than 0.5 percent.
NA= Not applicable

*Strengthening University-Based Research:* University-based research—a mixture of basic and applied science, development, equipment procurement, and facilities investment—is key to America's future. While fostering innovation and expanding the scientific frontier, university-based research also trains the next generation of scientists and engineers. The budget proposes $xx billion, an increase of $xxx million over 1998.

*Protecting Human Health:* The budget reflects the Administration's continued focus on

## Table 6–5. SELECTED AGENCY HIGHLIGHTS

(Budget authority, dollar amounts in millions)

| | 1997 Actual | 1998 Estimate | 1999 Proposed | Dollar Change: 1998 to 1999 | Percent Change: 1998 to 1999 |
|---|---|---|---|---|---|
| **National Aeronautics and Space Administration:** | | | | | |
| International Space Station | 2,149 | 2,301 | 2,270 | –31 | –1% |
| **Department of Commerce:** | | | | | |
| Manufacturing Extension Partnership | 95 | 114 | 107 | –7 | –6% |
| National Telecom. and Info. Admin. NIAA Grants | 21 | 20 | 22 | +2 | +10% |
| **Department of Transportation:** | | | | | |
| Intelligent Transportation System Initiative | .......... | .......... | 250 | | |
| Flight 2000 Demonstraton Program | .......... | .......... | 90 | +90 | NA |
| **Department of Agriculture:** Food Genome Project | .......... | .......... | 10 | +10 | NA |
| **Department of Defense:** | | | | | |
| Dual Use Applications Program | .......... | .......... | 159 | | |
| Advanced Concept Technology Demonstrations | .......... | .......... | 116 | | |
| **National Science and Technology Council Initiatives: U.S. Global Change Research Program:** | | | | | |
| Health and Human Services | 4 | 4 | 5 | +1 | +25% |
| National Aeronautics and Space Admin. | 1,369 | 1,417 | 1,372 | –45 | –3% |
| Energy | 109 | 108 | 113 | +5 | +5% |
| National Science Foundation | 166 | 167 | 187 | +20 | +12% |
| Agriculture | 57 | 58 | 59 | +1 | +2% |
| Commerce | 62 | 62 | 71 | +9 | +15% |
| Interior | 29 | 29 | 29 | .......... | .......... |
| Environmental Protection Agency | 14 | 15 | 21 | +6 | +40% |
| Smithsonian | 7 | 7 | 7 | .......... | .......... |
| Tennessee Valley Authority | 1 | .......... | .......... | .......... | .......... |
| Subtotal | 1,818 | 1,867 | 1,864 | –3 | –*% |
| **Large Scale Networking and High-end Computing and Computation:**[1] | | | | | |
| Defense | 333 | 324 | 194 | –130 | –40% |
| Health and Human Services | 88 | 97 | 107 | +10 | +10% |
| National Aeronautics and Space Admin. | 106 | 115 | 91 | –24 | –21% |
| Energy | 123 | 124 | 128 | +4 | +3% |
| National Science Foundation | 251 | 267 | 310 | +43 | +16% |
| Commerce | 30 | 35 | 22 | –13 | –37% |
| Education | .......... | .......... | .......... | .......... | .......... |
| Veterans | .......... | .......... | .......... | .......... | .......... |
| Environmental Protection Agency | 6 | 6 | 5 | –1 | –17% |
| Subtotal | 937 | 968 | 857 | –111 | –11% |
| **Partnership for a New Generation of Vehicles** | 234 | 227 | 277 | +50 | +22% |
| 4 Emerging Infectious Diseases | 314 | 315 | 344 | +29 | +9% |

[1] ~~Budget~~ Data for this program reflect a restructuring of the former High Performance Computing and Communications program.

NA = Not applicable. * Less than 0.5 percent.

R&D to protect human health. It funds merit-based, peer-reviewed research programs at the NIH that have made the United States the world's leader in medical research, and it also supports the development of an AIDS vaccine, the fight against emerging infectious diseases, research on breast cancer, efforts to reduce the demand for drugs, and a food safety initiative.

***Investing in Innovation to Create New Jobs and Industries:*** Many of the new jobs created under this Administration have been high-tech, high-wage jobs in industries like biotechnology and computing. The budget maintains a strong investment in technology to foster these high-priority, civilian science and technology industries and jobs. Along with funding the ATP program as part of the Research Fund for America, the budget continues funding for Manufacturing Extension Partnerships (MEP) to help small businesses become more competitive by adopting modern technologies and production techniques; and for high performance computing research.

***Investing in Environmental Research:*** Environmental research is critical for developing the scientific understanding and technological tools to allow the Nation to enhance environmental quality for current and future generations. The budget supports vital research on safe and clean food, air, and water, and on ecosystem management, biological diversity, and ozone depletion. The budget increases support for energy efficiency and renewable energy programs, and for programs to help us understand, prepare for, and mitigate the effects of changing climate conditions and natural disasters. These investments provide a scientific basis for developing cost-effective environmental policies, create the knowledge base for citizens to make wise environmental decisions, and enable new and better approaches to environmental protection.

***Investing in a 21st-Century Education:*** Information technology has revolutionized America's businesses, but has not yet had as profound an effect in America's classrooms. Through the President's Education Technology Initiative, the Federal Government is helping to ensure that America's classrooms are equipped with modern computers and connected to the Internet, that educational software becomes an integral part of the curriculum, and that teachers will be ready to use and teach with technology. Federal science and technology investments contribute to these goals; they include the Education Research Initiative—a joint Education Department and NSF partnership (described earlier in this chapter)—and NSF's activities in Knowledge and Distributed Intelligence. (For more discussion of education technology, see Chapter 1, "Investing in Education and Training.")

***Investing in Research to Keep Our Nation Secure:*** The budget furthers the Administration's investments in defense research to ensure that our military maintains its technological superiority. The budget also supports programs to keep nuclear weapons out of the hands of terrorists, use science-based techniques to ensure the safety and reliability of our nuclear weapons stockpiles, support research in critical infrastructure protection, and promote global stability by bolstering strong international science and technology partnerships. The budget also supports the Dual Use Applications Program (DUAP), which puts commercial industry's technical know-how and economies of scale at the service of national defense.

## Other Program Highlights

The Administration continues to support a wide variety of science and technology programs at individual agencies.

***NASA International Space Station:*** With the first launch to assemble this unique orbital laboratory only a few months away, the budget includes $2.3 billion to keep subsequent assembly missions on schedule. It also includes funds in later years to minimize the risk and cost of the project. NASA is developing the Space Station with the European Space Agency, Japan, Canada, and Russia.

### *Department of Commerce:*

*Manufacturing Extension Partnership:* The budget proposes $xxx million for this Nationwide network of 75 centers and 300 field offices that offer technical assistance and information about the newest business practices to help the Nation's 382,000 smaller manufacturers compete more effectively, leading to stronger economic growth and job creation.

*National Telecommunications and Information Administration's National Information Infrastructure Grants Program:* The budget proposes $22 million for grants to fund innovative projects that demonstrate how information technology can improve the delivery of educational, health, and other social services. These grants are highly competitive and have stimulated several hundred million dollars in non-Federal matching funds.

### *Department of Transportation:*

*Intelligent Transportation System (ITS) Initiative:* The budget proposes $250 million for the ITS initiative—a package of technologies to enhance the safety and efficiency of our surface transportation infrastructure.

The budget also includes $100 million for the Deployment Incentives program, which will begin the Nation-wide deployment of "intelligent infrastructure," such as interactive traffic signals and traveler information systems.

*Flight 2000 Demonstration Program:* Responding to recommendations of the White House Commission on Aviation Safety and Security, the budget proposes $90 million for the Flight 2000 Demonstration Program, which will test and validate equipment and operating procedures over Alaska and Hawaii. The program will lead to a revolution in air traffic control known as "free-flight," which promises significant savings and will allow travelers to reach their destinations more safely, quickly, and efficiently.

*Department of Defense (DOD):*

(COSSI) DUAP *~~Dual-Use Applications Program~~ and Commercial Operating Support Savings Initiative:* The budget proposes $159 million to develop dual-use technologies and adapt cost-saving commercial technology for military uses, enabling DOD to more widely use commercial technologies, products, and services. The military services would fund most of DUAP and COSSI directly, reflecting Administration efforts to increase the services' direct involvement in all phase of the programs.

*Advanced Concept Technology Demonstrations (ACTDs):* The budget proposes $116 million for demonstrations to quickly harness technology and innovation for military use, at less cost. ACTDs bring technology experts and military operators together early in system development to eliminate communication barriers, improve the management of development programs, and address key warfighter challenges. ACTDs focus on three key objectives: to evaluate the military utility of new technology applications before committing to buy them; to develop corresponding battlefield operation concepts and doctrine in order to use new capabilities as wisely as possible; and to provide new capabilities to combat forces. Forty ACTDs are now under way, while six have been completed.

## National Science and Technology Council Interagency Initiatives

Science and technology is a primary focus of many Federal agencies. The National Science and Technology Council provides the management oversight that will ensure efficient and effective inter-agency coordination for key science and technology initiatives that involve multiple agencies, such as:

*U.S. Global Change Research Program (USGCRP):* The budget proposes $xxx to increase understanding of climate change and variability, atmospheric chemistry, and ecosystems. USGCRP results help develop climate change policies. The 1997 launch of the Tropical Rainfall Measurement Mission satellite will provide previously unavailable, detailed, and accurate rainfall measurements, filling a significant gap in our understanding of the Earth system. In 1998 and 1999, USGCRP will launch more satellites, and will focus on investigating regional climate changes.

*Large Scale Networking and High-end Computing and Computation:* The budget provides $xxx million for this R&D effort, originally called High Performance Computing and Communications, which the Administration has restructured to focus on clearer goals, milestones, and performance measures. As part of this effort, the budget provides $95 million for the Next Generation Internet Initiative, which will create a research network that is 100 to 1,000 times faster than today's Internet, and invests in R&D for smarter, faster networks that support new applications, such as telemedicine, distance learning, and real-time collaboration.

*Partnership for a New Generation of Vehicles:* The budget proposes $xx million, a xx-percent increase over 1998, for this cost-shared, industry partnership, which centers on three research goals: to develop advanced manufacturing techniques; to use new technologies for near-term emissions improvements; and to develop production prototype vehicles three times more fuel efficient than today's cars, with no sacrifice in comfort, performance, or price. Federal funding focuses mainly on the third goal. The program will lead to "concept cars" in the year 2000 and production prototypes in 2004.

*Emerging Infectious Diseases:* The budget proposes $xx million, xx percent over the 1998 level, for research on new tools to detect and control emerging infectious diseases and on the biology and pathology of infectious agents.

# 7. ENFORCING THE LAW

> *We said that we had to keep being tough on criminals, but we had to do some intelligent things. We said that we had to punish people more, but we have to give children something to say yes to, and we've had five years of declining crime rates and last year the biggest drop in violent crime in 35 years.*
>
> President Clinton
> July 1997

Over the past five years, the Administration has made significant progress in cutting crime across the Nation. The strategy has been simple: put more community police officers on the streets to involve citizens in partnerships with the law enforcement authorities, impose punishments that fit the crime for people who break the law, and develop prevention programs to give children alternatives to crime and drugs and a chance for a positive future. The results have been extraordinary—five years of falling crime rates and, in 1996, the biggest drop in violent crime in 35 years.

Although crime remains mainly a State and local responsibility, the last five years show that the Federal Government can play an important role in reducing crime. The budget continues the Administration's aggressive anti-crime efforts, with a particular emphasis on reducing juvenile crime and violence. It builds on the success of community-based efforts such as the Community Oriented Policing Services (COPS) program, which will put 100,000 more police officers on the street by the year 2000, with a new Community Prosecutors Initiative to help prosecutors reorient their emphasis from simply processing cases to addressing quality-of-life issues and preventing crimes from occurring in the first place. The budget also proposes funds to prevent violence against women, help States and Indian tribes build prisons, and address the growing law enforcement crisis on Indian lands.

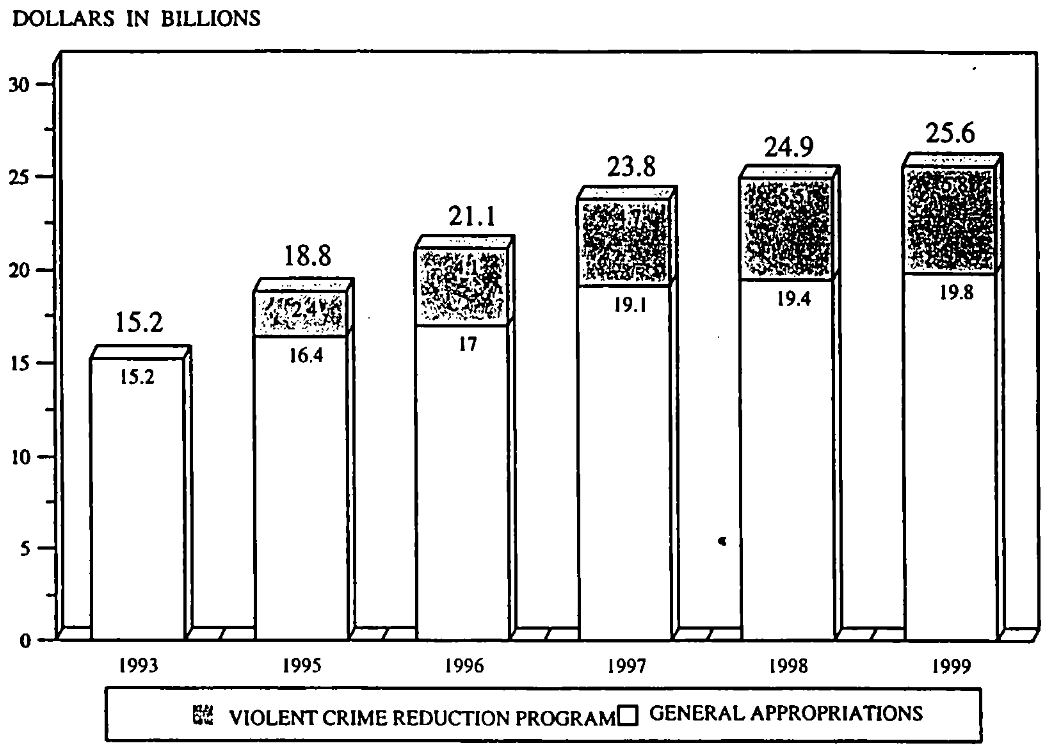
The budget strengthens the Administration's aggressive efforts to control illegal immigration by targeting resources to stop those who want to enter the United States illegally, detain and quickly remove those who slip by, and make it harder for illegal immigrants to get jobs. It proposes to strengthen border enforcement in the South and West, to continue Port Courts to expedite removals, and to expand efforts to verify the employment eligibility of newly hired non-citizens.

Finally, the budget continues the Administration's commitment to combat drug use, particularly among young people. It devotes resources to youth prevention programs in order to change permissive attitudes toward drugs and reverse the trend of increased drug use by youth. The budget proposes to expand programs that stress treatment and prevention, domestic law enforcement, international assistance, and interdiction. It continues to build on the innovative Drug Courts initiative, provides $50 million for a new School Drug Prevention Coordinators initiative, and proposes $85 million for local efforts that target drug-using offenders. It also provides increased funds for drug testing and for targeted interdiction efforts that enhance port and border security and disrupt drug trafficking organizations overseas. The budget ~~would~~ increase s spending for drug control efforts by about $900 million, to $16.9 billion. NR

### Fighting Crime

The budget proposes $xx.x billion to control crime, an $xx million increase over 1998 (see Chart 7–1). Of the total, ~~the Violent Crime Reduction Trust Fund (VCRTF) provides~~ $5.8 billion toward programs authorized NR

**Chart 7-1. ANTI-CRIME BUDGET HISTORY**




in the 1994 Crime Act, an increase of $300 million over 1998 (see Table 7–1). While enhancing Federal anti-crime capabilities, the budget seeks to empower States and communities, which play the central role in controlling crime, particularly violent crime.

***Community Policing:*** The cornerstone of the President's program to fight crime, particularly violent crime, is his plan to place 100,000 more police officers on the streets by 2000. Putting the idea of community policing into action, the program seeks to cut crime, violence, and disorder by applying proven, effective programs and strategies. By the end of 1998, the COPS initiative will have funded 83,000 more police officers and, for 1999, the budget proposes $1.4 billion to put nearly 16,000 more officers on the street. COPS also enables local law enforcement agencies to buy sophisticated crime equipment and hire support personnel, which, in turn, enable communities to deploy more officers.

***Community Prosecutors Initiative:*** Community prosecution is the natural next step to community policing. The budget provides $50 million, on a competitive basis, for local prosecutors' offices to work directly with neighborhood residents, join forces with police and other criminal justice agencies to solve local crime problems, and shift their emphasis from simply processing cases to preventing crimes from occurring in the first place.

***Law Enforcement on Indian Lands:*** Homicide and violent crime rates on Indian lands are rising, even as crime rates in the rest of the country fall. Indian lands have only 1.3 police officers per 1,000 citizens, compared with the average of 2.9 officers per 1,000 citizens in non- Indian areas with similar population density. Moreover, jails on Indian lands fall far short of basic standards in such areas as staff and inmate safety. The budget proposes a $182 million initiative within the Justice and Interior Departments to address the public safety crisis in Indian Country by strengthening Indian Country law enforcement in such areas as the number of officers per capita and the quality of detention facilities,

REDUCTION

**Table 7–1. VIOLENT CRIME PROGRAM SPENDING BY FUNCTION**

(Budget authority, dollar amounts in millions)

| | 1997 Actual | 1998 Estimate | 1999 Proposed | Dollar Change: 1998 to 1999 | Percent Change: 1998 to 1999 |
|---|---|---|---|---|---|
| **Prevention:** | | | | | |
| Violence Against Women | 259 | 415 | 415 | | |
| Drug Courts | 30 | 30 | 30 | | |
| Residential State Prison Drug Treatment | 30 | 63 | 72 | +9 | +14% |
| Drug Testing/Drug Treatment | | | 85 | +85 | NA |
| Juvenile Justice Substance Abuse Prevention | | | 5 | +5 | NA |
| Other Prevention Programs | 34 | 27 | 28 | +1 | +4% |
| Subtotal, Prevention | 353 | 535 | 635 | +100 | +19% |
| **State and Local Assistance:** | | | | | |
| Community Policing | 1,420 | 1,430 | 1,420 | –10 | –1% |
| Incarceration of Violent Offenders | 670 | 721 | 711 | –10 | –1% |
| Prosecutors/Violent Youth Courts | | | 200 | +200 | NA |
| Incarceration of Undocumented Criminals | 330 | 420 | 350 | –70 | –17% |
| Other State and Local Assistance | 789 | 873 | 683 | –190 | –22% |
| Subtotal, State and Local Assistance | 3,209 | 3,444 | 3,364 | –80 | –2% |
| **Federal Law Enforcement Assistance:** | | | | | |
| Department of Justice | 1,002 | 1,350 | 1,608 | +258 | +19% |
| Department of the Treasury | 89 | 131 | 133 | +2 | +2% |
| ~~Judiciary~~ Judicial Branch | 30 | 40 | 60 | +20 | +50% |
| Subtotal, Federal Law Enforcement | 1,121 | 1,521 | 1,801 | +280 | +18% |
| **Total, Violent Crime Program Spending ~~Trust Fund~~** | 4,683 | 5,500 | 5,800 | +300 | +5% |

NA = Not applicable. Reduction

primarily through anti-crime grants to Indian jurisdictions.

*Violence Against Women:* Violence against women is a continuing problem. Studies show that law enforcement intervention often breaks the cycle of domestic violence, preventing subsequent incidents. The budget proposes $271 million to maintain efforts to combat gender-based crime. Funding for these programs will also enable States to further expand outreach to previously under-served rural, Indian, and other minority populations.

*Juveniles:* The budget proposes $291 million for existing programs to fight juvenile crime and $95 million to support more local community prevention programs such as mentoring, truancy prevention, and gang intervention. To prevent young people from becoming involved in the juvenile justice system, the budget expands programs that provide supervised afternoon and evening activities for youth. These programs include $200 million for community schools, supervision, and youth services grants, an increase of $40 million over 1998.

*Gangs:* The President has worked hard to crack down on violent youth gangs and to keep guns out of the hands of criminals and away from children. He launched a tough Anti-Gang and Youth Violence Strategy to help communities hire more prosecutors and probation officers, and to keep schools open later when youth crime rates peak. The budget provides

$100 million for prosecutorial initiatives to target gangs and $50 million for court-related activities such as more probation and parole officers and special court programs to expedite youth violence and gun cases.

- *Youth Crime Gun Interdiction Initiative:* The budget provides $28 million to crack down on illegal gun traffickers in 27 cities. Of the $28 million, $12 million would go to trace firearms used in crimes and give law enforcement the crucial investigative leads about the sources of these firearms, and $16 million would go to hire over 150 new agents of the Treasury Department's Bureau of Alcohol, Tobacco, and Firearms to help follow up on these leads.
- *Safe Streets Task Forces:* The budget proposes $95 million to continue the Safe Streets program, which blends the efforts of the FBI and other Federal law enforcement agencies with those of State and local police departments to investigate street crime and violence.

***Crime in Public Housing:*** The budget also targets violence in public housing, proposing $310 million to support anti-drug and anti-crime activities, including Operation Safe Home and the One Strike, You're Out program.

- *Operation Safe Home:* The Department of Housing and Urban Development's (HUD) Offices of Public and Indian Housing and Inspector General jointly administer Operation Safe Home, which brings together residents, managers, and various Federal and local law enforcement agencies to rid public housing communities of crime.
- *One Strike, You're Out:* The President believes that public housing is a privilege, not a right, and residents who commit crime and peddle drugs should be evicted immediately.

Agriculture Department (USDA) Law Enforcement and Program Integrity Initiative: USDA estimates that over $50 million a year in Food Stamps go illegally to convicted felons and prison inmates, and that a sizable number of retailers who accept Food Stamps make money off of them illegally. The budget includes $23 million to crack down on fraud and abuse in Food Stamps and other USDA programs, such as child nutrition, rural rental housing, and emergency and disaster assistance payments.

***Violent Offenders:*** The Administration seeks to ensure that convicted violent offenders serve at least 85 percent of their sentences behind bars. The budget proposes $711 million in State grants to build new prisons and jail cells under the Violent Offender Incarceration and Truth in Sentencing (VOI/TIS) Program; the 1999 funding level finances about 9,500 new prison beds. The VOI/TIS proposal also would provide $150 million to reimburse States for the costs of incarcerating criminal aliens and $25 million to improve State and local correctional facilities that hold Federal prisoners and detained illegal aliens.

***Terrorism:*** While acts of domestic terrorism have been isolated events such as the Oklahoma City and World Trade Center bombings, the Administration has sought more Federal resources to ensure the safety and security of the public and the Government from these violent and devastating criminal acts. The budget builds on the President's 1997 Antiterrorism/Counterterrorism/Security initiative by providing $6.9 billion to combat terrorism, of which $4.7 billion would support the Defense Department's (DOD) terrorism-related and force protection efforts. While much of the proposed funding continues current terrorism-related programs in physical protection and law enforcement activities, the budget also proposes new initiatives in the following high-priority areas:

- *Weapons of Mass Destruction Terrorism:* The budget proposes increases of $16 million for the Justice Department to support of State and local response capabilities to weapons of mass destruction, $49 million for DOD domestic preparedness and response capabilities, $7 million for the Energy Department's emergency response capabilities for nuclear terrorist events, and $2 million for HHS' Metropolitan Medical Strike Teams which handle the medical response to an incident involving weapons of mass destruction.
- *Cyber Crime/Critical Infrastructure:* To improve the Government's ability to detect and counter cyber crime and other threats to the Nation's critical infrastructure, the

budget proposes $27 million to enhance the FBI's and U.S. Attorneys' investigative and prosecutorial efforts, and $37 million to enable the Justice Department's Counterterrorism Fund to support critical infrastructure protection efforts. The budget also continues DOD's and other agencies' critical infrastructure research and development programs.

- *Aviation Security:* The budget provides over $110 million to the Federal Aviation Administration for explosives detection security equipment and cargo screening research and development, to support recommendations of the White House Commission on Aviation Security and Safety.

***Technology Improvements:*** Technology improvements give law enforcement agencies the tools to fight crime. The Communications Assistance for Law Enforcement Act ensures that law enforcement agencies can conduct court-authorized wiretaps as the Nation converts from analog to digital communications technology. With $103 million available in 1998 to help develop the technology changes to provide this capability, the budget proposes $100 million in 1999 to continue the effort. The budget also proposes $100 million to enable the Treasury and Justice Departments to upgrade their wireless communications systems, such as by improving their security and compatibility with the radio systems of State and local public safety agencies.

### Meeting the Challenges of Immigration

The Administration has sought to control our Nation's borders and stop illegal entry. Working through the Immigration and Naturalization Service (INS), it has reversed decades of neglect with an aggressive border control strategy. Since 1993, the Administration has added over 3,800 new Border Patrol agents—almost doubling the agent workforce—and introduced innovative border deterrents and advanced technology to stop illegal entry along the Nation's Southwest border.

As a Nation of immigrants, the United States will continue to welcome those who seek legal entry and refugees who seek protection. In 1997, the Nation welcomed nearly one million new naturalized U.S. citizens. INS is redesigning the naturalization process to meet the challenges of processing over a million new applications for citizenship a year in a way that ensures uncompromising integrity.

Since 1993, working with Congress, the Administration has increased INS funding by 148 percent. The budget, which proposes $4.2 billion for INS, 10 percent more than in 1998, continues to support efforts to advance border control, improve illegal alien detention and removal capabilities, and achieve efficient processing of those seeking citizenship (see Table 7–2).

***Border Control and Enforcement:*** By the end of 1998, Border Patrol agents will number over 7,800, a 97 percent increase over the 3,965 who patrolled the Nation's 5,000 miles of border in 1993. With more agents needed to fill enforcement "gaps" and enhance Border Patrol presence along the Southwest border—especially in border States like Texas, New Mexico and Arizona—the budget proposes to add 1,000 new Border Patrol agents (see Chart 7–2).

The budget maintains the Administration's commitment to "force-multiplying" technologies, including ground sensors, high-resolution color and infrared cameras, and state-of-the-art command centers, which will increase the effectiveness of these agents and enable INS to better control the border. Agents will be able to shift their focus from observing border barriers to responding to known border incursions and raiding smuggler operations and holding areas. Multi-year funding for these force-multiplying technologies will have the effect of adding over 1,300 agents to the Southwest border.

The budget provides funds to expand border fencing and barriers, install permanent lighting, and construct support roads along the Southwest border. These deterrents help control illegal crossings by funneling traffic into remote and inhospitable locations where the Border Patrol can more easily detect and apprehend those attempting to enter illegally. Since 1993, INS has added over 189 infrared night scopes, 4,675 ground sensors, 63 miles of fencing, and 17 miles of border lighting, and has added or improved over 1,000 miles of roads to help control drug trafficking, alien smuggling, and illegal entry. The budget

**Table 7–2. IMMIGRATION AND NATURALIZATION SERVICE FUNDING BY PROGRAM**

(Budget authority, dollar amounts in millions)

| | 1993 Actual | 1997 Actual | 1998 Estimate | 1999 Proposed | Dollar Change: 1998 to 1999 | Percent Change: 1998 to 1999 |
|---|---|---|---|---|---|---|
| **Appropriated Funds:** | | | | | | |
| Border Patrol | 354 | 730 | 877 | 998 | +121 | +14% |
| Investigations and intelligence | 142 | 254 | 269 | 305 | +36 | +13% |
| Land border inspections | 83 | 151 | 168 | 182 | +14 | +8% |
| Detention and deportation | 161 | 476 | 428 | 554 | +126 | +29% |
| Program support and construction | 227 | 564 | 600 | 684 | +84 | +14% |
| Subtotal, Apropriated Funds | 967 | 2,175 | 2,342 | 2,723 | +381 | +16% |
| **Fee Collections and Reimbursements:** | | | | | | |
| Citizenship and benefits | 308 | 626 | 786 | 827 | +41 | +5% |
| Air/sea inspections and support | 255 | 355 | 427 | 486 | +59 | +14% |
| Immigration support | .............. | 11 | 239 | 149 | –90 | –38% |
| Subtotal, Fee Collections and Reimbursements | 563 | 992 | 1,452 | 1,462 | +10 | +1% |
| **Total, Immigration and Naturalization Service resources** | **1,530** | **3,167** | **3,794** | **4,185** | **+391** | **+10%** |

provides funds for another nine miles of border lighting and additional fencing, and for maintaining border deterrents now in place.

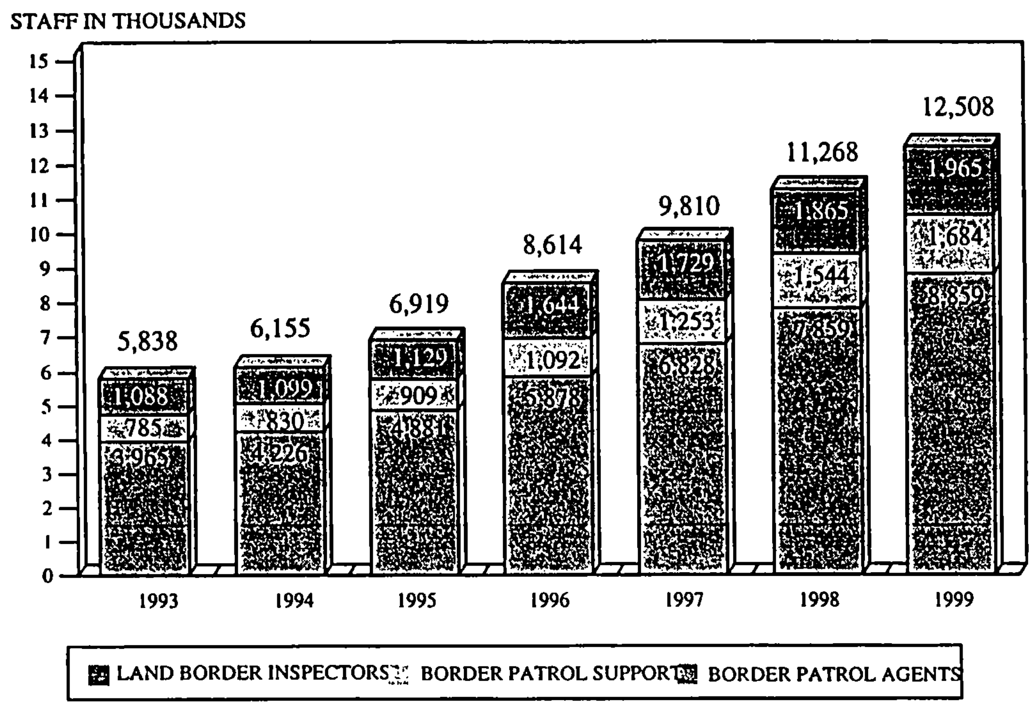
*Border Patrol and Detention Construction:* Over the past year, INS has focused on meeting its infrastructure needs by building more Border Patrol stations, border enforcement checkpoints, and detention facilities. The budget supports INS' construction program by providing funds to build and renovate eight Border Patrol stations, construct 13 new highway checkpoint systems and a rail yard inspection facility, and expand detention capabilities at five facilities.

*Detention and Removal of Illegal Aliens:* The Administration is committed to removing those who have entered the country illegally. With the resources of the past two years, INS has focused on removing criminal aliens held in Federal, State, and local facilities to ensure these criminals are not allowed back on the street. In 1997, INS removed 111,794 aliens, including 50,165 criminal aliens. It estimates that it will remove over 125,000 aliens in 1998, and 133,000 in 1999. The budget supports INS' detention program by proposing $90.8 million for facility, transportation, and bedspace improvements to detain and swiftly remove those who have entered illegally.

*State and Local Alien Incarceration:* Through the State Criminal Alien Assistance Program (SCAAP), the President has provided unprecedented help to reimburse State and local governments for the costs of incarcerating illegal criminal aliens. In 1997, the Federal Government provided $500 million to reimburse 47 States and over 200 localities—covering most costs associated with incarcerating aliens in non-Federal facilities. The budget continues this commitment, providing $500 million for reimbursements. The Federal Government plans to ensure that States and localities receiving SCAAP funds fully cooperate with INS in its efforts to expedite criminal alien removals.

**Chart 7-2. IMMIGRATION AND NATURALIZATION SERVICE**
**BORDER PATROL AND LAND BORDER INSPECTION STAFFING**

will fix




NR

*Citizenship and Benefits:* INS estimates that recent trends of increasing numbers of applications to naturalize will lead to about a million new citizens a year over the next few years. To process new applications, INS is working to reengineer the naturalization process and plans to have significant pieces of its redesigned system in place by spring 1998. It will ensure that applicants are: (1) given accurate and timely information; (2) introduced into the naturalization process correctly; and (3) adjudicated swiftly and consistently. The system will also ensure that INS is handling each case—from initial request through oath-taking—responsively and with uncompromising integrity. INS also plans an extensive community outreach effort that will target immigrant population centers to ensure that they are served efficiently.

*Organization and Structure:* The final report of the Commission on Immigration Reform called for major changes in how the Federal Government sets and implements immigration policy. In particular, it urged a separation of the enforcement and benefit functions that INS now performs.

The Administration has studied these and other reform proposals and developed a plan to enhance immigration law enforcement while improving the delivery of immigration services and benefits. It recognizes that enforcement and benefits are interrelated and, thus, calls for one agency, INS, to have both functions. The plan, however, would make INS more efficient and effective in carrying out these responsibilities by separating enforcement and benefit/service operations—both in headquarters and in the field—thereby strengthening accountability and lines of authority. In addition, the plan will enhance coordination among Federal agencies involved in immigration and establish greater accountability within each agency. Together, these reforms within INS and across the Government will support and sustain the Administration's progress over the last five years in enforcing our immigration laws and fulfilling the Nation's commitment to its immigration heritage.

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### Combating Drug Abuse and Drug-Related Crime

Drug use and drug-related crime cost our society about $67 billion a year[1] and poison the schools and neighborhoods where our youth strive to meet their full potential. Illicit drug trafficking thrives on a culture of crime, violence, and corruption throughout the world. Drug use is a major contributing factor in the spread of AIDS and other deadly diseases. All Americans, regardless of economic, geographic, or other position in society, feel the effects of drug use and drug-related crime.

update

The budget proposes $16.9 billion for drug control programs, a five-percent increase over 1998, including increases for all elements of the fight against drug use, such as drug treatment and prevention, especially for children and adolescents; domestic law enforcement; international programs; and interdiction (see Table 7–3).

*Community-Based Prevention:* The budget proposes $xxx billion for drug prevention programs, xxx percent more than in 1998. Although drug use among youth fell steadily, and dramatically, in the 1980s, teenage drug use has since increased and anti-drug attitudes have softened—due partly to drug glamorization in the media and highly publicized drug legalization efforts. The Administration remains committed to sending a single "no use" message to America's youth.

[1] "Substance Abuse: The Nation's Number One Health Problem," Key Indicators for Policy, Institute for Health Policy, Brandeis University (1993).

? NR

- *National Media Youth Anti-Drug Campaign:* The Office of National Drug Control Policy (ONDCP), in conjunction with other Federal, State, local, and private experts, is developing a $195 million national media campaign, including paid advertisements, targeting youth and their parents on the consequences of illicit drug use. Anti-drug messages have already aired in 12 target cities and on the Internet.
- *Safe and Drug Free Schools and Communities Program:* Students can reach their full potential only in safe, disciplined learning environments. The Safe and Drug Free Schools and Communities program helps 97 percent of school districts implement anti-drug and anti-violence programs in schools. The budget proposes $556 million for this program, including $125 million in competitive projects in high-need areas that use proven program designs.
- *School Drug Prevention Coordinators:* The budget proposes $150 million for a new School Drug Prevention Coordinators program to ensure that a quarter of the Nation's middle schools will have a knowledgeable director of drug and violence prevention programs. These coordinators will ensure that local programs are effective and link school-based prevention programs to community-based programs.
- *Drug Free Communities Act:* The budget proposes $20 million for activities under this Act, which helps increase citizen participation in our efforts to reduce substance abuse among youth and provides funds to help community anti-drug coalitions carry out their important missions.

**Table 7–3. DRUG CONTROL FUNDING**
(Budget Authority, dollar amounts in millions)

| | 1997 Actual | 1998 Estimate | 1999 Proposed | Dollar Change: 1998 to 1999 | Percent Change: 1998 to 1999 |
|---|---|---|---|---|---|
| Demand reduction | 4,943 | 5,377 | 5,867 | +924 | +19% |
| Supply reduction | 10,090 | 10,601 | 11,203 | +1,113 | +11% |
| **Total, Drug Control Funding** | **15,033** | **15,978** | **17,070** | **+2,037** | **+14%** |

***Drug Intervention:*** The budget proposes $xxx billion to treat drug abuse, xxx percent more than in 1998. The Administration realizes that an effective treatment system must confront drug abuse where the challenge is the hardest—in the streets of urban, suburban, and rural drug markets, and in the criminal justice system. Closing the treatment "gap" between those who could benefit from substance abuse treatment and the current capacity of the public treatment system remains a top priority. These chronic drug users consume a disproportionate amount of illicit drugs and inflict a disproportionate share of drug-related costs on society. (( ? )) [illegible]

- *Substance Abuse Treatment:* The budget provides $xxx billion for substance abuse treatment activity, xxx percent more than in 1998. The increase is based not only on the need to close the "treatment gap," but on a body of evidence showing that treatment is the most cost-effective way to reduce drug abuse. These efforts will enable hundreds of thousands of pregnant women, high-risk youth, and other underserved Americans to get drug treatment services.

- *Drug Courts:* The budget proposes $30 million for Drug Courts. In an effort to break the cycle of drugs, crime, and violence, these courts present an alternative to incarceration for people who commit nonviolent crimes and express a desire to participate in, and would benefit from, rehabilitative drug treatment. Drug Courts encourage serious commitment to the treatment process through graduated sanctions such as increased drug-testing and supervision, and, when necessary, incarceration.

***Domestic Drug Law Enforcement:*** The budget proposes $xxx billion for drug-related domestic law enforcement, xxx percent more than in 1998, to help bolster community-based law enforcement efforts, shield the Southwest border from illicit drugs, target major domestic organizations trafficking in heroin, and enhance coordination among Federal, State, and local law enforcement agencies. The budget proposes an increase of $13 million, or 30 percent, for the Drug Enforcement Agency (DEA) to enhance domestic anti-heroin efforts. The Federal Government will continue its focus on providing leadership and training; facilitating multi-agency cooperative efforts though the High Intensity Drug Trafficking Areas (~~HIDTA~~) program, the Southwest border initiative, and other efforts; and offering incentives to States and localities to use the most effective drug control methods.

- *Methamphetamine:* Methamphetamine is quickly becoming the growth drug of the 1990s. The DEA trains its agents, as well as State and local law enforcement agencies, to seize clandestine methamphetamine laboratories. The budget proposes to continue the DEA's anti-methamphetamine efforts with a $25 million increase, to $xx million.

***International Programs and Interdiction:*** The Administration's comprehensive approach to combating drug use includes an enhanced international strategy, making it harder for drug- criminals to smuggle illicit drugs into the United States. The budget includes funds to upgrade interdiction efforts along the Southwest border and in the Caribbean, and to provide heightened assistance to foreign governments to curtail drug cultivation and production.

- *Source Nation Efforts:* Internationally, the United States focuses primarily on interdiction in source countries and transit zones, disrupting the drug organizations and their production, marketing, and money laundering structures. The budget proposes to increase funding for counternarcotics programs in Peru to $150 million, 66 percent more than in 1998, to continue illicit coca crop eradication efforts and support alternative crop development. It proposes increased funding for counternarcotics programs in Colombia to $45 million, 50 percent more than in 1998, to continue enhanced coca, opium poppy, and marijuana crop eradication efforts. And it proposes $247 million, 20 percent more than in 1998, to provide training, logistics, equipment, intelligence, and communications support to source nations, mainly Columbia, Peru, and Bolivia.

- *Southern Tier of the United States:* The Administration remains committed to shielding the Nation's Southern tier from the drug threat. The budget proposes to enhance the Customs Service's border enforcement efforts by providing $54 million for advanced technology, which includes automated targeting systems and non-intrusive inspection systems, to improve narcotics interdiction. The budget further solidifies the interdiction effort by providing $104 million for another 1,000 border patrol agents and $14 million for the Coast Guard's Caribbean interdiction initiative.

# 8. STRENGTHENING THE AMERICAN COMMUNITY

> *We need to say that in the poorest neighborhoods of this country, people still have a chance to start a business, free enterprise still has a chance to take hold, people still have a chance to build a framework of community. And if we can't do that when the economy is strong, when can we do that? We have to do that.*
>
> President Clinton
> August 1997

Most Americans are enjoying the fruits of our strong economy. Poverty, welfare, and unemployment are down. Incomes and home-ownership are up.

But progress is not uniform. While many urban and rural areas are doing better, too many others have grown disconnected from opportunity and prosperity, and their isolation—the poor from the well-off, the jobless from those who work, those from one race or ethnicity from those of another—threatens to fray the fabric of our culture.

In the early 20th Century, cities fueled America's economic growth. Still today, their future, and that of rural areas, remains central to our future as a Nation and, thus, to the future of all Americans, no matter where they live or work. We must connect residents of distressed neighborhoods to the jobs and opportunities of the regional marketplace, and replace economic distress with opportunity.

The Administration believes the Federal Government can, and should, work with States, localities, businesses, non-profits, schools, families, and individuals to help create opportunities and offer incentives for addressing local problems. Across the Nation, the Government is working in partnership with other governments and institutions, whether to encourage volunteerism through the National Service program, or provide communities with economic and tax incentives to encourage private investment through the Empowerment Zones and Enterprise Communities initiative.

In the Nation's capital, the Administration is making a special effort to make Washington, D.C. a city of which all Americans can be proud. Having worked with Congress to restructure the Federal Government's relationship to the District last year, the Administration is focusing on how Federal departments and agencies can provide the District with technical help in such areas as education and law enforcement.

### National Service

National Service builds strong communities, educates children, develops citizen responsibility, and expands educational opportunity. The Corporation for National and Community Service, established in 1993, encourages Americans of all ages and backgrounds to help solve community problems and provides opportunities to engage in community-based service. The budget proposes $781 million for the Corporation, a 14-percent increase over 1998, with the increase targeted to the President's America Reads initiative—an effort through which volunteer tutors will help children read well and independently by the third grade.

AmeriCorps enables young Americans of all backgrounds to serve in local communities through programs sponsored by local and national nonprofits. Participants serve full- or part-time, generally for at least a year. In return, they earn a minimum living allowance set at about the poverty level of a single individual and, when they complete their service, they earn an education award to help pay for postsecondary education or repay student loans. Over 100,000 individuals will participate through AmeriCorps's first four years, and the budget supports an AmeriCorps program of 56,000 members in 1999. The AmeriCorps program includes Volunteers in Service to America (VISTA) and the National Civilian Community Corps (NCCC).

Among other national service programs:

- Service-learning programs supported by Learn and Serve America grants engage students from kindergarten through college to serve their communities and learn citizenship. The budget proposes to fund opportunities for more than a million students.
- The National Senior Service Corps provides opportunities for senior citizens age 55 and older to use their time and talents to meet community needs. The budget funds the Retired and Senior Volunteer Program, the Foster Grandparent Program, and the Senior Companion Program, enabling more than half a million older Americans to serve.

Most important of all, national service participants are getting things done.

- In one Tennessee project, AmeriCorps members helped improve the health of 500 children by advising parents on proper nutrition and early childhood health, assessing family health risks, and increasing access to health education.
- In Washington State, AmeriCorps members helped cut violent crime in one housing project by 30 percent through a program that addresses juvenile crime, gang activity, school success, and youth homelessness. The program offers a late-night program for 400 high-risk youth, a street school that operates six days a week, out-of-school time activities for K–12 youth, and a program to enhance student success in schools.
- In New York City, a team of 30 older Americans that works directly with children through tutoring and mentoring has developed literacy programs, encouraged parent and grandparent involvement, led community service events for the children, organized afterschool and summer programs and recruited additional volunteers.

### Empowerment Zones (EZs) and Enterprise Communities (ECs)

As part of his 1993 economic program, the President proposed, and Congress enacted, the Empowerment Zones and Enterprise Communities program. Communities develop a strategic plan to help spur economic and community development and expand opportunities for their residents, and in return they receive Federal tax benefits, social service grants, technical assistance, and more flexibility in how they use Federal funds.

EZs and ECs are parts of urban or rural areas with high unemployment and high poverty rates. For EZs, the Federal Government provides tax benefits for businesses, and offers grants to community groups for job training, day care, and other purposes. For ECs, the Government provides grants to community groups for the same array of purposes. Both EZs and ECs can apply for waivers from Federal regulations, enabling them to better address their local needs. In addition, special set-asides from Agriculture Department rural development programs are available to rural EZ/ECs.

The 1994 competition for the first round of EZ and EC designations generated over 500 applications and created new local partnerships for community revitalization—even in communities not chosen. The 105 selected communities made well over $8 billion in private-public commitments (in addition to the promised Federal resources), bringing greater economic opportunity to both distressed urban and rural areas.

The Kentucky Highlands rural EZ, for instance, is using $11 million of EZ funds to expand the amount of development venture capital available in its borders. From the $5.6 million obligated to date, the EZ has leveraged $38 million in additional capital for 11 new manufacturing enterprises that have created 575 jobs and committed to create another 1,600. In the six urban EZs, the private sector has made or committed over $2 billion in new investment, bringing greater opportunity to those cities. The Detroit EZ alone has supported thousands of new

## Celebrating the Millenium and America's Treasures

The new White House Millennium Council will lead the country in a celebration of the new millennium—initiating and recognizing national and local projects and efforts that contribute to the celebration in educational, creative, and productive ways. By stressing the creative achievements and accomplishments of Americans in exploration, innovation, and discovery, and by educating Americans, especially children, about our history, democracy, and civil society, the Council can help ensure that these values and traditions endure into the next century. The Council will work with Federal agencies, Congress, States, tribes, elected officials, communities, citizens, and private and non-profit organizations to recognize the Nation's historical accomplishments, reflect on the forces shaping our society, and encourage thoughtful planning for the future.

The budget proposes $50 million for the National Park Service Historic Preservation Fund, working with the Council, to help public and private entities to commemorate the Millennium. These funds will support one of the most important tasks facing America at the turn of the century—to preserve America's treasures for future generations. These treasures include the historical documents, objects, manuscripts, photographs, works of art, maps, journals, still and moving images, and sound recordings that document and illuminate our Nation's history and our cultural heritage.

The budget also provides the resources to important cultural institutions and programs. It provides the resources to complete the Mall Museum of the National Museum of the American Indian, a public-private partnership between the Federal Government and the Native American community that will open to the public in 2002. The budget also provides increased funds to help the Smithsonian address the backlog of needed repairs at several of its major museums, such as the National Museum of Natural History. In addition, the budget provides funds for the Kennedy Center to continue major interior renovations that will permit greater access by the disabled persons and better use of its space. Finally, the budget provides increases for cultural institutions, such as the Smithsonian and the National Endowment of the Arts, to digitize portions of their collections to enhance public access.

jobs, helping to drop the city's jobless rate from 11 percent to 8.7 percent since 1994. In a recent report card on EZs in general, Standard and Poor's, the credit rating agency, concluded that, "when executed successfully, [EZs] can contribute to the local economy and lead to an improvement in the issuer's credit rating."

But many communities that were not designated as EZs or ECs lack the seed capital to begin their revitalization efforts. Thus, in last year's budget, the President proposed a second round of EZs/ECs to stimulate further private investment and economic opportunity in distressed urban and rural communities and to connect residents to available local jobs. Congress authorized 22 additional EZs, and made qualified businesses in these EZs eligible for tax incentives, including upfront deductions for qualifying capital investments, new tax-exempt facility bonds, a new deduction for environmental remediation costs, and a new tax credit for holders of qualified Zone education "academy" bonds.

This budget proposes flexible block grant funds, $100 million per urban EZ and $40 million per rural EZ over 10 years, to complement the tax incentives and encourage comprehensive planning to revitalize these distressed areas. The second round of competition will again challenge communities to develop their own comprehensive, strategic plans for revitalization, with input from residents and a wide array of community partners. The Administration will invest in communities that develop the most innovative plans and secure significant local commitments. It will offer a competitive application process to stimulate the public-private partnerships needed for large-scale job creation, business opportunities, and job connections for families in distressed communities. Also, communities will receive priority consideration for funds from Federal economic development programs

(No quotation marks in Chapter 4)



and for waivers of Federal requirements from the President's Community Empowerment Board, which the Vice President chairs. The second round of competition will build on the President's "Brownfields" initiative, which promotes the clean-up and redevelopment of contaminated industrial and commercial sites. (For more information on the Brownfields program, see Chapter 4, "Investing in the Environment.")

### Community Development Financial Institutions (CDFIs)

The CDFI Fund, which the President proposed and Congress established in 1994, expands the availability of credit, investment capital, financial services, and other development services in distressed urban and rural communities. By creating and expanding a diverse set of CDFIs, the Fund helps develop new private markets, create healthy local economies, promote entrepreneurship, restore neighborhoods, generate tax revenues, and empower residents. The Fund represents a new approach to community development that uses limited Federal resources to leverage significant private sector and local resources, promotes self-sustaining CDFIs, and catalyzes new community lending and investment activity by conventional financial institutions.

CDFIs provide a wide range of financial products and services, such as mortgage financing to first-time home buyers, commercial loans to start or expand small businesses, loans to rehabilitate rental housing, and basic financial services. CDFIs include a broad range of institutions—e.g., community development banks, low-income credit unions, community development loan and venture capital funds, and microenterprise loan funds.

The budget proposes $125 million for the CDFI Fund, a $45 million increase over the 1998 level; the new funds, in part, would help accelerate the development of a secondary markets for CDFI loans. To date, the CDFI Fund has received requests for almost $500 million in assistance—over six times the amount available—from over 400 applicants. In 1997, the Fund chose 48 CDFIs to receive $38.3 million in financial and technical assistance. In addition, the Fund awarded $17 million to 55 traditional banks and thrifts for increasing their activities in economically distressed communities and investing in CDFIs.

The Fund can dramatically leverage private funds in distressed communities. For example, its $3 million investment in Self-Help of Durham, N.C., helped leverage $24 million in mortgage financing and commercial lending. In addition, the Fund can strengthen CDFIs themselves and expand their ability to lend and invest. The Santa Cruz Community Credit Union is using $1 million from the Fund to open a new branch to serve mostly low-income, Hispanic residents of Watsonville, Calif. With a $1 million loan from the Fund, the Tlingit-Haida Regional Housing Authority will begin home mortgage lending in southeast Alaska's three urban areas—providing one of the first sources of affordable mortgage loans to Alaska Natives in these markets.

The budget also proposes a Community Empowerment Fund to create a secondary market for economic development loans, increasing credit for job creating projects in low-income communities. The proposal will complement other tools for community development lending, including the Department of Housing and Urban Development's Community Development Loan Guarantee (Section 108) program as well as the CDFI Fund. The Community Empowerment Fund will enable communities to reduce their risk when they undertake a Section 108 project, such as a loan for a business expansion. The Fund will reduce risk through pooling, credit enhancement, expert underwriting, and diversification.

### Urban and Rural Development

The Administration has worked to give communities flexible tools to develop affordable housing, revitalize their economies, and promote equal housing opportunity for all.

Hoping to reverse a decline in homeownership, for instance, the Administration in 1994 launched an unprecedented partnership with 58 key public and private organizations to form a National Homeownership Strategy. The partners are reducing barriers to homeownership by cutting mortgage closing costs and down payment requirements; simplifying

### Enforcing Civil Rights

Federal civil rights laws reflect the Nation's respect for core values that bind together diverse segments of the American community. These laws protect Americans' rights to equal access to educational opportunities and equal opportunity in the workplace, and their rights to live where they want and practice the religious faith they choose. As the population grows more and more diverse, the Nation must continue to ensure that all of its citizens have the same chance to prosper.

Federal civil rights agencies enforce our laws against discrimination. Effective enforcement promotes the economic well-being of Americans who seek good jobs, a better education for their children, and the chance to become self-sufficient. The Nation must enforce its civil rights laws fairly, consistently, and aggressively, and that requires adequate funding for these agencies.

The budget proposes $623 million for civil rights enforcement agencies, an increase of $87 million over the 1998 level, including the necessary funds to improve compliance; expand the use of alternative dispute resolution methods; improve information systems; and develop better data collection capabilities for research and enforcement. For more information on these initiatives, see Chapter 12 of *Analytical Perspectives*, "Civil Rights Enforcement Funding."

the process of financing home purchases and repairs; and opening markets for women, minorities, central-city home buyers, and others traditionally locked out of conventional lending markets. Along with a strong economy and low interest rates, this effort has helped boost homeownership to 66 percent—an all-time high; 5.8 million Americans have become homeowners under this Administration, including record numbers of minorities.

But the job is not done. Homeownership in central cities and among women, minorities, and lower-income Americans hovers at or below 50 percent. Consequently, to boost homeownership among these groups, the budget proposes $25 million for a Neighborhood Reinvestment Corporation pilot program to help renters with solid payment track records own their own homes. The budget also proposes a Home Loan Guarantee program to allow States to use HOME funds to leverage private loans for large-scale, affordable housing developments in distressed areas. To expand housing opportunities and combat discrimination, the budget proposes that HUD fund fair housing enforcement using pair testers—a proven method to detect discrimination—in 20 metropolitan areas in order to develop local indices of discrimination, identify and pursue violations of fair housing laws, and promote new community fair housing enforcement initiatives.

To spur the private sector to develop more affordable rental housing for low-income Americans, the budget proposes a major expansion of the Low Income Housing Tax Credit, which will help develop another 150,000 to 180,000 affordable housing units over the next five years. Currently, the credit helps develop 75,000 to 90,000 affordable units a year. The proposal, which will cost $1.6 billion over the next five years, will restore the value of the tax credit, which has eroded over the last decade due to an increase in building costs. The credit helps to reduce the cost of rent by an average of $450 a month for the average housing credit renter who, in turn, earns $13,300 a year.

For public housing, the Administration has advanced the most profound changes in over a generation, replacing the most dilapidated developments with smaller scale, affordable housing and portable vouchers; restoring management excellence to troubled housing agencies; providing incentives for tenant self-sufficiency; and strengthening occupancy and eviction rules. The budget builds on the progress by supporting efforts to demolish 54,000 of the worst public housing units in the next three years and replace them with portable subsidies or newly constructed mixed income housing. The budget also proposes $283 million for 50,000 portable housing vouchers for families seeking to move from welfare to work. Local housing agencies that work in partnership with State and local welfare agencies will get the flexibility to design programs to serve welfare families for whom housing assistance is critical for getting and retaining jobs.

Because their needs are so different, no single approach will help both urban and rural communities. The Administration has proposed to give States, localities, and Tribes more flexibility in how they use USDA's Rural Development grants and loans for businesses, water and wastewater facilities, and community facilities such as day care centers and health clinics. The 1996 Farm Bill authorized this approach through a new Rural Community Assistance Program (RCAP), combining 12 separate USDA programs into a Performance Partnership that can tailor assistance to the unique economic development needs of each rural community. The budget proposes $2.9 billion in loans and grants for RCAP, 14 percent more than in 1998, and the full flexibility that the 1996 Farm Bill envisioned.

### Government-to-Government Commitment to Native Americans

The Administration honors its government-to-government relationship with tribes by protecting critical, reservation-level programs, turning back congressional threats to tribal sovereignty, and bringing together government leaders and resources to address important tribal concerns. The budget protects these priorities and proposes more assistance to combat crime, foster educational opportunities, and promote environmental conservation. The budget proposes $7.2 billion, three percent more than in 1998, for Government-wide programs addressing basic tribal needs and encouraging self-determination (see Table 8–1).

A joint law enforcement initiative of the Interior (DOI) and Justice Departments, for which the budget proposes ~~$xx~~ million in 1999, will address sharply increasing crime rates in Indian country with more resources for drug and youth crime prevention programs, police investigators and officers, tribal courts, and detention facilities. The Administration also proposes a new school construction initiative and more resources for school operations, education opportunity zones, early intervention partnerships, child care, technology to link schools, classrooms and libraries, and teacher preparation and recruitment. Finally, the Interior and Commerce Departments recently issued a Secretarial Order to assist tribes in promoting healthy ecosystems and developing conservation measures.

DOI's Bureau of Indian Affairs (BIA) and the Health and Human Services Department's Indian Health Service (IHS) comprise two-thirds of Federal funding for Native American programs.

For the BIA, the budget proposes $1.8 billion, six percent over 1998, including a three percent increase for tribal priority allocations, to meet basic local needs and improve the quality of life of a growing population; build strong tribal governments; promote tribal self-sufficiency; and fulfill the Federal trust

### Investing in the Delta Region

The budget proposes $26 million to apply the successful economic development model of the Appalachian Regional Commission (ARC) to help 219 distressed counties in the seven-State Lower Mississippi Delta Region, which has suffered from persistently high poverty and low economic growth for much of the past 40 years.

The ARC's Federal-State partnership is a proven economic development tool that embodies balanced, equitable fiscal decision-making and that could dramatically improve the economic viability of the Delta Region.

In a related proposal, the budget would boost funding for the Commerce Department's Economic Development Administration. With these funds, the EDA would create an Office of Community Adjustment Assistance to work directly with communities adversely affected by trade agreements.

**Table 8–1. GOVERNMENT-WIDE NATIVE AMERICAN PROGRAM FUNDING**

(Budget authority, dollar amounts in millions)

| | 1997 Actual | 1998 Estimate | 1999 Proposed | Dollar Change: 1998 to 1999 | Percent Change: 1998 to 1999 |
|---|---|---|---|---|---|
| BIA | 1,639 | 1,702 | 1,844 | +142 | +8% |
| IHS [1] | 2,351 | 2,431 | 2,476 | +45 | +2% |
| All other | 2,185 | 2,833 | 2,889 | +6 | +*% |
| Total | 6,175 | 7,016 | 7,209 | +193 | +3% |

* Less than 0.5%.
[1] IHS program level includes both budget authority and Medicaid, Medicare, and private insurance collections.

responsibility to Native Americans. Over 90 percent of BIA operations funding goes for basic, high-priority reservation-level programs such as education, social services, law enforcement, housing improvement, and natural resource management.

For IHS, the budget proposes $2.5 billion, a two-percent increase over the 1998 level, enabling IHS to continue to uphold the Federal Government's responsibility to promote the health of American Indian and Alaska Native people, communities, and cultures by providing quality curative and preventive medical care. In some cases, IHS is the only source of medical care available on remote reservation lands.

IHS facilities continue to provide quality medical care, and the budget proposes funds to help construct the Keams Canyon Service Unit on the Hopi reservation and a replacement for the Fort Defiance Hospital, an antiquated facility, on the Navajo reservation. In addition, the $30 million a year in diabetes-related funding that IHS receives under the new Children's Health Insurance Program will help alleviate complications from diabetes, such as blindness, foot amputation, and End Stage Renal Disease.

BIA and IHS will continue to promote tribal self-determination through local decision-making. Tribal contracting and self-governance compact agreements now represent half of BIA's operations budget, and over a third of IHS' budget. The self-governance agreements, which give tribes greater flexibility to administer Federal programs on reservations, will likely grow in number to 74 in BIA in 1999, a 16-percent increase from 1998. BIA and tribes are negotiating to permanently implement the self-governance program, ensuring its strong future and continued growth.

Finally, after tribal consultations on its December 1996 report, DOI submitted its "Recommendations of the Secretary of the Interior for Settlement of Disputed Tribal Accounts" to Congress in November 1997. This proposal reflects the Administration's commitment to resolve disputed Indian trust fund account balances through informal dispute resolution. The budget also supports the recently introduced Indian Land Consolidation Act Amendments, to address the problem of highly fractionated land ownership by individual Indians on reservations. Also, within the Administration's three-pronged approach to address trust fund-related issues, the budget supports DOI's Office of Special Trustee's trust fund management improvement project to resolve problems in individual Indian accounts, convert to a commercial-grade accounting system, and strengthen the management of the underlying trust assets.

### The District of Columbia

As President Clinton told congregants at Metropolitan Baptist Church in Washington, D.C. recently, the Administration is committed

The President's comprehensive plan for the District, which Congress largely funded last year, was an important step along the way. By relieving the District of major financial burdens that it should never have had, the plan lays the groundwork for the District to restore its fiscal health.

Under the plan, the Federal Government assumed certain functions in which it has a clear interest: ?

- *Criminal Justice:* The Federal Government now funds D.C.'s Court System and other key elements of the District criminal justice system, including the incarceration of sentenced felons and supervision of all adult offenders.
- *Medicaid:* The Federal Government has assumed the role typically played by both Federal and State governments under this health insurance program, paying 70 percent of Medicaid spending in the District (compared to the previous 50 percent).
- *Pensions:* The Federal Government is resuming responsibility for an estimated $5.9 billion unfunded pension liability that it transferred to the District in 1979.

In exchange, the Federal Government eliminated its annual payment to D.C., which totaled $660 million in 1997, though it provided a one-time, $190 million payment for District operations in 1998.

Under the President's plan, the District government estimates that it will save about $200 million in 1998 alone. To balance its budget in 1998 and maintain balance thereafter, the District plans to launch major management reforms, cut spending, and finance part of its $528 million accumulated deficit.

The Administration—through its departments and agencies—will continue to provide technical help and other assistance to the District in specific areas, such as education and law enforcement. The budget, for instance, proposes $20 million to help D.C. public schools implement reforms that hold the promise of improving student achievement, including expanding summer school, training teachers and principals, and placing reading specialists in every school.

The upcoming year is a pivotal one for the Federal and District governments to implement the landmark changes in their relationship, and for D.C. to implement vital management reforms. The Administration, which strongly supports the District's right to self-governance, is committed to do its part, and it proposes to pay for special expenses that arise from District implementation of the President's plan in the areas of District Corrections, Courts, and Offender Services Agency operations.

Moreover, the budget proposes to build on last year's plan by providing $100 million for economic development initiatives, including $50 million to fund an Economic Development Corporation (EDC) in the District; $25 million for transportation improvements related to the proposed Washington Convention Center; and $25 million to fund management reform initiatives to improve the city's economic development infrastructure.

Budget

# V. PREPARING FOR THE 21ST CENTURY

## 1. INVESTING IN EDUCATION AND TRAINING

*Americans want the best for our children. We want them to live out their dreams, empowered with the tools they need to make the most of their lives and to build a future where America remains the world's beacon of hope and freedom and opportunity. To do this, we must all make improving the quality of education in America one of our highest priorities.*

President Clinton
September 1997

In today's fast-paced, increasingly competitive world economy, the most successful Americans are those with the skills to compete, making education more and more vital for all Americans. Tomorrow's workers face an even greater challenge. As technological innovations change the very nature of work, employers will demand even more highly-skilled and flexible workers. The best-paying jobs increasingly will go only to those with education and training beyond high school.

For the most part, our Nation places responsibility for education and training on State and local governments, families and individuals, and the private sector. Nevertheless, the Federal Government plays a crucial role in supporting education and training, from pre-school through adulthood.

Over the last five years, the President has worked hard to expand Federal support in ways that help families, communities, and States ensure that every boy and girl is prepared to make the best use of education; that the education system enables every child to learn to his or her potential; that those who need resources to pay for postsecondary education and training can get them; that those who need a second chance at training and education, or a chance to improve or learn new skills throughout their working lives, can get those opportunities; and that States and communities that receive Federal funds can use them more flexibly, with fewer regulations and less paperwork.

urban & rural

The budget proposes to significantly increase funding to help children, especially children in the poorest communities, reach challenging academic standards, and it proposes to make further progress in implementing voluntary national tests. At the same time, the budget proposes major new initiatives to help families more effectively begin their children's education; to help high-poverty ~~low-achieving~~ school districts carry out reforms and to hold schools accountable for improving student achievement; to help build ~~new~~ xx,xxx new classrooms and schools; to add 4,000 school- and community-based sites for before- and after-school programs for children; [to pay for xx,xxx new teachers over the next x years;] and to improve the quality of teaching and the use of technology.

reduce class size to an average of x in grades 1-2 by xxxx

To ensure that Americans get the post-secondary education and training they need to succeed at work, the budget proposes to increase the maximum Pell Grant college scholarship award to its highest level ever; to streamline student loan programs; to continue implementing the Welfare-To-Work program; and to expand access to job placement services, training, and related services for dislocated workers and others. In addition, the budget proposes new initiatives to help colleges, high schools, and middle schools provide continuous mentoring and other services to encourage students to stay in school and prepare for college; to explain the benefits of college and the availability of Federal student aid to students and their families; and to provide intensive help to jobless youth in high-poverty areas.

form partnerships to

Table 1-1 -- THE BUDGET INCREASES RESOURCES FOR MAJOR EDUCATION AND TRAINING PROGRAMS BY XXX BILLION, OR XXX PERCENT OVER 1993

(attached)

**Elementary and Secondary Education**

Federal are programs provide funds and other assistance to help children, families, and educators, especially those in high-poverty areas, achieve all they can. The budget increases support for most of these programs, and proposes new programs and substantial new resources to supplement them.

high

*Voluntary National Tests:* The President has proposed tests -- in fourth grade reading and eighth grade math -- with which parents and schools can evaluate their students' achievement against standards of performance, and against the achievements of children across the country and the world. The budget proposes $16 million to further develop the tests, which the States would administer.

even

*New Teachers and Smaller Class~~rooms~~es:* Soaring school enrollments have caused severe teacher shortages and classroom overcrowding. The budget provides $7.3 billion over five years to help States reduce class size in the early grades by recruiting and training teachers to teach effectively in small-class settings. Research in Tennessee and Indiana shows that reducing class size to 15-18 students in the early grades improves student achievement, particularly among low-income and minority students in inner cities.

whose students

*Education Opportunity Zones:* Most school districts ~~that~~ are the furthest away from achieving ~~enacting~~ challenging academic standards serve the poorest communities. The budget proposes to help districts that adopt tough reforms to hold schools accountable for improving quality, expand~~ing~~ public school choice, end~~ing~~ social promotion, and show~~ing~~ real improvements in student achievement. About 50 high-poverty, low-achieving, urban and rural school districts would receive funds for at least three years, and schools that show significant learning gains could get funds for two more. The budget proposes $200 million for the initiative, and $1.5 billion over five years.

Funds could be used to provide extra help for students, upgrade teacher training, implement effective reform & reward success.

*School Construction:* A third of all schools across the country, with 14 million students, have one or more buildings needing extensive repair, according to the General Accounting Office. School districts also face the cost of upgrading schools to accommodate computers and modern technology, and of constructing new classrooms and schools to meet expected record enrollment

Draft

Table 1-1. THE BUDGET INCREASES RESOURCES FOR MAJOR EDUCATION AND TRAINING PROGRAMS BY $XX BILLION, OR YY PERCENT OVER 1998, FOR A TOTAL INCREASE OVER 1993 XX PERCENT
(Dollar amounts in millions)

| | 1993 Actual | 1998 Estimate | 1999 Proposed | $ Change: 1998 to 1999 | $ Change: 1993 to 1999 | % Change: 1993 to 199 |
|---|---|---|---|---|---|---|
| **TAX EXPENDITURES:** | | | | | | |
| Hope Scholarships Tax Credit | — | 206 | 4,161 | 3,955 | 4,161 | 100% |
| Lifetime Learning Tax Credit | — | 113 | 2,549 | 2,436 | 2,549 | 100% |
| School Construction | — | | | 0 | 0 | ERR |
| Targeted Jobs Tax Credit | 160 | — | — | 0 | -160 | -100% |
| Work Opportunity Tax Credit | — | | | 0 | 0 | ERR |
| Welfare/Jobs Tax Credit | — | | | 0 | 0 | ERR |
| **Total, tax expenditures** | 160 | 319 | 6,710 | 6,391 | 6,550 | 4094% |
| **MANDATORY OUTLAYS:** | | | | | | |
| Welfare-to-Work Jobs | — | 466 | 1,299 | 833 | 1,299 | N.A. |
| Early Learning Fund | — | 124 | 115 | -9 | 115 | ERR |
| **DIRECTED USE OF STATE RECEIPTS:** | | | | | | |
| New Teachers/Reducing Class Size | — | — | | 0 | 0 | N.A. |
| **DISCRETIONARY BUDGET AUTHORITY:** | | | | | | |
| **Pre-School (see Ch. 2)** | | | | | | |
| Even Start | | | | 0 | 0 | ERR |
| Head Start | 2,776 | 4,355 | 4,660 | 305 | 1,884 | 68% |
| **Elementary and secondary education:** | | | | | | |
| America Reads Challenge: | | | | | | |
| Department of Education | — | 0 | 260 | 260 | 260 | 100% |
| Corp. for National and Community Service | — | | | 0 | 0 | 100% |
| Goals 2000 | — | 491 | 501 | 10 | 501 | 100% |
| Education Opportunity Zones | — | — | 200 | 200 | 200 | 100% |
| Education Technology | 23 | 584 | 721 | 137 | 698 | 3035% |
| Title I - Education for Disadvantaged | 6,709 | 8,022 | 8,554 | 532 | 1,845 | 28% |
| Eisenhower Professional Development | 289 | 335 | 335 | 0 | 46 | 16% |
| Teacher Recruitment and Preparation | — | — | 65 | 65 | 65 | 100% |
| Special Education | 2,966 | 4,811 | 4,811 | 0 | 1,845 | 62% |
| Bilingual and Immigrant Education | 213 | 354 | 387 | 33 | 174 | 82% |
| Safe and Drug Free Schools and Communities | 582 | 556 | 583 606 | 27 | 1 | 0% |
| Charter Schools | — | 80 | 100 | 20 | 100 | 100% |
| After-School Learning Centers | — | 40 | 200 | 160 | 200 | 100% |
| | | | | 0 | | |
| **Post-secondary aid** | | | | 0 | | |
| Pell Grants | 6,458 | 7,345 | 7,594 | 249 | 1,136 | 18% |
| College Work-Study | 616 | 830 | 900 | 70 | 284 | 46% |
| Other Campus-based Aid | 845 | 804 | 694 | -110 | -151 | -18% |
| College-School Partnerships | — | — | 150 | 150 | 150 | 100% |
| Early Information Campaign | — | — | 15 | 15 | 15 | 100% |
| Research on Minority Access and Retention | — | — | 25 | 25 | 25 | 100% |
| | | | | 0 | | |
| **Workforce Development** | | | | 0 | | |
| Learning on Demand (ED and Labor Departments) | — | — | 40 | 40 | 40 | N.A. |
| Opportunity Areas for Out-of-School Youth | — | — | 250 | 250 | 250 | N.A. |
| Vocational Education | 1,176 | 1,147 | 1,150 | 3 | -26 | -2% |
| Adult Education | 304 | 361 | 394 | 33 | 90 | 30% |
| School-to-Work (Education and Labor Depts) | — | 400 | 250 | -150 | 250 | N.A. |
| Summer and Year Round Youth Programs | 1,526 | 1,001 | 1,001 | 0 | -525 | -34% |
| Job Corps | 966 | 1,246 | 1,308 | 62 | 342 | 35% |
| JTPA Adult and Dislocated Worker Training | 1,666 | 2,306 | 2,451 | 145 | 785 | 47% |
| Employment Service and One-Stop Centers | 895 | 974 | 964 | -10 | 69 | 8% |
| **Total, budget authority** | 28,010 | 36,042 | 38,563 | 2,521 | 10,553 | 38% |
| **TOTAL RESOURCES** (tax expenditures; receipts; mand. outlays; BA) | 28,170 | 36,827 | 46,572 | 9,745 | 18,402 | 65% |
| **STUDENT LOANS (face value of loans issued):** | | | | | | |
| Direct Loans | — | | | 0 | 0 | ERR |
| Guaranteed Loans | 16,029 | | | 0 | -16,029 | -100% |
| Consolidation Loans | 1,527 | | | 0 | -1,527 | -100% |
| **Total** | 17,556 | 0 | 0 | 0 | -17,556 | -100% |
| **DEPARTMENT OF EDUCATION :** | | | | | | |
| Discretionary Budget Authority | | 29,559 | 31,155 | 1,596 | 31,155 | ERR |

N.A. =Not applicable.
*. Less than .05 percent.

1/6/98

levels over the next decade. The President proposes to help States and school districts leverage new construction or renovation projects through $5 billion in tax-based resources for districts with great need.

*Education Technology:* In February 1996, the President challenged the public and private sectors to work together to ensure that all children are technologically literate by the dawn of the 21st century, and that schools take full advantage of the benefits of technology in raising student achievement. The budget provides significant funds with which the following major programs can help achieve these goals:

- *Technology Literacy Challenge Fund.* In 1996, the President committed to securing $2 billion over five years with which the Fund would support education technology goals. States receive formula grants for buying hardware, connecting to the Internet, and developing and buying high-quality software. Through 1998, the Fund has received $625 million and, for 1999, the budget proposes $XX million. Also in 1999, the Fund would provide $143 million in State grants to ensure that, after five years, every school will have an education technology expert to help all teachers integrate technology effectively into their teaching.

- *Technology Innovation Challenge Grants.* The budget proposes $106 million for these grants, which award competitive matching funds to partnerships through which schools work with the private sector to implement innovative applications of educational technology.

- *Training Teachers in Technology Use.* The budget provides $75 million for new grants to States, teacher colleges, and others to train teachers in how to use technology to raise student achievement.

- *Community Computer Centers.* The budget proposes $10 million to help establish computer centers in low-income communities so that families that cannot afford to buy computers at home still have access to the technology, and their children do not fall behind classmates with home computers.

*America Reads:* The President launched the America Reads Challenge, a multi-faceted effort to help States and communities ensure that all children can read well and independently by the end of third grade. The budget provides $260 million for the Education Department to help train reading tutors and coordinate after-school, weekend, and summer reading programs that are linked to in-school instruction; help train teachers to teach reading; and help support national and regional organizations, such as *Parents as First Teachers*, through which parents help very young children prepare to learn to read. The budget also proposes a $92 million increase, to $xxx million, for the Corporation for National and Community Service to recruit America Reads tutors through its AmeriCorps and related programs. Responding to the President's request to colleges
400 ? and universities, 760 institutions have pledged to use thousands of Federally-financed work-study positions for tutoring programs.

*Goals 2000:* Enacted in 1994, Goals 2000 helps States set high standards for all children, and plan and implement steps to raise educational achievement. It builds on the National Education Goals, first articulated by the Nation's governors (led by then-Governor Clinton) and President Bush in 1989, which provide national targets but encourage States to develop their own means to achieve them. The budget provides $501 million for Goals 2000 (in which every State participates), $10 million more than the 1998 enacted level.

*Charter Schools:* Charter schools introduce ~~variety~~ innovation and choice into the public school system. Parents, teachers, and communities create the schools, and States free them from most rules and regulations. Charter schools now number over 700, and some are already producing higher student test scores and lower drop-out rates. The budget proposes $100 million for public charter schools, a $20 million increase over the 1998 level, to fund start-up costs for 1,300 to 1,500 schools and continue progress toward the President's goal of 3,000 charter schools by ~~2000~~. early in the next century

*Title I—Education for the Disadvantaged:* Title I provides funds to raise the educational achievement of disadvantaged children. In 1994, the President proposed, and Congress adopted, legislation to focus Title I resources more on low-income children, to set the same high standards for those children as for all others, to hold schools accountable for progress toward achieving those standards, and to give States and schools greater flexibility in using Title I funds. The budget provides $8.6 billion, including $7.8 billion for grants with which school districts can provide educational services to over 10 million children in poor communities.

*Comprehensive School Reform Demonstration:* This program, which Congress enacted last year, will help 3,000 schools Nation-wide implement effective, research-based school improvement models, thus laying the groundwork for the Educational Opportunity Zones initiative (described earlier in this chapter). The budget proposes $150 million for these demonstrations in high-poverty schools, a $30 million increase, and $25 million for similar demonstrations in other schools.

*Research Initiative:* The budget proposes $50 million a year for a five-year, Education Department-National Science Foundation partnership to support large-scale, rigorously designed research studies to help determine the best ways to raise student achievement through technology, reading, mathematics, and instructional applications of brain research. (For a broader description of this initiative, see Chapter 5, "Promoting Research.") ~~[illegible]~~, cognitive?

*Safe and Drug-Free Schools and Communities:* Since 199X, this program has provided a total of $3.1 billion to help school districts implement anti-drug and anti-violence programs. The budget proposes $556 million, including $~~150~~ 125 million in competitive grants for projects that use proven program designs. The budget also proposes $50 million for a new School Coordinators program to ensure that a quarter of middle schools have a director of drug and violence prevention programs to monitor local programs and link school-based programs to community-based programs. half

*Special Education:* Last year, the President signed into law amendments to the

Individuals with Disabilities Education Act (IDEA) to help States improve educational results for children with disabilities by holding States accountable for performance and focusing resources on teaching and learning. Congress provided $4.8 million in 1998, a $775 million increase over the 1997 level ~~and an amount that States cannot likely use successfully in one year~~. As a result, the budget maintains IDEA funding at $4.8 million.

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[box]

**Investing in the Special Needs of Hispanic Americans**

The budget proposes to focus greater resources on a number of programs that provide special educational assistance to Hispanic Americans and other limited English proficient (LEP) children and adults, enabling these populations to move quickly into the economic mainstream. The funding increases include:

- $25 million, to a total of $50 million, for Bilingual Education Professional development, giving teachers the skills they need to address the English language deficiencies of their students;
- $53 million, to $583 million, for the "TRIO" programs that work with high school and college students to encourage them to complete high school and attend, and graduate from, college;
- $16 million, to $28 million, for general institutional assistance for colleges and universities that serve Hispanic students;
- $5 million, to $15 million, for the High School Equivalency Program and the College Assistance Migrant Program that prepare migrants for college;
- $33 million, to $394 million, for Adult Education to improve English as a Second Language programs by identifying and disseminating proven and promising practices;
- $50 million, to $355 million, for Migrant Education, which provides additional educational assistance to migrant children; and
- $5 million, to $xx million, for Labor Department demonstration programs to develop new training, work experience, mentoring, and related services for young migrant farm workers so that they may qualify for other job opportunities with career potential.

[end box]

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**Postsecondary Education and Training**

High school is the first key step to a good job. But it is only a first step. Those with more years of schooling consistently earn more over their working careers than those with only a high school degree. The cost of higher education can be imposing to many families, but Federal support through Pell Grants, student loans, Hope Scholarships, Lifelong Learning Credits, other tax benefits, and other programs now make college affordable for every American. The budget proposes even more initiatives to help more young people go to college and to teach all families about the full range of Federal aid.

*College-School Partnerships:* This initiative will give young students, especially those in low-income schools, continuing guidance and information about the benefits of postsecondary education and access to Federal financial aid. The budget proposes $150 million to fund the first round of partnerships between middle and high schools and colleges -- the latter of which will provide mentors and encourage students to stay and succeed in school by demonstrating the benefits of higher education. The budget also proposes $15 million for a Nation-wide information campaign on the benefits of higher education and available Federal resources. Over five years, the budget proposes $2.5 billion for information efforts and partnerships in 3,300 high-poverty schools, reaching about 1.6 million students.

*Teacher Recruitment and Preparation*: The budget provides $67 million, and $350 million over five years, for this initiative to help improve the quality of teacher preparation programs at colleges and universities and address shortages of well-prepared teachers, particularly in urban and rural schools. In 1999, the proposal would fund 12 partnerships of exemplary teaching colleges and universities, urban and rural schools, and subsidiary colleges and universities with teaching programs. It also would fund at least 7,400 scholarships in 1999, and 35,000 over five years, to help recruit and retain teachers for urban and rural schools.

*HOPE Scholarships and Lifetime Learning Credits:* Last year, the President proposed, and Congress enacted, new tax benefits for postsecondary education. With HOPE Scholarships, students in the first two years of college or other eligible postsecondary training can get a tax credit of up to $1,500, for tuition and fees. In 1999, an estimated 5.5 million students will receive $4.2 billion in tax credits. Under the Lifetime Learning Credit, students beyond the first two years of college, or those taking classes part-time to improve or upgrade their job skills, will receive a 20 percent tax credit for the first $5,000 of tuition and fees. In 1999, an estimated 7.1 million students will receive $2.5 billion in tax credits.

*Pell Grants:* The President proposes to raise the maximum Pell Grant award by $100, to $3,100 -- the highest level ever -- to reach a total of 3.9 million low- and middle-income undergraduates. The budget provides $7.6 million for Pell Grants, a $249 million increase over the 1998 level.

*Student Loans:* An estimated xxx million people will borrow $xxx billion through the Federal student loan programs in 1999. The Administration wants to modernize both the Federal Family Education Loan (FFEL) program, which guarantees commercial lender loans through intermediaries known as guarantee agencies, and the Direct Loan program, which provides capital directly to schools and students. The budget proposes to streamline and improve the financial incentives in the guarantee system, saving money for students and families and improving services to both schools and borrowers.

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[box]

**Improving Student Loan Programs**

The budget proposes management reforms in both Federal student loans programs that will benefit both students and schools, as outlined below:

Providing More Benefits to Students

- Cut origination fees on new loans to students and parents to 3 percent, from 4, percent.
- Phase out origination fees for needy students by 2003.
- Require lenders to offer flexible repayment terms to borrowers.

Streamlining the Guaranteed Loan System

- Establish performance agreements with guaranty agencies, with compensation tied to the quality of work they perform.
- Recapture unneeded guarantee agency funds and use them for other Federal purposes.

Improving Loan Management

- Ensure that the Direct Loan program reflects the industry's best practices and adapts to improvements in the commercial loan sector, such as electronic loan origination and access on the Internet to information about the status of loans.
- Standardize processes and data formats as much as possible in both Federal loan programs.

[end box]

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Some experts believe that a new interest rate structure for student loans, scheduled to take effect on July 1, 1998, may prompt some lenders in the guaranteed loan system to withdraw rather than accept lower revenues. The Administration proposes to work with the Congress on a rate structure that ensures that students continue to enjoy access to loans and still limits student costs.

The budget proposes to cut student and family fees for new loans in half for needy students -- to two percent starting in 2002 -- and by a quarter for other parents and students. These benefits will be paid for by reforms designed to maximize competition among loan providers that will lead to improved efficiency and reduced overhead. Lenders will be encouraged to pass on their savings to students in the form of lower interest rates. (?)

***Research on college access and retention among low-income students, especially minorities:*** Although the Federal Government now provides ample resources to finance higher education for everyone who needs the help, some groups of Americans, especially some minorities, still attend college at lower rates than others and drop out at higher rates. The budget provides $25 million for rigorously-designed experiments to determine how to promote greater college attendance and completion.

**Work Force Development**

While Congress continues to consider legislation reflecting many of the President's principles to restructure and streamline certain work force development programs in the Labor and Education Departments, the Administration is pressing ahead to reform the job training system through selected initiatives.

*Youth Programs:* As discussed earlier, the budget includes major new proposals to continue improving the education of young people, and to eliminate financial barriers to postsecondary education and training for all. At the same time, the budget continues support for State development of school-to-work systems and for Labor Department programs for disadvantaged youth.

- *School-to-Work:* Funded and administered by the Education and Labor Departments, this initiative makes competitive awards to States and communities to build comprehensive systems that help young people move from high school to careers or postsecondary training and education. School-to-Work supports school reforms and ties between schools and employers, enabling young people to prepare for high-skill, high-wage careers; receive top-quality academic and occupational training; and pursue more postsecondary education or training. The budget proposes $250 million, $150 million less than the 1998 level, reflecting the Administration's announced strategy of reducing Federal School-to-Work funding as States implement and sustain their own systems.

- *Youth Opportunity Areas Program:* Recognizing the special problems of out-of-school youth, especially in inner-cities and other areas where jobless rates can top 50 percent, the budget includes $250 million for competitive grants to selected high-poverty urban and rural areas with major youth unemployment problems. The Labor Department will award funds to those high-poverty areas, including federally-designated Empowerment Zones and Enterprise Communities, that submit applications showing that they have the best chance of substantially increasing employment among out-of-school youth. These "seed" funds will leverage State, local, and private resources to employ youth in private sector jobs with good career opportunities. (For more information on Empowerment Zones and Enterprise Communities, see Chapter 8 "Strengthening the American Community.")

- *Summer and Year-Round Youth Employment and Training Programs:* The summer jobs program gives hundreds of thousands of urban and rural disadvantaged youth their first work experience. The budget provides $871 million to finance 530,000 job opportunities for the summer of 1999, assuming that localities spend this flexible funding entirely on summer jobs. The budget also includes $130 million for the year-round program to help low-income youth -- many of them in families on public assistance -- who have dropped out of school, or are at risk of doing so. The budget would continue to permit local service delivery areas that receive both types of these funds to shift resources between the summer and year-round programs, as local needs dictate.

- *Job Corps:* The Job Corps provides intensive, work-related vocational skills training, academic and social education, and support services to severely disadvantaged young people in a structured residential setting. The budget proposes $1.3 billion, an increase of $62 million over the 1998 level, to fund opportunities for 70,000 young people, and to maintain progress on quality improvements begun in 1998.

*Adult Programs:* Most adults change jobs and get new skills on their own or through their employers. But many others, particularly welfare recipients and those permanently laid off from long-held jobs, need help to get the services and information they need. The budget proposes to increase funds for State and local grants to finance a training and employment system that adequately serves these adults and helps build the job skills of American workers and job seekers.

- *Dislocated Worker and Low-Income Adult Training:* The budget proposes $2.5 billion, a $145 million increase over the 1998 level, for two Job Training Partnership Act programs. The dislocated worker program, for which the budget proposes $1.5 billion, provides readjustment services, job search assistance, training, and other services to help dislocated workers find new jobs as quickly as possible; the $100 million increase for 1999 will help workers displaced by trade. Meanwhile, the program for disadvantaged adults helps welfare recipients and other low-income adults get the skills and support they need to become employed. States and localities likely will continue to use a sizable portion of these resources to supplement training for welfare recipients under the Transitional Assistance to Needy Families (TANF) block grant.

- *Welfare-To-Work:* To help reach TANF's employment goal for current and former welfare recipients, the Administration sought, and Congress provided, additional targeted funds for a new Labor Department welfare-to-work grants program. It will provide $3 billion in 1998 and 1999 for formula and competitive grants to States and local communities in order to give long-term welfare recipients the job placement services, transitional employment, and job retention and support services they need to achieve economic self-sufficiency.

- *Adult Education:* This program helps almost four million educationally disadvantaged adults, including welfare recipients and immigrants, develop basic skills (including literacy), achieve their certification of high school equivalency, and learn English. The budget proposes $394 million, an increase of $33 million over the 1998 level.

- *One-Stop Employment Service:* The budget proposes $817 million for grants to the State Employment Service system and to continue building America's Labor Market Information System, and $147 million to complete the initial development of the One-Stop Career Center system. By the end of 1999, all States will have received grants to implement One-Stop systems that streamline re-employment and career development activities.

- *Trade Adjustment Assistance:* The budget includes several proposals to carry out the President's commitment to help trade-impacted workers by providing better access to training and income support: extending the Trade Adjustment Assistance (TAA) and NAFTA-Transitional Adjustment Assistance (NAFTA-TAA) programs for five years; expanding eligibility for TAA benefits to cover workers who lose jobs due to plant relocations abroad; raising the legal limit on training expenses; making training and income support more consistent across the TAA and NAFTA-TAA programs; and adding a contingency provision to ensure that the Federal Government has sufficient funds to finance any unexpected increase in benefit costs for eligible workers. The budget proposes $680 billion for TAA programs over five years.

**Combating Child Labor Abuses**

Responding to growing concern for the working conditions of children all over the world, the budget proposes $39 million for a two-pronged attack on domestic and international child labor abuses.

*International Child Labor Activities:* The budget proposes a $27 million increase, to $30 million, for the Labor Department to enable the International Programme to Eliminate Child Labor expand its work into more countries and industries. The proposed five-year, $150 million investment will help ensure that goods produced abroad for the U.S. market are not made with illegal child labor. The budget also proposes another $3 million to enable the Customs Service to enforce the law banning the import of goods made with forced or bonded child labor.

*Domestic Child Labor Activities*: The budget proposes $9 million for the Labor Department, including $4 million to help eliminate domestic violations of child labor laws, particularly in the agriculture sector, and $5 million for demonstration programs to provide alternatives to field work among migrant youth.

## 14. GENERAL SCIENCE, SPACE, AND TECHNOLOGY (Function 250)

Science and technology are the principal agents of change and progress, with over half of the Nation's economic productivity in the last 50 years attributable to technological innovation and the science that supported it. Appropriately enough, the private sector makes many investments in technology development. The Federal Government, however, also has a role to play -- particularly when risks are too great or the return to companies is too small.

Within this function, the Federal Government supports areas of science at the cutting edge, through the National Aeronautics and Space Administration (NASA), the National Science Foundation (NSF), and the Department of Energy (DOE) science programs. The activities of these agencies contribute to greater understanding of the world we live in, ranging from the edges of the universe to the smallest imaginable particles, and to new knowledge that may or may not have immediate applications to improving our lives. Because the results of basic research are unknowable in advance, the challenge of developing performance goals for this area is formidable.

Each of these agencies has a tradition of funding high-quality research and contributing to the Nation's cadre of skilled scientists and engineers. To continue this tradition, and as a general goal for activities under this function, at least 80 percent of the research projects[1] will be reviewed by appropriate peers and selected through a merit-based competitive process.

An important Federal role in this area is to construct and operate major scientific facilities and capital assets for multiple users. These include telescopes, satellites, oceanographic ships, and particle accelerators. Many of today's fast-paced advances in medicine and other fields rely on these facilities.

As general goals:

- Agencies will keep the development and upgrade of these facilities within schedule and the budget laid out, not to exceed 110 percent of estimates.

- In operating the facilities, agencies will keep the operating time lost due to unscheduled downtime to less than 10 percent of the total scheduled possible operating time, on average.

The budget proposes $xx billion to conduct these activities. The Government also seeks to stimulate private investment in these activities through nearly $x billion a year in tax credits and other preferences for research and development (R&D).

**National Aeronautics and Space Administration**

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[1]Measured by the amount of funds allocated, not the number of projects.

The budget proposes $xx billion for NASA activities. While NASA's funding represents just x percent of total Federal funds for R&D, NASA serves as the lead Federal agency for R&D in civil space activities, working to expand frontiers in air and space to serve America and improve the quality of life on Earth. NASA pursues this vision through balanced investment in space science, Earth science, space transportation technology, and human exploration and development of space.

The 1999 goals for these enterprises follow:

*Space Science* programs, for which the budget proposes $xx billion, are designed to enhance our understanding of how the universe was created, the formation of planets, and the possible existence of life beyond Earth. NASA has enjoyed major successes of late, including the landing on Mars with Mars Pathfinder.

- NASA space science will successfully launch its four planned spacecraft missions -- Mars 98 lander, Stardust, and two Explorer missions -- within 10 percent of its schedule and budget.

- NASA space science will increase its contribution to the general knowledge base and to education, as reflected by its contributions to a college space science textbook, by x percent above the 1996 level of 27 percent.

- The NASA Advisory Council will rate all near-term space science objectives as being met or on schedule. Examples of objectives include: investigate the composition, evolution and resources of Mars, the Moon, and small solar system bodies such as asteroids and comets; identify planets around other stars; and observe the evolution of galaxies and the intergalactic medium.

*Earth Science* programs, for which the budget proposes $xx billion, focus on increasing our understanding of the total Earth system and the effects of natural and human-induced changes on the global environment through long-term, space-based observation of Earth's land, oceans, and atmospheric processes. NASA will launch the first in a new series of Earth Science spacecraft in 1998.

- NASA earth science will successfully launch its four planned spacecraft missions -- Quikscat, the Advanced Land Imager, a Geostationary Operational Environmental Satellite, and the Shuttle Radar Topography mission -- within 10 percent of its schedule and budget.

- NASA will produce new precipitation, land surface, and climate data, and will deliver the data to users within 5 days.

- NASA's Advisory Council will rate all near-term earth science objectives as being met or on schedule. Examples of objectives include: observe and document land cover and land use change and impacts on sustained resource productivity; and understand the causes and impacts of long-term climate variations on global and regional scales.

*Space Transportation Technology* programs, for which the budget proposes $xx billion, work with the private sector to develop and test experimental launch vehicles that cut the cost of access to space.

- The X-33 program will begin flight tests in 1999 and demonstrate, by year-end, key technologies to cut the cost of space transportation. These technologies will be directly scaleable to the mass fraction (less than 10 percent empty vehicle weight) required for future reusable launch vehicles and meet the following operational requirements: flights faster than Mach 13; 48-hour and seven-day ground turnarounds; and 50-person maintenance crews.

- The X-34 program will perform 25 flight tests in one year, starting no later than March 1999, to demonstrate the operational parameters of future reusable launch vehicles. These parameters include: recurring costs under $500,000; 24-hour ground turnarounds; safe abort landings; landings in cross winds up to 20 knots; and flights through rain and fog.

*Human Exploration and Development of Space (HEDS)* programs, for which the budget proposes $xx billion, focus on human space exploration. In 1997, HEDS programs supported the successful launch of 8 Space Shuttle flights, a continuous U.S. presence on the Russian Mir space station, and continued construction of the International Space Station. In 1998, assembly of the International Space Station will begin in Earth orbit.

For 1999, the performance goals include the following:

- NASA will successfully complete Phase 2 (the first ten assembly flights) of the International Space Station within performance, schedule, and budget targets.

- NASA will ensure that space shuttle safety, reliability and cost will improve, by achieving seven or fewer flight anomalies per mission, successful on-time launches 85 percent of the time, and a 13-month flight manifest preparation time.

- NASA will expand human presence and scientific resources in space by increasing the amount of crew time in orbit to 185 weeks.

- NASA-supported scientific research in life and microgravity sciences will broaden, as indicated by a rise in the number of resulting journal publications to 1,600.

**National Science Foundation**

NSF-supported activities have led to breakthroughs and advances in many areas, including superconducting materials, Doppler radar, the Internet and World Wide Web, medical imaging systems, computer-assisted-design, genetics, polymers, plate tectonics, and global climate change.

While NSF represents just three percent of Federal R&D spending, it supports nearly half of the non-medical basic research conducted at academic institutions. NSF also provides 30 percent of Federal support for mathematics and science education. NSF programs involve over 25,000 senior scientists, 50,000 other professionals, graduate students, and undergraduate students, and 120,000 K-12 teachers.

The budget proposes $x billion in 1999 for NSF, which it would invest in four key program functions:

***Research Project Support***: Over half of NSF's resources support research projects performed by individuals and small groups, instrumentation, and centers.

- An independent assessment will judge NSF research programs to have the highest scientific quality and an appropriate balance of projects characterized as high-risk, multidisciplinary, or innovative.

- NSF will ensure that all of its new announcements of research opportunities and proposal solicitations will contain an explicit statement encouraging proposers to integrate their research activities with improving education or public understanding of science.

- NSF will increase the percentage of competitive awards going to new investigators to at least 30 percent, a 2.6 percent rise over a baseline of 27.4 percent.

***Facilities***: Facilities such as observatories, particle accelerators, research stations, and oceanographic research vessels provide the platforms for research in fields such as astronomy, physics, and oceanography. About 20 percent of NSF's budget supports large, multi-user facilities required for cutting-edge research. NSF facilities will meet the function-wide goals to remain within cost and schedule, and to operate efficiently.

***Education and Training***: Education and training activities, accounting for 20 percent of NSF's budget, revolve around efforts to improve teaching and learning in science, mathematics, engineering, and technology at all education levels. Education and training projects develop curriculum, enhance teacher training, and provide educational opportunities for students from pre-K through undergraduate degrees. NSF also contributes to the education of future scientists and engineers by supporting graduate students and postdoctoral programs.

- Over 80 percent of schools participating in a systemic initiative program will 1) implement a standards-based curriculum in science and mathematics; 2) further professional development of the instructional workforce; and 3) improve student achievement on a selected battery of tests, after three years of NSF support.

- NSF will fund intensive professional development experiences for at least 75,000 precollege teachers.

***Administration and Management***: NSF does not operate programs or laboratories;

rather, the agency supports research and education activities, conducted primarily at colleges and universities, selected through a competitive, merit-based process.

Performance goals for 1999 include:

- processing 70 percent of grant proposals within 6 months of receipt, and

- publishing 95 percent of program announcements at least 3 months before proposals are due.

**Department of Energy**

DOE provides major scientific user facilities and sponsors basic scientific research in specific fields, such as high energy and nuclear physics and materials, chemical, biological, and environmental sciences. It supports over 60 percent of Federally funded research in the physical sciences.

The budget proposes $x billion for DOE science programs, which include high energy and nuclear physics, basic energy sciences, biological and environmental research, and computational technology research. These programs support scientific facilities for high energy and nuclear physics, and also support the research performed by the users of the facilities. They also provide and operate synchrotron light sources, neutron sources, supercomputers, high-speed networks, and other instruments that researchers use in fields ranging from biomedicine to agriculture, geoscience, materials, and physics. These state-of-the-art scientific facilities provide the cutting edge experimental and theoretical techniques that provide insights into dozens of applications, and they are available, on a competitive basis, to researchers funded by NSF, other Federal agencies, and public and private entities. DOE's facilities will meet the function-wide goals to remain within cost and schedule, and to operate efficiently.

*Basic Energy Sciences* (BES) supports basic research in the natural sciences for new and improved energy techniques and technologies, and to understand and mitigate the environmental impacts of energy technologies.

- BES will start construction of the Spallation Neutron Source (SNS) in order to use neutrons to probe matter for physical and biological research, leading to better fibers, plastics, catalysts, and magnets for use in pharmaceuticals, computing equipment, and electric motors.

- An independent assessment will judge BES research programs to have high scientific quality.

*Computational Technology Research* (CTR) performs long-term computational, technology, and advanced energy projects research through an integrated program in applied mathematical sciences, high performance computing and communications, information infrastructure, advanced energy projects research, and laboratory technology research.

- CTR will complete prototype development of the "virtual lab" approach and implement at least three program trial applications.

- Users will judge that computer facilities and networks have met x percent of their requirements.

***Biological and Environmental Research*** (BER) provides fundamental science to develop the knowledge to identify, understand, and anticipate the long-term health and environmental consequences of energy production, development, and use.

- BER will complete sequencing of 40 million subunits of human DNA to submit to publicly accessible databases.

- BER will complete 70 percent of the genetic sequencing of over 10 additional microbes with significant potential for waste cleanup and energy production.

***High Energy and Nuclear Physics*** (HENP) is designed to better understand the nature of matter and energy at the most fundamental level, as well as understand the structure and interactions of atomic nuclei.

- An independent assessment will judge HENP research programs to have high scientific quality.

- HENP will begin operating the B-factory at the Stanford Linear Accelerator Center, the Main Injector for the Tevatron at Fermilab, and the Relativistic Heavy Ion Collider at Brookhaven National Laboratory, and will deliver on the 1999 US/DOE commitments to the international Large Hadron Collider project. These facilities will provide cutting-edge scientific capabilities to further study the fundamental constituents of matter. For example, the B-factory will focus on the basic question of why matter exists in the universe.

**Tax Incentives**

Along with direct spending on R&D, the Federal Government has sought to stimulate private investment in these activities with tax preferences. The law provides a 20-percent tax credit for private research and experimentation expenditures above a certain base amount. The credit, which was extended in 1997, is due to expire on June 30, 1998. The President proposes to extend it for one year -- that is, through June 1999. Under current law, the credit will cost $2.1 billion in 1998 and $860 million in 1999.

A permanent tax provision also lets companies deduct, up front, the costs of certain kinds of research and experimentation, rather than capitalize these costs; this tax expenditure will cost $580 million in 1999. Finally, equipment used for research benefits from relatively rapid cost recovery; the cost of this tax preference is calculated in the revenue estimate for accelerated depreciation of machinery and equipment.

## IV. IMPROVING PERFORMANCE THROUGH BETTER MANAGEMENT

*We had to reject the idea of those who say we should do nothing with Government and reject those who say we should try to do everything. Instead, we gave the American people a Government that is very much smaller, more focused, but more committed to giving people the tools and conditions they need to make the most of their lives.*

President Clinton
October 1997

The President has challenged the Federal Government to do more with less -- and with good reason.

Departments and agencies, which once could count on more funds from year to year, no longer can; indeed, with the Administration committed to finishing the job of balancing the budget, some agencies will get less.

Public demands for more and better services have not shrunk, however. Americans continue to want better schools, a cleaner environment, and more secure health and retirement benefits. Thus, the Government must satisfy these demands by managing better and improving the performance of programs.

The Administration has answered the call. Vice President Gore, working with the departments, agencies, and inter-agency working groups, and drawing on the expertise of the private sector, has led an unprecedented effort to cut the size of the Federal Government and make it more efficient and effective. Through its reinvention efforts, the Administration has saved $137 billion over the last five years.

By reducing layers of bureaucracy, the Administration has cut the Federal workforce by over 330,000 employees, creating the smallest workforce in 31 years and, as a share of total civilian employment, the smallest workforce since 1931. Thirteen of the 14 Cabinet Departments have cut their permanent workforces between 1993 and 1997. Only the Justice Department's workforce is growing, due to the Administration's expanded war on crime and drugs, which was funded, in large part, with savings from cuts in the workforce (see Charts IV-1 and IV-2).

*[insert FTE Charts * and **]*

But the work is not done, and the Administration has an ambitious agenda to continue reinventing Government so that it is more effective, more efficient, and more responsive to the American people. This chapter highlights the key parts of this "Management Agenda"[1]:

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[1]For more information on the data in Section IV, see the footnotes that list websites on the Internet.

- The National Performance Review's (NPR) efforts to reinvent entire agencies;
- The Administration's top management objectives; and
- The activities of inter-agency working groups.

**The NPR: Reinventing Agencies to Serve Americans**

The NPR has introduced important changes across the Government that have improved services and cut costs -- from streamlined drug approvals at the Food and Drug Administration to better customer service at the Social Security Administration; from procurement reforms that have saved $12.3 billion to the pending sale of the Naval Academy's 800-acre dairy farm in Annapolis, Md. Now, the NPR is moving from reinventing processes within agencies to reinventing agencies in their entirety in order to create customer-oriented, results-driven organizations that focus on performance.

Over the next three years, the NPR will work with the agencies that interact most with individuals and businesses in order to improve performance and enable the American people to more quickly enjoy better service and regain their confidence in Government. Following the examples of America's best-run companies, the NPR will help these agencies align their management systems to better serve their customers. Most of these agencies already have the key building blocks in place: a strategic plan, annual performance plans, and budgetary resources. The next step is to better integrate their information technology, human resource systems, and service processes so that they better focus on customers.

In addition, the Vice President has challenged the leaders of 32 agencies -- "High Impact Agencies" -- to commit to achieving significant, concrete, measurable goals over the next three years (see Table IV-1). Over 1.1 million of the Federal Government's 1.8 million civilian employees work in these agencies, which include the Immigration and Naturalization Service, National Park Service, and Social Security Administration.

**Table IV-1. Customer Impact Centers**

| Agriculture: | Justice: |
|---|---|
| Animal and Plant Health Inspection Service<br>Food Safety and Inspection Service<br>Food and Consumer Service<br>Forest Service | Immigration and Naturalization Services |
| **Commerce:**<br>Bureau of the Census<br>U.S. & Foreign Commercial Service/ITA<br>Patent and Trademark Office<br>National Weather Service | **Labor:**<br>Occupational Safety and Health Administration<br><br>**National Aeronautics and Space Administration:**<br><br>**Office of Personnel Management:**<br><br>**Small Business Administration:** |
| **Defense:**<br>Acquisition Reform<br><br>**Education:**<br>Student Loan | **Social Security Administration:**<br><br>**State:**<br>Bureau of Consular Affairs |
| **Environmental Protection Agency:**<br><br>**Federal Emergency Management Agency:**<br><br>**General Services Administration:** | **Transportation:**<br>Federal Aviation Administration<br><br>**Treasury:**<br>Customs Service<br>Internal Revenue Service<br>Office of Domestic Finance/Financial Management Service |
| **Health and Human Services:**<br>Food and Drug Administration<br>Administration for Children and Families<br>Health Care Financing Administration | **U.S. Postal Service:**<br><br>**Veterans Affairs:**<br>Veterans Health Administration<br>Veterans Benefits Administration |
| **Interior:**<br>National Park Service<br>Bureau of Land Management | |

"You should focus your efforts in three areas -- partnerships, the use of information technology, and customer service," the Vice President instructed the heads of these agencies last summer. "Yours are the agencies that shape the public's opinion of government and can redeem the promise of self-government. Public cynicism about government is a cancer on democracy. Reinvention isn't just about fixing processes, it's about redefining priorities and focusing on the things that matter."

Working with the NPR, these agencies have developed over 200 specific, measurable commitments that they will complete by the year 2000. They mostly involve improving services in areas that Americans care about.[2] Major performance goals include:

- *Reducing procurement costs by streamlining*: The Defense Department will increase defense readiness and modernization by shifting about $12 billion from headquarters and support operations to defense procurement.

- *Improving student loans:* The Education Department will determine, within four days, the eligibility of students and families who apply for student aid electronically, cutting the processing time in half.

- *Speeding aid to disaster victims:* Through partnerships with Federal, State, local, and voluntary agencies, the Federal Emergency Management Agency will act on all requests to meet victims' needs for water, food and shelter within 12 hours of a disaster event, with the intent to coordinate services within 72 hours of a Presidential declaration of disaster.

- *Finding the right agency on the first try:* The General Services Administration will restructure Federal listings in the blue pages of local telephone books, ensuring that Americans can find the Government service they need the first time they look.

- *Putting welfare recipients to work:* The Health and Human Services Department's Administration for Children and Families will enhance the self-sufficiency of low-income families by moving a million welfare recipients into new jobs within the first two years of welfare reform.

- *Reducing time for clearance at U.S. airports:* Working with the Agriculture Department and the Customs Service, the Justice Department's Immigration and Naturalization Service will clear international passengers at airports in 30 minutes or less while improving enforcement and regulatory processing.

- *Reducing injury and illnesses in the workplace*: The Labor Department's Occupational Safety and Health Administration will cut injury and illness rates by a fifth in at least 50,000 of the most hazardous workplaces.

- *Increasing access to Federal recreation opportunities.* The National Park Service will create, with other Federal natural resource agencies, an integrated Nation-wide outdoor recreation information system that gives all Americans electronic access to information about recreation on Federal lands, recreation use permits, and reservation.

- *Speeding Social Security information.* The Social Security Administration will

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[2]The NPR's home page, at www.npr.gov, provides details of the performance commitments of each agency.

provide overnight electronic Social Security number verification for employers. Today, verification can take up to two weeks.

**Addressing Priority Management Objectives**

The Administration plans to "provide management leadership to ensure the faithful execution of the enacted budget, programs, regulations, and policies," and to "work within and across agencies to identify solutions to mission critical problems."[3] For 1999, the Administration will focus on 22 key management objectives (see Table IV-X).

[Table IV-2. Priority Management Objectives]

Agency managers have the primary responsibility to achieve these performance goals; they must actively and effectively carry out both inter-agency and agency-specific initiatives. OMB will help agencies develop and implement detailed action plans to ensure that they make progress toward meeting these commitments.

Government-wide management initiatives will help achieve several of these inter-agency objectives, such as:

***The Year 2000 Computer Problem:*** The Administration is committed to ensuring that agency computer systems correctly process the year 2000. The report, "Getting Federal Computers Ready for 2000," which the Administration sent to Congress with last year's budget, outlines the Administration's strategy. Agencies report quarterly on their progress, as does the Administration as a whole. The Administration's most recent report says that the estimated cost of addressing the problem stands at $3.9 billion; agencies have identified 8,589 mission-critical systems, 26 percent of which are compliant; and all agencies are renovating their systems. That report also establishes a Government-wide goal of completing the renovation of all mission-critical systems by the end of 1999. This budget proposes $950 million in 1999 to address the problem, including $228 million for the Treasury Department, $275 million for the Defense Department, and $89 million for the Transportation Department.[4]

***Government Performance and Results Act:*** All agencies have sent Congress their strategic plans under the Results Act, and they are sending their annual performance plans as well. By March 2000, these agencies will submit clear, concise annual performance reports on their progress toward the goals they set and they will develop cross-cutting performance measures for the 2000 budget.

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[3]See OMB's Strategic Plan, at www.whitehouse.gov/WH/EOP/OMB/Special_Emphasis/stratplan.html

[4]For more information on the Year 2000 issue and other information technology issues, see the Chief Information Officers Council web site (www.cio.fed.gov).

TABLE IV-2

## PRIORITY MANAGEMENT OBJECTIVES

| Interagency Objectives | |
|---|---|
| Interagency | Manage the year 2000 computer problem in a timely and cost-effective manner to ensure that no Federal programs fail as a result of this problem. |
| Interagency | Implement the Government Performance and Results Act in a timely and compliant manner to improve agency program performance. |
| Interagency | Present performance and cost information in a timely, informative and accurate way, consistent with Federal accounting standards. Assure the integrity of Federal financial information by completing audits and gaining unqualified opinions for all CFO Act agencies and on the Federal Government as a whole. |
| Interagency | Improve the use of information technology and decrease the number of troubled investments in technology over time. |
| Treasury, SSA, Labor, Customs | Improve the use of information technology and eliminate unnecessary duplication and stovepipes by developing a Simplified Tax and Wage Reporting System (STAWRS) and the International Trade Data System (ITDS).<br><br>STAWRS will allow small businesses to file tax information electronically with the IRS instead of providing duplicative information to State, local, and Federal governments. ITDS will connect existing agency systems so that importers, exporters, and others involved in international trade will benefit from "one-stop shopping" for information collection and retrieval. |
| Interagency | Provide greater customer satisfaction through acquisition reform in terms of price, timeliness, quality, and productivity; increase use of performance-based service contracting (PBSC). |
| Interagency | Improve loan portfolio management by encouraging the use of electronic loan origination, loan underwriting, and reporting on the status of major loan portfolios that will provide faster and more economical loan processing. |
| Interagency | Improve debt collection for major receivable accounts by effectively using the tools provided by the Debt Collection Improvement Act of 1996 (referral to private collection agencies, referral to Treasury for offset, and asset sales). |
| USAID, OPIC, ExIm Bank, DSAA | Improve agency loan management servicing, portfolio tracking and credit budgeting policies and procedures. More accurate financial records, using consistent accounting standards, will result in improved repayment practices and increased collections. (AID, ExIm Bank, OPIC, DSAA and Agriculture have $X billion in outstanding loans and guarantees to foreign obligors.) |
| Interagency | Strengthen the quality, utility, accessibility and cost-effectiveness of Federal statistical programs. |
| Interagency | Maximize the social benefits of regulation while minimizing the costs and burdens of regulation. |

| Agency-Specific Objectives | |
|---|---|
| Defense | Produce an auditable financial statement. DOD will develop a plan with specific milestones to achieve this objective. |
| Defense | Increase outsourcing and privatization of military department infrastructure functions closely related to commercial enterprises, and of Defense Logistics Agency, Defense Finance and Accounting Service, and Defense Health Program functions. |
| Education | Modernize the management of student aid benefit delivery by reforming contracting, system development, and program oversight practices. |
| Energy | Use prudent contracting and business management approaches that emphasize results, accountability, and competition; improve timeliness; minimize costs; and ensure customer satisfaction. |
| HUD | Implement HUD's 2020 Management Reform Plan to: (a) restore public trust by achieving and demonstrating competence in implementing HUD's programs, and (b) restructure the way HUD operates to empower people and communities. Implementation of HUD's management reform plan began in 6/97 and will extend to 2002. |
| Interior/BIA | Seek to settle disputed tribal trust fund balances, make comprehensive reforms to the operation of tribal and individual Indian trust asset and trust funds management, and implement a recently introduced legislative proposal to consolidate highly fractionated Indian lands. |
| Transportation/ FAA | FAA Personnel Reform: Implement a personnel system that, without increasing costs, empowers managers to effectively hire, reward, promote, discipline, and remove employees, while at the same time protecting employee rights.<br><br>FAA Financial Reform: Implement a financial system that accurately relates services to costs that can be reflected in user charges.<br><br>IT Investment/Air Traffic Control Modernization: Reduce developmental risk and total life-cycle cost of FAA major systems. |
| Treasury/FMS | Implement a number of changes at the Financial Management Service (FMS) in order to increase electronic payments, collections, and debt collection; and improve the accuracy and timeliness of governmentwide accounting and reporting. |
| Treasury/IRS | Position the IRS to move forward with the Modernization Blueprint and undertake an incremental modernization, including Year 2000 conversion, resulting in centralized data bases that would stimulate significant improvements in customer service, compliance and financial reporting. |
| VA | Work with the Department to consolidate infrastructure (hospitals, regional offices, data centers) where service improvements and efficiencies can be achieved. |

| | |
|---|---|
| SSA | Reduce the processing time for disability claims and appeals in the Disability Insurance and Supplemental Security Income programs at lower administrative cost with neutral impact on program costs. |

*Agency Audited Financial Statements:* For 1996, 22 of the 24 largest agencies have produced audited financial statements, as required by the Government Management and Reform Act (GMRA). On these statements, six agencies already have received unqualified opinions: the Energy Department, General Services Administration, National Aeronautics and Space Administration, Social Security Administration, Nuclear Regulatory Commission and Small Business Administration. The Chief Financial Officers (CFOs) have projected when their agencies will issue unqualified and timely audited financial statements, as displayed on Table IV-3.

Table IV-3. [Title?]

| **Financial Statements** | **1996 actual** | **1997** | **1998** | **1999** | **2000** |
|---|---|---|---|---|---|
| Audits Completed | 22 | 23 | 24 | 24 | 24 |
| Agencies with Unqualified Opinion | 6 | 13 | 16 | 21 | 23 |
| Agencies with Unqualified and Timely Opinion | 4 | 10 | 16 | 21 | 23 |

As part of a GMRA-authorized pilot program, 12 agencies are issuing "Accountability Reports" for 1997, enabling them to provide, in one place, reader-friendly information about their programs and operations, including their audited financial statements. In 1998, OMB and the CFO Council will conduct a final assessment of the pilot program and, based on the results, will work with Congress on legislation to turn the pilot into a permanent, Government-wide program. Twenty-one of the 24 agencies with CFOs have committed to producing an Accountability Report for 1999.

*Government-wide Audited Financial Statements:* GMRA also requires the first Government-wide audited financial statement for 1997. The Government's ability to obtain an unqualified opinion on its Government-wide statement is hampered, however, by the lack of adequate financial management systems to capture the data that would satisfy Federal accounting standards requirements. OMB plans to work with the agencies to resolve these problems in time for the Government to receive such an opinion on its 1999 statement.[5]

*Information Technology Investments:* Investments in information technology can help Government to work better and cost less. For the best return on investment, agencies are following the successful practices of private firms -- reengineering, creating disciplined capital

[5]For more information on financial management performance commitments, see the CFO Status Report and Five-Year Plan at the OMB web site (www.whitehouse.gov/wh/eop/OMB/finance/).

programming processes, and developing information technology architectures -- to ensure that the investments provide workable solutions to problems at a reasonable cost. (For performance goals in information technology investment for 1999 and beyond, see Table IV-4).

*Improving Procurement:* Changes in law and regulatory policy continue to ease agency efforts to get more value from what they buy, improving Government's performance along the way. With fewer Government-specific requirements to meet and with more flexibility, contracting officials can increasingly buy commercial items and, in the process, pay less while they gain access to the most current technology. Agencies can communicate more with industry and more directly link Government's needs to the market's capabilities. The Administration will build on these improvements so that Federal acquisition practices can match those of the most successful companies. For instance, by the end of 1999: 15 agencies will have a collection system in place to evaluate contractor performance on all non-exempt contracts over $100,000; agencies will make 60 percent of all transactions under $2,500 with the purchase card; agencies will electronically issue xxx percent of all notices of solicitation for purchases over $25,000; and OMB will work with agencies to increase, by 30 percent, the number of model performance-based statements of work available for agency use.

*Better Results Through Performance Based Service Contracting (PBSC):* PBSC requires that, in procuring a service, the Government outline its needs in measurable, mission-related terms -- not prescribe precisely how contractors do the work, and not describe its needs too vaguely. With PBSC, agencies pay for results, not effort or process, enabling contractors to determine the best, most cost-effective ways to do the job. Preliminary results of a Government-wide PBSC pilot project show that it cut prices 15-20 percent while increasing Government's satisfaction with contractor performance. The Administration believes that PBSC offers great potential to reap savings and other benefits in the roughly $100 billion that the Government spends a year on service contracts. Agencies plan to convert about 2,000 contracts, valued at $25 billion, to PBSC over several years. In 1999, agencies project that they will convert about xxx contracts, worth $xxx billion, to PBSC.

*Debt Collection Management:* The 1996 Debt Collection Improvement Act (DCIA) creates the tools for the Treasury Department and individual agencies to reduce losses and increase collections. In the special collection phase, when a loan becomes seriously delinquent -- over 180 days overdue -- Treasury will help the agency by intercepting other Federal payments to the delinquent borrower and applying them to the delinquent account. Treasury can also cross-service debts that are over 180 days overdue by referring them to private collection agencies. A principle of sound credit management for Federal loan programs is that once a loan is delinquent for over one year, the agency should sell the debt and write it off as uncollectible. The Federal Credit Policy Working Group will review write-off practices and redesign loan sales policy in order to cut the growth of old delinquencies and boost Federal collections of delinquent debt. By January 1999, the Federal Credit Policy Working Group, in cooperation with the CFO Council, will work to reduce delinquencies and increase collections by 10 percent.

**Implementing Management Support Initiatives**

The activities described above do not encompass all of the Administration's management efforts. Indeed, the Administration continues to work on a host of other initiatives -- from providing more Federal services electronically to improving the management of credit programs -- that will help reach the goal of creating a Government that "works better and costs less."

*Access America:* This plan, which the Vice President is spearheading, is designed to make Government services available electronically to all Americans who seek them. More specifically, the plan calls for, among other things, electronic delivery of the transactions that individuals, States, localities, businesses, law enforcement agencies, and others most often requested; high standards of privacy and security for these transactions; and the necessary infrastructure and skills in Government to support the vision. A Government-wide task force is leading implementation efforts.[6]

*Electronic Commerce Security:* "Electronic commerce" is the use of computers and networks to buy and pay for goods and services, accept regulatory filings, and provide public services -- making government more convenient and cost-effective. For agencies and the public to enjoy those benefits, however, they must be sure that their information is going to whom it should -- and to no one else. An important tool for providing that security is the digital signature, but the private institutions and the rules for managing those signatures are just emerging. Through efforts of the Government Information Technology Services Board and others, the Federal Government is aligning Federal electronic commerce security practices with this emerging private infrastructure.

*Data Center Consolidation:* The Government can save money by consolidating **or co-locating (?)** large computer centers, thereby eliminating duplication in facilities, staff, computer hardware and software, and related services. Large-scale data processing service contracts, such as GSA's Virtual Data Center contract, make outsourcing for the related services sensible and cost-effective. In 1995, OMB directed agencies to significantly reduce the number of agency data centers. This budget includes the $300 million in expected savings through 1999, and savings of at least $280 million a year thereafter.

*Loan Portfolio Management:* Because the Federal Government is the Nation's largest source of credit, agency credit programs and performance measures should address each major phase of credit management -- credit extension, account servicing, and special collection. For each phase, agencies will more widely use modern electronic business processes to improve customer service, cut costs, and improve collection. For credit extension, agencies will ensure that individuals and entities applying for credit are eligible in terms of income and are not delinquent on a Federal claim. For account servicing, agencies will work together on monthly information on the status of loans. A consortium of single family loan programs run by the Departments of Housing and Urban Development, Agriculture, and Veterans Affairs will provide a forum for its program delivery partners to speed their use of electronic reporting on the status of accounts.

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[6]For further details, see www.gits.fed.gov.

*Budgeting for Results:* For this budget, the Administration had, for the first time, agency strategic plans, annual performance plans, and performance measures to help decide how to allocate resources. In general, however, the budget structure and charging practices do not make it easy to match costs with program performance, for two reasons. First, the budget does not charge all of a program's resources to the same program's accounts; instead, the budget subsidizes programs through centrally paid costs. Second, not all budget accounts are aligned with the programs they finance. As a result, the quality of budgeting, management, and resource acquisition all suffer.

Good budgeting demands the ability to compare costs and benefits, at least roughly, across all programs every year. In some cases, current practices distort these choices. Good management requires that managers focus on, and are held accountable for, getting the best results for the resources they have. Managers should be free to allocate resources as they see fit, and to rely on competitive, performance-oriented procurement.

To better integrate budgeting with performance planning and reporting, as GPRA envisioned, OMB will work with agencies to review their budget account structures and, in consultation with the Budget Officers Advisory Council and the Chief Financial Officers Council, develop legislation to enable agencies to charge programs' accounts uniformly and comprehensively for the resources they use. As these proposals take shape, OMB will consult with the Congressional Budget Office, the General Accounting Office, and congressional committees.

*Increasing Accuracy and Efficiency in Federal Programs:* The Administration is launching an effort to increase accuracy (?) in how Government programs are managed and address areas at risk for waste, fraud, or abuse. Federal agencies will work together to identify common sources of error and enable the Government to develop more integrated solutions, thus meeting the needs of both the Government and its customers. For 1999, the Administration will focus on increasing accuracy and efficiency in four areas: program eligibility verification, financial management, program management, and debt collection.

- *Eligibility Verification.* Many agencies run benefit and credit programs in which eligibility depends, at least in part, on an applicant's income or other financial resources and other criteria, such as marital status and number of dependents. These programs include small business loans, student loans and grants, veterans pensions, rental housing assistance, and Food Stamps. Generally, applicants must submit financial and other data on forms that agencies use to determine eligibility. When applicants provide false information about their income or personal lives, they may get benefits for which they are ineligible. As program funds run out, eligible applicants may not get the assistance they deserve. A better verification process for credit programs can reduce errors significantly and prevent future debt collection efforts.

- *Financial and Program Management.* Agencies often can address the sources of errors within programs by changing their financial or management practices. For example, transaction analysis software can help agencies identify improper billing trends or high risk operations. In addition, more audits and other integrity initiatives also will help agencies identify errors earlier. The biggest payoffs come when agencies prevent errors up front or quickly identify them before losses mount.

- *Debt Collection.* Although most efforts to improve accuracy focus on prevention, some bad debt is inevitable. In trying to collect, agencies face the major obstacle of finding both the debtor and his or her employer. The Education Department devotes about 70 percent of its collection efforts to locating debtors. Agencies can collect debt more effectively by better using data that's already in Government databases such as the National Directory for New Hires, which should be fully on line in early 1998 and which provides some of the Federal Government's most timely information for debt collection purposes.

***Expanding Competition:*** Competition spurs efficiency. Federal agencies that provide administrative and other support services to their "captive Federal agency customers" need the stimulus of competition to sharpen their skills, improve their performance, and cut their costs. As a result, for buying commercial goods and services, the Administration is encouraging agencies to compete with one another and with the private sector on a level playing field, in accordance with the March 1996 revised A-76 Supplemental Handbook. More competition will spur new technologies, new capital, and new management techniques to help improve performance, while creating greater opportunities for Federal and private employees and their customers. The Secretary of Defense, for instance, has launched an ambitious program to bring competition into the process by which over 150,000 department employees provide commercial support activities, saving as much as $6.4 billion a year after the first five years.

**Inter-Agency Working Groups: ..........................**

The Administration relies on inter-agency groups to develop policy, and to identify and implement ways to better manage Federal resources. The groups meet regularly to initiate action, undertake projects, exchange information, set priorities, and recommend policy direction.

President Clinton established the ***President's Management Council*** (PMC), comprising the Chief Operating Officers of the largest Federal departments and agencies, in 1993 to improve management of the Executive Branch. The PMC has undertaken a number of initiatives, including:

- *Rightsizing:* Leading efforts to reduce the number of Federal civilian employees without unnecessarily disrupting the workforce.

- *Procurement Reforms*: Identifying performance measures to help agencies assess improvements in the procurement process, and supporting implementation of Electronic Commerce and Performance-based Service Contracting initiatives.

- *Field Office Restructuring:* Identifying appropriate criteria for restructuring activities within agencies; and recommending various approaches to restructuring.

- *Overseas Missions:* Implementing a cost-sharing process for foreign missions.

- *Labor-Management Partnerships:* Supporting partnerships through continuous communication with union leaders; and fostering culture change at all organizational levels.

- *Customer Service:* Facilitating the development of customer service standards in agencies and the delivery of Customer Service Reports.

- *Streamlining:* Identifying and reviewing promising practices from various agencies, and providing examples and contacts to boost networking across agencies for different types of streamlining.

The ***President's Council on Integrity and Efficiency*** (PCIE), comprising Presidentially-appointed Inspectors General (IGs) and other key integrity officials, focuses on two main objectives:

- mounting collaborative efforts to address integrity, economy, and effectiveness issues that transcend individual agencies; and

- increasing the professionalism and effectiveness of IG personnel across the Government.

The PCIE, for example, has recommended controls for Federal electronic benefits programs and reviewed the next generation of Federal Government credit card programs. In addition to setting basic standards for IG investigations, audits, and inspections, the PCIE has confronted new challenges, from implementing the 1993 Government Performance and Results Act to developing the Federal Financial Statement Audit Manual.[7]

A reinvigorated ***Joint Financial Management Improvement Program (JFMIP)*** for 1998, with added resources, will help agencies in financial systems improvement efforts. The Administration will propose legislation to authorize the Treasury Department to charge for lost interest due to overpayments to vendors as part of a larger shift in responsibility for administering the Prompt Pay Act from OMB to Treasury. These receipts will finance systems improvements, including JFMIP initiatives.

Table IV-5 lists the priorities of several other inter-agency working groups: the National Partnership Council, the CFO Council, the CIO Council, the Electronic Processes Initiative Committee, the Federal Credit Policy Working Group, and the Federal Procurement Council.

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[7]For more on PCIE activities, see IGnet (www.ignet.gov).

TABLE IV-5

## PRIORITIES OF INTER-AGENCY WORKING GROUPS

### National Partnership Council

President Clinton established the National Partnership Council in October 1993 to enlist the Federal labor relations program as an ally in reinvention, and to refocus Federal labor relations from adversarial litigation to cooperative problem solving. Among the NPC's key objectives for 1998 are the following:

- Bring high-level attention to partnership issues to ensure that partnerships are established and working effectively throughout the Federal Government.
- Continue to focus on partnerships experiencing problems and help them overcome barriers.
- Encourage partnerships to address major NPR objectives, such as increasing efficiency, improving service, and reducing cost.

### Chief Financial Officers Council

Authorized by the CFOs Act, the CFO Council is a Government-wide body that addresses critical cross-cutting financial issues by working collaboratively. The Council consists of the CFOs and Deputy CFOs of the 24 largest Federal agencies and senior officials of OMB and Treasury.

- Improve financial management systems.
- Effectively implement the Government Performance and Results Act.
- Issue accounting standards and financial statements.
- Develop human resources and CFO organizations.
- Improve the management of receivables.
- Ensure management accountability and control.
- Modernize payments and business methods.
- Improve the administration of Federal assistance programs.

### Chief Information Officers Council

The CIO Council's role includes: developing recommendations for IT management policy, procedures, and standards; identifying opportunities to share information resources; and assessing and addressing the Federal Government's needs for an information technology workforce. The Council consists of CIOs and Deputy CIOs from 28 large Federal agencies, two CIOs from small Federal agencies, and representatives from OMB and two IT Boards.

- Define an interoperable Federal information technology architecture.
- Ensure information security practices that protect Government services.
- Lead the Federal Year 2000 conversion effort.
- Establish sound capital planning and investment practices.
- Improve the information technology skills of the Federal workforce.
- Build relationships and outreach programs with Federal organizations, Congress, industry, and the public.

### Electronic Processes Initiative Committee

The President's Management Council established EPIC to integrate end-to-end business processes electronically, with an emphasis on procurement and finance. EPIC consists of senior officials from DOD, GSA, Treasury, and OMB.

- Use a multi-purpose smart card to support reengineering of business and administrative processes.
- Integrate electronic buying and paying processes.
- Efficiently and effectively process intra-governmental transfers that contribute to clean financial statements.

### Federal Credit Policy Working Group

This working group is an inter-agency forum that provides advice and assistance to OMB, Treasury, and Justice in formulating and implementing Government-wide credit management policy. Membership consists of representatives from the major credit and debt collection agencies and OMB.

- Effective implementation of the Debt Collection Improvement Act.
- Use of the Internet for credit management, especially for lending, underwriting, and portfolio status reporting.
- Sale of loan assets that are over a year delinquent.
- Review agency write-off practices and Government-wide policy.
- Improve prescreening of loan applications to validate eligibility and application data.

**Federal Procurement Council**

The Federal Procurement Council, which consists of the Senior Procurement Executives from major Federal agencies, meets regularly with OMB to discuss ways to improve the procurement process.

- Promote agency use of commercial buying practices by increasing the use of performance-based service contracting, past performance in administering current contracts and selecting new contractors, electronic commerce as an enabler, and other innovative buying strategies.
- Promote the Federal procurement workforce's use of good business judgment within a dynamic, adaptable system of flexible rules and procedures that allow professionals, working in a continuous learning environment, to use discretion.
- Collaborate with budget, financial, and information technology management offices to improve agency planning and management of capital asset procurement.
- Promote national socioeconomic procurement policies consistent with fostering the efficiency and effectiveness of the procurement system.
- Promote the use of a globally competitive industrial base, integrating facilities and operations serving the Government market with those serving the commercial market by eliminating Government-imposed requirements that restrict full integration and fostering a closer relationship with commercial industries.
- Increase customer satisfaction by routinely providing quality products and services, on time, and within budget.

## 6. PROMOTING RESEARCH

*We began the 20th Century with a choice, to harness the Industrial Revolution to our values of free enterprise, conservation, and human decency...At the dawn of the 21st Century a free people must now choose to shape the forces of the Information Age and the global society, to unleash the limitless potential of all our people, and, yes, to form a more perfect union.*

President Clinton
January 1997

Technological advances have left few facets of life untouched. Great leaps in the speed and economy of transportation, enormous increases in farm productivity, global flows of information and services, advances in health and environmental protection -- all these changes have created a world at the dawn of the 21st Century that is vastly different from the world our grandparents knew. As numerous studies show, technological innovation has been responsible for at least half of the Nation's productivity growth in the last 50 years, generated millions of high-skill, high-wage jobs, and substantially improved the quality of life in America.

The Federal Government has played an important role in spurring and sustaining this scientific and technological advance. Among other feats, Government-sponsored research and development has put men on the moon, explored the oceans, harnessed the atom, devised cures for cancers, found the remains of lost civilizations, tracked weather patterns and earthquake faults, and discovered the chemistry of life. No other country in history can match America's record of achievement in science and technology.

Because these investments have paid such rich dividends, and because the next century will bring new challenges, opportunities, and problems that science and technology can help address, continued U.S. leadership in science and technology is a cornerstone of the President's vision for America. Thus, the budget strengthens these vital investments, contributing substantially to many of the Administration's broader goals by creating new knowledge, training more workers, creating new jobs and industries, solving health challenges, enhancing our understanding of and ability to address environmental problems, improving the education of our children, and maintaining a strong national defense. The centerpiece of the Administration's continuing commitment is the proposed Research Fund for America, from which many of the research dollars will now flow.

But Federal funds are not limitless. Thus, agencies are working to make smarter, better science and technology investments, guided by two fundamental principles:

- First, agencies are focusing on potentially high-payoff research that could have substantial public benefit, but is too high-risk or long-term for the private sector. The Federal Government, in partnership with States, universities, and industry, supports a balanced mix of basic and applied research and technology development, given that scientific discovery and technological innovation are intricately interwoven. The Federal Government also works in international partnerships that benefit our scientists, leverage our investments, and address complex, global problems.

- Second, agencies are focusing more on the performance and results of science and technology investments, rather than just dollars spent. They are also pursuing improvements in efficiency, where possible, through innovations in government laboratories, university grants, and private contracts.

**Research Fund for America**

The budget proposes a Research Fund for America -- reflecting the President's commitment to ensuring long-term stability and growth for research programs -- that will support a wide range of Federal science and technology activities. The budget proposes $34.5 billion for the Fund, representing a 10 percent increase for the programs in question over the 1998 enacted level, and a 34 percent increase by 2003 (see Table 6-X) (attached) (also chart attached)

*President's Climate Change Initiative:* The Fund includes $5 billion in tax incentives and direct subsidies over five years to promote research and development in order to reduce carbon dioxide emissions through solar and renewable energy and increase energy efficiency in buildings, industry, and transportation. It also includes incentives for deploying the best available technologies, for research to reduce industrial emissions of greenhouse gases other than carbon dioxide, and for research on agricultural and industrial methods of removing carbon dioxide from the atmosphere. (For a more complete discussion of this initiative, see Chapter 4, "Protecting the Environment.")

*National Institutes of Health (NIH):* The Fund continues the President's commitment to biomedical research, which promotes the health and well-being of all Americans. For 1999, the budget proposes $14.8 billion for NIH, an eight-percent increase over 1998 (and a 43-percent increase since 1993), enabling increases for research on brain disorders, cancer, drug demand reduction, and genetic medicine -- including the Human Genome project, disease prevention strategies, and the development of an AIDS vaccine. NIH's highest priority continues to be investigator-initiated, peer-reviewed research project grants.

*The Department of Health and Human Services Agency for Health Care Policy and Research (AHCPR):* The Fund provides $30 million for AHCPR to support health services research on clinical treatments, health care quality, and the organization, delivery, and financing of health care. AHCPR works primarily through peer-reviewed grants to academic health centers, universities, and non-profit research organizations.

*Centers for Disease Control and Prevention (CDC):* The Fund includes a $4 million increase, to $xx million, for CDC's population-based research activities to provide new peer-reviewed grants that will enable academic centers to perform population-based research to help prevent diabetes, heart disease, and many cancers.

# Table 6-1. RESEARCH FUND FOR AMERICA

(Budget authority, dollar amounts in millions)

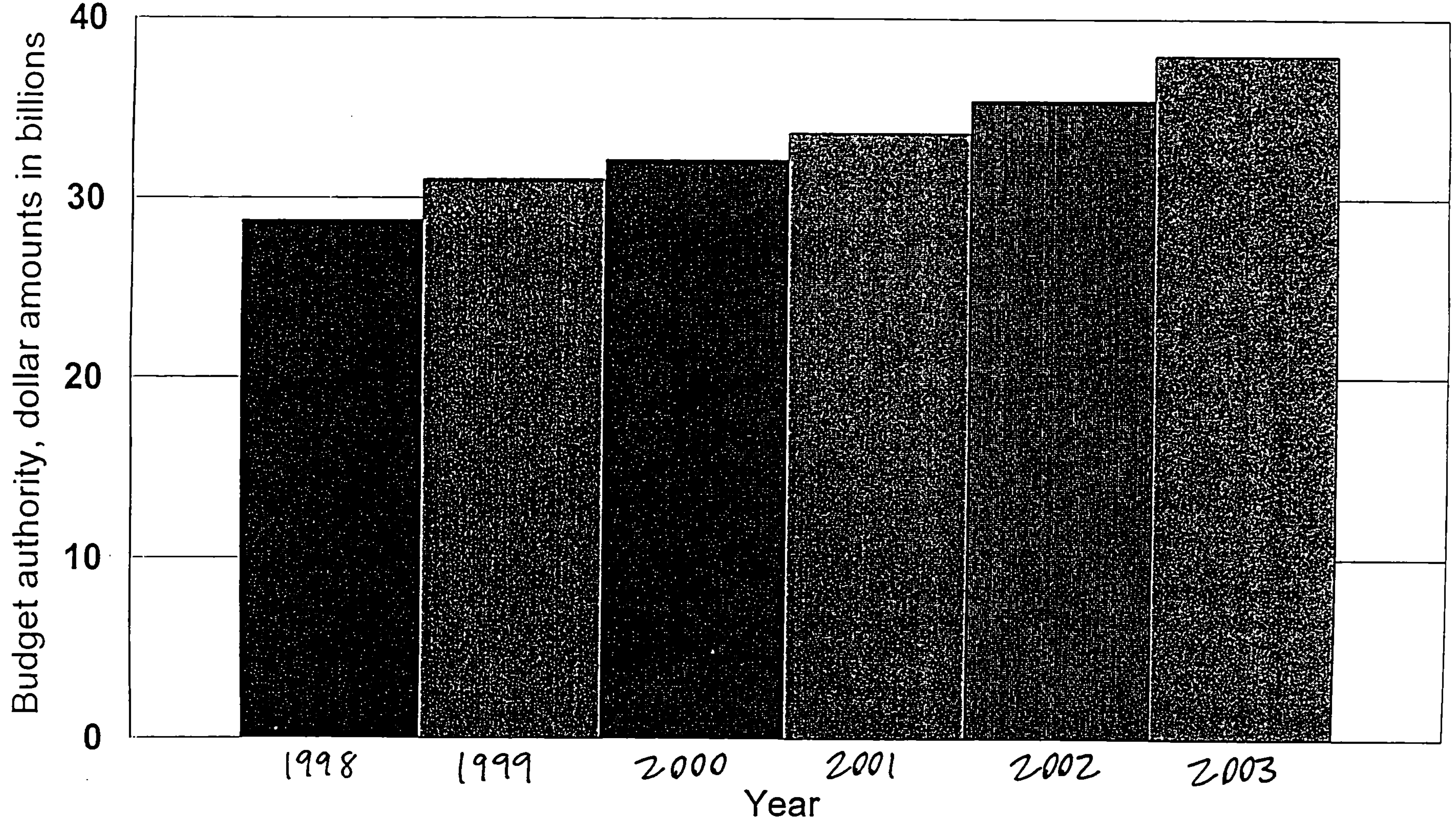
*** DRAFT ***

| | 1997 Actual | 1998 Estimate | 1999 Proposed | 2003 Proposed | Dollar Change: 1998 to 2003 | Percent Change: 1998 to 2003 |
|---|---|---|---|---|---|---|
| **Health and Human Services** | | | | | | |
| National Institutes of Health | | 13,648 | 14,798 | 20,188 | | |
| Agency for Health Care Policy and Research | | | 46 | 56 | | |
| Centers for Disease Control and Prevention | | | 25 | 30 | | |
| **National Science Foundation** | | 3,366 | 3,710 | 4,176 | | |
| **Department of Energy** | | | | | | |
| Science Program | | 2,236 | 2,296 | 2,420 | | |
| Fusion Research | | 232 | 228 | 190 | | |
| National Spallation Neutron Source | | | 157 | 195 | | |
| **National Aeronautics and Space Administration** | | | | | | |
| Space Science | | 1,990 | 2,055 | 2,570 | | |
| Mission to Planet Earth | | 1,367 | 1,378 | 1,409 | | |
| Advanced Space Transportation Technology | | 407 | 388 | 490 | | |
| Aeronautics | | 907 | 786 | 775 | | |
| **Department of Commerce** | | | | | | |
| National Oceanic and Atmospheric Admin. | | 278 | 256 | 257 | | |
| National Institute of Standards and Technology | | 563 | 602 | 692 | | |
| **Department of Interior** | | | | | | |
| U.S. Geological Survey | | 759 | 805 | 796 | | |
| **Department of Education** | | | | | | |
| Education Research | | | 50 | 50 | | |
| **Department of Veterans Affairs** | | | | | | |
| Medical Research | | 272 | 300 | 300 | | |
| **Department of Agriculture** | | | | | | |
| CSREES Research & Education | | 431 | 419 | 419 | | |
| Economic Research Service | | 50 | 50 | 50 | | |
| Agricultural Research Service | | 745 | 760 | 760 | | |
| Forest Service Research | | 188 | 188 | 188 | | |
| **Environmental Protection Agency** | | | | | | |
| Office of Research and Development | | 536 | 510 | 601 | | |
| **President's Climate Change Initiative** | | | | | | |
| Energy | | 723 | 1,024 | 1,093 | | |
| Environmental Protection Agency | | 90 | 205 | 241 | | |
| Commerce | --- | | 7 | 8 | | |
| Housing and Urban Development | --- | | 10 | 0 | | |
| Agriculture | --- | | 10 | 21 | | |
| Subtotal | | | [1,256] | [1,363] | | |
| TOTAL | | 28,788 | 31,063 | 37,975 | | |

NOTE: NSF budget does not include $63m/yr in Function 054 Defense related activities.

# Chart 6-1. GROWTH OF RESEARCH FUND FOR AMERICA

# ****DRAFT****



*National Science Foundation (NSF):* The Fund provides $xx billion, x percent more than in 1998, for NSF, whose broad mission is to promote science and engineering research and education across all fields and disciplines. NSF supports nearly half of the non-medical basic research conducted at academic institutions, and provides 30 percent of Federal support for mathematics and science education. Because most NSF awards go to colleges and universities, they not only generate knowledge, but also train the next generation of scientists and engineers.

*Department of Energy (DOE):* The Fund provides the resources for DOE's science research and nuclear fusion programs, for constructing the National Spallation Neutron Source, and for DOE research under the President's Climate Change Initiative (discussed elsewhere in this chapter).

*National Aeronautics and Space Administration (NASA):* The Fund supports several ongoing activities in 1999, including: $2 billion for Space Science, a program that has outperformed all expectations in 1997 with the highly successful Mars Pathfinder mission; $1.4 billion for Mission to Planet Earth, which explores the influence of natural processes and human activities on the environment, and which will launch the first of NASA's new generation of Earth Observing Satellites, known as AM-1, in 1998; $xx billion for Advanced Space Transportation Technology, including funds for the X-33 and X-34 reusable launch vehicle technology demonstrations; $xxx million for NASA's Aeronautics Research and Technology programs, including Aviation Safety research and development; **and $800 million in out-year funds as a placeholder for a decision by the end of the decade on whether to develop future launch vehicles that would lower NASA's launch costs (?).**

*Department of Commerce's National Institute of Standards and Technology (NIST):* The Fund provides $xxx million for NIST's Measurement and Standards Laboratories, which support a strong program of research and technical services. Of that total, the Fund includes $xxx million for ongoing programs and new initiatives in disaster mitigation, semiconductors, and trade-related standards, and $xxx million to build an Advanced Measurement Laboratory on the NIST campus in Gaithersburg, Md.

*National Oceanic and Atmospheric Administration/Office of Oceanic and Atmospheric Research (OAR):* The Fund provides $xxx million for OAR to conduct research that would provide the scientific basis for national policy decisions in areas such as climate change, air quality, and stratospheric ozone depletion, as well as research to promote economic growth through efforts in marine biotechnology and environmental technologies.

*Department of the Interior's U.S. Geological Survey (USGS):* The Fund provides increases for USGS research in pollutant transport in ground water; better understanding of species habitat; and improved monitoring of water quality, species habitat, and natural hazards. In addition, USGS plans to use its mapping, remote sensing, and natural resources monitoring capabilities to develop new ways to improve the reliability, availability, and dissemination of domestic natural disaster hazards information.

*Department of Education:* The Fund includes $50 million a year for five years for the

Education Research Initiative, a partnership between the Education Department and National Science Foundation -- consistent with recommendations by the President's Committee of Advisors on Science and Technology, the National Academy of Education, and the National Research Council's Committee on the Federal Role in Education Research. The initiative will support large-scale research studies on the best approaches to raising student achievement through, for example, technology, reading, mathematics, and instructional applications of brain research for teachers and parents.

*Department of Agriculture (USDA):* The Fund provides $760 million for the Agricultural Research Service, $16 million more than in 1998, and $xx million for the Economic Research Service, which conduct a broad range of food, farm, and environmental research programs. The budget also provides $419 million for Cooperative State Research, Education, and Extension Service (CSREES) programs, including $130 million for the National Research Initiative, a 34 percent increase over the 1998 level. CSREES provides grants for agricultural, food, and environmental research; higher education; and extension activities. National Research Initiative competitive research grants improve the quality and increase the quantity of USDA's farm, food, and environmental research. Finally, the budget maintains funding for the Forest Service's Forest and Rangeland Research program to conduct research on sensitive and complex natural resource management issues, forest health restoration, wildland fire fuels reduction, wildlife habitat restoration, alternative uses of forest and rangeland resources, and inventory and monitoring methods.

*Environmental Protection Agency (EPA):* The Fund provides $xx million for EPA's Office of Research and Development (ORD), which performs most of EPA's research and provides a sound scientific and technical foundation for environmental policy and regulatory decision-making. ORD also provides technical support to EPA's mission, integrates the work of its own scientific partners, and provides leadership in addressing emerging environmental issues.

*Department of Veterans Affairs' (VA) Medical Research:* The Fund provides $300 million -- about a third of the department's overall research program of nearly $1 billion -- for clinical, epidemiological, and behavioral studies across a broad spectrum of medical research disciplines.

**Science and Technology Highlights**

Federal investments in science and technology contribute to the Administration's economic, educational, health, environmental, and national security goals. (For total Federal funding of research and development, see Table 6-x; for science and technology highlights, see Table 6-x.)

*Increasing Total Support for Science and Technology:* The budget marks the sixth straight year that the President has proposed increases in research and development -- at $xx billion, $yy billion or zz percent more than in 1998. The budget also provides an increasing share for civilian R&D investments, which comprise xx percent of the total.

# Table 6-2. RESEARCH AND DEVELOPMENT INVESTMENTS

(Budget authority, dollar amounts in millions)

*** DRAFT ***

| | 1997 Actual | 1998 Estimate | 1999 Proposed | 2003 Proposed | Dollar Change: 1998 to 2003 | Percent Change: 1998 to 2003 |
|---|---|---|---|---|---|---|
| **By Agency** | | | | | | |
| Defense | | | | | | |
| Health and Human Services | | | | | | |
| National Aeronautics and Space Administration | | | | | | |
| Energy | | | | | | |
| National Science Foundation | | | | | | |
| Agriculture | | | | | | |
| Commerce | | | | | | |
| Interior | | | | | | |
| Transportation | | | | | | |
| Environmental Protection Agency | | | | | | |
| Other | | | | | | |
| TOTAL | | | | | | |
| **By R&D Type** | | | | | | |
| Basic Research | | | | | | |
| Applied Research | | | | | | |
| Development | | | | | | |
| Equipment | | | | | | |
| Facilities | | | | | | |
| TOTAL | | | | | | |
| **By Civilian Theme** | | | | | | |
| Basic Research | | | | | | |
| Applied Research | | | | | | |
| Development | | | | | | |
| Equipment | | | | | | |
| Facilities | | | | | | |
| SUB-TOTAL | | | | | | |
| **By Defense Theme** | | | | | | |
| Basic Research | | | | | | |
| Applied Research | | | | | | |
| Development | | | | | | |
| Equipment | | | | | | |
| Facilities | | | | | | |
| SUB-TOTAL | | | | | | |
| **By R&D Share** | | | | | | |
| Defense | | | | | | |
| Civilian | | | | | | |
| TOTAL | | | | | | |
| Civilian (percent) | | | | | | |
| **R&D Support to Universities** | | | | | | |
| **Merit (Peer) Reviewed R&D Programs** | | | | | | |

# Table 6-3. SELECTED AGENCY HIGHLIGHTS

(Budget authority, dollar amounts in millions)

*** DRAFT ***

| | 1997 Actual | 1998 Estimate | 1999 Proposed | 2003 Proposed | Dollar Change: 1998 to 2003 | Percent Change: 1998 to 2003 |
|---|---|---|---|---|---|---|
| **National Aeronautics and Space Administration** | | | | | | |
| International Space Station | | | | | | |
| **Department of Commerce** | | | | | | |
| Manufacturing Extension Partnership | | | | | | |
| National Telecom. and Info. Admin. NIAA Grants | | | | | | |
| **Department of Transportation** | | | | | | |
| Intelligent Transportation System Initiative | | | | | | |
| Flight 2000 Demonstraton Program | | | | | | |
| **Department of Agriculture** | | | | | | |
| Food Genome Project | | | | | | |
| **Department of Defense** | | | | | | |
| Dual Use Applications Program | | | | | | |
| Advanced Concept Technology Demonstrations | | | | | | |
| **National Science and Technology Council initiatives:** | | | | | | |
| **U.S. Global Change Research Program** | | | | | | |
| Health and Human Services | | | | | | |
| National Aeronautics and Space Admin. | | | | | | |
| Energy | | | | | | |
| National Science Foundation | | | | | | |
| Agriculture | | | | | | |
| Commerce | | | | | | |
| Interior | | | | | | |
| Environmental Protection Agency | | | | | | |
| Smithsonian | | | | | | |
| Tennessee Valley Authority | | | | | | |
| SUBTOTAL | | | | | | |
| **Large Scale Networking and High-end Computing and Computation** | | | | | | |
| Defense | | | | | | |
| Health and Human Services | | | | | | |
| National Aeronautics and Space Admin. | | | | | | |
| Energy | | | | | | |
| National Science Foundation | | | | | | |
| Commerce | | | | | | |
| Transportation | | | | | | |
| Education | | | | | | |
| Veterans | | | | | | |
| Environmental Protection Agency | | | | | | |
| SUBTOTAL | | | | | | |
| **Partnership for a New Generation of Vehicles** | | | | | | |
| **Emerging Infectious Diseases** | | | | | | |

7

*Boosting Funding for Basic and Applied Research:* The budget proposes $xx billion for basic research and $xx billion for applied research -- increases of $xxx million and $xxx million, respectively, over 1998. These investments, which include increases of xx percent for NIH, yy percent for NSF, and zz percent for DOE, reflect the Administration's commitment to obtaining knowledge that will provide future economic and social benefits and improve our ability to meet economic needs without adversely affecting health and the environment.

*Strengthening University-Based Research:* University-based research -- a mixture of basic and applied science, development, equipment procurement, and facilities investment -- is key to America's future. While fostering innovation and expanding the scientific frontier, university-based research also trains the next generation of scientists and engineers. The budget proposes $xx billion, an increase of $xxx million over 1998.

*Protecting Human Health:* The budget reflects the Administration's continued focus on research and development to protect human health. It funds merit-reviewed research programs at the NIH that have made the United States the world's leader in medical research, and it also supports the development of an AIDS vaccine, the fight against emerging infectious diseases, research on breast cancer, efforts to reduce the demand for drugs, and a food safety initiative.

*Investing in Innovation to Create New Jobs and Industries:* Many of the new jobs created under this Administration have been high-tech, high-wage jobs in industries like biotechnology and computing. The budget maintains a strong investment in technology to foster these high-priority, civilian science and technology industries and jobs. Funding continues for a number of key initiatives, including the Advanced Technology Program, which works with industry to develop high-risk, high-payoff technologies; for Manufacturing Extension Partnerships (MEP) to help small businesses become more competitive by adopting modern technologies and production techniques; and for high performance computing research.

*Investing in Environmental Research:* Environmental research is critical for developing the scientific understanding and technological tools to allow the Nation to enhance environmental quality for current and future generations. The budget supports vital research on safe and clean food, air, and water, and on ecosystem management, biological diversity, and ozone depletion. The budget increases support for energy efficiency and renewable energy programs, and for programs to help us understand, prepare for, and mitigate the effects of changing climate conditions and natural disasters. These investments provide a scientific basis for developing cost-effective environmental policies, create the knowledge base for citizens to make wise environmental decisions, and enable new and better approaches to environmental protection.

*Investing in a 21st-Century Education:* Information technology has revolutionized America's businesses, but has not yet had as profound an effect in America's classrooms. Through the President's Education Technology Initiative, the Federal Government is helping to ensure that America's classrooms are equipped with modern computers and connected to the Internet, that educational software becomes an integral part of the curriculum, and that teachers will be ready to use and teach with technology. Federal science and technology investments contribute to these goals; they include the Education Research Initiative -- a joint Education Department-NSF partnership (described earlier in this chapter) -- and NSF's activities in Knowledge and Distributed Intelligence.

*Investing in Research to Keep Our Nation Secure:* The budget furthers the Administration's investments in defense research to ensure that our military maintains its technological superiority. The budget also supports programs to keep nuclear weapons out of the hands of terrorists, use science-based techniques to ensure the safety and reliability of our nuclear weapons stockpiles, support research in critical infrastructure protection, and promote global stability by bolstering strong international science and technology partnerships. The budget also supports the Dual Use Applications Program (DUAP), which puts commercial industry's technical know-how and economies of scale at the service of national defense.

**Other Agency Highlights**

The Administration continues to support a wide variety of science and technology programs at individual agencies.

*NASA International Space Station:* With the first launch to assemble this unique orbital laboratory only a few months away, the budget includes $2.3 billion to keep subsequent assembly missions on schedule. It also includes funds in later years to minimize the risk and cost of the project. NASA is developing the Space Station with the European Space Agency, Japan, Canada, and Russia.

*Department of Commerce:*

*Manufacturing Extension Partnership:* The budget proposes $xxx million for this Nation-wide network of 75 centers and 300 field offices that offer technical assistance and information about the newest business practices to help the Nation's 382,000 smaller manufacturers compete more effectively, leading to stronger economic growth and job creation.

*Advanced Technology Program (ATP):* The budget provides $XXX million for ATP, growing to $YYY million by 2003, to promote unique, rigorously competitive, cost-shared R&D partnerships between Government and private industry to more quickly develop high-risk technologies that promise significant commercial payoffs and widespread economic benefits.

*National Telecommunications and Information Administration's National Information Infrastructure Grants Program:* The budget proposes $22 million for grants to fund innovative projects that demonstrate how information technology can improve the delivery of educational, health, and other social services. These grants are highly competitive and have stimulated several hundred million dollars in non-Federal matching funds.

*Department of Transportation:*

*Intelligent Transportation System (ITS) Initiative:* The budget proposes $250 million for the ITS initiative -- a package of technologies to enhance the safety and efficiency of our surface transportation infrastructure. The budget also includes $100 million for the Deployment Incentives program, which will begin the Nation-wide deployment of "intelligent infrastructure," such as interactive traffic signals and traveler information systems.

*Flight 2000 Demonstration Program:* Responding to recommendations of the White House Commission on Aviation Safety and Security, the budget proposes $90 million for the Flight 2000 Demonstration Program, which will test and validate equipment and operating procedures over Alaska and Hawaii. The program will lead to a revolution in air traffic control known as "free-flight," which promises significant savings and will allow travelers to reach their destinations more safely, quickly, and efficiently.

*Department of Agriculture's Food Genome Initiative:* The budget proposes $40 million to expand efforts to understand the genomes of important plants, animals, and microbes. Better understanding of these organisms, their capabilities, and their structure will help us meet major challenges, including the need for increased food production, a cleaner environment, and more renewable energy resources.

*Department of Defense (DOD):*

*Dual Use Applications Program and Commercial Operating Support Savings Initiative:* The budget proposes $159 million to develop dual-use technologies and adapt cost-saving commercial technology for military uses, enabling DOD to more widely use commercial technologies, products, and services. The military services would fund most of DUAP and COSSI directly, reflecting Administration efforts to increase the services' direct involvement in all phase of the programs.

*Advanced Concept Technology Demonstrations (ACTDs):* The budget proposes $125 million for demonstrations to quickly harness technology and innovation for military use, at less cost. ACTDs bring technologists and military operators together early in system development to eliminate communication barriers, improve the management of development programs, and address key warfighter challenges. ACTDs focus on three key objectives: to evaluate the military utility of new technology applications before committing to buy them; to develop corresponding battlefield operation concepts and doctrine in order to use new capabilities as wisely as possible; and to provide new capabilities to combat forces. Forty ACTDs are now under way, while six have been completed.

## National Science and Technology Council Interagency Initiatives

Science and technology is a primary focus of many Federal agencies. The National

Science and Technology Council provides the management oversight that will ensure efficient and effective inter-agency coordination for key science and technology initiatives that involve multiple agencies, such as:

*U.S. Global Change Research Program (USGCRP)*: The budget proposes $xxx to increase understanding of climate change and variability, atmospheric chemistry, and ecosystems. USGCRP results help develop climate change policies. The 1997 launch of the Tropical Rainfall Measurement Mission satellite will provide detailed and accurate measurements of the Earth system. In 1998 and 1999, USGCRP will launch more satellites, and will focus on investigating regional climate changes.

*Large Scale Networking and High-end Computing and Computation:* The budget provides $xxx million for this research and development effort, originally called High Performance Computing and Communications, which the Administration has restructured to focus on clearer goals, milestones, and performance measures. As part of this effort, the budget provides $100 million for the Next Generation Internet Initiative, which will provide the research framework for a communications network that is 100 to 1,000 times faster than today's Internet and provides much better service.

*Partnership for a New Generation of Vehicles (PNGV):* The budget proposes $___ million, a ___-percent increase over 1998, for this cost-shared, industry partnership, which centers on three research goals: to develop advanced manufacturing techniques; to use new technologies for near-term emissions improvements; and to develop production prototype vehicles three times more fuel efficient than today's cars, with no sacrifice in comfort, performance, or price. Federal funding focuses mainly on the third goal. The program will lead to "concept cars" in the year 2000 and production prototypes in 2004.

*Emerging Infectious Diseases:* The budget proposes $XXX million, __ percent over the 1998 level, for research on new tools to detect and control emerging infectious diseases and on the biology and pathology of infectious agents.

# Clinton to Seek Boost in Funds For Education

By Christopher Georges
Staff Reporter of The Wall Street Journal

WASHINGTON—President Clinton will propose a major education initiative to recruit and train tens of thousands of teachers across the nation in an effort to reduce class sizes.

The program, which would cost $7.3 billion over five years, is part of Mr. Clinton's overall plan to boost federal education funding by more than $15 billion over the next five years. The president's sweeping education plan, which also includes $5 billion in new funds for school construction, is outlined in White House budget documents. The plan will be formally unveiled in February with the rest of the administration's fiscal 1999 budget.

Mr. Clinton's plan, which also includes large increases in spending for children in poor and urban areas, sets the stage for a number of election-year conflicts with Republicans over education issues, in particular national testing and federal funding increases for school construction and charter schools.

Still, congressional GOP education leaders said they would likely support a number of items in the nearly 20-point Clinton education plan. A senior GOP congressional aide praised some of the president's proposals, but said a key concern would be whether the programs could be paid for while keeping the budget in balance.

Administration officials declined to detail exactly how the new spending would be offset, except to say that the president's budget wouldn't violate the balanced-budget agreement or rely on projections of future budget surpluses. Instead, the new spending, in education as well as in other areas of the president's budget, is expected to be paid for by proposed revenue raisers such as user fees and billions of dollars in new funds from an anticipated tobacco settlement.

Mr. Clinton's plan continues his long-standing tendency to push education and training programs to the top of his domestic agenda. But the funding boosts also take on added political significance this year. House Democrats have argued strongly in meetings with administration officials for such programs in hopes of enhancing their chances to unseat Republicans in the coming election.

Polls show that spending increases for school construction and hiring more teachers – which mean smaller class sizes – are strongly supported by voters. Campaigning Democrats aim to use their support for such initiatives to put Republicans on the defensive.

Mr. Clinton's plan also requests nearly

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Continued From Page A3

$200 million in new funds to aid Hispanics, a growing voting bloc for whose support Democrats and Republicans are vying. The budget plan, for example, highlights spending boosts for bilingual education, education aid for migrant children and colleges that serve Hispanic students.

While Republicans are likely to support some of these and other proposals in the overall education plan, they traditionally have argued that school-funding issues are best left to states and localities.

## Charter Schools

Still, Mr. Clinton's plan takes steps to head off the growing dispute between the parties over school vouchers by proposing to fund start-up costs for more than 1,300 charter schools—schools that are set up by local communities and are free from most school-board regulations. Currently, there are more than 700 charter schools in the U.S. Republicans, while generally not opposed to charter schools, have typically pushed instead for school-voucher programs that help parents pay for private school.

Among the most costly proposals is the $7.3 billion teacher recruitment and training program. The aim is to help reduce class sizes, especially in poor and inner-city areas, to 15 to 18 students. Along those lines, Mr. Clinton seeks to spend $1.5 billion over five years to create "educational opportunity zones." Fifty poor, low-achieving districts would receive funds to institute reforms to help boost grades and test scores and finance programs allowing parents to choose which public schools their children attend.

One innovative proposal, labeled "College-School Partnerships," would allocate $2.5 billion over five years to match college students and educators with more than 1.6 million high-school and grade-school children. The mentoring program, aimed at 3,300 high-poverty-area schools, would inform the younger students about the advantages of a college education and ways to get financial aid.

## More Spending for Computers

The plan also proposes more spending to introduce computers into classrooms and train teachers in new technology. It also seeks more funds for the "Safe and Drug-Free Schools" program and for students with disabilities. Mr. Clinton also proposes to raise the maximum Pell Grant award to $3,100 from $3,000.

Meanwhile, Vice President Al Gore announced a plan yesterday to train more workers for high-tech jobs. The Departments of Labor and Education will disburse as much as $6 million in grants for industry groups that expand their school-to-work programs. In addition, the Labor Department will spend $3 million more on projects designed to train dislocated workers for technology jobs.

The administration move comes amid the release of a study estimating that 346,000 computer-programmer and systems-analyst jobs are vacant at U.S. companies with more than 100 employees. "It is critical that American workers are prepared to take advantage of these new high-skill, high-wage jobs," Mr. Gore said in a statement.

Separately, White House spokesman Mike McCurry said President Clinton may ask Congress to approve another increase in the minimum wage. "It's being looked at," Mr. McCurry told reporters yesterday. "I don't think there's been any decision at all one way or the other."

Two years ago, President Clinton and Congress agreed to a minimum-wage increase of 90 cents to $5.15 an hour, which fully took effect last September. Later this month, Sen. Edward Kennedy (D., Mass.) is expected to introduce legislation to boost the minimum wage by an additional $1.50 in the next three years.

**Improving Education**

President Clinton's major education proposals for 1999

- ***$7.3 billion over five years*** to recruit and train elementary and secondary school teachers
- ***$5 billion over five years*** for school construction
- ***$2.5 billion over five years*** to help colleges promote the importance of education to primary and secondary students to stay in school
- ***$1.5 billion over five years*** to assist schools in poor areas
- ***$200 million in 1999*** for programs to assist Hispanic students
- ***$20 million in 1999*** to help set up more than 1,300 charter schools

## Census Director Resigns After Three-Year Tenure

By a Wall Street Journal Staff Reporter

WASHINGTON – Census Director Martha Farnsworth Riche, who has battled Republican lawmakers over how to count the population in the 2000 census, is resigning, effective Jan. 30.

During Ms. Riche's three-year tenure, she has had to wage battles in Congress for a relatively apolitical agency. The biggest one: trying to convince Republican members that a practice called statistical sampling would be a better way to count people than trying to count every head. Republicans fear that sampling, a way to calculate the number of people who can't be found based on the people who can, would result in more people counted in largely Democratic urban areas.

The two sides reached a compromise last fall, allowing sampling to be used in test censuses, but leaving a final decision on the national head count until later. Now, Ms. Riche said, is the right time for her to leave and let the Clinton administration pick a new person to handle the day-to-day business of preparing and running the 2000 count.

Ms. Riche, a former private-sector demographer, said she is considering writing a book on the history of the census, including all the debates over ways to count people.

Deputy Census Director Brad Huther will run the bureau until Ms. Riche's successor is named.

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Needs in the base:

| Program | Goal | Amount |
|---|---|---|
| Comprehensive School Reform | Obey path | 30 |
| Even Start Family Literacy | No Cut | 22 |
| Eisenhower Teacher Training | No Cut | 25 |
| Title I basic | $350 increase (4.6%) | 8 |
| Indian Education | 10% increase | 6 |
| Vocational Education | No Cut | 56 |
| Perkins Loan capital | Don't eliminate (still a cut) | 50 |
| SEOG | Don't cut | 31 |
| Work-Study | Keep all campus-based aid at FY 98 level | 30 |
| America Reads | Original first-year path | 50 |
| Homeless Youth | | 1 |
| Comprehensive Regional Assistance Centers | | 13 |
| TRIO | increase | 13 |
| Statistics & Assessment | | 11 |
| Math & Science OERI | 8th Grade math test | 47 |
| Admin (all) | | 12 |
| HBCU | same increase as HSI | 10 |
| Pell Grants | move independent student formula change to FY 2000 | -250 |
| TOTAL | | 165 |

Initiatives

| Program | Original Request | Proposal |
|---|---|---|
| Education Opportunity Zones | 320 | 225 |
| College-School Partnerships | 300 | 150 |
| Hispanic Education | 153 | 110 |
| Technology Teacher Training | 100 | 100 |
| Learning on Demand | 50 | 50 |
| Head Start | 150 | 150 |
| Child Labor (non-duplicated) | 39 | 39 |
| D.C. Schools | 20 | 20 |
| SUBTOTAL NEED | | 844 |
| OMB Recommendation | | 600 |
| REMAINING NEED | | 244 |

TOTAL NEEDS:

| | | |
|---|---|---|
| Base Programs | | 165 |
| Initiatives | | 244 |
| TOTAL | | 409 |

Question 1:

| | | |
|---|---|---|
| Technology Teacher Training | Fund within base | -100 |
| Learning on Demand | $10 million for demonstration | -40 |
| TOTAL SAVINGS | | -140 |

Question 2:

| | | |
|---|---|---|
| College-School Partnerships | Move to Mandatory | -150 |
| SAVINGS | | -150 |
| CUMULATIVE SAVINGS | | -290 |
| REMAINING NEED | assuming savings | 119 |

Question 3:

| | | |
|---|---|---|
| Special Education | Fund cost and enrollment increase | 262 |
| TOTAL NEEDS | | 671 |
| TOTAL NEEDS WITH Q 1 & 2 SAVINGS | | 381 |

## DEPARTMENT OF EDUCATION
## OTHER STUDENT FINANCIAL AID PROGRAMS
(budget authority, in millions of dollars)

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|---|---|---|
| FY 1998 Budget.................... | 741 | 760 | 780 | 800 | 821 | N/A |
| FY 1998 Enacted/Passback.. | 749 | 583 | 583 | 583 | 583 | 583 |
| Changes to Passback: | | | | | | |
| Original OMB Proposal...... | | -- | -- | -- | -- | -- |
| Agency Appeal.................. | | +186 | +186 | +186 | +186 | +186 |
| OMB Recommendation...... | | -- | -- | -- | -- | -- |

- Background The Federal Supplemental Education Grant (SEOG) program supplements Pell grants. The Perkins Loan program makes additional low-interest loans to needy students.

  Passback provided $583 million for SEOG, a cut of $31 million from FY 1998, and terminated new Federal Capital Contributions (FCCs) to the Perkins Loan revolving funds ($6 billion). FY 1998 level for Perkins: $135 million.

- Original OMB Proposal Maintain Passback. The SEOG program is not as well targeted as the Pell program, for which Passback included an increase of $434 million to $7,779 million. The Perkins Loan program is duplicative of the Direct and Guarantee loan programs that together make $26 billion in loans and serve about 7 million students.

- Agency Appeal $684 million for SEOG, $101 million over Passback; and $85 million for the Perkins Loan FCCs. ED emphasizes the importance of expanding or maintaining programs for low-income students, especially given that the new tax programs target mainly middle-income students.

- OMB Recommendation No change to Passback.

- Implications (1) Passback includes significant increases for key programs such as the Pell grant and Work-Study programs. (2) There is no compelling justification for expanding or maintaining poorly targeted or duplicative programs. (3) Colleges will object to reduction for SEOG and Perkins; they have more control over who receives these funds than in Pell or the major loan programs.

**EDUCATION AND TRAINING**
**MULTIAGENCY -- NEW INITIATIVES**
(budget authority, in millions of dollars)

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|---|---|---|
| FY 1998 Budget.................... | N/A | N/A | N/A | N/A | N/A | N/A |
| FY 1998 Enacted/Passback.. | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes to Passback: | | | | | | |
| Original OMB Proposal...... | | 600 | 600 | 600 | 600 | 600 |
| Agency Appeal.................. | | 1,418 | 1,418 | 1,418 | 1,418 | 1,418 |
| OMB Recommendation...... | | 600 | 600 | 600 | 600 | 600 |

- Background The White House and agencies have proposed multiple education and training initiatives:

  - **Pre-College Mentoring (ED)** **Proposal: $320 M**

    Provide continuous mentoring from 6th grade on to middle and high school students in high-poverty schools to encourage them to stay in school and prepare for college. The program would award grants to colleges and universities which form partnerships with urban and rural middle-and high-schools. There would also be a large-scale effort to provide information about college and financial aid availability to every student through six years of education (grades 7 to 12).

    At $300 million for mentoring, the program would serve 375,000 seventh graders in FY 1999 (3,300 high-poverty schools) at an initial cohort cost of $1,000 per student for the first three years (declining to $800 for the final three years). Total cost: $2.9 billion over five years.

  - **Education Opportunity Zones (ED)** **Proposal: $221 - $320 M**

    Aid to 20-40 high-poverty, low-achieving urban and rural school districts to implement reforms and hold schools accountable for improving student achievement if:

    (1) they make administrators, principals, teachers, and students accountable for success or failure. Districts would fix failing schools, upgrade their teaching force, end social promotion, enhance public school choice, and establish challenging academic standards.

    (2) they show real improvements in student achievement.

At the higher proposed level, all participating districts would receive the first of three year's of funding in FY 1999; at the lower level, fund half the participating districts in FY 1999 and the other half in FY 2000.

- **Hispanic Drop-Out Prevention (ED)** **Proposal: $110 - 200 M**

Additional funds for existing programs to help Hispanic students complete high school, and to enter and succeed in college. Proposed funding increases include (1) $25 million for training Bilingual Education current and new teachers; (2) $30 - $70 million for TRIO programs providing support services to pre-college students in areas geographically-underserved by the program; (3) $16 million for general institutional assistance for Hispanic-serving colleges and universities; (4) $5 million migrant college preparation programs (HEP and CAMP); (5) $20 million for Adult Education to improve the ESL programs through identification and dissemination of proven and promising practices; and (5) $30-$80 million for Migrant Education to help all eligible students receive supplementary education services (currently about 75 percent do), and to implement more effective but more costly activities. A $50 million increase for Migrant Education is included in the Child Labor Iniitiative.

- **Child Labor Initiative (ED & DOL)** **Proposal: $89 M**

Additional funds for existing programs to improve child labor conditions domestically and internationally by supporting migrant education and labor law enforcement, and by working with other countries to eliminate such activities as forced child labor and promote special product labeling. The proposal includes: (1) $27 million to expand DOL grants to the ILO's International Programme for the Elimination of Child Labor (from $3 million currently) for projects that would eliminate the most intolerable forms of child labor through a combination of direct action, research and education, and institution building; (2) $5 million to DOL for two, three-year JTPA pilots to test the efficacy of a combination of work experience and educational enrichment in reducing the incidence of child labor among migrant farmworker children ages 14-18 years; (3) $4 million to DOL to increase labor law compliance in targeted U.S. industries, including doubling DOL's efforts in the "salad bowl" industry (lettuce, tomatoes, cucumbers, and onions); and (4) $50 million to ED to increase funding for the Migrant Education Program to provide more students supplementary education programs (the initiative would cut the number of elibigle students who do not currently receive services in half) and to implement more effective but more costly activities. A $30-$80 million increase for Migrant Education is also included in the Hispanic Drop-Out Prevention initiative above.

- **Technology Teacher Training (ED)** **Proposal: $100 M**

Additional funds to ensure that new teachers get training in the use of technology and to ensure that there is a teaching technology expert within every elementary and secondary school. Funding would support: State grants in return for a plan; and grants for consortia, comprised of colleges of education, professional organizations, subject-matter experts, and the private-sector, that would carry-out various activities that make it easier for teachers to use technology, such as developing high-quality training materials, evaluating commercial software, and developing innovative approaches to locating high-quality resources on the Internet.

- **Learning on Demand (DOL)** **Proposal: $50 M**

  $50 million for one or two pilots to test using today's technology to enable adults to address their needs for lifelong learning. Building off existing models, this could include developing interactive instructional or related programs through a variety of institutions using the Internet, CD-ROM, interactive TV, and satellite communication. The learning on demand model allows certain adult workers (e.g., the disabled, those in rural areas, those who travel frequently, or those with family responsibilities) who cannot access training through traditional post-secondary settings to continue to upgrade their skills through a new model of continuous learning.

- **Head Start (HHS)** **Proposal: $150 M**

  Additional funds to accelerate the time table of reaching 1 million slots by 2002. By focusing on new slots, the $150 million could fund 33,000 additional regular Head Start slots or 16,000 additional regular Head Start Slots and 12,000 Early Head Start slots. We do not recommend that addback funds be used to restore the set-aside for staff, salaries, and benefits (e.g., "quality" investment") and COLA. HHS' appeal of $145 million would bring funding up to the Agency's request of $4,634 million.

- **Other Education Programs** **Proposal: $189 M**

  Additional funding for base programs to support efforts that research shows improve educational outcomes or to meet increasing demand for services. The increases would fund a variety of areas including teacher training, supplemental services for minorities, statistics and assessment, reimbursements for expenses due to a Federal presence, and program administration.

- OMB Recommendation $600 million to be allocated among the above proposed initiatives as designs are refined and decisions are made on which to pursue.

**EDUCATION AND TRAINING**
**INSTITUTIONAL RETENTION GRANTS**
(budget authority, in millions of dollars)

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|---|---|---|
| FY 1998 Budget.................... | — | — | — | — | — | N/A |
| FY 1998 Enacted/Passback.. | — | — | — | — | — | — |
| Changes to Passback: | | | | | | |
| Original OMB Proposal...... | | — | — | — | — | — |
| Agency Appeal.................. | | 150 | 150 | 150 | 150 | 150 |
| OMB Recommendation...... | | — | — | — | — | — |

- Background Research suggests that student support service programs improve retention and persistence among economically disadvantaged college students. ED originally sought $164 million for a $150 Institutional Retention Grant program to fund support services for colleges and universities which have shown (and have potential to show) continuous improvement in retaining low-income students, and a $14 million funding increase (to $183 million) for the existing college-level retention program, TRIO Student Support Services.

- Original OMB Proposal OMB rejected the proposed new program because it duplicates the TRIO Student Support Services program and is poorly conceived, but included a $13 million increase to TRIO programs to permit ED, if it chooses, to increase Students Support Services projects and/or levels of service.

- Agency Appeal Fund the new Institutional Retention Grant program at $150 million and $30 million for TRIO, for a total of $180 million.

- OMB Recommendation Provide any new funding for retention through the NEC pre-college mentoring proposal or Hispanic initiative (see "Education and Training: Multi-Agency New Initiatives"). Conduct field studies through a proposed $25 million initiative (see "Impact of Federal Student Aid on Minority Access and Retention").

- Implications Funding existing TRIO programs at level or slightly increased funding helps gain support for potential new initiatives.

## DEPARTMENT OF EDUCATION
## Impact of Federal Student Aid on Minority Access and Retention In Higher Education

(budget authority, in millions of dollars)

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|---|---|---|
| FY 1998 Budget.................... | N/A | N/A | N/A | N/A | N/A | N/A |
| FY 1998 Enacted/Passback.. | N/A | 0 | 0 | 0 | 0 | 0 |
| Changes to Passback: | | | | | | |
| Original OMB Proposal...... | | +50 | +50 | +50 | +50 | +50 |
| Agency Appeal.................. | | +50 | +50 | +50 | +50 | +50 |
| OMB Recommendation...... | | +25 | +25 | +25 | +25 | +25 |

- Background Despite high college dropout rates, particularly for low-income racial minorities, the Federal government has devoted few resources to fund high quality research to determine ways to improve college persistence. It is apparent that the high levels of Federal student aid are not a sufficient answer.

- Original OMB Proposal $50 million for a general authority to conduct high quality field research on student aid policy using experimental research design-- i.e., randomly assigned treatment and control groups. The first project would evaluate whether larger federal grants, such as Pell, in the first two years (and loans rather than grants thereafter) to low-income and minority college students can substantially lower drop-out rates.

- Agency Appeal ED accepts $50 million but proposes a different program design. ED proposes a discretionary grant program to fund a variety of small projects focusing on the improvement of retention, transfer, and graduation rates.

- OMB Recommendation $25 million for the original proposal to conduct controlled studies.

- Implications Large-scale pilot projects can assess the programmatic merit and budgetary feasibility of implementing innovative and promising practices nationwide. By the next reauthorization cycle, the Administration can base student aid policy decisions on a more solid foundation of definitive research findings.

**DEPARTMENT OF EDUCATION**
**NSF/ED Education Research Initiative**
(budget authority, in millions of dollars)

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|---|---|---|
| FY 1998 Budget.................... | — | — | — | — | — | N/A |
| FY 1998 Enacted/Passback.. | — | — | — | — | — | — |
| Changes to Passback: | | | | | | |
| Original OMB Proposal...... | | +50 | +50 | +50 | +50 | +50 |
| Agency Appeal.................. | | +50 | +50 | +50 | +50 | +50 |
| OMB Recommendation...... | | +50 | +50 | +50 | +50 | +50 |

- Background ED has historically had difficulty obtaining increased funding for research. The need for additional rigorous research to prove what works in raising student achievement is substantial. The first area of research would be the use of specific technology-based approaches to raising student achievement.

- Original OMB Proposal Fund in Education a separate $50 million joint NSF/ED research partnership, to take advantage of NSF's credibility as a manager of quality research.

- Agency Appeal Education: Fund a $50 million joint NSF/ED research partnership, as OMB recommended, focused on technology, reading, mathematics, and the instructional applications of brain research for teachers and parents. NSF: concurs with appeal but prefers to have $25 million in its own budget.

- OMB Recommendation Fund the proposal. Resources are more appropriate in the Education budget to avoid competition within NSF and the VA/HUD appropriations Act.

- Implications Increases the likelihood that much needed education research would be funded and carried out effectively.

## DEPARTMENT OF EDUCATION
(budget authority, in millions of dollars)

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|---|---|---|
| FY 1998 Budget.................... | 29,409 | 28,981 | 29,544 | 29,893 | 30,199 | N/A |
| FY 1998 Enacted/Passback.. | 29,559 | 29,506 | 29,827 | 29,838 | 29,719 | 30,009 |
| Changes to Passback: | | | | | | |
| Agency Appeal: | | | | | | |
| Base........................ | | +2,153 | — | — | — | — |
| Initiatives....... | | +1,668 | — | — | — | — |
| Total....................... | | +3,821 | — | — | — | — |
| OMB Recommendation: | | | | | | |
| Base........................ | | +685 | — | — | — | — |
| Initiatives.... | | +735 | — | — | — | — |
| Total....................... | | +1,420 | — | — | — | — |

Overview of Agency Appeal

- Appeals for FY 1999 funding for Education programs from Education, DPC and NEC amount to $3.8 billion, for a total discretionary funding level of $33.36 billion.

- The Secretary of Education appeals for a total of $32.8 billion in FY 1999 discretionary spending, $3.2 billion over FY 1998. He requests $3.2 billion over Passback, and $1.85 billion over OMB's candidates for the Presidential Priority Reserve.

- The NEC and DPC have appealed for $363 million over the Secretary's request for new initiatives, including education and training initiatives for other agencies, discussed below.

- The Secretary considers OMB's Passback "inadequate" for helping States (1) deal with the explosive growth in elementary and secondary school enrollments, and (2) rise to the President's call for voluntary national tests in reading and math. He argues Passback pits new proposals against key existing programs in a way that can only undermine both during the Congressional appropriations process.

- The Education budget's overall size – as it reflects "the critically important role of education" – is as much at issue as the funding levels for individual longstanding programs and new initiatives.

- New Initiatives: Education's Appeal repeats or, in some cases slightly increases, the initial request including: $320 million for an Urban/Rural Education Initiative; $300 million for a School-College partnerships Initiative; $20 million for an Early Information Initiative; and $200 million for Institutional Retention Grants.

- Increases to base programs: Education's Appeal repeats, with slight adjustments, the initial request, including: $49 million for Goals 2000; $494 million for Title I, Education for the Disadvantaged; $150 million for Comprehensive School Reform; $41 million for Bilingual and Immigrant Education; $45 million for Adult Education; $159 million for Vocational Education; $262 million for Special Education; $200 million for Vocational Rehabilitation; $361 million for Pell Grants; and $186 million for other Student Financial Assistance Programs.

OMB Recommendation

- OMB recommends $1.42 billion over Passback.

- $600 million for new Education and Training initiatives: $1.479 billion, which includes requests from ED and NEC/DPC initiatives, are competing for the $600 million now identified (see "Education and Training: Multi-Agency Initiatives") for new initiatives selected from among the following: Pre-College Mentoring; Urban/Rural Education Initiative; Hispanic Drop-Out Prevention; Child Labor Initiative; Technology Teacher Training; and increases to other education programs that research shows improve educational outcomes (ED has requested increases for a number of these latter programs as part of their appeal for increases to base funding). (Also competing for the $600 million are Head Start (HHS), elements in DOL for Child Labor Initiatives, and Learning on Demand (DOL).)

- $685 million for increases to base programs: $250 million for Title I, Education for the Disadvantage; $145 million for comprehensive school reform; $18 million for Bilingual Education; $22 million for Adult Education; and $250 million for Pell Grants. (See separate papers on these items).

- $75 million would provide $50 million for an NSF/ED Education Research Initiative, and $25 million for a new authority to conduct field studies of student financial assistance programs. (See papers).

- $60 million for ED's share of the Child Care Initiative (see paper). ED had appealed, on the mandatory side, for $160 million for this initiative.

# DEPARTMENT OF EDUCTION
## TITLE I (EDUCATION FOR THE DISADVANTAGED)
(budget authority, in millions of dollars)

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|---|---|---|
| FY 1998 Budget.................... | 8,077 | 8,287 | 8,504 | 8,724 | 8,950 | N/A |
| FY 1998 Enacted/Passback.. | 7,902 | 7,965 | 8,049 | 8,258 | 8,473 | 8,693 |
| Changes to Passback: | | | | | | |
| Original OMB Proposal...... | | +250 | +250 | +250 | +250 | +250 |
| Agency Appeal.................. | | +494 | +494 | +494 | +494 | +494 |
| OMB Recommendation...... | | +250 | +250 | +250 | +250 | +250 |

[note: for comparability, excludes comprehensive school reform demonstration program funded in FY1998]

- Background Title I (Education for the Disadvantaged) serves nearly 10 million children in poor communities who need extra help to succeed in school. Passback provides an increase of $92 million for the largest activity (grants to school districts), straightlines most other programs (Migrant Education, family literacy, etc.) at the 1998 level, and eliminates separate funding for private school expenses (based on a new Supreme Court decision eliminating the need for the program.)

- Agency Appeal An increase of $494 million(6%) primarily for grants to school districts, family literacy, Migrant Education, and evaluation to serve about 500,000 additional students and improve the quality of services. ED also asks for $10 million for private school expenses.

- OMB Recommendation An increase of $250 million, or 3%, over the 1998 level for grants to school districts.

- Implications OMB's recommendation would primarily offset inflation in grants to school districts, and allow schools to implement more effective, often more costly reforms such as summer and after-school activities.

## DEPARTMENT OF EDUCATION
## COMPREHENSIVE SCHOOL REFORM (DEMONSTRATIONS)
(budget authority, in millions of dollars)

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|---|---|---|
| FY 1998 Budget.................... | N/A | N/A | N/A | N/A | N/A | N/A |
| FY 1998 Enacted/Passback.. | 145 | 0 | 0 | 0 | 0 | 0 |
| Changes to Passback: | | | | | | |
| Original OMB Proposal...... | | +145 | +145 | 0 | 0 | 0 |
| Agency Appeal.................. | | +175 | +175 | 0 | 0 | 0 |
| OMB Recommendation...... | | +145 | +145 | 0 | 0 | 0 |

- Background The FY 1998 Education appropriation included $145 million for two new demonstration programs to support comprehensive school reform. The demonstrations provide funding to an estimated 3,500 schools to implement proven reforms that revise and improve education services throughout entire schools. One program supports these efforts in high-poverty schools ($120 million), and the other in low-poverty schools ($25 million).

  Passback included no new funds so that the demonstrations could run for two years on the FY 1998 appropriation, then report results before adding funding.

- Agency Appeal $175 million, including $150 million for high-poverty schools (an increase of $30 million over the FY 1998 level) and $25 million for low-poverty schools (the same as the FY1998 level). ED asks for $175 million in FY 1999 and FY 2000 to complete the three-year design envisioned by Congressman Obey.

- OMB Recommendation $145 million to provide the second of three years of funding in order to complete the design envisioned by Congressman Obey, while retaining in FY 1999 and FY 2000 the same amount as the FY 1998 level.

- Implications The program has strong congressional support. The OMB recommendation provides continuation grants so that schools will have more time to implement reforms fully.

## DEPARTMENT OF EDUCATION
### Bilingual and Immigrant Education Funding
(budget authority, in millions of dollars)

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|---|---|---|
| FY 1998 Budget.................... | 354 | 363 | 373 | 382 | 392 | N/A |
| FY 1998 Enacted/Passback.. | 354 | 354 | 354 | 354 | 354 | 354 |
| Changes to Passback: | | | | | | |
| Original OMB Proposal...... | | +18 | +18 | +18 | +18 | +18 |
| Agency Appeal.................. | | +41 | +41 | +41 | +41 | +41 |
| OMB Recommendation...... | | +18 | +18 | +18 | +18 | +18 |

- Background This account contains three programs -- Bilingual Education, Immigrant Education and Foreign Language Assistance. Bilingual Education helps schools improve the quality of instructional services for limited English proficient (LEP) students, teaching them English and preparing them to meet the same challenging State academic standards as all other students. Immigrant Education reimburses the States for the cost of educating recently arrived immigrant students. Foreign Language assistance provides competitive grants to SEAs and LEAs to improve foreign language instruction.

  Passback straight lined funding from the FY 1998 enacted level ($354 million), including $199 for Bilingual education, $150 million for Immigrant Education, and $5 million for Foreign Language assistance.

- Original OMB Proposal An additional $18 million over the FY 1998 enacted level only for Bilingual education to support more aid to limited English proficient students.

- Agency Appeal An additional $41.4 million over passback, including $25 million for Bilingual Education Professional Development to train more teachers to instruct LEP students. The increased Professional Development funding is tied to the Hispanic Dropout Prevention Initiative. (See "Multi-agency Initiatives.)

- OMB Recommendation An additional $18 million over the FY 1998 enacted level for Bilingual Education.

- Implications A 9% increase for Bilingual education. This increase will help serve an additional 62,000 LEP students and help equip additional teachers with the skills they need to instruct LEP students.

## DEPARTMENT OF EDUCATION
### Adult Education Funding
(budget authority, in millions of dollars)

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|---|---|---|
| FY 1998 Budget.................... | 394 | 404 | 415 | 426 | 437 | N/A |
| FY 1998 Enacted/Passback.. | 361 | 372 | 372 | 372 | 372 | 372 |
| Changes to Passback: | | | | | | |
| Original OMB Proposal...... | | +22 | +22 | +22 | +22 | +22 |
| Agency Appeal................... | | +45 | +45 | +45 | +45 | +45 |
| OMB Recommendation...... | | +22 | +22 | +22 | +22 | +22 |

- Background This program helps States provide services to educationally disadvantaged adults so that they can develop basic literacy skills, obtain high school equivalency certification, and take ESL courses.

  Passback provided a $11 million increase over the FY 1998 enacted level of $361 million.

- Original OMB Proposal An additional $22 million over the Passback, for the State program, to reach the President's FY 1998 request level. No additional funding would go to the national activity program.

- Agency Appeal An additional $45 million over the Passback, including $20 million for the national activity program to improve the English-as-a-Second-Language programs. The increased national activity funding is tied to the Hispanic Dropout Prevention Initiative. (See Multi-agency Initiative.)

- OMB Recommendation No change to Original OMB Proposal.

- Implications

  - Increase Adult education more than 9 percent over FY 1998

  - Help States improve the intensity and quality of their services and provide services to about 4.2 million adult learners -- 80,000 more learners than in FY 1998.

**DEPARTMENT OF EDUCATION**
**Vocational Education Funding**
(budget authority, in millions of dollars)

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|---|---|---|
| FY 1998 Budget.................... | 1,172 | 1,202 | 1,234 | 1,266 | 1,299 | N/A |
| FY 1998 Enacted/Passback.. | 1,147 | 1,091 | 1,091 | 1,091 | 1,091 | 1,091 |
| Changes to Passback: | | | | | | |
| Original OMB Proposal...... | | +56 | +56 | +56 | +56 | +56 |
| Agency Appeal................... | | +159 | +159 | +159 | +159 | +159 |
| OMB Recommendation...... | | -- | -- | -- | -- | -- |

- Background This program assists States, local educational agencies, and postsecondary institutions in improving their vocational education programs.

  Passback provided $1,091 million, $56 million less than the FY 1998 enacted level of $1,147 million.

- Original OMB Appeal $56 million over Passback to restore the vocational education State program to the enacted FY 1998 level.

- Agency Appeal An additional $159 million over Passback. Of this amount, ED proposes to use $50 million to launch a new program providing grants to partnerships of high schools, community colleges, and industry associations.

- OMB Recommendation No additional funds. There is little information on effectiveness of the use of Federal funds. ED's proposed program is duplicative of the School-to-Work initiative and Tech-Prep program.

- Implications Reauthorization of the program will occur in the next session of Congress. Until the reforms are enacted, there is no compelling justification to maintain the FY 1998 level.

## DEPARTMENT OF EDUCATION
## SPECIAL EDUCATION FUNDING
(budget authority, in millions of dollars)

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|---|---|---|
| FY 1998 Budget.................... | 4,210 | 4,319 | 4,432 | 4,547 | 4,665 | N/A |
| FY 1998 Enacted/Passback.. | 4,811 | 4,811 | 4,811 | 4,811 | 4,811 | 4,811 |
| Changes to Passback: | | | | | | |
| Original OMB Proposal...... | | +241 | +241 | +241 | +241 | +241 |
| Agency Appeal.................. | | +262 | +262 | +262 | +262 | +262 |
| OMB Recommendation...... | | — | — | — | — | — |

- Background The Individuals with Disabilities Education Act (IDEA) authorizes three State formula grants to help offset States' costs of providing special education services, and six competitive grant programs to fund efforts to improve service delivery to children with disabilities.

  For the last two years, IDEA has received large unrequested increases: $482 million in FY 1997; $600 million in FY 1998. ED originally proposed increases of $210 million and $175 million, in FYs 1997 and 1998, respectively. Passback would level fund IDEA at the FY 1998 enacted level, as States absorb the recent large increases.

- Original OMB Proposal Maintain the Passback level.

- Agency Appeal Increase: 1) the State formula grant programs by $232 million, or 5.1 percent, to adjust the FY 1998 level for projected increases in the number of children served and the cost of services; 2) the new State Improvement Grant program from $35 million to $61 million to help States develop and implement their own plans for improving results; and 3) remaining programs to offset inflation.

- OMB Recommendation Maintain the Passback level.

- Implications States will have sufficient funds in FY 1999 if ED works with them to spread increases from FY 1998 over the two-year period.

**DEPARTMENT OF EDUCATION**
**Pell Grant Funding**
(budget authority, in millions of dollars)

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|---|---|---|
| FY 1998 Budget.................... | 7,635 | 7,834 | 8,037 | 8,246 | 8,461 | N/A |
| FY 1998 Enacted/Passback.. | 7,345 | 7,779 | 7,981 | 8,189 | 8,402 | 8,620 |
| Changes to Passback: | | | | | | |
| Original OMB Proposal...... | | +361 | +361 | +361 | +361 | +361 |
| Agency Appeal.................. | | +361 | +361 | +361 | +361 | +361 |
| OMB Recommendation...... | | +250 | +250 | +250 | +250 | +250 |

[Note: Passback is generally consistent with the growth path of 3 percent annual increase, promised in FY 1996.]

- Background Passback provided an increase of $434 million over FY 1998 to support a maximum award level of $3,100, a $100 increase over FY 1998, and maintain the FY 1998 increase for both dependent and independent students. Passback would provide Pell grants to 3.91 million students. For FY 1998, Congress agreed with the Administration proposal to raise support for older, independent students, but at less than the requested level.

- Original OMB Proposal Increase the independent student level to just under the original FY 1998 request; no change for dependent students, whose support level already exceeds the amount sought in FY 1998.

- Agency Proposal An additional $361 million over Passback. ED accepts the original OMB proposal level for independent students, but also proposes increasing the dependent student level. ED finds its offset for the dependent student increase by eliminating the simplified need-determination procedures designed to eliminate unnecessary paperwork for very low-income families.

- OMB Recommendation Raise the independent student level slightly less than the original OMB proposal; no change for the dependent students. Retain reduced paperwork policy for very low-income families.

- Implications

  - Increase more than the 3 percent over FY 1998, the level of annual increase promised in FY 1996

  - Serve an additional 90,000 students

**DEPARTMENT OF EDUCTION**
**GOALS 2000**
(budget authority, in millions of dollars)

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|---|---|---|
| FY 1998 Budget.................... | 620 | 636 | 653 | 670 | 687 | N/A |
| FY 1998 Enacted/Passback.. | 491 | 501 | 514 | 527 | 541 | 555 |
| Changes to Passback: | | | | | | |
| Original OMB Proposal...... | | 0 | 0 | 0 | 0 | 0 |
| Agency Appeal................... | | +49 | +49 | +49 | +49 | +49 |
| OMB Recommendation...... | | 0 | 0 | 0 | 0 | 0 |

- Background Goals 2000 is the Administration initiative that is helping all students in all 50 States reach challenging academic standards. Congress has recently been unwilling to support significant increases in this program.

  Passback provides $501 million, $10 million over the 1998 level.

- Agency Appeal At $550 million, an additional 1,200 schools would receive grants to implement standards-based reform and the pace of reform would increase.

- OMB Recommendation No additional funds over passback. Republican resistance to Goals 2000 funding is very strong but we did successfully retain the FY 1997 level in FY 1998. There was little Democratic support for any increase.

- Implications At $501 million, Goals 2000 will continue to serve all States and maintain the current number of grants that support comprehensive, standards-based reform in districts and schools.

**DEPARTMENT OF EDUCATION**
**VOCATIONAL REHABILITATION FUNDING**
(budget authority, in millions of dollars)

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|---|---|---|
| FY 1998 Budget.................... | — | — | — | — | — | N/A |
| FY 1998 Enacted/Passback.. | — | — | — | — | — | — |
| Changes to Passback: | | | | | | |
| Original OMB Proposal...... | | — | — | — | — | — |
| Agency Appeal.................. | | +200 | +200 | +200 | +200 | +200 |
| OMB Recommendation...... | | — | — | — | — | — |

- Background Vocational Rehabilitation (VR) are classified as mandatory under the BEA; the largest program, VR Grants to States (FY 98 BA: $2.2 billion), is an appropriated entitlement to States, which serves about 750,000 individuals with disabilities annually. Changes in appropriations from the baseline are scored as discretionary. ED originally proposed a discretionary increase of $280 million.

  Despite statutory mandates, ED has not sufficiently linked program funds to a strategy for improving efficiency and effectiveness of the Grants to States program. OMB proposes that ED promulgate performance standards and monitor States for improved client outcomes for several years before providing increases above baseline.

- Original OMB Proposal Fund at baseline; no new discretionary BA.

- Agency Appeal +$200 million in discretionary BA, for a total increase over FY 1998 of 9.8 percent, to help State VR agencies meet State identified goals for improving employment outcomes for, and reducing unemployment among, individuals with disabilities. ED proposes to amend the VR programs to provide greater accountability for results, and incentives for improved performance, and argues that additional funding above baseline would be a show of good faith to the State agencies.

- OMB Recommendation Fund at baseline (an increase of 2.1 percent); no new discretionary BA. Concur with ED's proposal for increased State accountability for improved outcomes.

- Implications ED's proposed amendments could have significant positive impacts on client services and client outcomes without additional funding.

**DEPARTMENT OF EDUCATION**
**ASSISTANCE FOR DC PUBLIC SCHOOLS**
(budget authority, in millions of dollars)

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|---|---|---|
| FY 1998 Budget.................... | N/A | N/A | N/A | N/A | N/A | N/A |
| FY 1998 Enacted/Passback.. | N/A | N/A | N/A | N/A | N/A | N/A |
| Changes to Passback: | | | | | | |
| Agency Appeal.................. | | +20 | | | | |
| OMB Recommendation...... | | +20 | – | – | – | – |

- Background Educational outcomes for the DC Public Schools are far below the national norms. General Becton and Dr. Ackerman have proposed school reform initiatives, but funding shortfalls are making implementation difficult.

- Agency Appeal As part of the Fund for the Improvement of Education (FIE), provide an additional $20 million to help DC implement its school reform plans including: $7 million for reading specialists for every school; $4 million for summer school, similar to the Chicago model; $7 million to implement reform; and $2 million for teacher and principal development.

- OMB Recommendation $20 million to help DC implement its school reform plan.

- Implications Helps DC implement its school reform plan to improve the Educational outcomes of DC schools, especially reading.