DEPARTMENT OF HEALTH & HUMAN SERVICES Chief of Staff

Washington, D.C. 20201

Memorandum to Melanne Verveer

Shirley

From: Mary Beth Donahue MED
Chief of Staff

Subject: Addendum to the 1999 State of the Union proposals

The Department of Health and Human Services (HHS) provided a memorandum to you on November 20 outlining proposed thematic ideas for the 1999 State of the Union address. I am writing as a follow-up to that memorandum to request that an addendum to this document be considered.

Please find attached, a paragraph regarding *Enacting Federal Privacy Legislation*. We propose that this paragraph should be included in the November 20 document within the section entitled, "**Improving the Health of All Americans**". You will note that within this section we highlight concrete steps that the Administration can take to improve the health care system. We suggest that the addendum be inserted following the paragraph on *Enacting a Patients Bill of Rights.*

For your reference, I have attached a copy of the comprehensive memorandum forwarded to you on November 20.

Thank you for taking the time to consider this request. If you have any questions, please feel free to contact me at 202-690-7431.

ATTACHMENTS

- Addendum to November 20 document
- Copy of the November 20 document

Add to Section II, page 4, just after the "Enact a patients Bill of Rights" section:

Enact Federal Privacy Legislation: The American people expect, and are entitled to, confidential, fair, and respectful treatment of their health information. Over a year ago, Secretary Shalala sent a Report to the Congress recommending that the Congress enact legislation requiring that treatment. Since then, progress in crafting such legislation has been made by both Republicans and Democrats. Now its time to get serious about protecting the privacy that we in the United States cherish as essential to personal freedom and well-being. The need for such legislation is found in the rapid changes in the ways that health care is provided, documented, and paid for in the United States. These changes pose a challenge to American values that are both complementary and competing. On the one hand, patients have a legitimate need for confidentiality so that they can be frank with their physicians about their health conditions and behavior. That assurance is fundamental to effective diagnosis, treatment and healing. On the other hand, participants in the health care system -- insurers, governments at all levels, managed care organizations -- have legitimate needs for access to health records in serving patients and performing their roles in the system. Our challenge is to work together to balance these competing values.

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

NOV 20 1998

MEMORANDUM TO BRUCE REED AND GENE SPERLING

FROM: Donna E. Shalala
Secretary of Health and Human Services

As you begin to prepare for the 1999 State of the Union Address, I want to share with you some thematic ideas to stress the accomplishments of the Administration and its agenda for further improving the health and welfare of the American people. I strongly believe that these issues have wide public support and can form the basis for some bipartisan progress in Congress. They build on our past accomplishments and will help to ensure a long-lasting legacy for the Administration in the area of improving the quality of life for the American family. My staff will be happy to work further with you and other White House staff on the details of these proposals.

In the President's speech in Poland, he quoted an ancient Irish proverb: "May you live a hundred years." In the 20th Century, medical, scientific and public health breakthroughs have added 20 years to the average life expectancy of the American people. The President should declare a national goal of meeting or exceeding this accomplishment in the new century to come so that by the end of the 21st Century, the average life expectancy of an American can be nearly 100 years. Imagine what such an accomplishment will mean to the productivity and creativity of our people and our nation.

In that light, this memorandum lays out four major themes for the President's address:

Helping Working Families Help Themselves: This includes renewed efforts to improve child care and support working families and new initiatives in the area of long-term care.

Improving the Health of All Americans: This includes enacting a Patients' Bill of Rights and continuing our efforts to eliminate historical racial and ethnic disparities in health status, particularly those disparities affecting American Indians.

Making the World Safer for Children: This includes a renewed effort to combat tobacco use by children as well as new initiatives to reduce the number of accidental injuries and a new effort to combat the rising prevalence of asthma in children.

Improving Public Health Capacity: This includes continuing efforts to protect the safety of our food supply, countering the threat of bioterrorism, and ensuring the safety of drugs, medical devices, and the blood supply.

The following pages of this memorandum discuss each of these themes in greater depth and offer rhetorical language that might fit within the context of the State of the Union Address.

I. Helping Working Families Help Themselves

The American family is stronger and more able to deal with the unexpected today thanks to the far-sighted policies we have adopted during these last six years. The Family and Medical Leave Act allows working parents to spend the time they need with a newborn or sick child. A higher minimum wage, the expanded Earned Income Tax Credit, and the $500 child care credit have helped to lift working families out of poverty. Parents can move from job to job without worrying that their health insurance won't move with them. More pre-school children are fully immunized than at any time in our history. And more than two million additional children have health insurance that will help them to grow up healthy and strong.

But our work is far from complete. Today, too many parents still must worry that they cannot afford quality child care for their children. Too many families are adversely affected by substance abuse problems. And too many families worry that the cost of long-term care could wipe out a lifetime of savings. That is why I am so pleased to announce that my fiscal 2000 budget includes a series of initiatives designed to help working families help themselves.

Quality Child Care: We must make child care more affordable, more accessible, and of consistently high quality. We know that 70 percent of today's mothers depend on child care professionals to help them care for and educate their children. Currently, only one in ten families eligible to receive assistance for child care do so. And in three-quarters of our states, families living in poverty are ineligible for child care assistance. Last year, the First Lady and I hosted the historic White House Conference on Child Care. We know that the early years of life are critical to the development of children's brains and their ability to enter school ready to learn. We also know that the experiences that older children have in non-school hours are critical to their positive development and education. There is no better investment of our resources than assuring that our children grow up in safe and healthy learning environments. We need to make sure that mothers and fathers who hold jobs outside the home are secure in the knowledge that their children are being cared for in high-quality child care facilities. So let's finish the job and enact a child care bill that helps parents get their kids off to the right start.

Working Families Initiative: In the two years since I signed the welfare reform law we have made remarkable progress in helping families move from welfare to work and in supporting working families. The welfare rolls are at an historic low and our employment rates are at an all-time high. But it is clearly not enough to just help families find jobs. We must keep them out of poverty by again raising the minimum wage. We need to build secure and reliable supports for work, such as Food Stamps, child care, health care, housing, and transportation. And we must help them improve their education and skill development.

Substance Abuse: We must strengthen our efforts to assist families whose substance abuse problems threaten their ability to lead healthy and productive lives. More than 8 million children in our nation are now living in families where at least one parent has a serious alcohol or drug problem, and drug use rates among our young have recently been rising. Indeed, research tells us that the children of substance abusers are at higher risk of developing such problems themselves. Under the leadership of General Barry McCaffrey, the Office of National Drug Control Policy has developed a comprehensive, long-term drug control strategy for our nation. This strategy lays out a road map for making treatment and prevention services more available to parents and their children. You have all seen the ads on TV. These are the first steps in raising awareness, changing attitudes, and getting families and children to take action. Through the budget process we are also moving to reduce the treatment gap, so that families will be able to get the treatment they need. Through these efforts, we are providing the tools that working families need so that they can address their alcohol and drug problems and provide healthy family environments for their children.

Long Term Care: Last year's budget made an unprecedented investment in medical research and my budget for this year keeps us on a path of doubling the NIH budget in five years. These investments will help us to unlock the mysteries of the human body and help to extend the length and quality of every human life. But we also must recognize that longer lives will increase our need for innovative ways to care for our parents and our grandparents. Every year over 50 million Americans spend time caring for sick and disabled family members and friends. They struggle to keep their loved ones at home for as long as possible. Yet they get remarkably little help in doing so. That is why I am proposing to establish a National Family Caregiver Program to help these heroic men and women care for their loved ones and why I am also proposing a new Bridge to Independence Initiative that will work to expand the availability of home and community-based care for the elderly and the disabled.

Today, more than four million Americans are living with Alzheimer's disease, including President Reagan. That number is projected to quadruple in the next 40 years. That is why my budget also includes funding for Alzheimer's disease research.

II. Improving the Health of All Americans

Our nation has the best health care system in the world. We have the best doctors, the most advanced technology, and the most exciting research. But we can make the American health care system even better.

Enact a Patients Bill of Rights: Quality health care should not be a partisan issue. Quality health care is a practical issue for patients and their families. The first task of this new Congress must be to finish the work we began last year and enact a Patients' Bill of Rights that will guarantee high-quality care for all Americans. Virtually every member of this body sponsored legislation to provide Americans with a Patients Bill of Rights. There were many very real issues that divided us in 1998, but these are not issues that should stop us from acting. We must provide Americans with a real choice of doctors, with real access to specialists, and with real emergency care when and where they need it. They must be able to take their disputes with their health plans to independent, external experts for a binding final decision. They must know that their medical records are secure. And they must be able to have recourse against health plans that injure them or their loved ones.

Eliminate Racial Disparities in Health Status: For too long our nation has seen shocking gaps between the health of white Americans and that of African Americans, Hispanics, Asian Americans, American Indians and other racial and ethnic minorities. Last year, we began a national initiative with the bold goal of eliminating these shameful disparities by the year 2010 in six critical areas of health status: infant mortality, cancer screening and management, cardiovascular disease, diabetes, HIV/AIDS infections, and child and adult immunizations. We also launched a national effort to deal with the crisis that HIV and AIDS present to minority communities. I propose doubling our efforts in these areas so that the health of any American does not depend on the color of their skin.

Improve the Health of American Indians and Alaska Natives: While we work to improve the health of communities of color we must pay particular attention to the needs of the oldest American communities -- American Indians. For far too long, these Native Americans have been accorded second-class status. We must enter the next millennium by making a national commitment to meet our legal and moral obligations to these citizens. We must provide health, education, and economic opportunities that will make the first Americans as economically productive, educationally competitive, and as healthy as those who followed them to these shores. We have begun by assisting tribal nations to develop innovative approaches that encourage community-based solutions for health status disparities effecting Indian families and communities.

III. Making the World Safer for Children

If parents are to have the opportunity to raise healthy children, we have the obligation to make the world around them as safe as possible. Every day, parents struggle to raise their children in an environment that nurtures their bodies and their souls. We can't do that job for them, but we can make it easier for them to do it successfully.

Reducing Tobacco Use: We have fundamentally changed our understanding of smoking. There can be no debate that the nicotine in cigarettes is addictive. We know that smoking is a pediatric disease. Three thousand young people become regular smokers each day and nearly one thousand of them will die prematurely. No legal obfuscation by the industry, nor slick TV ads can fool the American people. They know the truth -- often from the industry's own data. If Congress wants to act, we will work with them. Science and common sense lead to the conclusion that a strong, comprehensive approach to the problem is best. But we will not wait on Congress. Any state, any community that wants to act on the knowledge and facts of this public health threat will have this Administration's full support.

Reducing the Incidence of Injuries: More than 400 Americans -- including 50 children -- die every day from preventable injuries and thousands more are injured every year, suffering permanent disabilities. Such injuries cost our society $224 billion a year in lost productivity, health care and rehabilitation costs. Yet every dollar we invest in preventing injuries saves us millions. For example, smoke alarms save $69 for every $1 spent, bicycle helmets save $29 for every $1, and child safety seats save $32 for every $1. We need to make Americans safe at home, safe at school, safe at work, and safe as they move about in their communities. That is why my budget includes money to help protect our children by creating a safer environment in which they can grow and mature.

Fighting Asthma: Over the last 15 years, the number of Americans afflicted with asthma has doubled to more than 15 million and the largest increases have been among children. In fact, asthma is one of the leading causes of school absenteeism and a major reason for emergency room visits by parents and young children. Our investment in asthma research has increased our understanding of the root causes of this condition. Now it is time to invest in getting that information in the hands of doctors and their patients. My budget will help prevent the onset of asthma, help parents manage asthma in their kids, and improve the treatment of this manageable disease.

IV. Improving Public Health Capacity

If we are to protect our nation and our planet against disease in the new century, we must continue to build our public health infrastructure. Without a solid and stable system of public health, we cannot fight the threats we know and we cannot be prepared for those that we don't know. Working in partnership with the states, we must develop and maintain a rapid response approach to contain the outbreaks of the future. This investment will enable us to increase the number of trained scientists and public health professionals in our communities.

Food Safety: With bipartisan support we have made major progress toward making our nation's food supply as safe as possible. The CDC has established a nationwide surveillance network that alerts us to any threats to the food supply. This allows us to quickly identify and act on foodborne outbreaks anywhere in the country. We have instituted new agricultural practices designed to detect and prevent contamination of fruits and vegetables. And we are taking measures to reduce the potential for bacteria contamination by applying new scientific approaches to assure the safety of fruit juices. To make all of this work, I have directed that a national food safety council be established to monitor food safety and help us maintain a safe national food supply.

Drug Safety: By assuring the quality of the drugs we take, the medical devices we need, and the blood supply upon which we rely, we relieve a major source of concern for the people of this nation and others. Our new FDA Commissioner Jane Henney will work closely with you to implement the bipartisan FDA reform bill that I signed in the last Congress.

Fighting Bioterrorism: Ensuring the health and well-being of our citizens requires thinking the unthinkable and preparing accordingly. That is why I am requesting $370 million to enhance our ability to protect the American people against terrorism involving infectious microorganisms. We will help state and local health departments and the Centers for Disease Control and Prevention improve their capabilities to detect unusual infectious-disease outbreaks that might be caused by terrorists. We will also strengthen local, state, and national capabilities to mount rapid medical responses to such incidents. Our overarching goals will be to prevent bioterrorism whenever we can and, when we can't, to limit the toll of death and suffering that those heinous crimes can inflict upon our communities.

Attachment
Tab A - Background Information on the Health Status of American Indians and Alaska Natives

Focus on the Tools of Opportunity. Develop economic opportunities in Indian communities, raise the health status of Indian people and their communities, and improve their educational status.

Health Status. American Indians and Alaska Natives have the lowest life expectancy of any group in the nation and disproportionately higher morbidity/mortality rates than the total population, as shown below.

Alcoholism	579% greater
Tuberculosis	475% greater
Diabetes	231% greater
Unintentional Injury	212% greater
Suicide	70% greater
Pneumonia and Influenza	61% greater
Homicide	41% greater
Gastrointestinal Disease	23% greater
Heart Disease	8% greater

The health of Indian people is measurably different than other Americans at all life stages. Indian infants die from sudden infant death syndrome at a rate 1.8 times the U.S. All Races infants rate of 2.1. Indian children, 5-14 years, die of traumatic injuries at twice the U.S. All Races rate, and suicide among Indian children, 15-24 years, is 2.7 times the U.S. All Races rate. The alcoholism death rate for Indian youth, 5-14 years, is over 17 times the rate for U.S. All Races. One in three adult Indians suffer from diabetes -- nearly twice the rate of U.S. All Races. Indian elders still die earlier than their U.S. All Races counterparts. American Indian and Alaska Native homes lack safe water and sanitary means of waste disposal 7.5 times that of homes of U.S. All Races.

Eliminate Health Disparities for Six Target Areas. The Administration's Initiative to Eliminate Racial and Ethnic Disparities in Health targets six areas: diabetes, heart disease, cancer screening and management, HIV/AIDS, infant mortality, and immunization.

Develop Economic Opportunity. Disparities exist in other programs aimed at improving the social and economic status of low-income and disadvantaged populations, including TANF and other ACF programs and Medicaid/CHIP outreach. This is the case for both reservation-based and urban-based American Indians and

Alaska Natives. This is not just a reservation issue. Sixty-five percent of Indian people live in urban or suburban areas. Indian people are the most disadvantaged population in the nation. Their median household income (1989) was $19,897 compared with $31,435 for Whites, $19,758 for Blacks, and $24,156 for Hispanics.

Living Below the Poverty Level	31.6%
Males 16 & Over Unemployed	16.2%
Bachelor's Degree or Higher, Ages 25 and older	8.9%

Improve the Academic Performance of American Indians and Alaska Native Students. Census data show that the Indian population has increased in the last three decades. Of the total Indian population, the age group 10-19 years represents a significant concentration. There are approximately 600,000 American Indian and Alaska Native children in the United States -- less than 1% of all school-aged children. They have the highest dropout rate in the nation. Thirty-six percent of American Indian and Alaska Native tenth graders drop out of school, more than twice the national percentage for white students. Thirty-two percent of American Indian and Alaska Native students showed a "below basic" level of performance in math, which represents twice that for white students (15.5%). Twenty-two percent of white students showed an "advanced" level of performance in math, which is almost five times that for Indian students (4.8%). The Bureau of Indian Affairs funds a K-12 educational program for 51,000 Native Americans in 185 school systems in 23 states. Of the 3,000 facilities in the BIA school system, 25 percent are more than 50 years old, 50 percent are more than 30 years old, and 3 percent are more than 100 years old. Twenty thousand American Indian and Alaska Native students attend classes in portable classrooms. The conditions of these facilities reflect significant operational and new school construction needs. The turnover rate for BIA teachers is 35%.

The White House Domestic Policy Council Working Group on American Indians and Alaska Natives approved a Policy Initiative for Indian Children and Adolescents as proposed by the IHS in 1997. The Policy Initiative focuses on directing resources from a number of Federal agencies and private sources. The Policy Initiative's intent is to improve the conditions and quality of life for American Indian and Alaska Native children and adolescents and help them become healthy adults. The IHS will continue to work with the Domestic Policy Council by providing additional information about the potential outcomes of the Initiative and other basic information on the status of Indian children and youth. The IHS will continue to pursue a potential presidential Executive Order or other administrative policy statement in support of Indian children and youth. In addition, the IHS is planning the development of a major campaign in 1999 that will address the need for establishing healthy lifestyle programs for Indian youth. Tribal consultation will be a cornerstone of this campaign.

Continue the Momentum of Past Progress. The Administration has made progress on American Indian and Alaska Native health issues even though significant disparities remain. Mortality rates for American Indians and Alaska Natives have decreased significantly in many areas since 1973, as shown below, showing that investing in Indian health works!

Tuberculosis	79% reduction
Gastrointestinal Disease	76% reduction
Maternal Deaths	68% reduction
Infant Deaths	58% reduction
Unintentional Injury	56% reduction
Pneumonia and Influenza	52% reduction
Homicide	40% reduction
Alcoholism	37% reduction
Suicide	23% reduction

Shirley
FYI

CENTER ON BUDGET AND POLICY PRIORITIES

To: Maria Echaveste
Ron Klain
Jack Lew
John Podesta
Bruce Reed
Gene Sperling
Larry Stein
Melanne Verveer

From: Bob Greenstein

Date: November 24, 1998

Subject: Legal immigrants, the FY 2000 budget, Hispanic and Asian voters, and the 2000 elections

---

In 1997 and 1998, the Administration won important victories in restoring benefits for legal immigrants that had been taken away by the welfare law. Nevertheless, substantial parts of the damage done to legal immigrants by the welfare law remain. Prior to November 3, I thought it unlikely the Administration could win more restorations in this area. Now, I think there is a strong chance you could win more here.

Since the election, newspapers have run a spate of articles discussing the pivotal role of the Hispanic vote on November 3. Republican strategists such as Ralph Reed are quoted as saying Republicans must do better with such voters, while news analyses note that anti-immigrant stands have hurt Republicans badly in California. Articles also report that 30 percent of the Hispanic electorate in California consisted of newly naturalized citizens voting for the first or second time. In fact, *USA Today* has reported that newly naturalized citizens tend to have higher turn-out than other voter groups. The articles also point out that Republicans who did well with Hispanic voters won by large margins.

This suggests that if the President's FY 2000 budget contains significant immigrant restoration proposals and the Administration pushes for them, Republicans may feel they have to give you something in this area. And if they do not and turn down your proposals, then Democrats and Vice President Gore should be able to use that to remind Hispanic and Asian voters in 2000 of the differences between the parties.

In short, this appears to be a "win-win" situation. Either further restoration will be achieved, or the rejection of Administration proposals in these areas can serve as a

820 First Street, NE, Suite 510, Washington, DC 20002
Tel: 202-408-1080 Fax: 202-408-1056 center@center.cbpp.org http://www.cbpp.org HN0026

wedge issue with some key voting constituencies. I urge you to include immigrant restorations in the budget, as you have done each of the past two years.

The major constituency organizations that work on these issues are preparing a memo for the Administration on their priorities in this area; a number of these priorities were included in your FY 1998 or FY 1999 budgets. Key areas where the Administration could propose important restorations include the following:

- Give states the option to provide coverage under Medicaid and the child health block grant to low-income legal immigrant children who have entered the United States after August 22, 1996, the date the welfare law was signed. States now are barred from extending such coverage. This proposal was in the Administration's FY 1999 budget.

- Give states the option to provide prenatal care to legal immigrant pregnant women who have arrived after August 22, 1996. States must provide Medicaid coverage for *delivery* costs when such women give birth but are prohibited from providing Medicaid coverage for prenatal care, which can result in healthier birth outcomes. This makes little sense.

- Provide SSI eligibility to legal immigrants who enter the country after August 22, 1996 and become disabled after arriving here. Should a poor legal immigrant hit by a bus or maimed in a workplace accident be denied SSI? The Administration fought for this in 1997 but didn't win it. Let's join this fight again.

- Provide SSI for legal immigrants here on August 22, 1996 who subsequently become elderly and poor. The 1997 restoration limits SSI to those elderly legal immigrants who were both 65 or older and *on the SSI rolls* on August 22, 1996. This is too restrictive. At a minimum, we should cover those who were in the U.S. and 65 or older on August 22, 1996 but not on the SSI rolls on that date. Current rules in this area penalize elderly legal immigrants who worked as long as they could and stayed off SSI as long as they could — and consequently weren't receiving benefits on August 22, 1996 — but who since have become poor. Fixing this would simply conform the treatment of elderly legal immigrants in SSI to the food stamp treatment for elderly legal immigrants the Administration won this June.

- Extend food stamps to poor legal immigrant parents here on August 22, 1996, or at least to working poor immigrant parents. Currently, children in these families can get food stamps, but their parents can't. The result is that the family as a whole, including the children, often does not have enough to eat. The primary people who would be covered under this proposal are individuals who came here legally, are working, and are trying to raise their children on below-poverty wages.

This is an area where good policy, basic decency, and politics converge. I hope you'll include such a package in the budget.

11/25/98 17:02 2024081056 → 202 456 6244 NO.660 P003/006

Core Democratic voters defy predictions

USA 11/4

Some '94 defectors return to the fold

By Kathy Kiely
and Jessica Lee
USA TODAY

The Democratic Party's most reliable voters responded Tuesday to a massive get-out-the-vote drive, defying predictions that they would be too depressed by scandal to vote.

The New Deal coalition of minority activists, overwhelmingly African-American and Hispanic, and union members mounted the kind of intensive campaign usually reserved for presidential years.

Republicans struggled to maintain majorities in the Senate and House by motivating their loyalists among the religious right, fiscal conservatives and business community.

But some the angry white men who fueled the 1994 Republican revolution reverted to the Democratic camp, according to exit polls. And middle-aged voters, 44-59, turned out in greater numbers than they did in the last mid-term elections and voted more heavily Democrat.

Despite predictions that the White House sex scandal would energize Republican activists, exit polls indicated that voting participation levels by members of the religious right was down, from 17% of voters in 1994 to 13% this year.

Nationally, union and African American voter turnout held steady in the face of a sex scandal that many predicted would discourage traditional Democrats.

After a primary season in which voters stayed away from the polls in droves, some experts feared a near election boycott in the wake of President Clinton's sex-and-lies scandal. But that wasn't the case, at least not everywhere in the country.

"Turnout was very good, particularly among minorities," said Rep. Martin Frost, a Texas Democrat. "The Hispanic members of Congress and the black members ag- … involved in turnout … year. They made a difference all over the country."

Rep. Maxine Waters, R-Calif., head of the Congressional Black Caucus, was overjoyed at the clear gains scored by black voters supporting Democrats in key races.

"It was a well-organized effort that helped capitalize on the mood among African American voters about the unfairness of Ken Starr," she said. "It became obvious they were out to get Bill Clinton. That played a role in this."

Turnout in North Carolina and Kentucky, two states with hot Senate races as well as some highly contested down-ballot contests, was "significantly up," according to Curtis Gans of the Committee for the Study of the American Electorate.

Kentucky is the state where the Congressional Black Caucus launched a get-out-the-vote bus tour aimed at Democratic voters in the closing days of the campaign.

AFL-CIO political director Steve Rosenthal said organizing among the 53,000 union members in Rep. Ted Strickland's Ohio district helped the Democratic incumbent hold onto his seat. Rosenthal said labor efforts also played a big part in the Rep. Lane Evan's successful effort to hold onto his seat.

If Sen. Harry Reid, D-Nev., ends up holding onto his seat, Rosenthal said, it will in part be due to "a huge project" the unions mounted to urge their members to take advantage of a Nevada law that allows them to vote early by mail.

Big labor mounted its most massive get-out-the-vote drive ever. The AFL-CIO sent 9.5 million pieces of mail and made 5.5 million phone calls to urge union members to get to the polls. In addition, the unions dispatched thousands of volunteers in an unprecedentedly large grass-roots political missionary effort.

"We have found that when we talk to … members one by one, we … make the … there's a lot at stake in the elections and union members will vote," Rosenthal …

In … of the nation, including several states where … races were going down to the wire, dismal weather was doing nothing to boost turnout.

For special-interest groups, the final days of the … paign were truly "radio" active. Groups that run the gamut … the NAACP to the Campaign for Working Fa… targeted … supporters via the airwaves.

"We did a lot of advertising on radio stations aimed at traditional families," said conservative presidential candidate Gary Bauer, head of Campaign for Working Families, a political action committee. "We ed up in 170 different a … the … r"

By Wa Chandler, AP

Big turnout: Voters mark their ballots Tuesday at the Adult Education Center in Anderson, S.C. Poll workers at the center reported an unusually high turnout for a nonpresidential-year election.

Hispanics prove pivotal

By Maria Puente
USA TODAY

USA 11/4

If early indications hold, several major candidates in the nation's political megastates are going to owe their election to a growing and increasingly sophisticated Hispanic vote.

In Texas, Hispanics helped Republican incumbent Gov. George W. Bush crush Democratic challenger Garry Mauro. Bush will easily exceed his goal of 40% of the Hispanic vote, according to exit polls. That certifies Bush as the single national Republican with the chance to win back millions of Hispanic voters turned off in 1996 by GOP rhetoric against immigrants, bilingualism and affirmative action.

"Bush is going to do better with Latino voters than any other white Republican in a statewide race ever," predicted Antonio Gonzales, president of the William Velasquez Institute, a think tank that tracks Hispanic voters in Texas and California.

In New York, Puerto Ricans and Dominican-Americans helped make the difference for Democrat Rep. Charles Schumer in the no-holds-barred brawl for the U.S. Senate against incumbent Republican Al D'Amato. Exit polls showed Schumer with overwhelming support from Hispanics.

And in California, Hispanic voters made the difference for embattled Democratic U.S. Sen. Barbara Boxer prayers in her squeaker race against Republican challenger Matt Fong, according to exit polls.

"The long-heralded potential of Latino voters is becoming an actual reality in that millions of Latinos are turning out at the polls," said Harry Pachon, head of the Tomas Rivera Policy Institute, a think tank that tracks the California Hispanic electorate, an estimated 14% of the total.

More are turning up on ballots as well. Twenty-four Hispanics ran for seats in the House, and pollsters predict as many as four more seats could be added to the Hispanic Caucus, bringing the total to 22. Nationwide, an unprecedented number of Hispanics ran for statewide offices: 20 candidates in nine states, eight in New Mexico alone. Of those, 12 are Democrats, seven are Republicans and one was in a nonpartisan race.

Only about 5% of the national electorate in 1996, Hispanic voters increasingly are making their presence felt in the nation's largest states: California, Texas, New York, Illinois and Florida.

The Hispanic vote also is maturing, meaning voters increasingly pick and choose candidates rather than vote straight party tickets. In Texas, they're likely to come out strong for Democrat John Sharp in the race for lieutenant governor against the GOP's Rick Perry.

"Hispanics are going to go for Bush in the high 40s to low 50s … but that doesn't mean they're going to give the GOP all their votes," Gonzales said. "Sharp is going to get 75%-80% on Hispanics, and that's a sign of maturity. It means they're thinking."

Another characteristic of the Hispanic vote is that millions — 39% of the total Hispanic electorate in California — are newly naturalized citizens voting for the first or second time. These voters tend to turn out in higher percentages than other voter groups.

Dems push to the end to increase black votes

By Jessica Lee
USA TODAY

USA 11/4

Democrats from President Clinton on down put laser focus on getting African-American voters to the polls. Early exit polls Tuesday showed that black voters, who are about 12% of the voting age population, were marking 10% of the ballots.

But in early returns, that 10% was looking big enough to break more than one Republican redoubt in the South.

The Democratic National Committee (DNC) spent a record $500,000 to get out the vote among African-Americans. It targeted voters in key gubernatorial and Senate races in Georgia, New York, Nevada and Missouri.

Their task was a delicate one. In some states where extensive appeals to the interests of black voters could trigger a backlash among whites, the DNC and Democratic congressional campaign acted as surrogates to make the case for Democratic victory.

In a final burst of telephone bank activity, Democrats put Clinton's recorded voice to work in thousands of phone calls in states such as California, New York, New Jersey, Ohio, Texas, Nevada and those in the Deep South.

Dora Vas, an African-American who is a legal typist in Sacramento, got a call around 5:30 p.m. Monday when she got home from work. "At first I thought it was a prank," she says. "Then I realized it was his voice telling me to go out and vote. It made me feel really special, like I could do something for our country."

The Congressional Black Caucus also pushed hard. Rep. Charles Rangel, D-N.Y., raised $1.3 million for a final turnout drive.

The liberal People for the American Way's last-minute ad campaign included a radio spot by celebrated African-American author Toni Morrison that was targeted to listeners of black-owned radio stations.

Washington Post
Washington, DC
November 16, 1998

GOP Governors Look to Wield Stronger Hand in Party Affairs

By Dan Balz
Washington Post Staff Writer

Excerpted from above article...

The success of Bush in Texas and his brother Jeb, who was elected governor of Florida in his second attempt at the office, has attracted particular attention among Republicans since the midterm elections. Beyond the appeal that comes with one of the best-known names in Republican politics, the Bush brothers stressed what they call "compassionate conservatism"—in contrast to the congressional wing's harder-edged ideology.

"I think the lesson of the election is that sharp-elbowed conservatism doesn't work and what they offer is a new paradigm of compassionate conservatism," said Marshall Wittmann of the Heritage Foundation.

Both Bushes reached out to minority voters and proved far more popular among those constituencies than most other Republicans running this year. (Arizona Sen. John McCain, who captured a majority of the Hispanic vote, is one exception.) George W. Bush won 49 percent of the Hispanic vote in Texas. Jeb Bush captured about 60 percent of the Hispanic vote in Florida. By way of contrast, Dan Lungren, the Republican gubernatorial nominee in California, won less than a fifth of the Latino vote there.

Winning minority votes, say Republican strategists, is crucial to the party's long-term aspirations. "If you look at the current demographic trends, relying exclusively on male and white voters . . . is a recipe for permanent minority status," said Ralph Reed, former executive director of the Christian Coalition.

House Seats

n unalterable path to taking
se in

ore Support

ocrats' turnout effort was
ty's core support among
members and women. In the
nal weeks, every level of the
olved in the effort, from the
the 1,000 volunteers who
n Washington state to boost
ollege professor and newly
essman Brian Baird.

lysis documents their suc-
participation among union
r example, jumped to 22%
h 13% in 1994, when the De-
he l No complete num-
s voters' turnout were avail-
edotal evidence shows they
erence in several key races.
v e , where Democrats
epel the Republican effort to
s office for the first time
traction, black voter turnout
mpared with 19% in 1994.

by the Christian Coali-
hat Democrats even managed
he Republican Party's most

lf-identified religious conser-
aid they voted for a Democ-
said they voted for a Repub-
. Republicans garnered 67%
the religious right, as com-

pared with the Democrats' 21%. Some of that could be attributed to the Democrats' recruitment of more conservative candidates, particularly in the South. But Mr. Gephardt argued that they were also attracted to the party's focus on issues rather than scandals.

News in the Wee Hours

Christian Coalition Director Randy Tate agreed: "Democrats had an agenda, albeit a liberal agenda. . . and some agenda will beat no agenda every time."

The full impact on the House races and the campaigns for governor couldn't be determined until the wee hours of the morning, when West Coast results came in and close races were finally determined.

Among the late gains for Democrats were two House seats in Washington, one in Wisconsin, and another in California. The Republicans managed their own offsetting wins on the West Coast, picking up two California House seats and defeating Democrat Rep. Jay Johnson in Wisconsin.

But Mr. Johnson, a former television reporter who rode Mr. Clinton's coattails in 1996 to win the heavily Republican district based around Green Bay, proved to be the only Democratic incumbent to go down in defeat. Five Republican incumbents, on the other hand, lost their seats.

Among the late returns in the governors' races was the re-election of Hawaii Gov. Ben Cayetano, an endangered Democrat hurt by a weak economy. In Nebraska and Colorado, Republicans managed two victories that helped to offset their losses in the South. Nebraska Gov. Ben Nelson will be succeeded by Lincoln Mayor Mike Jo- Colorado's Roy R will be succeeded by State Tr er Owens.

ted Gov. Pete Wilson (R)
ted Gov. Zell Miller (D)
Gov. Terry Branstad (R)
ted Roy Romer (D)
-limited Gov. Lawton Chiles (D)
Gov. Phil Batt (R)
Gov. Jim Edgar (R)
ted Benjamin Nelson (D)
ted Gov. Bob Miller (D)
ted Gov. George Voinovich (R)
Gov. Arne Carlson (R)

A House Divided

Narrowest 20th century House majorities:

YEAR	MAJORITY PARTY	MARGIN
1917-19	Republicans[1]	5
1923-25	Republicans	10
1931-33	Republicans[2]	2
1943-45	Democrats	13
1953-55	Republicans	6
1997-99	Republicans	22
1999-99	Republicans	13[3]

[1] Democrats later took control of the House due to Republican deaths

[2] Democrats later took control with help from third-party members

[3] Not counting one undecided race in Oregon

Minorities Put Democrats Over Top in Key Races

By Dennis Farney

Staff Reporter of The Wall Street Journal

Minority voters were decisive in key elections Tuesday, reclaiming center stage from the "angry white males" who torpedoed Democratic hopes four years ago.

This time, it was nonwhites, especially African-Americans, particularly in the Deep South, who spearheaded a surprising Democratic resurgence. Strategists of both parties concluded that black votes made the difference in two Senate and two gubernatorial races in the South, as well as in the New York Senate race. Democratic candidates prevailed in all five.

Motivated by Threat to Clinton

"The black vote obviously was critical in the outcome of many races," White House pollster Mark Penn said. "They were energized by seeing the Republican right threaten President Clinton and all the Clinton administration stands for."

Republican pollster Eddie Mahe agreed. "We [Republicans] probably got 60% of the white vote in the South," he said. "But if you're only getting 7% or 8% of the black vote, it just makes it really, really, really difficult to move the numbers. The Democrats did an extraordinarily fine job in communicating the message, 'Those people are a threat to you,' and a threat is always the most powerful motivator."

Paradoxically, exit polls show black turnout didn't increase on a national basis; in fact, black voters accounted for an estimated 10% of the total national vote this year, down from 11% in the last off-year election of 1994. (Whites accounted for 82% of the vote this year, Hispanics 5% and Asian-Americans 1%.) But blacks gave an estimated 88% of their votes to Democrats. The black impact was especially concentrated in selective, highly competitive races.

In Alabama, for example, the victorious Democratic candidate for governor, Donald Siegelman, drew 90% of the black vote, according to exit-poll estimates. Well over 90% of the black vote in New York went to Democratic Senate candidate Charles Schumer, who ousted Republican Incumbent Sen. Alfonse D'Amato. In Illinois, Democratic Sen. Carol Moseley-Braun, who is an African-American, lost re-election despite pulling an estimated 97% of the black vote. In Maryland, where incumbent Democratic Gov. Parris Glendening survived a tough GOP challenger, the black vote jumped to 20% of the total this year from only 12% in 1994, according to senior political analyst David Bositis of the Joint Center for Political and Economic Studies.

A good economy, combined with turnout appeals from President Clinton, labor unions and others, made the difference, Mr. Bositis said. A recent survey by the Joint Center found that blacks, by a 51% majority, felt better off under the Clinton economy. "Blacks still aren't making as much as whites, but the black poverty rate is at an all-time low."

Pattern Among Hispanics

Hispanics, a rapidly growing group expected to outnumber African-Americans within a decade or so, also tilted toward Democrats on Tuesday. But their vote was far less monolithic than the black vote.

In California, incumbent Democratic Senator Barbara Boxer drew an estimated 73% of the Hispanic vote in her winning re-election bid. (She and GOP challenger Matt Fong split the Asian-American vote.) In Texas, GOP Gov. George W. Bush won nearly half of the Mexican-American vote.

"The Hispanic vote is still very much up for grabs," said Frank Sharry, executive director of the National Immigration Forum, a pro-immigration group. "And while Mexican-Americans lean Democratic, they still vote by candidate and by issues." Mr. Bush reached out to them, a culturally conservative group, by stressing family issues and targeting a disproportionate amount of his campaign treasury to El Paso and other Hispanic areas.

Minority voters also seem to have longer memories. In California, GOP gubernatorial candidate Dan Lungren, who lost big to Democrat Gray Davis, was hurt by the strident anti-immigration stand taken by GOP Gov. Pete Wilson in 1994.

Meanwhile, successful appeals to minorities, whether by Democrats or by Republicans such as Gov. Bush, also rested on foundations that have taken years to build.

Gov. Bush, for example, "spoke out for Hispanics" while some other prominent Republicans were bashing immigrants in the 1996 GOP presidential primaries, noted Mr. Sharry. Meanwhile, President Clinton has steadily championed issues of black concern, said Mr. Bositis of the Joint Center for Political and Economic Studies.

Asked if Mr. Clinton is indebted to black voters, Mr. Bositis replied: "If you look at the 1998 budget deal, the White House already has delivered to the black caucus."

Hopes of Some Tobacco Foes Go Up in Smoke

By a Wall Street Journal Staff Reporter

WASHINGTON—When the proposed national tobacco settlement was announced in June 1997, the attorneys general who negotiated it were thought to be destined for higher office.

But a bill based on the settlement died in the Senate, and some of the attorneys general most prominently associated with the antitobacco movement suffered defeats in this week's elections.

Minnesota Attorney General Hubert H. "Skip" Humphrey, a Democrat whose suit against tobacco companies grabbed headlines, lost the governor's race to Reform Party candidate former professional wrestler "The Body" Ventura.

In Massach s, I ratic Attorney General Scott Harshbarger, who sued tobacco companies and helped to negotiate the proposed settlement, lost to Republican Paul Cellucci in his bid for governor. Jay Nixon, Missouri's Democratic attorney general who sued tobacco companies in 1997, lost his Senate race to incumbent Republican Christopher "Kit" Bond.

Not everyone associated with the antitobacco movement lost. California Democrat Gray Davis and Alabama Democrat Donald Siegelman, both of whom had filed private lawsuits as lieutenant governors against tobacco companies in solidarity with the attorneys general, gubernatorial elect in their respective states.

Other attorneys general who had sued tobacco panies were re-elected.

n legislative control game

te legislatures

legislatures on Election
they control as well as the
s of nment. Key gains
re, North Carolina, Washington
ok chambers in Michigan
controls both houses

	Democrat	GOP	Split
Mo.	X		
Neb.[2]			
Nev.			X
N.H.			X
N.J.[1]		X	
N.M.	X		
N.Y.			X
N.C.	X		
N.D.		X	
Ohio		X	
Okla.	X		
Ore.[3]		X	
Pa.		X	
R.I.	X		
S.C.			X
S.D.		X	
[illegible]	X		
[illegible]			X
Utah		X	
Vt.	X		
Va.[1]			X
Wash.	X		
W.V.	X		
Wis.			X
Wyo.		X	

legislature 3 Does not reflect final results

USA TODAY

congressional and legislative district lines after the 2000 (

Governors and legislatures redraw those maps every 10 years to reflect the demographic makeup of their states. That power can be used by the dominant political party to draw lines that help their candidates win election to Congress and the legislature.

Excessively partisan redistricting, however, can be challenged in court. It often is done to increase — or reduce — the influence of minority voters.

"Democrats across this country made it very clear that they want to be heard when it comes time to draw district lines," Maryland Senate President Thomas Miller says.

Going into the election, Republicans had hoped to take control of a dozen or more state legislative chambers, including both houses in several states. They gained only in Michigan and Minnesota.

By contrast, Democrats picked up majorities in Indiana, New Hampshire, North Carolina, Washington and Wisconsin. In Washington, they took over control of both houses from Republicans.

The changes at the state level, unlike those in Congress, will have an immediate impact. In Florida, Michigan and Colorado, Republicans will control the governor's office and both branches of the legislature. In California, North Carolina, Washington and Alabama, Democrats will exercise total control. One party will control both legislative houses in 24 states, up from 18 today.

This year, says Tim Storey of the National Conference of State Legislatures, "people weren't looking for a whole lot of change."

Republicans say state elections were decided on local issues, not broad national trends. As a result, they drew no lofty conclusions from the results.

"These are races that are decided at the neighborhood level," says Mike Collins, spokesman for the Republican National Committee.

The most significant state legislative results came in these states:

▶ **Indiana**, where Democrats broke a tie in the House to win a majority. That will help Democratic Gov. Frank O'Bannon combat a Republican Senate.

▶ **New Hampshire**, where Democrats took control of the Senate for the first time since 1912 and were likely to pick up about 15 seats in the Republican-run House.

▶ **North Carolina**, where Democrats took the House and padded their lead in the Senate. That will give Gov. James Hunt a unified government.

▶ **Washington**, where both houses moved into the Democratic camp for Democratic Gov. Gary Locke.

▶ **Wisconsin**, where Democrats took over the Senate and denied GOP Gov. Tommy Thompson full control of the legislature.

▶ **Michigan**, where Republicans took over the House on the coattails of GOP Gov. John Engler, who will have both houses in his camp.

▶ **Minnesota**, where Republicans took over the House. With the Senate remaining Democratic and Reform Party candidate Jesse Ventura elected governor, power will be split three ways.

Women, minorities propelled Democrats in key races

By Jessica Lee and Mario Puente
USA TODAY

USA IVS

WASHINGTON — Nationwide, voter turnout sank to a 50-year low Tuesday, but strong local efforts to turn out women, minorities and union members helped Democrats win several key contests and frustrate Republican ambitions in congressional and gubernatorial elections.

"The turnout by eligible voters was 36.1%, the lowest since 1942," says Curtis Gans, director of the Committee for the Study of the American Electorate. Voter News Service, an association of television and wire service companies, reported a slightly higher turnout, 37% of the voting-age population.

Democrats attributed their better-than-expected showing to unabashed New Deal coalition-building on issues such as education, health care and Social Security.

Republicans acknowledged their message failed to move enough voters. House Speaker Newt Gingrich promised to spend "a fair amount of time over the next week to 10 days" trying to find out why.

One reason for the unexpected outcome, activists from both parties say, is that some conservative voters felt they were being taken for granted, and other constituencies felt wanted.

In a reversal of recent election dynamics, African-Americans and Hispanics seemed to feel needed while religious conservatives complained that the GOP gave them short shrift.

Randy Tate, director of the Christian Coalition, says "an issues vacuum in Washington, D.C." caused about one-fourth of its male membership to desert the GOP.

Overall, women turned out at about the same rate as men. But according to the nonpartisan Pew Research Center, women "gave much stronger support to Democrats than men gave to Republicans."

Although top-of-ticket Republicans did well among Hispanics in Florida and Texas, Hispanics gave lopsided support to Democrats. Their votes lifted California Democrats such as Cruz Bustamante, who was elected the state's first Latino lieutenant governor.

Also in California, Democratic Sen. Barbara Boxer beat challenger Matt Fong by 10 points. The exit polls showed she got only 47% of the white vote, but 80% of the black vote and 74% of the Hispanic vote.

But Hispanic loyalty to Democrats was not enough to make a dent in the juggernaut of votes for Republican Gov. George W. Bush in Texas.

Exit polls conducted by the Southwest Voter Registration Education Project showed Bush took 37% of the Hispanic vote, with 63% going to his Democratic challenger. That historic high-water mark only enhances Bush's potential as a GOP presidential contender in 2000.

In New York, Democrat Charles Schumer stunned three-term Republican Sen. Al D'Amato, beating him by 14 points. He did it with 80% of the Hispanic vote and 87% of the black vote, whereas he split the white vote.

In the Deep South, black voters turned out for white Democratic candidates. "In 1994 the black vote was about 19% of the total (in the region). It was 29% this year," says David Bositis of the Joint Center for Political and Economic Studies, a think tank that studies issues of concern to African-Americans.

He says the turnout exceeded African-Americans' 27% share of the voting population, an unusually high mark. In Georgia, black voters outpolled white voters to put Democrat Roy Barnes in the governor's mansion and elect Thurbert Baker as the state's first black attorney general.

STATE OF THE UNION MEMORANDA TO THE PRESIDENT

TABLE OF CONTENTS

THE WHITE HOUSE

WASHINGTON

'98 NOV 11 AM 10:15

November 11, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Gene Sperling
Elena Kagan
Sally Katzen

SUBJECT: State of the Union/Budget Ideas

This memorandum provides a brief description of new ideas we are considering for the State of the Union. Some work has been done on fleshing them out, but many need additional work and further vetting through the interagency process. Most of these ideas involve increased spending, and you will have to make choices among them and/or scale them back as you consider the FY 2000 budget. Although our offices have worked together on many, if not most, of the ideas in this memo, we have noted, where possible, which of our offices has the lead role with respect to each proposal. Options relating to Social Security are not included in this memo.

EDUCATION AND TRAINING (DPC/NEC as specified)

1. **Ending Social Promotion.** Last year's budget proposal included $200 million for Education Opportunity Zones in districts that agreed to remove bad teachers, turn around failing schools, and end social promotions. The proposal required authorization, which Congress will never give us. For next year, we recommend a simpler approach that uses existing authority and focuses entirely on ending social promotion. We would like to expand our after-school program from $200 million to $700 million and target this money to districts that end social promotion. These school districts could use the money (as Chicago does) to provide extra help after school and mandatory summer school for students who need it. (Cost: $300 million above FY99 budget.) (DPC)

2. **Teacher Quality and Recruitment.** Now that we're on track to begin hiring 100,000 new teachers to reduce class size, we have an even greater responsibility to help communities attract talented new teachers to the profession. We envision a five-part strategy on teacher quality and recruitment: (1) a $100 million increase in the teacher recruitment scholarships we enacted this year in the Higher Education Act, which would put us on course to attract 60,000 new teachers at high-need schools over the next five years; (2) a $60 million initiative -- modeled after the successful Troops-to-Teachers program -- that would help states expand alternative certification routes and attract talented people from other professions, such as military personnel and employees in firms being downsized; (3) a nationwide crackdown on teacher education schools, including new regulations authorized by the Higher Education Act to require report cards for education schools; (4) a $50 million increase in the Eisenhower program to send secondary school teachers who teach

outside their field back to college to take additional courses in the subjects they're teaching, coupled with a new requirement that new secondary teachers pass competency tests in a subject before they can teach it; and (5) a high-profile effort to help states make the most of the 15 percent set-aside for teacher quality in the recently passed class size legislation. (Cost: about $210 million above FY99 budget). We are also exploring a politically interesting counter to private school choice: vouchers for private school teachers -- i.e., an incentive program to encourage private school teachers to teach in public schools. (DPC)

3. **Work-Site Schools.** One of the most promising new education ideas sprouting up around the country is the creation of public schools at work sites, designed primarily to serve employees' children. School districts provide the teachers and curriculum; companies provide facilities and upkeep. These schools-at-work serve a host of objectives at once, by (1) providing new facilities at no cost to the district; (2) increasing parental involvement in the schools and parental satisfaction in the workplace; (3) reducing employee turnover and absenteeism; and (4) increasing school diversity, because work sites are more diverse than residential neighborhoods. We propose a $100 million increase in an existing discretionary program to provide grants to 100 communities to launch work-site schools. We also could seek a stand-alone bill (like the charter school law) to advance this idea. In addition, we are working with Treasury to develop a tax credit for businesses that start on-site schools, similar to the Kohl business tax credit for on-site child care that is already in our budget. (Cost: $100 million for start-up grants. No estimate yet for tax credit, but it will be very small.) (DPC/NEC)

4. **Public School Choice.** As support grows for private school vouchers, we must continue our efforts to expand choices within the public schools. Charter schools are one answer, and we recommend a $20 million increase, to $120 million, to keep us on track to 3,000 charter schools by 2002. Work-site schools are another. We also recommend increased funding for (1) an existing grant program that helps urban and suburban school districts reduce racial isolation by forming interdistrict magnet programs; and (2) magnet schools on university campuses, especially in urban areas. (Cost: $25 million for interdistrict magnet programs; $15 million for 10 university-based schools.) (DPC)

5. **School Leadership Academies.** Research has shown that an effective principal is the single most important indicator of school success, yet little has been done at the national or state level to improve the management skills of principals. We propose a small initiative to create school leadership academies that would provide training in management, teacher evaluation, school discipline, and other areas to elementary school principals in high-poverty districts. (Cost: $50 million) (DPC)

6. **Class size.** To stay on course to reach 100,000 new teachers in seven years, we will ask for $1.3 billion in the FY2000 budget. We are planning an ambitious rollout of the class size initiative over the next year, as we award first-year funding, issue guidance to local districts on how the program works, and so on. We also will press Congress to restore the local matching requirement and strengthen the provisions to require competency testing of new teachers. (DPC)

7. **Adult Literacy.** According to the National Adult Literacy Survey, 44 million adults struggle with a job application, cannot read to their children, or are left on the welfare rolls because they lack basic skills. We are considering: (1) Workplace: a new tax credit and/or Federal grants to encourage employers to provide adult basic education classes at the worksite, and setting aside funds for work-based literacy projects within Welfare-to-Work competitive grants (se welfare section of this memo); (2) Community: expanding the infrastructure and funding for adult basic education through the Adult Education program, encouraging the development of programs focused on easing the transition to the U.S. for new immigrants (through ESL and civics classes), subsidizing the provision of child care on college campuses and other adult education sites, and launching a national information campaign to make people aware of the problem of functional illiteracy and of available services; and (3) Home: using the new *Learning Anytime Anywhere Partnerships* to create software for adult basic education using $200 computers (e.g., WebTV, game players) and subsidizing public housing projects that create computer literacy programs. (NEC)

8. **National Campaign to Open Doors of College**. Notwithstanding enormous strides we have made in reducing the financial barriers to college, too many families assume college is more expensive than it really is and are not aware of the aid that is available (Even among low-income youth with high test scores, one-fourth say they have not been able to get much information about financial aid for college). We are planning: (1) launching a major national public information campaign about college costs and financial aid (*e.g.* naming a national chairman such as Bill Cosby, having a national college visit day, etc.), (2) building on the authority in the new GEAR UP program, providing *every* middle school (e.g. 7th grade counselor) with the ability to give students a "21st Century Scholar Certificate," indicating the financial aid that they are eligible for, and (3) seeking to provide *every* high-poverty middle school with a college partner. This does not require any new investment, just some focus and creativity. (NEC)

9. **Improving the College Success Rate.** Getting people in the doors of college is not enough to close the racial and income opportunity gaps. For example, only 21% of African-American and 18% of Hispanic students who begin college complete a bachelor's degree within 5 years compared to 30% of White students. We are considering a package of policies, including: (1) a super-Pell grant for the lowest income families and/or to encourage a full-time focus on school in the first year of college (this would be expensive); (2) expanding successful mentoring and other support services in colleges (including those aimed at graduate school preparation); (3) promoting college course-taking while in high school; (4) improving maticulation between two-year and four-year colleges; (5) encouraging partnerships between predominately minority-serving and predominately majority-serving institutions of higher education (particularly to promote graduate study); and (6) establishing a bridge fellowship program for graduate study in science and technology fields for minorities and women. (NEC)

10. **School Modernization**. The current assumption is that we will repeat this year's proposal for tax credits to build and renovate schools covering the interest on nearly $22 billion in bonds. We are, however, critically comparing our current proposal against other possible mechanisms to ensure

we have the most effective approach. (NEC)

11. **Further Expanding Junior ROTC.** In response to the Los Angeles riots, Colin Powell proposed and Congress approved in 1992 an expansion of the high school-based JROTC. Since then, 1,000 units have been added primarily in urban areas, bringing the total to nearly 2,600 units with 400,000 participants. The budget increased over that period from $76 million to $166 million. There is a waiting list of more than 450 schools that would like to have a JROTC unit. Because DOD does not plan any further expansion, these 450 schools on the waiting list will not likely be added. We could propose adding another 900 units over the next few years, to reach the authorized maximum of 3,500. Cost: about $235 million. (NEC)

12. **Training American Workers for Current and Future Skills Gaps.** We should challenge the private sector to make specific commitments to train more American workers, which they pledged to do during the debate on H1-B visas. They could provide more college scholarships for women and minorities, partner with community colleges to develop cutting-edge curricula, and encourage their employees to serve as telementors for middle school students to get them excited about math and science. In addition, we are working on: (1) a program to foster partnerships ("Regional Skills Alliances") between industry and training providers to train both employed and unemployed workers; (2) competitive grants to encourage companies to develop programs in which they subsidize the training of individuals who they then commit to hire; (3) extensions and/or expansions of some of the current training tax provisions (such as the lifelong learning tax credit and Section 127);and (4) a major informational/media campaign by the Departments of Education and Labor to inform all Americans about available training opportunities, financial aid, and job search assistance to allow them to develop the skills required for employment opportunities around the country. (NEC)

13. **Making Job Training Universal.** We are considering an initiative to make job training more universal. The first component of this initiative would be to seek a significant increase in dislocated worker funding -- about $190 million -- so that we are on path to provide training to every dislocated worker who wants or needs it within five years. The second component would be to ensure that every unemployed person is eligible for core labor market services, e.g., job search assistance. The final component would be to take the steps necessary to ensure that every worker, regardless of where they live, would be able to have access to a One-Stop Career Center (where they can learn about job training, employment service activities, unemployment insurance, vocational rehabilitation, adult education, and other assistance.) (NEC)

14. **Community Computing Centers.** We have roughly 650 computing community centers, which empower low-income Americans in the Information Age by teaching them to type a cover letter and a resume, search for job vacancies on the Internet, or even start an Internet-related business. These efforts should be expanded. (NEC)

School safety -- see CRIME section

SERVICE (DPC)

1. **AmeriCorps Seniors.** In the wake of John Glenn's return to space, we have an opportunity to give other senior citizens a mission. We propose adding $25 million to the current AmeriCorps program to create a senior corps of 10,000 volunteers to serve as tutors and mentors and in afterschool programs. We would build on a successful demonstration program that recruits seniors to serve 15-20 hours per week over a fixed period of time in schools and other community centers. In exchange, seniors would be eligible for small incentives, including awards to participate in senior learning programs. By inspiring responsibility among seniors, this initiative would provide an ideal complement to Social Security reform. John Glenn has expressed some interest in playing a role in AmeriCorps now that he's retired. We could invite him back to the State of the Union and place him in charge of a national effort to inspire seniors to serve. (Cost: $25 million)

2. **Expand AmeriCorps.** We propose expanding the AmeriCorps program from its current level of 50,000 members per year to approximately 70,000 per year, with the goal of reaching 100,000 per year by the end of this Administration. These additional members could be targeted to serve primarily in after-school and summer school programs. (Cost: $75 million)

3. **Expand Service Component of Work-Study Program.** Nearly 1 million students now receive federal work-study funding. Despite our efforts, colleges and universities are required to use only 7 percent of their work-study money for students employed in community service. The higher education lobby would object, but we could propose a substantial increase in that requirement -- e.g., phasing it up to 25 percent over the next 3 years.

HEALTH CARE AND DISABILITIES (DPC/NEC as specified below)

1. **Long-Term Care Initiative.** This package could include: (1) a tax credit of up to $1,000 for people with three or more limitations in activities of daily living (ADL) or their caregivers, at a cost of about $6 billion over 5 years; (2) a plan for OPM to offer federal employees a choice of high-quality private long-term care insurance policies at lower-than-market prices; (3) a family caregiver support program, costing about $500 to $750 million over five years, that would provide grants to states for "one-stop shops" to assist families who care for severely impaired elderly relatives through counseling, training, and respite services; and (4) a nursing home quality initiative, costing about $500 to $750 million over five years, that would include new enforcement provisions (e.g., increased penalties), new funds for surveys of repeat offenders and improved surveyor training, and perhaps a new commission to oversee HCFA's nursing home enforcement efforts and to investigate other kinds of facilities where health care is offered (e.g., assisted living facilities). (DPC/NEC)

2. **Health Insurance Coverage Expansions.** We could propose again, in new and improved forms: (1) an initiative to encourage small businesses to form purchasing cooperatives for health insurance, costing about $50 to 100 million over 5 years; (2) proposals to improve outreach for children's health insurance; and (3) a proposal, more limited than last year's, to provide a Medicare buy-in for

certain people ages 55 to 65, benefiting about 30,000 people and costing $500 million over 5 years. (DPC/NEC)

3. Biomedical Research. We should again propose an increased investment in biomedical research -- perhaps (depending on how we treat tobacco money in the budget) between $500 million and $1 billion. (DPC)

4. Antibiotics (Super Bug) Initiative. Resistance to antibiotics is becoming a public health crisis, causing prolonged illnesses and even death. A new initiative, costing about $25 million each year, could address this problem through: (1) a major outreach and education campaign involving hospitals, health professionals, and managed care organizations; and (2) new research and surveillance efforts to understand where and why antibiotic resistance occurs and to develop effective responses. (DPC)

5. Bioterrorism Initiative. This initiative, costing $100-300 million each year, would: (1) train epidemic intelligence officers who can coordinate with state health departments to identify and respond to attacks; (2) develop a mass casualty emergency response system that includes primary care, emergency transportation, and decontamination abilities; (3) create and maintain a stockpile of pharmaceuticals; and (4) improve research to develop new vaccines and antibiotics to be used in the event of attack. (DPC)

6. Prescription drug coverage for Medicare beneficiaries. We are considering a variety of proposals to address the lack of coverage for prescription drugs in Medicare, including a means-tested Medicaid option, an approach that would apply only in managed care, a traditional benefit for all beneficiaries, and an unsubsidized purchasing mechanism that uses Medicare's size as leverage for drug discounts for beneficiaries. If desirable, a proposal could be included in the budget or coordinated with the March release of the Medicare Commission's recommendations. The cost varies significantly depending on the proposal, ranging from $1 to 20 billion a year. A proposal of this kind probably would depend on tobacco funding (see tobacco section below). (DPC/NEC)

7. Protecting beneficiaries from HMO withdrawals from Medicare. This year, a number of HMOs pulled out of Medicare with only a few months notice, leaving 50,000 beneficiaries with no plan options in their areas. You announced that the Administration would develop legislation to prevent this behavior in the future, and we are currently reviewing the best approaches. (DPC)

8. Redesigning and increasing enrollment in Medicare's premium assistance program. Over 3 million low-income Medicare beneficiaries are eligible but do not receive Medicaid coverage of their Medicare premiums and cost sharing. Many more may not get enough assistance through a new provision that is supposed to help higher income beneficiaries. We are developing a range of proposals, costing up to $500 million over five years, to use Social Security Offices to educate beneficiaries about this program, reduce administrative complexity for states, and give them incentives to engage in more aggressive outreach efforts. (DPC/NEC)

9. Disease Initiatives. We are working on several initiatives designed to combat particular diseases. These initiatives, which you could choose to do individually or in combination, are: (1) an asthma initiative, which will curb recent steep increases in asthma cases especially among young children, by disseminating new treatment guidelines to state and local public health programs and encouraging them to work with schools, child care organizations, businesses, and other community organizations; (2) a mental illness initiative that will accompany a Surgeon General's report on this subject (and perhaps a White House Conference recommended by Mrs. Gore) and will include public-private partnerships to improve access to prevention and treatment, reforms in federal health programs to improve delivery of mental health services, and funding increases in the mental health block grant; and (3) a heart disease initiative, which could include: a new partnership with aging networks to evaluate and improve nutrition; efforts to measure successful prevention approaches and replicate them nationwide; and the creation of a network of educators, churches, and community-based organizations to launch a nationwide awareness campaign. In each of these initiatives, the public health efforts described above would supplement NIH funding of research projects. The estimated cost of these initiatives is $50 million for asthma, $100 million for mental illness, and $20 million for heart disease. (DPC)

10. Food Safety. We are working on a food safety initiative that will highlight safety standards and enforcement. Included in this initiative are: (1) a repackaged and somewhat modified legislative proposal giving the FDA and USDA additional enforcement powers (e.g., mandatory recalls and civil penalties); (2) additional food-specific regulations and/or guidelines (e.g., for certain fruits and vegetables); and (3) more extensive adoption of our model codes for restaurants and food service workers. In addition, we will focus on improving coordination with state and local agencies that regulate food safety in order to develop a wholly integrated national inspection system. (DPC)

11. Disability – Health. A health-related disabilities package could include: (1) the Jeffords-Kennedy Work Incentives Improvement Act, which enables people with disabilities to go back to work by giving them an option to buy into Medicaid and Medicare, at a cost of about $1.2 billion over 5 years; (2) a proposal, costing $50 million over five years, to promote the deinstitutionalization of Medicaid beneficiaries by developing viable community-based care alternatives for people residing in nursing homes after a "date certain"; and (3) a proposal to make Medigap supplemental insurance more accessible to people with disabilities.

12. Diability – Getting People to Work. A work-related disabilities package could include: a tax credit of $1,000 to $5,000 for working people with disabilities to assist them in paying for the costs associated with employment, at a cost of about $1 to 2 billion over 5 years; a new competitive grant program, developed by your disabilities task force, to increase the employment rate of adults with disabilities; and efforts to ensure that new technologies are designed so as to be accessible to people with disabilities (see technology section). (DPC/NEC)

TOBACCO (DPC)

1. **State Menu.** Our best vehicle for enacting tobacco legislation next year will be a legislative waiver of federal Medicaid claims to the states' expected $200 billion settlement with the tobacco companies. We will seek bipartisan agreement on a menu of uses for the federal share of state money, with tobacco control and child care as our top priorities. We will try to use this measure as a vehicle for other key elements of our tobacco policy, such as FDA jurisdiction and warning labels.

2. **Price Increase.** One of the most difficult budget decisions will be whether to assume a tobacco tax increase in our budget request, and if so, what to do with the money. There are strong arguments on each side of the question whether to include a tobacco tax increase in our budget. If we *do* assume tobacco revenue, the candidates for it include: (1) assistance to tobacco farmers (about $1 billion a year); (2) the long-term care tax credit (about $1 billion a year); (3) other tax cuts, such as a child care / stay-at-home tax credit and/or a reduction in the marriage penalty; (4) NIH research; (5) public health programs; and (6) the Medicare trust fund and/or a new prescription drug benefit for Medicare beneficiaries.

3. **Medicare Suit Against Tobacco Companies.** Our best leverage over the tobacco industry is the prospect of a federal suit to recoup Medicare costs associated with smoking. We could call on Congress to enact Senator Graham's legislation to authorize such a lawsuit (which would make the Justice Department more likely to bring it). At the same time, we could ask for funds for DOJ and HCFA to prepare a lawsuit against the tobacco industry. We could go further and pledge that any proceeds from such a lawsuit would be used either to extend the life of the Medicare Trust Fund or to provide a new prescription drug benefit to Medicare beneficiaries. (Cost: to be determined, but probably small).

FAMILIES AND CHILDREN (DPC/NEC as specified)

1. **Expansion of the Child Care and Development Block Grant (old policy).** We propose to expand the Child Care and Development Block Grant as we did in the FY 1999 Budget. The block grant is the primary federal child care subsidy program, helping low-income working families to pay for child care. Currently, between one and two million children are served by the program, leaving roughly nine million children who are eligible but unserved. This proposal would cost at least $7.5 billion over five years. (DPC)

2. **Tax Relief for Parents, Including Parents who Stay at Home.** We are considering replacing our last year's proposal to expand the Child and Dependent Care Tax Credit with a new proposal to benefit all parents, including those who stay home. This change will address the criticism that our child care initiative did little for stay-at-home parents. We are reviewing proposals to (1) double the child tax credit to $1,000 per child for all children under the age of four, at a cost of about $12 billion over five years; (2) increase the standard deduction for each child under the age of three by $1,000, at a cost of about $3 billion over five years; or (3) expand the Child and Dependent Care Tax Credit as we did last year *and* extend its benefits to parents with children below age three by assuming

minimum child care expenses of $150 each month, at a total cost of about $21 billion over five years. Each of these proposals can be dialed up or down by adjusting either the age threshold or the dollar amount. (DPC/NEC)

3. Tax Credit for Businesses Providing Child Care. We could again propose to provide a tax credit to businesses that provide child care services for their employees. The credit, which covers 25% of qualified costs but may not exceed $150,000 per year, costs $500 million over 5 years. To further build on this concept, we also propose to provide tax credits to businesses that provide on-site schools (see education section). (DPC/NEC)

4. Parent Paid Leave Plan. Many workers cannot afford to take unpaid leave following the birth or adoption of a child, even though they have access to an unpaid leave policy through FMLA or voluntary employer benefit plans. To address this problem, we are considering a proposal to provide eligible parents who already have access to unpaid leave with partial wage replacement for a set period of time. The cost of the program, which would be administered through the Unemployment Insurance System, varies according to the selected eligibility criteria. If we choose, for example, to give $200 per week for four weeks to new parents with median income (about $37,000) or below, the cost will be about $875 million for FY 2000 (including start-up and administrative expenses). (DPC)

5. FMLA Expansion to Businesses with 25 Workers (old but unarticulated policy). Under current law, workers are eligible for FMLA coverage only if they work at a business with *50 or more* employees and if they have worked at least twelve months and 1,250 hours for the employer. In your last State of the Union, you called for covering more workers under the FMLA, but did not fully articulate how you would do so. We could now advance a specific proposal to lower the FMLA threshold to 25 or more workers, which would expand coverage for up to ten million more American workers. (DPC/NEC)

6. Parent Education and Support Fund. We are considering proposals to create a competitive grant program administered by HHS to fund parent education and support programs, including home visitation programs and "second chance maternity homes" to support teen mothers and teach parenting skills. This fund could cost about $500 million over five years. (DPC)

7. Adoption Registry. We are working on plans to create an Internet-based adoption registry of foster care children waiting to be adopted, so that prospective adoptive parents can learn about these waiting children. Funding this registry would require a very small increase in HHS's Adoption Opportunities Grant Program. (DPC)

CRIME (DPC)

1. Crime Bill II. The 1994 Crime Act will expire at the end of the FY 2000 budget cycle, guaranteeing that the next Congress will consider major crime legislation. We recommend that you get a jump on this debate by using your State of the Union and FY 2000 budget to challenge

Congress to pass a new crime bill that builds on the core elements of the successful 1994 Act -- more police, smarter punishment, and more prevention. Most of the money required is already built into future budgets; continuation of the COPS program, however, will require new funds totaling about $1 billion. We believe that a new Crime Act should include the following elements:

- **Community-Oriented Policing and Prosecution Services (COPPS).** Your pledge to help fund 100,000 more police is likely to be fulfilled before the end of next summer. A new COPPS initiative (note the extra "P" for "Prosecution"), costing about $1.4 billion in the first year, could include funds to: (1) hire, redeploy, and retain an estimated 7,500 more police each year; (2) provide modern technology and equipment and support training in modern policing techniques, with a special emphasis on "hot spots" technology; (3) hire, train, and equip prosecutors to join local police in fighting crime on a more community-based, pro-active basis; and (4) support partnerships between law enforcement and community-based groups to prevent crime in their areas.

- **A new focus on probation supervision and coerced abstinence.** The punishment title of the crime bill now focuses largely on prison construction; we recommend shifting the focus to a new "Certainty of Punishment" initiative that will support the expanded use of probation supervision and of drug testing and treatment.

- **Gun initiatives.** A new crime bill should include your longstanding firearms priorities -- juvenile Brady, Brady II, federal CAP legislation and child safety locks. It also could include new proposals to: (1) close the loophole that exempts many firearms sales at gun shows and flea markets from Brady background checks; (2) expand the Youth Crime Gun Interdiction Initiative (YCGII) -- to trace all crime guns and investigate gun traffickers -- to an additional 20-40 cities; and (3) assemble gun strike forces -- teams of federal prosecutors and ATF agents, acting with local law enforcement -- to target cities with high levels of gun violence and crack down on gun traffickers.

- **Values-based crime prevention initiative.** In addition to other crime bill prevention programs, we could invest in promoting values-based crime and violence prevention efforts, such as those of Rev. Eugene Rivers. Funds from this program would go to comprehensive prevention programs run by faith-based and other institutions seking to instill and reinforce common sense values in troubled youth.

2. Safe, Disciplined, and Drug-Free Schools. At the White House Conference on School Safety, you announced that you would overhaul and strengthen the Safe and Drug-Free Schools Program. Under this proposed reform, funds will be appropriately targeted to schools with serious drug and crime problems, and schools will have to adopt rigorous, comprehensive school safety plans that include: tough but fair discipline policies, such as zero tolerance for guns and drugs; safe passage to and from schools; effective drug and violence policies and programs; annual school safety and drug use report cards; links to after school programs; efforts to involve parents; and crisis management plans. We also could include in this package (1) funds for states that adopt a policy of drug testing first-time applicants for drivers' licenses and (2) funds for school districts that adopt a policy of drug testing middle and high school students with parental consent. We believe that these reforms will require up to $450 million in new funding in FY 2000.

3. Parity for Substance Abuse Treatment. Appropriate substance abuse treatment remains unavailable to nearly half of the people who need it. To help fill this treatment gap, we could propose legislation to encourage parity between substance abuse treatment and other medical benefits. Similar to the Mental Health Parity Act signed into law in 1996, a current draft of this legislation would prohibit health care plans that provide a substance abuse benefit from setting annual or lifetime dollar limits on this benefit at a lower level than those for other medical and surgical benefits. At the same time, we would have to ensure that federal health programs provide parity between substance abuse treatment and other medical benefits; we are still exploring the cost of any necessary reforms to these programs.

4. Binge Drinking. We are working on a number of proposals regarding alcohol abuse, including (1) promoting a voluntary code for alcohol advertisements directed toward minors; (2) banning alcohol billboards near schools; (3) discouraging alcohol advertising on youth-oriented web sites; (4) and funding educational efforts about the dangers of alcohol consumption.

PENSIONS (NEC)

1. Expanded Private Pension Plan Coverage: Last year, you announced several initiatives to expand pension plan coverage which were not enacted, but which we continue to believe are important and have substantial support on the Hill. We should again call for legislation that: authorizes a simplified plan for small businesses that combines the best features of a defined benefit and defined contribution plan (SMART), costing $313 million over five years; provides a three-year tax credit to encourage small businesses to set up retirement programs, costing $508 million over five years; and authorizes payroll deductions for IRAs. We are exploring ways to expand coverage for moderate and lower-income workers. Consideration is also being given to ways of enabling multiple small businesses to pool together for pension plan administration.

2. Women's Retirement Security: To underscore the importance of pensions for women's retirement security, you would call for legislation enacting the two initiatives you announced in late October -- namely, that time taken under FMLA should count toward retirement plan vesting requirements and mandating that employer plans offer an option that pays less while the retired employee is living but pays a survivor benefit equal to at least 75 percent of the benefit the couple received while both were alive.

3. Pension Portability: You could renew your call for reducing vesting requirements from five years to three years for employer matching contributions to 401(k) and other plans to reflect an increasingly mobile workforce, and more workers moving in and out of the workforce over a lifetime. We are also exploring various options that would increase pension portability and facilitate the movement of retirement savings between plans, where this can be done without encouraging "leakage" or loss of worker protections -- e.g., providing that federal employees can roll over retirement savings from private sector qualified plans into the federal Thrift Savings Plan.

4. Expand Pension Right to Know Provisions: You could call for a pension right to know package that provides for both workers and their spouses general information relating to retirement needs and their benefits under employer retirement plans. In addition, an employee's spouse should have the same rights to get information as the employee, before waiving the statutorily provided survivor protection. You should call for a Pension Right to Know package that provides information for both workers and their spouses. We are also working on an employee education program that would provide employees with the tools they need to work with their employers to provide pension plans, and are thinking about how to encourage courses in high schools on the importance of savings and other general investment education (which can be combined with the Consumer Literacy and Education campaign described below). Consideration is also being given to a savings stamp book program in the schools (sell savings stamps in very small amounts; when the book is full, turn it in for a U.S. savings bond) to help educate the young about how to reach savings goals.

5. Increase Retirement Security: To promote security, we are continuing to work on the pension audit bill, changes to the multi employer (collectively bargained) plan rules, and expansion of PBGC's missing participant program.

COMMUNITY EMPOWERMENT (DPC/NEC for all)

1. **CDFI Tax Credit.** We are looking at a proposal to extend tax incentives to encourage investment in CDFIs, which would leverage additional private investment in distressed areas and stimulate the economic revitalization of those areas. Under the proposal, $100 million in non-refundable tax credits would be made available to the CDFI Fund to allocate among equity investors in qualified CDFIs using a competitive process.

2. **Microcredit Initiative.** We are working to identify means to increase support for microenterprise finance, both domestically and internationally. We are examining whether to build on Senators Kennedy's and Domenici's PRIME legislation which would provide technical assistance to microenterprise. We are also looking at increased funding for CDFI initiatives specifically targeted to microenterprise. On the international side, we are looking at whether we can increase microenterprise funding through USAID or MDBs, especially to countries hardest hit by the financial crisis.

3. **Clean Water, Parks, and Communities Bonds.** We are examining three proposals to encourage "green" infrastructure projects. The first model uses the same financing mechanism as your school construction proposal for a menu of projects: protecting and improving water quality; cleanup of contaminated sediments; waterfront reclamation and revitalization; stormwater runoff control; purchasing of green spaces to prevent sprawl; park enhancements and revitalization, and brownfields cleanup. The second model, which provides a smaller incentive than the first model, would create new tax-exempt bond authority for these state and local areas to invest in clean water,

parks, and communities. The advantage of this model is that it builds on the current system of bond finance. The final model would allocate tax credits (like the Low-Income Housing Tax Credit) to states and local areas to provide to the developers of these green infrastructure projects.

6. Low-Income Housing and Homeownership Tax Credits. We recommend that you again propose a 40-percent expansion of the Low-Income Housing Tax Credit, which would help develop an additional 150,000-180,000 affordable housing units over the next five years, at a cost of $1.6 billion over five years. In addition, we are examining two kinds of tax credits to promote homeownership among lower-income families. The first proposal would use the model of the Low-Income Housing Tax Credit to create a Low-Income Homeownership Tax Credit. Under this proposal, low-income families would receive a low- or zero-interest second mortgage, which would reduce their upfront costs (e.g., downpayment and closing costs) and investors would receive tax credits in return. The second proposal is a $5,000 tax credit for first-time homebuyers in Empowerment Zones or Enterprise Communities. Finally, you can call on Congress to accelerate the increase in the volume cap on private activity bonds, which would help states and localities provide below-market mortgages to first-time homebuyers with relatively low incomes.

7. Housing for the Elderly Initiative. This proposal is designed to improve housing for elderly people and thereby provide an alternative to nursing home care. In addition to providing capital to improve and modify such housing to meet the needs of elderly residents, the initiative would provide housing vouchers for low income elderly who live in housing developed through the Low-Income Housing Tax Credit. Because the tax credit helps subsidize rent, this proposal would allow us to leverage our resources and provide more vouchers to the poor elderly.

8. Re-Develop 10,000 Abandoned Buildings. Abandoned buildings are a symbol of urban blight, and an action plan to turn this around will be a powerful signal of change. We are examining different proposals to help re-develop 10,000 abandoned buildings, combining several existing programs or providing grants or tax incentives to spur private-sector redevelopment of these sites.

9. Homelessness. We are working on a three-part proposal that would: (1) assist the approximately 250,000 homeless veterans by increasing residential alternatives, community-based contracted care, job preparation activities, stand down activities (community-sponsored events that conduct one-stop service delivery programs for homeless veterans), the distribution of clothing, and long-term housing; (2) allow VA to sell surplus property with 10 percent of proceeds going to homeless veterans; and (3) start a demonstration project targeted to the chronically homeless to test the most promising models for moving the chronically homeless to self-sufficiency using a combination of permanent housing and links to mainstream services. Cost: $105 million -- $60 million for VA and $45 million for HUD demonstration project.

RURAL/AGRICULTURE (NEC/DPC as specified)

1. Strengthening the Safety Net. To help farmers suffering from the depressed export markets and natural disasters, we are considering various reforms of the crop insurance program and closing gaps in the emergency loan program. We are paying special attention to programs that will help small family farms. (NEC)

2. **Bringing the knowledge of land grant colleges to every rural American**: The USDA spends $1.6 billion on agricultural research, much of it at America's land grant colleges and universities. The government could provide grants to ensure that this information is available on the Internet and is well-organized --so that all rural Americans can easily access information on topics such as crops, livestock, rural development, natural resource conservation, and food safety. (NEC)

3. **Emergency Medical Services in Rural Areas.** The presence of viable emergency systems is critical for residents in rural areas, because of the high rates of injury associated with jobs in these areas and the long distances to health providers. This proposal, costing about $50 million, would provide funds to States and local communities to improve access to 911 services or alternative emergency systems. It also would fund programs to help rural communities train local citizens in CPR and first responder techniques and to recruit and retain emergency personnel. (DPC)

4. **Rural Transportation.** Transportation is crucial to the efforts of residents and businesses in rural America to improve the livability of their communities and expand their economic activities. We are developing a rural transportation initiative that will help those who live and work in rural areas by improving the ability of farms and businesses to obtain materials and move their products to markets, and by making it easier for small communities to attract additional commercial jet air service. (NEC/DPC)

TECHNOLOGY (NEC)

1. **Curbcuts on the Information Highway.** We are looking at several options that would make information technology usable by people with disabilities in a manner that improves their lives: (1) investing in R&D (e.g., text-to-speech, automatic captioning, speech recognition); (2) giving disabilities groups a seat at the table as the standards for new technologies are developed; (3) making the government a model "user" of accessible technology; and (4) explore opportunities for greater deployment. In addition, the tax credit for work-related impairment expenses for people with disabilities could be used to expand the market for assistive technology.

2. **A Digital Library for Science, Math and Engineering.** We need to get every young student and undergraduate excited about math, science and engineering. We are exploring creating a "digital library," which would contain lectures from Nobel Prize laureates, have an ability to track and replicate cutting-edge scientific experiments, and make it easier for students and teachers to locate the best instructional material on the Internet.

3. **Information Technology Research Initiative.** Increasing our investment in information technology research, which is currently about $1 billion of the federal research budget, could lead to the following breakthroughs: supercomputers that can more rapidly perform important functions, such as designing life-saving drugs and predicting severe weather systems; wireless networks that

can bring telemedicine and distance learning to rural America; a device of the size of a paper that could monitor the vital signs of a senior citizen, send a "911" message in the event of a medical emergency, and provide an exact location using global positioning technology; new software tools that can help us cope with "information overload" by discovering patterns in huge quantities of data; and intelligent spacecraft that can explore the Solar System. Options have been developed at roughly $100, $200 and $400 million in FY2000; and $1, $2 and $3 billion over 5 years.

4. 21st Century Research Fund. One initiative that you announced in last year's budget that we think is important to continue is the 21st Century Research Fund -- which provided across-the-board support for civilian R&D at agencies such as NIH, NSF, and Energy. For FY99, Congress provided a 10 percent increase for basic research, so this is an area where bipartisan cooperation is possible. Currently, the FY2000 budget reflects only a 2% increase in civilian research.

WELFARE REFORM, CHILD SUPPORT ENFORCEMENT, AND CHILD WELFARE (DPC)

1. Reauthorize the Welfare-to-Work Program. Congress authorized the Welfare-to-Work Program for only two years; if we wish to continue our current investment in the hardest-to-employ, we will have to propose a reauthorization of about $1.5 billion annually. Within this funding level, we propose several set-asides, totaling $500 million, for the following specific purposes: (1) work-based English-language literacy projects for immigrants and others; (2) work-based substance abuse testing and treatment programs; (3) employment services for welfare recipients with disabilities; and (4) a work-based program to promote responsible fatherhood, including efforts to increase low-income fathers' employment and earnings and ensure that they provide financial and other support to their children. At the same time, we should (1) seek an additional 50,000 welfare-to-work housing vouchers, and (2) call on Congress to make permanent the Welfare-to-Work Tax Credit and the Work Opportunity Tax Credit, both of which now expire on June 30, 1999.

2. Child Support. One initiative, costing just a few million dollars each year, would increase the prosecution of egregious child support violators by establishing multi-agency teams, working with state and local law enforcement, to identify, analyze, and investigate cases for prosecution. A pilot project of this kind is already under way in five states; this proposal would put these units in place all across the nation within the next several years. A second initiative would seek legislation to exclude doctors and other health care providers who are delinquent in child support from the Medicare program or from programs offering health professional loans.

3. Children "Aging Out" of Foster Care. Each year, nearly 20,000 18-year-olds "age out" of the public child welfare system. Federal financial support for these young people ends just at the time they are making the critical transition to adulthood. Areas for increased investment for these young adults include: (1) expanding the independent living program, which provides services to foster care children in this age group; (2) expanding the transitional living program, a competitive grant program that funds community-based organizations that provide services to this population, including housing support; and (3) giving states the option of using Federal Medicaid dollars to provide health care coverage for this population. (Cost: roughly $150 million each year)

CIVIL RIGHTS AND WOMEN'S RIGHTS (DPC)

1. **Equal Pay.** We are working on a program to be run by the EEOC and DOL to increase outreach to businesses and employees about equal pay requirements, provide technical assistance to businesses seeking to comply, improve training for EEOC employees, and expand enforcement capabilities. In addition, the program will fund research on the nature and extent of wage discrimination, as well as a new Women in Non-Traditional Occupations Initiative designed to improve access of women into occupations such as construction and high technology. Cost: about $20 million for EEOC and $10 million for DOL.

2. **Abortion Violence.** We are working on a comprehensive initiative to address violence against providers of reproductive health services. This initiative may include: (1) a National Task Force established by the Department of Justice that will conduct investigations of abortion violence, collect and collate information related to clinic violence, and provide training to federal, state, and local law enforcement personnel on how to address this problem; (2) special security measures, including stepped-up U.S. Marshal support, at clinics identified to be at risk of violence; and (3) federal guarantees of loans taken out by clinics that must rebuild after they have been attacked. Cost: Unknown at this time.

TRANSPORTATION (NEC/DPC as specified)

1. **Reauthorization of the FAA, with Focus on Modernization and Competition.** A blue-ribbon bi-partisan panel concluded last year that the air transportation system faces "gridlock" within a decade without sweeping changes. We are considering various policy options to incorporate into the FAA reauthorization that you will propose in 1999 (it is a must pass this year) that will: (1) improve the efficiency and capacity of the nation's aviation system, and (2) enhance competition and service to rural areas. Some of the components of this initiative would include: centralizing the air traffic control services (ATS) in a performance-based organization (recommended by the bi-partisan panel); financing ATS for commercial aviation through cost-based user fees (supported by the major airlines); increasing Passenger Facility Charges (PFCs) to finance airport expansion nationwide (supported by state and local governments); modifying federal rules on how airports can use PFCs and other funds to encourage new airline entrants; and enhancing service to underserved areas.

We are also looking at ways to further competition in international aviation. The Administration has extended the benefits of competition by negotiating dozens of bilateral open-skies agreements. We could press our trading partners for World Wide Open Skies and explore lifting other restrictions on foreign aviation investment and operation on a reciprocal basis. (NEC)

2. **Auto Safety.** We are making headway on auto safety. Last year, the number and rate of auto fatalities declined. However, we still have a long way to go -- more than 40,000 Americans die in auto accidents each year, at a direct cost of $150 billion. The keys are seatbelts (more) and alcohol (less). We are working on a comprehensive initiative that would include: (1) meeting the President's goal of 85 percent seatbelt compliance by the year 2000, which would save 4,000 lives and nearly

$7 billion; (2) promoting education initiatives like the Buckle-Up America campaign; (3) enforcing the TEA-21 requirement that states lower the legal blood alcohol content level from .10 to .08; and (4) pushing a new Administration initiative on children's safety that will target auto accidents, among other problems, by promoting the use of child safety seats, booster seats (for children ages 4-8), and bicycle helmets. (NEC/DPC)

3. Transportation Needs of the Aged. With the number of Americans over 65 expected to grow by half by 2020, we should begin addressing the need to ensure their continued mobility, independence and safety in their later years. We are only beginning to look at this issue with DOT, which plans to hold six town meetings soon with senior citizens, medical experts, transportation safety specialists, and others to discuss the problems and challenges and identify best practices. The U.S. will host an international conference on this topic next year, in connection with the United Nation's Year of Older Persons. This may be combined with the long-term care and the housing for the elderly initiatives. (NEC)

4."Smart Growth" and Sustainable Development. One of the biggest challenges facing America's communities is that "sprawl" development is threatening the long-term economic vitality and quality of life in America's urban, suburban and rural areas. Although land use decisions should remain the domain of state and local government, the federal government can be an effective partner. First, we will continue investing in sustainable transportation. TEA-21 authorizes a record $41 billion over the next six years for transit; increases tax-free transit benefits; and expands communities' ability to transfer funds from highway construction to transit, bicycle and pedestrian programs, telecommuting and other forms of transportation that reduce congestion and pollution. Second, we will provide incentives to make it easier for communities to pursue smart growth policies, by exploring ways cities can capture the air quality benefits of sustainable development and by supporting a private sector initiative that would encourage mortgage lenders to consider the savings from "location efficiency"in making mortgage determinations for homebuyers . (NEC)

ENERGY (NEC)

1. Electricity Restructuring. You could call on Congress to enact legislation, to make the electricity industry more competitive and to provide more choices for industrial, commercial and residential customers. The Administration's Comprehensive Electricity Competition Act will save consumers $20 billion a year. Retail competition will not only improve efficiency, but also reduce the two-thirds waste of energy currently associated with fossil-fuel generation of electricity, thereby cutting greenhouse gas emissions. Prominent Republicans have included electricity restructuring on their list of priorities for 1999.

2. Distributed Generation ("Micropower"). To increase the consumer savings and environmental benefits from electricity competition, the Administration will pursue legislation to eliminate obstacles to the use of small, clean efficient generation technologies (e.g., fuel cells and photovoltaics) that can be installed at or near the electricity user's site. Moving from large, central-station generation of electricity to distributed generation by small, clean sources is analogous to the move from mainframe computers to personal computers.

FINANCIAL SERVICES (NEC/DPC as specified)

1. Consumer Financial Literacy and Education. We are currently developing a set of proposals to promote consumer financial awareness and enhance consumer credit literacy, ranging from a public awareness campaign to establishing an educational clearinghouse to disseminate quality curricula to high school students. We are also working on a study to identify what the biggest problems are with how Americans use consumer credit, and what basic banking services and steps they can take to help themselves (this may be very important if bankruptcy reform is a live item next year). Part of our focus is on reaching out to low-income households, building on (and expanding) two existing government programs -- Treasury's Electronic Funds Transfer program that was a first step in helping the "unbanked" enter into electronic commerce and a USDA extension program that is providing some (limited) services to rural low-income families. This proposal would cost \$5-10 million. (NEC)

2. Consumer Financial Bill of Rights. In order to respond to the outrage consumers feel about ATM surcharges, without supporting economically questionable regulation of ATM fees, we are considering a proposal either for the government or for financial institutions voluntarily to make publicly available a list of basic banking services and fees on an individual or geographic basis to be published periodically over the Internet. The services profiled would include, but would not be limited to, charges for access to ATMs. We are also considering the adequacy of current credit card disclosure requirements (again, relevant to bankruptcy reform) and other areas where information about financial service arrangements would be helpful to consumers. This would cost \$3-5 million. (NEC/DPC)

11-25-98

THE WHITE HOUSE

WASHINGTON

November 23, 1998

MEMORANDUM FOR THE PRESIDENT

CC: JOHN PODESTA
DOUG SOSNIK

FROM: MICHAEL WALDMAN

SUBJECT: STATE OF THE UNION -- CONTEXT & PURPOSES

This memorandum reflects initial discussions among Paul Begala, Maria Echaveste, Mark Penn, and myself.

The 1999 State of the Union comes at a signal time for you and your administration. In raw political terms, you enter your seventh year in office stronger than any comparable President this century -- stronger than Roosevelt, stronger than Eisenhower, stronger than Reagan. Your support in the country is strong. The Democrats' election success not only represents the first such gain by a President's party since 1822; it also narrows the party divide in the House. The public has endorsed your 'third way,' New Democrat policies -- an endorsement seen not only in the Democrats' election success (on a platform of saving Social Security, fiscal responsibility, HMO reform, and education), but also in the success of moderate Republican Governors and in the success of reformed center-left parties in the UK, Italy, Germany, and Brazil. And the press and pundits are now willing to admit that you were the pioneer of this approach.

At the same time, this address marks the last opportunity before Election Year 2000 to command the public's attention as only a strong State of the Union can. (The Year 2000 State of the Union will be held two weeks before the New Hampshire primaries.) And with less than a year to go before the new millennium, there is added urgency to your call to strengthen the nation for the 21st Century.

This speech should be viewed as having four principal goals.

First, it should demonstrate that you continue to have a vigorous agenda, one that can define the political playing field. You did this very successfully in last year's speech, and in the blizzard of policy announcements that led up to it. We believe you should announce an array of small- to medium-sized policies in January, as part of the roll-up to the State of the Union.

Second, more than recent State of the Union addresses, it should explicitly focus on the economy -- spelling out what we must do to advance our prosperity. A key element will be Social Security (Should we put forward a plan? Convene negotiations) and the surplus. The address should also include significant discussion of how to steer the economy through international economic turbulence; this would be an opportunity to spell out your vision for an international economy with a human face that you have talked about at the WTO and Council on Foreign Relations. And it should press forward on education and health care as part of an economic strategy.

Third, it should reach out to centrist Republicans to build a governing majority (on terms that you define). Thus, you should press for action on those items (such as the Patients' Bill of Rights, campaign finance reform, and other matters) that have notably bipartisan support.

Finally, the speech is an opportunity to address specific constituencies and shore up areas of political weakness. There should be a renewed focus on crime; specific attention to rural issues and the elderly; a full discussion of military readiness. In addition, we would appreciate your guidance on what you want to say about race.

* * *

We will forward to you some possible thematic approaches for discussion tomorrow.

POSSIBLE THEMATIC ELEMENTS
FOR 1999 STATE OF THE UNION

As before, the central theme should be: strengthening the nation for the 21st Century. With only 346 days until the coming of the new millennium, this year must be a time of focused action. We must step up to our long term challenges, advance our prosperity with our new economic strategy for a new economy, press forward our progress on social issues, and find ways to bind our nation together in the new century.

The American renaissance. Seven years ago, on our bestseller lists and on the shopfloor, we asked, "America: What went wrong?" In your first Inaugural Address, you declared, "There's nothing wrong with America that cannot be cured by what is right with America." For seven years, the American people rose to the challenge of this new time. And now, we enter the new century at a new peak of power and prosperity. Our economy is the strongest in a generation and keeps the world moving forward; crime and welfare are at their lowest levels in thirty years. A shimmering new economy, built on technology and science, information and innovation, has risen, creating massive new affluence. We can count our blessings as we ask: America: What went right?

Renewing progressive government --the third way. We have fashioned a new, progressive government in tune with our time. We turned not to the failed policies of mindless big government or heartless laissez faire. We did not seek to stop economic change and choke off the benefits it can bring; instead, we welcome it, and seek to give individuals and families the tools to thrive. This approach has been called "the Third Way," and it is now the American way. Our people intuitively understand that this is the best, indeed the only, way to master the new challenges of the 21st Century.

The moment of opportunity for the vital center. We have forged a new consensus, a new common public philosophy that binds together Democrats and Republicans of goodwill. This is a rare moment for action. The people have spoken, indeed have spoken with unmistakable clarity: they want us to put politics aside and act, together, on their needs and their concerns. You will reach out to Congress to make this a time of progress and not partisanship. This should include a specific reference to the new congressional leadership.

Building a new American economy --and continuing our economic strength. Our comprehensive economic strategy, enacted in 1993, has turned this country around and widened the circle of opportunity. Today America's economy is the strongest in our memory, and indeed, is the dynamo that propels the world economy. But change is constant, and the current financial turmoil reminds us that we must act to advance that prosperity. We must hold fast to our fiscal discipline, and give our families confidence that Social Security will be strong in the 21st Century.

Using this moment of prosperity to meet long-term challenges. The nation is at a moment of unparalleled strength. We can and must use this national strength to build for the future --to grapple today with the longest term challenges of tomorrow. America is aging; we must address Social Security now, or we will pay more later. Climate change and other environmental threats will condemn our grandchildren to disease and diminished quality of life, unless we begin to address it now. We can make extraordinary strides in conquering disease in the future if we invest in basic scientific research today. And so on.

Expanding the winners' circle. For most Americans these are indeed the best of times -- but there are still some for whom it is the worst. We must use this moment of unparalleled opportunity to bring the poor into the middle class mainstream -- to expand the winners' circle so the American dream can be lived by people who just a few years ago were written off. In this new economy, we don't have a single person to waste. That is why we must do more to help working families -- raising the minimum wage, protecting the EITC. We must do more to prevent crime and keep our communities safe. And we must do more to help those Americans who are struggling the hardest --we can't forget those who are left behind.

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

'98 NOV 11 AM10:14

November 11, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: GEORGE T. FRAMPTON, JR. GTF Jr.

SUBJECT: PROPOSED 1999 STATE OF THE UNION INITIATIVES

The following is a set of six potential State of the Union announcements for your consideration. In some cases, these announcements have more than one part and could be presented as separate, smaller announcements or packaged into a single, larger announcement.

A LANDS LEGACY

Action: You would announce a broad strategy or a series of targeted initiatives (depending on available budget) built around a new vision of conservation with the aim of reconnecting people and the land.

Background: Time and again over the past century, Americans have demonstrated their commitment to preserving our greatest natural treasures. This Administration has added immeasurably to this impressive legacy with steps to protect Yellowstone, the red rock canyons of Utah and California's old-growth redwoods.

Increasingly, though, we face new conservation challenges that call for a new conservation ethic. Having preserved so many of our "crown jewels" -- places prized precisely because they are pristine and remote -- we must focus now as well on natural wonders in our very backyards. A conservation ethic for the 21st century recognizes people as part of the natural landscape, and seeks to preserve natural and open spaces in each community, within reach of every citizen.

This approach is implicit in many of the Administration's conservation efforts -- for instance, Everglades restoration, habitat conservation planning, and acquisition through the Land and Water Conservation Fund of threatened lands near urban areas. This initiative would more fully articulate this new conservation vision and set in motion collaborative strategies to fulfill it in both urban and rural settings.

One vehicle for this initiative is an ambitious proposal by Interior called Partnership for America's Resources. This proposal would draw on and significantly expand several existing funds, including the Land and Water Conservation Fund, and establish new dedicated funding sources to generate a total of about $3 billion a year through 2009. These funds would support a wide range of acquisition and restoration programs at the federal, state and local levels. If the budget were to allow, this proposal would crown the Administration's solid conservation record, closing the century with a dramatic achievement matching that of Theodore Roosevelt at the century's start.

An alternate approach would be a streamlined version of Interior's proposal that draws as well on other agencies' resources and incorporates targeted tax incentives. Each element would cultivate positive connections between people and the land, for instance by promoting sustainable forestry on private lands, protecting farmland from development, supporting efforts that protect wildlife while accommodating growth, or ensuring city and suburban dwellers easy access to nature and open space. The initiatives could include:

> _Northern Forests_ - A collaborative effort with local government, property owners, the conservation community and the states of New York, Maine, New Hampshire and Vermont to preserve the natural and economic values of the largest contiguous wild forest in the eastern United States. Up to 3.5 million acres now owned by timber companies are or soon will be for sale. Disposition of this land will have profound impacts on the economy and environment of this region.
>
> _Parks and Communities_ - A collaborative effort with state and local governments and the private sector guided by the vision of open space and recreation within walking distance of every child in America. Eighty percent of Americans live in urban areas, and half have no park or open space within walking distance of their home. This initiative could include a commitment to create or rehabilitate 1000 parks or recreation facilities.
>
> _Farmland Preservation_ - Tax incentives and increased USDA funding to help preserve farmland threatened by development. This is a key component of the livability agenda launched by the Vice President, which highlights the close connection between loss of prime farmland and runaway sprawl.
>
> _Lewis and Clark National Preserve_ - Redesignation of a stretch of the Missouri River in Montana (now part Wild and Scenic River, part National Wildlife Refuge) to commemorate the Lewis and Clark expedition, which explored the area in 1805.
>
> _Conservation Incentives_ - A targeted tax incentive that reduces tax on capital gains realized through transfer of property that will remain under conservation easement.
>
> _Habitat Protection_ - Increased cost-share funding to acquire habitat in regions undertaking comprehensive conservation planning to balance growth and endangered species needs (as recently completed in Orange, Riverside and San Diego counties).

Cost: TBD, depending on scope.

CLEAN AIR FUND

Action: You would propose $1 billion in new funding to provide low-interest financing for projects that achieve early reductions in air pollution and/or greenhouse gas emissions, giving cities and states a significant nonregulatory tool in the fight for cleaner air.

Background: One of the Administration's top environmental accomplishments is the adoption of tough standards to reduce smog and soot. We also have proposed strengthening standards to reduce regional haze in the West. While these steps have been well received by the public, many mayors and governors continue to cite them as constraints on economic growth. These concerns, which are likely to become more pronounced as the standards are implemented, stem in part from concerns about the cost of compliance.

In addition, one of the Administration's top climate change priorities is encouraging early, voluntary action to reduce greenhouse gases. Again, one barrier is concerns about the capital investment necessary to achieve these reductions.

In the case of water quality, strong bipartisan majorities in Congress have long supported a revolving fund to finance state and local infrastructure projects to reduce water pollution. This proposal would take a similar approach to air emissions. For soot or smog-related emissions, funding would be made available to states upon demonstration, consistent with EPA guidelines, that a project would achieve reductions sooner than required, or from sources not subject to regulation. For greenhouse gas emissions, funding would be made available upon a demonstration consistent with DOE guidelines that the project would achieve "early" reductions that otherwise would not have been made. Guidelines will ensure that the fund does not compensate polluters for taking action already required by regulation.

We are reviewing with Treasury a number of possible models for the fund and for allocating financing, ranging from the existing clean water state revolving funds to the school-construction model to that used for low-income housing tax credit.

Cost: $1 billion annually in fund capitalization (outlay rates significantly lower, and may be reduced over time by operation of a cost cap in the President's implementation plan for the new soot and smog standards). Differential costs of alternative financing mechanisms TBD.

A NEW PARTNERSHIP FOR LAKES AND COASTS

Action: You would launch a new initiative to protect America's coasts and the Great Lakes, propose new funding to help farmers combat water pollution, and call on Congress to reauthorize and strengthen the Clean Water Act.

Background: The five-year Clean Water Action Plan you launched earlier this year establishes a solid framework for addressing the next generation of clean water challenges, principally nonpoint source pollution. This initiative underscores some unfinished business -- reauthorization of the Clean Water Act, and increased funding for farmers -- and targets additional resources to the specific and urgent needs of the Great Lakes and coastal areas. Specifically, it would create a dedicated source of funding (subject to state cost-sharing) to restore wetlands, accelerate cleanup of contaminated sediment, and support local partnerships to restore estuaries.

Each of these issues has a strong economic component. Along the Gulf Coast, loss of wetlands raises the risk of catastrophic damage from hurricanes and floods. Sediment contamination hampers urban redevelopment, damages commercial and recreational fisheries in regions like the Great Lakes, and undermines the competitiveness of our ports by increasing dredging costs. Pollution of estuaries destroys commercial fisheries, threatens drinking water, and increases pollution control costs.

This initiative would: commit an additional $300 million a year to restore wetlands in Louisiana and other Gulf states (this funding mechanism, a variation on the Landrieu-Dingell proposal, also would support Everglades restoration); commit an additional $280 million a year for sediment cleanup and natural resource restoration; and commit an additional $100 million a year to implement estuary recovery plans developed in partnership with states and local communities.

Cost: $680 million.

In addition, the following proposals could be included in this initiative, or announced before the State of the Union:

> *Save the Colorado Initiative* - You would propose funding to remove uranium mine tailings in Moab, Utah, that are contaminating endangered species and the Colorado River, a major water source for California. The Atlas Corporation, which operated the mine, recently filed for bankruptcy, making it inevitable under current law that the Department of Energy will bear ultimate responsibility for the cleanup. Democrats and Republicans in both the California and Utah delegations have united behind Congressman George Miller (D-CA) in demanding that the tailings be moved. Governor Leavitt and Secretary Babbitt strongly support the proposal. Cost: $125 million over five years, assuming Atlas will be able to pay $7 million over the same period.

> *Helping Farmers Protect Water Quality* - As part of your Clean Water Action Plan, you requested $100 million in FY 1999 for a USDA program to help farmers control polluted runoff. This funding was denied by Congress. As an alternative, you would announce flexible use of Commodity Credit Corporation funds for the same purpose. USDA is exploring how much funding could be made available this way. Cost: TBD

ENVIRONMENT-TO-WORK INITIATIVE

Action: You would announce a $100 million-a-year initiative to train former welfare recipients and other workers for jobs in environmental cleanup and energy efficiency; and to retrain timber workers, miners and fishermen for environmental restoration work.

Background: One of the overriding themes of the Administration's environmental message is that a healthy environment and a strong economy go hand in hand. Yet despite notable successes -- for instance, brownfields cleanup and our Jobs in the Woods program in the Pacific Northwest -- environmental initiatives are not always seen as being in the interests of organized labor.

This interagency initiative would address these concerns in both urban and rural areas by providing training for high-paying jobs in emerging environmental fields. In cities, it would train workers in hazardous waste and brownfields cleanup, and in lead and asbestos abatement (jobs for which poorly educated workers are often illegally recruited). In rural regions, it would build on Jobs in the Woods to retrain timber workers in other regions where harvest levels are projected to decline; retrain fishermen in areas with declining stocks to do habitat restoration; and train a new generation of mine workers for mine reclamation and watershed restoration work. In addition, it would train workers to conduct energy audits and perform other energy efficiency work in both urban and rural settings.

Cost: $100 million, with a portion funded from the Abandoned Mine Reclamation Fund.

PRESERVING AND EXPLORING OUR OCEAN FRONTIER

Action: You would announce designation of a new national marine sanctuary, set a goal of doubling the number of marine sanctuaries over the next 10 years, and propose legislation to strengthen protections within existing and new sanctuaries.

Background: At the dawn of the 20th century, under the leadership of President Teddy Roosevelt, America committed itself to a new lands ethic, preserving irreplaceable pieces of our rich landscape for all time. As we approach the 21st century, a comparable opportunity beckons off our shores. As you noted in your address to the National Ocean Conference, the oceans are a vast frontier largely unexplored, and largely unprotected.

Over the past quarter-century, the federal government has created 12 national marine sanctuaries encompassing 18,000 square miles of coral reefs, kelp forests and other ocean ecosystems that are home to a variety of endangered marine life. Management plans for each sanctuary are developed in collaboration with nearby communities, commercial fishermen, marine-related industry, conservationists, and marine scientists. The level of protection varies among the sanctuaries, with some little more than boundaries on a map.

There is a growing call from the scientific and conservation communities to both strengthen and expand the sanctuary system. This proposal would meet both objectives. First, you would announce the designation by the Commerce Department of a new sanctuary. (Prime candidates include "seamounts" off California, underwater canyons and ledges off Cape Hatteras and Massachusetts, brine pools and vents in the Gulf of Mexico, and waters off the Northern Mariana Islands.) Second, you would set a goal of 24 sanctuaries -- double the current number -- by 2009. You could invite Congress to work with the Administration in identifying areas for designation. Third, you would propose legislation to set a minimum level of protection within the sanctuaries.

A new exploration venture by the National Geographic Society, in partnership with the Goldman Foundation, presents an ideal opportunity to amplify our message. Dr. Sylvia Earle, former chief scientist at NOAA and recently honored as Time Magazine's first Hero of the Earth, will explore each of the existing sanctuaries in state-of-the-art submersibles.

Cost: An additional $6 million in FY 2000, $21 million in FY 2001, and $36 million in FY 2002.

DECLARING WAR ON ASTHMA

Action: You would launch a national campaign to halt the dramatic increase in asthma incidence and, ultimately, to reduce by half the number of children who die from the disease or suffer severe symptoms.

Background: Asthma afflicts more than 5.5 million children in America and is the leading cause of childhood hospitalization. The number of children suffering asthma has doubled in the past 15 years, and the number dying from it has tripled in the last 20 years. Black and Hispanic children are twice likely as white children to develop the disease.

The Administration has launched several efforts to combat asthma, including tougher air quality standards and recent grants to universities to establish environmental health research centers. This initiative would expand successful programs by HHS and EPA to reduce asthma risks in schools and homes through education. It also would support additional monitoring and research to better track incidence and develop potential cures.

Cost: $55 million.

THE WHITE HOUSE

WASHINGTON

'98 NOV 11 PM 10:15

November 10, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: NEAL LANE *neal*

SUBJECT: 1999 State of the Union Address

This memorandum makes recommendations for themes to include in your next State of the Union Address to underscore your vision for the 21st century. The emphasis is on cementing your leadership in science and technology, a theme that should generate substantial bipartisan support.

Background

You have been consistent and eloquent about your commitment to investing in America's future. Every year of your presidency you have increased the S&T budget. The Research Fund for America -- an unprecedented proposal for support of S&T in your FY 1999 budget request -- fared extremely well in Congress. You have helped to persuade the American people that continued American leadership in the world and a better quality of life for all Americans depend on our enduring commitment to research and to technology. You have secured a broad consensus that we have a responsibility to develop technology for public needs.

The following are suggested themes for your consideration.

1. Information Technology Research Initiative

Why: Information technologies have the potential to do for the creation and management of knowledge what the invention of electricity did for the production and distribution of power. Electricity not only was a good substitute for candles and steam engines, it empowered every American family and every American business by making energy affordable and accessible. New information technologies can provide *every* American with an extraordinary set of tools – whatever their age and health and wherever they live. They can allow families to stay in touch, enable small businesses to participate in international alliances, and make it possible for employees to keep up with job opportunities and get the training they need. These technologies have the power to strengthen our military forces and make them more adaptable to a complex range of threats, improve health services, provide unprecedented opportunities for persons with disabilities, expand learning opportunities for people of all ages, strengthen crime-fighting, protect the environment, and create more accessible and efficient government.

In the years ahead, information technologies will continue to be a driving engine of economic growth and job creation. Their contribution is already astonishing. Between 1995 and 1997, firms associated with these technologies contributed one third of US economic growth; in 1996 the industry employed over 7 million people in the US. These technologies have greatly strengthened our competitive position in international markets because our uniquely flexible industries have been quick to recognize and seize the opportunities these technologies offer.

Computing and information technology research is also essential to avoiding major vulnerabilities that our information-rich economy is beginning to encounter. We are increasingly dependent on powerful information tools to manage air and highway traffic, financial networks, medical information systems, and many other parts of the critical infrastructure that support our economy. New tools are required to design information systems that will remain reliable and secure.

Information technology (IT) has made research in all scientific fields more productive, while accelerating the pace of scientific discovery. Predicting climate change, or sequencing the human genome, for example, would not be conceivable without powerful computational tools. New information tools are essential if we are to convert our knowledge of the human genome into an understanding of how the genes actually work, and to develop practical tools for combating disease and disability.

In your June 1998 MIT commencement speech, you highlighted the importance of information technology to America's future by indicating your intention to call for "significant increases in computing and communications research" in your FY 2000 budget. Your IT Advisory Committee, in its recent interim report, assessed the current Federal effort in information technology research and has made a number of solid recommendations as to how additional funding could be most effectively used.

What: Major new research programs in DARPA and NSF targeted on advanced software design, making information systems easy to use, and managing the high-speed, flexible communication systems emerging to link billions of computing devices embedded in everything from cell phones to TV sets. Long-term, high risk research on advanced computation and communication (cryogenic devices, DNA and quantum computing). In these agencies, as well as NIH, DOC, DOE, and NASA, funding the procurement of high-speed computers for medical, environmental, and other scientific research, and funding to help these communities make full use of these new tools.

Cost: $200-300M in FY 2000; $3B over five years.

2. Millennium Research Fund

Why: Such a Fund would reaffirm your commitment to lead America into the 21st century with investments that improve the quality of life and keep the economy growing. Half of our economic productivity in the last half-century is attributable to technological innovation and the science that supported it. The knowledge-based society of the next century only increases the importance of research, innovation, and human capital as our principal strengths. This fund would build on the success of the Research Fund for America, expanding its scope to include all civilian and university-based research. It would also trump the non-specific Congressional proposals to "double" research funding with a detailed plan for strategic growth in S&T budgets.

What: A commitment to substantial, sustained support for a balanced portfolio of civilian and university-based research, including DOD 6.1 and 6.2., to ensure continued US leadership across the scientific frontiers. In addition to information technology, special emphasis is given to research on vital national needs, including:

- Biomedical -- Win the war on cancer and declare war on asthma, mental illness, and heart disease.
- Physical Science, Engineering, and Technology -- Develop new materials, chemicals, electronics, and manufacturing technologies essential to providing American industries a competitive edge.
- Global Change -- Ensure that regional economies, relying on agriculture or tourism, prosper even in the face of climate change, and save the planet for future generations.
- Climate Change Technology -- Promote energy efficiency, the use of renewables, and reduce greenhouse gas emissions.
- Learning and Teaching -- Understand human learning by conducting basic research and large-scale "clinical" trials of education practices, including education technology.
- Critical Infrastructure Protection -- Protect our infrastructure, from information systems to power systems, against terrorist threats, natural disasters, and human error.
- Aviation Safety and Security -- Reduce aviation fatal accident rate by a factor of five within 10 years.
- Emerging Infectious Disease -- Reduce the threat of bioterrorism and the vulnerabilities to reemerging diseases, such as tuberculosis.
- Ecosystem Sciences -- Eradicate the algal blooms and other water problems that threaten fisheries and other U.S. coastal businesses.
- Plant Genome -- Breed pest- and drought-resistant plants that ensure America continues to feed the world.
- Transportation -- Foster breakthrough automotive technologies, achieve threefold improvement in fuel efficiency by 2004.
- Food Safety -- Eliminate deaths and illnesses from food poisoning.

Cost: Doubling the Federal investment in these research areas over ten years would require approximately $3B in FY 2000 (7% increase); and $20B over five years.

THE WHITE HOUSE

WASHINGTON

'98 NOV 11 PM10:15

November 6, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN

SUBJECT: State of the Union -- Climate Change Ideas

Last year's State of the Union included a substantial section (16 lines) on climate change. Our specific announcement was your five-year, $6 billion program of tax cuts and R&D to spur energy efficiency and the development of renewable energy. This year's environmental section of the speech should, of course, include climate change. Below are three specific deliverables that could be included in the speech.

Getting Energy Efficient Products into Our Homes. While R&D into new energy saving technologies is extremely important, economists also recognize that we could achieve enormous reductions of greenhouse gases if consumers took advantage of the energy saving products already in the marketplace. You could announce a new initiative to help move a designated list of several major Energy Star products (e.g., refrigerators, washing machines, air conditioners, furnaces) off the shelves and into consumers' homes. The initiative would consist of the following elements: (1) a partnership with major manufacturers to launch a campaign to inform consumers about the financial and environmental benefits of retiring older appliances early and replacing them with new, energy efficient models. (The retired products would be recycled, producing further energy savings.) DOE has been engaged in discussions with GE, Whirlpool, Maytag, Amana and White Consolidated, who are all prepared to participate; (2) rebates from the manufacturers and/or electric utilities; (3) federal financial incentives, which could take the form of tax incentives or rebates. Rough estimates suggest that for a cost of around $1 billion annually, the federal government could provide an incentive equal to around 10% of the purchase price of selected Energy Star equipment. This program could save millions of tons of carbon emissions annually and save consumers hundreds of dollars a year on their energy bills.

Bioenergy -- Growing an Alternative to Fossil Fuels. Biomass represents a major potential resource for our energy future. It can be used to make fuel, burned directly to produce electricity, and used for the production of chemicals. By growing products like switch grass on idle cropland and putting agricultural and wood waste to good use, some experts predict we could eventually produce energy equivalent to more than half of our current annual crude oil imports. You could launch a partnership with farmers, the forest products industry, power companies, chemical companies and others to develop a clean, biomass-based energy industry. Such an initiative would not only be good energy policy, but would give farmers something to like about dealing with climate change. Senators Lugar and Harkin, among others, are very interested in biomass. DOE and USDA are already making substantial investments in bioenergy. We can do this initiative with funding that fits within the total available for the second year of the five-year Climate Change Technology Initiative you announced last year.

Financing of Clean Energy Projects. The CEQ State of the Union memo includes an idea for a revolving fund to finance state and local infrastructure projects to reduce air pollution or greenhouse gases. The idea would be to fund projects achieving early reductions that wouldn't otherwise be made. For a full discussion of this idea, see the CEQ memo.

THE HARVARD LAW SCHOOL
CAMBRIDGE MA 02138

November 11, 1998

MEMORANDUM FOR THE PRESIDENT

Through: Maria Echaveste
Deputy Chief of Staff

From: Christopher Edley, Jr.
Professor of Law

Re: Race and the State of the Union: A "Vision" Option and a "Program" Option

My premise is that I will deliver a virtually complete draft of your race book in December, but the final product will not be released until after the SOTU.

Vision Option: Building on some of the rhetoric from SOTU'98 and SOTU'97, summarize the vision of One America with racial and ethnic justice that will be the centerpiece of your race book. In these paragraphs you would veer sharply away from the familiar laundry lists of the Policymaker-in-Chief to instead demonstrate and exploit your unclouded title to the bully pulpit.

> *In brief:* The America you envision for the 21st century must have *opportunity* so broad and deep that there is no visible legacy of slavery or conquest or colonialism. It must have *communities* so open and inclusive that each of us celebrates the richness of our diversity, as that diversity fuels not our fears, but our strength. And, in that America, our *hearts* will be healed of the prejudices and stereotypes that too often divide us today; our vigilance will prevent the wounds from ever reopening. We can chart our progress towards this vision as we close the disparities in educational achievement and in victimization by violent crime; as we slowly reverse the trends towards racial and ethnic separateness in our communities and schools; and as we finally win the battles to combat the oppressions of discrimination and stereotype.

Since you will have discussed education, welfare-to-work and other opportunity measures, you can briefly note that these are elements of how we can achieve the vision. You can praise the work of religious leaders, higher education leaders and others in advancing this vision, and announce the follow-on entity to continue the race initiative.

Program Option: After noting that you will soon release your report on the race initiative, you would highlight two or three substantive "mountain tops" in your policy workplan for the nation. (The book will contain more mountain tops and abbreviated mention of foothills.) Possibilities:

(1) *Educational achievement*: Your vision requires that the nation undertake a more focused, dramatic and sustained effort to tackle the intolerable achievement disparities between poor and rich, between minority and non-minority. The era of excuses is over -- for everyone.

Recommendation: Provide large-scale grant-in-aid support to states and/or metropolitan areas that commit to develop comprehensive, peer-reviewed plans for removing resource inequities, enhancing accountability, and eliminating disparities in student achievement. (This builds on the Comprehensive School Reform Demonstration Program, but is far more substantial in scale, less prescriptive, focused on systems rather than individual school sites, and with accountability for results). The undertaking parallels your announced goal of narrowing health disparities. Instead of a formula program like Title I, this substantial "honey pot" would not attract participation from all jurisdictions initially, which is fine.

(2) *Jobs:* We must break the back of the endemic hyper-unemployment of young adults in our most distressed poor communities, eventually eliminating the racial and regional disparities in joblessness. *Recommendation:* Challenge states and metro area jurisdictions to raise the employment rate of young adults in distressed neighborhoods through regional strategies. Provide substantial new resources and greatly enhanced flexibility with categorical federal and state programs, for interested jurisdictions willing to accept *accountability* for creatively tackling the especially difficult problems of young adult unemployment. Flexibly link programs in education, training, job search, transportation, employer networking, day care, housing assistance, drug treatment, and many more. But results must matter.

(3) *Economic Development:* We can do more to harness the power of financial institutions and markets to create opportunity in distressed communities here at home, just as we try to do abroad. *Recommendation:* The Federal Home Loan Bank Board system in years past helped make home ownership a reality for many. In the new century, the FHLBB should have a new mission: working side-by-side with CDFIs to fuel economic revitalization in our most distressed communities through affordable financing of a range of job-creating projects.

(4) *Combating Discrimination and Hate :* The fight against ordinary discrimination is not finished. Last year's budget included an increase for some civil rights law enforcement agencies, to help those standing in line waiting for justice. Now, we must sustain that investment and extend it to other enforcers of our basic rights – the civil rights division in the Department of Justice, the Office for Civil Rights in the Department of Education, etc. As we do so, we can re-engineer those efforts to emphasize voluntary compliance, technical assistance, education and dispute resolution. And complementing this law enforcement effort is the business of healing communities threatened by racial and ethnic division. The Community Relations Service has been an often unsung hero, with a few dozen public servants bringing wisdom and hope to community after community, after church burnings and riots – and *before* disturbances flare up. The nation needs to invest in this resource to create One America.

In these policy examples, I am urging you to address underlying structural problems, eschewing band-aids and incrementalism. Whether or not you use them in the State of the Union, I hope you will consider them for FY 2000 and the future.

Recommendation: For the SOTU, as much as I like the policy ideas, I recommend the bully pulpit option.

Jen:

This is an excerpt of a document we did for Bruce and Elena that references the health care items that I would recommend Shirley pushing. I divided them into two categories:

1. Proposals initiated by the First Lady's office.

2. Health care priorities that I think the First Lady would want to push.

Call me with questions. Thanks a lot.

cj

Jenn just received this from Chris & thought you might need this <u>now</u>.

GROUP ONE:

Medicaid for foster care children. (new First Lady's office initiative) Children who grow up in foster care arrangements often are less prepared for the challenges of adulthood; their rates of unemployment and lack of insurance are much higher than average. This policy allows states to continue Medicaid coverage for foster care children who turn 18 and lose Medicaid eligibility (extended through age 23). This policy is supported by HHS, OMB, DPC and NEC.

Cost. HHS estimate: $50 million over 5 years

Status / Recommendation. OMB is supportive if funds are available. We assume that this initiative will make the final cut without much of a push from you.

Medicaid Asthma Initiative. (new First Lady's office initiative). Over the past 15 years, the number of children afflicted with asthma has doubled to total about 6 million. HHS's initiative (described in the discretionary program list) includes grants through the Public Health Service. OMB has proposed that HHS provide competitive start-up grants for states to develop disease management programs through Medicaid. This both links the funding with the Medicaid providers who most often see these children and takes some of the pressure off of the discretionary budget.

Cost. OMB estimate: $50 million in 2000

Status / Recommendation. OMB is supportive if funds are available. We assume that this initiative will make the final cut without much of a push from you.

can we do this public health through proposal?

Providing needed education funds to children's hospitals. (new First Lady's office initiative) Medicare has invested billions of dollars in graduate medical education to hospitals since 1966. However, because of its current distribution formula, free-standing children's hospitals are forced to shoulder the majority of the cost of training pediatricians, placing them at a severe financial disadvantage. This proposal creates a new discretionary grant program to provide GME funds through the PHS in order to provide freestanding children's hospitals with Federal financing for the cost of providing graduate medical education. This proposal is strongly supported by the First Lady's office, DPC, and the National Association of Children's Hospitals. HHS does not oppose this proposal, as long as it is not funded through the Medicare trust fund.

what does it buy?

Cost. Original DPC cost estimate: $285 million

Issues. OMB is strongly opposed to this proposal because they believe that the children's hospitals are financially stable and do not need additional federal assistance.

Response / Recommendation. We believe that there is a legitimate equity argument here, as these hospitals shoulder much of the responsibility for training the nations' pediatricians and pediatric subspecialists. The current proposal is one seventh of the amount proposed by the children's hospitals, but would still be supported primarily because it would address the inequities faced by facilities training pediatricians and other pediatric subspecialists. We will need to push hard to get any funding here. When this proposal is contrasted with other priorities in the budget, this is a tough sell. (You have come way down on the costs, though.)

Status. OMB: +(0); WH Need: +$40 million

GROUP TWO:

Family Caregiver Support Program. (new initiative) Approximately 22.4 million U.S households provide caregiving services that currently enable their elderly relatives to remain in the community, providing services that would cost over $100 billion annually if provided by home health care aides. This proposal creates a new national program through the Administration on Aging to support Americans who care for chronically ill or disabled family member or friends. It provides State grants for "one-stop-shop" access point to provide services, such as information and counseling as well as respite services and adult day care. This proposal is a priority for the Vice President, DPC, and NEC, and viewed by OMB as a solid initiative.

Cost. Original HHS cost estimate: $150 million

Response / Recommendation. The OMB passback level prevents the establishment of a national program, providing only enough funds to establish systems in a limited number of States. This policy is a critically important component of the long term care initiative, as it complements the long term care tax credit. Funding of this proposal is necessary to obtain broad based validation from the advocacy community for our entire long term care package. This is a great women's issue for the First Lady to push.

Status. OMB passback: +$10 million; WH need: additional +$140 million; HHS appeal: additional +$140 million

Investing in DoD cancer research programs. (new DPC proposal) Every year the Congress funds programs at DoD for prostate and breast cancer research. While every White House principal has highlighted these innovative, widely acclaimed research programs, we have never proposed a single dollar for them in our budgets. We are also proposing an investment in osteoporosis research at the DoD.

Cost. Original DPC estimate: $250 million

Issues: DoD is likely to be resistant to this concept as they believe that although they have developed a model program in response to a Congressional mandate, biomedical research is not within their military mission.

Response: Because the Defense budget will be so large this year, we believe it to be an opportune time to push for significant funding increases in research for diseases such as osteoporosis, cancer, and heart disease. This is probably important, because increases in the NIH budget will likely be very low this year. Also, those diseases have an obvious and disproportionate impact on women.

Status. OMB: +(0); WH Need: earmark $200 million of DoD increase

Enhancing mental health services. (new Tipper Gore initiative) Approximately 44 million adults and 14 million children suffer from a mental disorder annually. This proposal increases funding to SAMHSA to enable states to provide critical mental health services, including access to prevention and treatment services and providing new incentives to communities who have implemented effective mental health programs. This proposal increases funding to SAMHSA as well as raising awareness about mental health through enhancing the current level of funding provided to States through the mental health block grants. This proposal is strongly supported by the Vice President's office and Tipper Gore's office.

Cost. Original HHS cost estimate: $146 million

Response /Recommendation. The mental health community would strongly reject OMB's contention that research grants in any way substitute for support for direct services. Moreover, it would be extremely embarrassing for Mrs. Gore and the White House in general to defend such a poor funding stream for mental health at a time when we plan on hosting a White House Conference on Mental Health for this spring to raise awareness about mental illness. In addition, next year, HHS will release a Surgeon General's report documenting the widespread incidence and impact of mental illness. Therefore, we believe it is critical to make a new investment in mental health services. This is not absolutely necessary for a push, but would be a nice thing to do on behalf of Tipper Gore.

Status. OMB passback: +(0); WH Need: +$100 million; HHS appeal +$116 million

		Request	Possible Settleout Range Low	High
CEQ				
	Costal Salmon	125	100	100
	Lands and Livability	500-750	375	375
	Clean Air Fund	250	250	250
HHS				
	CDC	75	60	60
	Long-Term Care	150	150	150
	AIDS		28	28
	CBC AIDS		50	50
	Mental Health (SAMSHA)	75	65	65
	Race and Health	50	50	50
	Children's Hospital	40	40	40
	Tobacco -- PH CDC	27	27	27
	Tobacco -- FDA	66	32	34
	Educational Research - NIHD	25	10	15
	Food Safety	50	40	40
Education				
	Adult Literacy	255	110	180
	Social promotion	350	350	350
	Quality		18	18
	Urban/Rural Computing	75-100	60	60
	Shift general Ed Tech increase		[25]	
	TLC		41	41
	Charter Schools	9	5	10
	Stay in College	50-100	25	25
	Title I Accountability	250	0	0
	Technology for Disabled	40-60	35	35
	Native Americans	10	10	10
	Education Research	25		
Labor				
	Universal re-employment	300	210	250
	Youth employment	212	170	170
	FMLA/Paid Leave	8	8	8
	Child Labor			
	Enforcement	3		
	Standards	40	40	40
	Equal Pay	20	20	20
	NLRB	10	10	10
			458	458
Urban ~~Institute~~ Initiative				
	SBA	238		
	Treasury	25		
HUD Abandoned buildings		100	50	50
Treasury				
	Firearms	25	15	15
Americorps		100	80	80
Child Labor		20-30		
Microcredit		10	10	10
Deduct Education			-500	-500
Total			**2502**	**2592**

+16 + [illegible]

12/15/98 03:56 PM

CHILD CARE AND DEVELOPMENT BLOCK GRANT

Policy and Cost. We propose to expand the Child Care and Development Block Grant (CCDBG) at a **cost of $10.5 billion over 5 years**, and to maintain the structure that we proposed last year to devote $7.5 billion to expand subsidies and $3 billion to support early childhood education and child care quality. This will maintain last year's level of commitment to new mandatory dollars for child care subsidies and quality.

We will more affirmatively package the overall investment as an increase in the block grant, with a portion reserved for community-based child care improvements. With the additional $7.5 billion over five years for child care subsidies (assuming the 80/20 match advanced last year), one million more children will be served, for a total of 2.25 million children in 2004. The $3 billion will go to communities to support early childhood education, home visiting and parent education, and child care quality improvements for infants and toddlers.

Unresolved Issues and Objections. Our goal is to maintain our commitment to the significant child care initiative that the President put forward last year, while repackaging the proposal as a commitment to increasing the block grant for both subsidies and quality child care, rather than as a new separate program for early learning.

It is clear that our proposal will be judged by the advocacy community primarily on the funding level, so that it is important not to lower our commitment below $10.5 in mandatory funds.

We believe that we need to maintain a strong commitment to child care quality and early childhood education. Many advocates, as well as some Member of Congress such as Senators Kerrey and Kennedy, have similarly argued that we should not retreat from the early learning fund. As you know, we had floated the idea of collapsing the early learning fund and building on the existing set-aside in CCDBG for infants and toddlers. While the advocates are somewhat open to altering our proposal given the difficulty of obtaining authorization for a new program, most see using the set-aside as an endgame and view our best starting position as a commitment to last year's proposal. In addition, given that the infant and toddler set-aside is currently only $50 million, it would be difficult to imagine raising it to $600 million per year and would therefore most likely endanger the funding level for early learning. Finally, some advocates strongly support targeting any new quality dollars to communities, rather than to states, a goal that will be difficult to meet if we build on the existing set-aside. Therefore, we propose to maintain our commitment to the balance between subsidies and quality advanced last year, because, regardless of its prospects for passage, it is considered the best starting point to congressional negotiations and addresses the growing need to target dollars to the community level.

Status. HHS and NEC continue to support maintaining the Early Learning Fund. We have not had extensive discussions yet with OMB.

FMLA and Paid Leave Research and Evaluation Fund

Policy. The purpose of creating an FMLA/Paid Leave Research and Evaluation Fund is to strengthen the foundation for innovation in the States toward providing paid parental leave benefits for lower-income American workers. Today, a few states are providing these benefits and several states are exploring strategies to do so. However, many unanswered questions remain. This fund would serve to (1) explore how best to structure paid leave delivery systems; (2) evaluate current state systems; and (3) support state efforts to design or explore paid leave systems, *e.g.* through a state paid leave commission. In addition, this fund would provide needed resources to update the data in the 1995 national FMLA Commission leave study, to answer important questions such as how many Americans have benefited from the FMLA since its enactment.

Cost. The cost of this FMLA and Paid Leave Research and Evaluation Fund is $10 million for FY 2000; it would be administered by the Department of Labor.

Objections and Status. The DPC has engaged in discussions primarily with the Department of Labor to explore a number of paid leave policy options -- including a federal system of providing benefits, a demonstration fund, and research and evaluation efforts -- and has determined with DOL input that a research fund is a necessary foundation for either of the other more ambitious options. While OMB has been involved in broader discussions of paid leave, we have not discussed the research fund with them.

Head Start Expansion

Policy and Cost. The purpose of our Head Start expansion policy is to reach the President's goal of serving 1 million children with Head Start services by the year 2002. The 1999 reauthorization of Head Start made that goal more expensive to accomplish because it increased significantly the percentage of expansion dollars (new money in the program) that must be targeted to quality, rather than to serving more children. Before the reauthorization, twenty-five percent of expansion dollars were targeted to quality; under current law, the quality percentage rises sharply but phases down over time -- 50 percent in FY 2000, 47.5 percent in FY 2001, and 35 percent in FY 2002. Another factor making it difficult to meet our goal is the gradual expansion of Early Head Start, which carries a more expensive per-child cost. OMB and HHS also disagree about the per-child cost of Head Start services.

Our FY99 budget (before the reauthorization) assumed the creation of 44,000 new slots in FY00, for a total enrollment of 910,000. OMB advises that adding 44,000 slots in FY00 under current law requires a funding level of $5.266 billion. Due to lower than projected participation rates in 1997 and 1998, however, adding 44,000 new slots brings the program to only 881,000 and would require $5.8 billion over the five-year guidance levels to achieve our goal. Reaching 910,000 slots in FY00, as assumed in the FY99 budget, would require over 70,000 new slots in FY00, costing $6.6 billion over the five year guidance level to reach our goal.

OMB estimates that its FY00 Head Start guidance level -- $4,997 billion -- will allow the program to add about 20,000 in FY00, for a total enrollment of 857,000. Under this scenario, reaching the 1 million by 2002 would require adding 71,000 new slots in each of FYS 2001 and 2002, which, OMB calculates, would cost roughly $5.3 billion over the five year guidance levels. HHS' amended request (after the reauthorization) and appeal for Head Start for FY00 is $5,395 billion, with which they propose to create 54,000 new slots for a total of 892,000 slots in 2000.

Objections and Status. OMB anticipates that the discussion of the FY00 and out-year Head Start funding levels will take place during Shalala's meeting with Lew. The options to be considered will be (1) commit to the goal and invest the dollars necessary to reach it; (2) commit to reaching 1 million children but over a longer time, *e.g.* by 2004; (3) walk away from our goal. The DPC should affirm that we must determine and commit to a path to reach the 1 million participation goal, perhaps over a longer period.

CHILD WELFARE: CHILDREN AGING OUT OF FOSTER CARE

Policy and Cost. We recommend advancing several proposals to assist young people who "age out" of the foster care system, *i.e.* who enter the foster care due to abuse and neglect, are unable to return to their birth families, and do not find permanency with an adoptive family. Federal financial support to them ends just at the time they are making the critical transition to adulthood. First, we propose to significantly increase the Independent Living program, the main federal program that assists this population. Working essentially as a block grant to states and administered by HHS, the program provides services to support these young people as they earn a high school diploma; receive vocational training and education; and learn daily living skills such as budgeting, career planning, and securing housing and employment. The Independent Living program has not been increased since 1992; increasing this mandatory program by 50 percent, as we propose, will cost $175 million over five years.

Second, we propose to increase the Transitional Living program, a discretionary program administered by HHS which provides funds to local community-based organizations for residential care, life skills training, and other support services to homeless adolescents, ages 16-21. Unlike the Independent Living program, this program is able to fund housing. We propose to increase the program by $5 million in FY 2000, up from $15 million in FY 1999.

Third, we propose to ensure Medicaid coverage for this population up to age 24 (see DPC Health Team memo), for an estimated cost of $50 million over four years. Finally, we propose to extend IV-E eligibility for federal maintenance payments beyond age 18 for certain purposes, for a cost of approximately $50 million over five years.

Objections. HHS and OMB have been extremely receptive to advancing a multi-faceted proposal in this area. The child welfare advocacy community is also highly supportive.

Cost Overview and Status.

(1) Independent Living program (Mandatory) -- $175 million over five years to increase the program by 50 percent. HHS requested this increase and OMB included it in its passback.

(2) Transitional Living Program (Discretionary) -- $5 million increase over FY 1999 for a total of $20 million. HHS did not include this in its request, but OMB included it in its passback.

(3) Medicaid coverage (Mandatory) -- $50 million over five years. HHS did not include this in its request; OMB included in its passback.

(4) IV-E Eligibility Extension (Mandatory) -- $50 million over four years. HHS did not request; OMB planning to include in a later passback.

Expansion of the DCTC to Provide Benefits to Stay-at-Home Parents

Policy: We propose to extend the benefits of our Child and Dependent Care Tax Credit (CDCTC) (as we proposed to change it last year) to stay-at-home parents with young children, by assuming minimum child-care expenses of $600 per year.

The CDCTC is equal to a percentage of the taxpayer's employment-related expenditures for child or dependent care, with the amount of the credit depending on the taxpayer's income. The CDCTC proposal we advanced last year would increase the credit from its current rate of 30% to 50% for those with incomes under $30,000, and gradually phase it down to 20% at $59,000 of income. This proposal, which only provides a credit to families with actual child care expenses, costs $4.5 billion over five years, under current economic assumptions. (This is actually $.3 billion less than Treasury's estimate last year, which was $4.8 billion.)

This year, we propose to build on the CDCTC proposal we put forward by allowing all families, including those where one parent does not work, with a child under the age of two to have assumed expenses of $600 per year per child. Under this proposal, the maximum allowable expenses for those with actual child care costs would increase from $2,400 to $3,000 for one child and $4,800 to $6,000 for two children. The maximum benefit for a stay-at-home family with one child under one would be $300.

Cost: The cost of this proposal and our CDCTC proposal is $6.1 billion. However, it only requires $.8 billion in new dollars because Treasury now estimates that the CDCTC proposal we put forward last year is $.3 billion less than they had previously estimated, and we are replacing the business tax credit, which is $.5 billion, with this proposal.

Unresolved Issues and Concerns: The child care and women's community is supportive of advancing a proposal that benefits families in which one parent stays at home, but oppose doing so at the expense of the CDCTC proposal we put forward last year. Therefore, they strongly urge that any benefits targeted towards stay-at-home families must be on top of last year's proposal.

Status: We have worked closely with the Treasury Department to develop this proposal. While they have raised concerns regarding the merits of proposals to help parents who stay at home, they are generally supportive of this proposal.

PRESIDENT CLINTON'S PROPOSAL:
CHILD CARE THAT STRENGTHENS AMERICAN FAMILIES

"Not a single American family should ever have to choose between the job they need and the child they love."

President Bill Clinton
State of the Union Address, January 27, 1998

President Clinton announced an historic initiative to improve child care for America's working families. The initiative proposes over $20 billion over five years for child care -- **to help working families pay for child care, build a good supply of after-school programs, improve the safety and quality of care, and promote early learning.**

ENSURING AFFORDABLE, ACCESSIBLE, SAFE CHILD CARE. The President's child care initiative responds to the struggles our nation's working parents face in finding child care they can afford, trust and rely on. The new initiative:

- **Makes child care more affordable for working families.** To help working families struggling to meet the costs of child care, the initiative invests $7.5 billion over five years to double the number of children receiving child care subsidies to more than two million by the year 2003. The initiative also invests $5.1 billion over five years to increase tax credits for child care for three million families and provides a new tax credit for businesses that offer child care services to their employees at a cost of $500 million over five years.

- **Increases access to and promotes early learning and healthy child development.** To improve early learning, the initiative includes $3 billion over five years to establish an Early Learning Fund that helps local communities improve the quality and safety of child care for children ages zero to five. The initiative also increases investment in Head Start and doubles the number of children served by Early Head Start to 80,000.

- **Improves the safety and quality of child care.** To help ensure safe, quality child care, the initiative: steps up enforcement of state health and safety standards in child care settings, facilitates background checks on child care providers, increases scholarships and training for child care providers, and invests in child care research and evaluation.

- **Expands access to safe after-school care.** To help create safe, positive learning environments for American school-age children who lack adult supervision during a typical week, the initiative increases the 21st Century Learning Center Program by $800 million over five years to provide after-school care for up to half a million children a year.

MAKES CHILD CARE MORE AFFORDABLE FOR WORKING FAMILIES

Doubles the Number of Children Receiving Child Care Subsidies to More than Two Million. The President proposes to expand the Child Care and Development Block Grant to help working families struggling to meet the costs of child care. This block grant is the primary federal subsidy program to pay for child care, enabling low-income parents to work. Funds are distributed by formula to the states to operate direct child care subsidy programs, as well as to improve the quality and availability of care. The President's initiative will more than double the number of children served from the one million served in FY 95 (the latest year for which data are available). The President's budget will increase funding for the block grant by $7.5 billion (with a match) over five years, which will enable states to provide subsidies for more than two million children by 2003.

Increases Tax Credits for Child Care for Three Million Working Families. The Child and Dependent Care Tax Credit provides tax relief to taxpayers who pay for the care of a child under 13 or a disabled dependent or spouse in order to work. The credit is equal to a percentage of the taxpayer's employment-related expenditures for child or dependent care, with the amount of the credit depending on the taxpayer's income. The President's proposal increases the credit for families earning under $60,000, providing an additional average tax cut of $358 for these families and eliminating income tax liability for almost all families with incomes below 200% of poverty ($35,000 for a family of four) that take the maximum allowable child care expenses under the law. The President's budget will include $5.1 billion over five years to expand the Child and Dependent Care Tax Credit for three million working families.

Provides New Business Tax Credits. The child care initiative includes a tax credit to businesses that provide child care services for their employees, by building or expanding child care facilities, operating existing facilities, training child care workers, or providing child care resources and referral services to employees. The credit covers 25% of qualified costs, but may not exceed $150,000 per year. The President's budget will include approximately $500 million over five years for these tax credits.

PROMOTES EARLY LEARNING AND HEALTHY CHILD DEVELOPMENT

Promotes Early Learning. Research shows that children's experiences in the earliest years are critical to their development and future success. The President's proposed Early Learning Fund provides challenge grants to communities (distributed by states) to support programs to improve early learning and the quality and safety of child care for children ages zero to five. Funds may be used for the following activities: providing basic training to child care providers (including first aid and CPR); connecting individual child care providers to centers for education and support; assisting child care providers to meet accreditation and licensing requirements; linking child care providers with health professionals; reducing group sizes and child-to-staff ratios; and providing home visits, parent education, and consumer education about child care.

The President's Early Learning Fund builds on state initiatives such as North Carolina's Smart Start, which helps North Carolina's children enter school healthy and ready to succeed.

Smart Start funds a broad variety of local efforts, including improving staff-to-child ratios, health linkages that have raised immunization rates, and parent education and mentoring programs to give new parents support. The President's budget will include $3 billion over five years for this fund.

Increases Investment in Head Start and Doubles the Number of Children Served by Early Head Start. Head Start provides early, continuous and comprehensive child development and family support services, preparing children for a lifetime of learning and development. The President is committed to reauthorize Head Start and reach one million children by 2002. The President's budget will invest $3.8 billion over five years to keep on track his commitment to serving one million children by 2002, and to double the number of infants and toddlers in Early Head Start to 80,000.

IMPROVES THE QUALITY OF CHILD CARE

Steps Up Enforcement of State Health and Safety Standards. Building on the military's model child care program, this proposed initiative will fund state efforts to improve licensing systems and enforce child care health and safety standards, including by increasing unannounced inspections of child care settings. The President's budget will include $500 million over five years for this program.

Facilitates Background Checks on Child Care Providers. On the day of the White House Conference on Child Care, the President transmitted to Congress the National Crime Prevention and Privacy Compact, which will facilitate effective background checks on child care providers by eliminating state law barriers to sharing criminal history information for non-criminal purposes. Although the vast majority of child care providers are dedicated to the teaching and nurturing of children, one tragedy in child care is too many. Background checks are an important way to ensure that the people watching our children are fit for this responsibility.

Increases Scholarships and Training for Child Care Providers. At the White House Conference on Child Care, the President proposed establishing a Child Care Provider Scholarship Fund to enable states to provide scholarship funds to students working toward a child care credential. Eligible child care workers must commit to remaining in the field for at least one year for each year of assistance received and will earn increased compensation or bonuses when they complete their course work. The President proposed a federal investment of $250 million over five years, which will support 50,000 scholarships per year. The President is also proposing to expand the Department of Labor's Child Care Apprenticeship Program to fund the training of child care providers.

Invests in Research. Because too little is known about our child care system, the President's budget will increase support for data, research, and evaluation. This research fund will also support a National Center on Child Care Statistics and a child care hotline that parents can call to get information about how to find child care in their communities and how to identify appropriate, quality care for their children. In addition, the research fund will support demonstration projects to test approaches to help new parents who choose to stay home to care for their newborns or newly adopted children. The President's budget will include $150 million over five years for this fund.

EXPANDS AND STREAMLINES AFTER-SCHOOL CARE

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

Provides After-School Care for up to Half a Million Children a Year. The President proposes a dramatic expansion of the 21st Century Community Learning Center Program to provide start-up funds (with a local match) to school-community partnerships to establish or expand before- and after-school programs for school-age children. The program increases the supply of after-school care in a cost-effective manner primarily by funding programs that use public schools and their existing resources, such as computers, gymnasiums, and sports equipment. The program also includes a set aside to fund programs run by community organizations. The President's budget will request $800 million of entirely new money for this program, for a total of $1 billion over five years.

Improves Coordination of Federal After-School Initiatives to Help Communities Make Best Use of Existing Resources. The President will put in place a collaborative effort involving numerous federal agencies to eliminate duplication and better coordinate federal funding for after-school programs in three to five pilot cities, including the District of Columbia.

FY00 Discretionary Initiatives

Initiative by Agency	**Amount ($ million)**
DEPARTMENT OF EDUCATION	
Adult Literacy	~~255~~ 180
Social Promotion/After School	350 Gene's top priority
Teacher Quality 18m Troops to Teachers	0
Urban and Rural Computing Centers (or HUD or Commerce)	~~75-100~~ 60
Charter Schools and Choice	9
Stay-in-College Initiative	~~50-100~~ 25
Title I Accountability Fund	200
You Can Go to College Campaign	0
Technology for Disabled Americans	40~~-60~~ 35
Native Americans	10
Education Research	25 ?
SUBTOTAL	1,014-1,109 660m → 500
DEPARTMENT OF LABOR	
Universal Re-employment	300
Youth Employment EC/EZ ?, HUD	~~212~~ 50m
FMLA and Paid Leave Research Fund	8
Child Labor Enforcement	3 → 40
International Labor Standards	40
Equal Pay (also EEOC)	20 — look at — maybe women
SUBTOTAL	583
HHS	
Bioterrorism	65
Superbug	10
Long-term Care (Family Support, Nursing Home Quality, Medicare Limitation Education)	150
AIDs: Ryan White (28) and CBC Initiative (50)	78
Mental Health	~~75~~ 65

Race & Health	50
Rural Emergency Services	25 cut
Tobacco -- Public Health (CDC)	27
Tobacco -- FDA Enforcement	66
Children's Hospitals	40
Education Research	25 - cut, or 15 ?
Food Safety (w/USDA)	~~50~~ - 40
SUBTOTAL	661
HUD youthbuild	20 - part 170m for youth ed
Abandoned Buildings	50 ~~100~~ ?
SBA	
Trillion Dollar Roundtable - urban 150 ~~120-140~~	238
DEPARTMENT OF TREASURY	
Trillion Dollar Roundtable (CDFI) - urban	25
Firearms Enforcement (w/DOJ)	~~25~~ 10
Financial Consumer Bill of Rights [illegible] all ed, not experience	~~25~~ 10 or nothing
SUBTOTAL	75
EPA	
Climate Investment Fund	250
DEPARTMENT OF COMMERCE	
Coastal Salmon Restoration	~~125~~ 100
DEPARTMENT OF INTERIOR	
Lands Legacy and Livability	375 500-750 ?
CORPORATION FOR NATIONAL SERVICE	100 75 80 stretch to 3 yr 85 or 90
DEPARTMENT OF STATE	
Child Labor (AID) is this a double count	~~20-30~~
Microcredit	10
SUBTOTAL	30-40
NSF	
Information Technology Initiative	14-29 → 85 - some covered

Digital Library for Education (also Smithsonian) Treasury	20
SUBTOTAL	34-49
DEPARTMENT OF ENERGY	
Global Climate Change -- Research and Technology (also Ag, EPA, NSF, NASA, NOAA)	250 clean air fund reduce to 150 75
Russia Initiative (also State and DoD)	185-535
SUBTOTAL	260-685
AGRICULTURE	
Integrated Science for Ecosystem Challenges (also NOAA)	50
VETERANS AFFAIRS	
Smoking Cessation	90
DEPARTMENT OF JUSTICE	
COPS II	650
Redirect Prison Funds to Coerced Abstinence and Alternatives to Incarceration	100
Child Support	10
Medicare Suit (w/HHS,DoD,VA, OPM)	20
Child Welfare Judicial Reform	5
Abortion Safety	5
SUBTOTAL	790
DEPARTMENT OF DEFENSE	
Information Technology Initiative	100
Smoking Cessation	60
Medical Research	200
SUBTOTAL	360
TOTAL	**5.2-5.9**

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

cc EK CJ
JEN AK
Tom PJW
CR

November 5, 1998

FYI -
Mostly stuff we're already doing.
-BR

TO THE HONORABLE BRUCE REED, WH

This is the White Paper on Working Families we discussed. We think a Domestic Policy led working group could pull together an exciting new Presidential initiative for next year.

Donna E. Shalala

Enclosure

Working Families Initiative
White Paper

Since 1993, the Clinton Administration has made working families a priority through increases in the minimum wage and the Earned Income Tax Credit (EITC), through the Children's Health Insurance Program, and through expansion of child care funding. Additional important accomplishments include enactment of the HOPE Scholarship and Lifetime Learning tax credits, the Family and Medical Leave Act, welfare-to-work housing vouchers and the Job Access program. In addition, the strong economy has contributed to an increase in the number of working families. Between January 1993 and June 1998, non-farm employment grew by more than 16 million net new jobs, an increase of almost 15 percent. Unemployment has fallen from 7.3 percent to 4.5 percent, while millions of new workers have joined the labor force.

Working parents in America should not have to worry about being unable to feed, house, clothe, or access medical care for their children. Yet 5.3 million children under the age of 13 were poor in 1996 even though their families included an adult who was in the labor force for more than half the year. Over 10.5 million children lacked health insurance coverage. This paper lays out an agenda to move these families out of poverty through work and through strengthening the critical supports to work, an agenda that builds on the considerable progress this Administration has already made in supporting working families and preventing parents from having to choose, in the President's words, "between the job they need and the child they love." The agenda proposed is a broad one, not located in any single Federal Department or state agency, because there is no single magic bullet that will ensure that low-income workers get jobs, keep them, succeed in them, and are able to meet their families' basic needs. Rather, it will take the whole Administration working together, joined by a wide range of public and private partners.

Our basic goal for working families should be that **every working parent can provide for his or her children's basic needs and for the family's health.** This goal means that working parents should be able to support their families at incomes above the poverty line. It also means, for example, that they and their children should have enough to eat, that they should be able to find and afford the child care and transportation that they need in order to work, that the care children receive should promote their healthy development and safety, and that no working family should be forced onto welfare because of a temporary interruption in work, or because earnings are so low or so unstable that welfare seems the only way to provide for the family.

The Administration has made important progress toward this goal. For example, the Administration's expansion of the EITC effectively gave a pay raise to about 18.5 million low-income working families in 1996. Yet much is left to be done:

- The Administration's successful efforts to increase the minimum wage and improve the EITC have had a major combined effect on low-income families -- but families still struggle to pay for child care, transportation, health insurance, rent, and food. For example, in 1992, prior to the new policies of the Clinton Administration, a single mother with two children working full-time at the minimum wage would have earned just $8,840 a year. After subtracting federal taxes and adding the EITC and food stamps, her net income would have been just $12,596. In 1997, after the Clinton Administration's changes, the same mother would be earning $10,712 annually as a result of the minimum wage increase, and her EITC payment would more than double, to $3,656. Including food stamps, her net after-tax income would increase to $16,777. (See Attachment A.)

Yet while her family's total income is now above poverty, this mother still is at considerable risk of failing to meet her children's needs and perhaps having to leave her job if something goes wrong. For example, even with the major increase in child care assistance enacted as part of the welfare reform legislation, her chances of getting a child care subsidy would be very uncertain, depending on the state in which she lives or her place on a waiting list. If she couldn't get help with child care, or had to pay a substantial co-payment, she would be juggling rent, food, utilities, transportation, and child care costs out of her income just above the official poverty line -- and probably skimping on food, doctor visits, or utility bills in order to pay the rent.

To make a difference for these working families who fall through the cracks in today's programs and supports, we need to understand why these gaps exist.

Far too often, working families do not receive program benefits or supports that could make a difference to their lives and their children's lives -- and perhaps even make the difference in their ability to hold onto a job rather than give up and seek welfare or other assistance -- even though they are eligible. Sometimes, the benefits are only available at a location (such as the welfare office) or time that is inconvenient for parents who work; sometimes, no one has told them about their eligibility; sometimes, they are discouraged by long waiting lists; and sometimes, detailed policy or verification rules create unintended barriers. HHS estimates that more than four million children are eligible for Medicaid but not enrolled. The Administration has worked with States to begin to attack this problem through efforts such as outreach to families eligible for Medicaid and CHIP, the promotion of child care consumer education, and technical assistance to States provided through the Child Care Bureau and the Office of Family Assistance.

Sometimes, critical programs or supports are targeted in ways that do not reach all the working families who need them. For instance, the EITC, while a critical source of support for many low-income working families, does not provide enough support to lift families from poverty if they work only part-time or face extended periods of unemployment. Large families are also likely to remain poor in spite of the EITC, because payments do not increase for families with more than two children. Similarly, unemployment insurance is often not available to low-wage workers who experience unemployment after a period of part-time or seasonal work.

In other cases, critical programs or supports, like child care and housing assistance, have eligibility criteria that include working families but are underfunded and don't reach all eligible families. In the case of child care, we estimate that only a little more than 1 in 10 of the families eligible under Federal law actually receive assistance.

Therefore, to close these gaps, build on the Administration's accomplishments to date, and take the next steps toward a legacy where every parent who works is able to meet his or her children's needs, we propose a range of strategies that fit under five key themes:

- **Removing bureaucratic barriers to work and maximizing the effectiveness of existing programs**

- **Building secure, reliable supports for work**, such as Food Stamps, child care, health care, housing;

- **Helping families earn a living wage**, through improvements in the minimum wage, education and skill development among low-wage workers, and job creation;

- **Helping families weather temporary breaks in employment** without being forced to rely on welfare, through improved access to unemployment insurance for low-wage workers and possibly through improved availability of parental leave for low-income families; and

- **Meeting the particular needs of families who are especially likely to work and still be poor,** such as families with a disabled member and immigrant families. According to the Urban Institute, families with a foreign-born parent represent 16 percent of all working families, but 25 percent of working families with incomes below 150 percent of the poverty line.

Families Who Work and Are Poor

In 1996, more than one-third of the poor, or about 13 million people, were working adults or children under 13 living with a working adult. In these families, an adult spent more than half the year in the labor force but family income was below the poverty level (approximately $12,600 for a family of three).

Working poor families live close to the edge of disaster. Even minor problems -- illness, school vacations that leave children without care, a broken-down car -- too often result in job loss and financial crisis. Every day, working poor parents may face wrenching questions: Do I send my sick child to school, or risk losing my job? Is it worth taking six buses every day in order to bring my child to that day care center? Do I tell my boss that I can't work evenings, because I'd have to leave my teenager at home alone? If I pay the rent instead of the electric bill, will they turn off the heat?

Living this close to the edge, low-income working families also suffer consequences that are not directly reflected in the poverty statistics, such as hunger and housing instability. In 1995, according to the USDA, 4 million American households, many of whom included an employed family member, experienced moderate or severe hunger. The National Center on Homeless and Poverty reports that 25 to 40 percent of the homeless population work. And almost half of working poor adults lack health insurance.

Working families may be poor for three major reasons (See Attachment B):

1. **Because they earn low wages, which are often closely related to low levels of education**. People who go to college, on average, earn more than those who do not. In 1996, the poverty rate was 16.2 percent for working adults (in the labor force at least half the year) with less than a high school diploma, 6.3 percent for working adults with just a high school diploma, 3.2 percent for working adults with an Associate degree, and 1.5 percent for those with a four-year degree. Unemployment is also much higher for those with less education. In recent decades, wages have fallen for workers with high school degrees or less, but have risen for those with more education.
2. **Because they experience frequent periods of unemployment and part-time work.** With the help of the EITC, workers who are employed full-time year-round, even at the minimum wage, can escape poverty. However, many low-wage jobs are part-time, temporary, or contingent. In 1996, workers who usually worked part-time were three times as likely to be poor as workers who usually worked full-time.
3. **Because they have only one wage earner in the household.** In 1996, the poverty rate for families with one member in the labor force was more than seven times that of families with two or more members.

Because families headed by a single mother are often affected by more than one of these factors, they are disproportionately likely to be among the working poor. Nearly half of working poor families were headed by a woman in 1996. In addition, immigrant families, families with a disabled member and those facing other barriers to work are particularly likely to be poor.

A final reason why families who work at low wages and intermittent hours may have great difficulty meeting their children's basic needs is the high cost of work. One recent study found that formal child care for a single child would take 38% of the income of a parent employed full-time at the minimum wage. Transportation is also a major expense. A 1992 study found that average transportation costs for low-income working mothers ranged from $100 to $200 a month, depending on the availability of public transportation. At the same time, even relatively low levels of earnings may result in reductions in other family income, including welfare, food stamps, medical assistance, and housing subsidies.

What the Administration Has Already Accomplished

The Administration has taken important steps to help working families -- through increases in the minimum wage, expansions in the Earned Income Tax Credit (EITC) and in child care funding, and the dramatic expansion in children's health insurance coverage through the Children's Health Insurance Program (CHIP). These steps have had an important impact on at least some of these key goals (See Attachment C):

- The 1996 and 1997 minimum wage increases raised the wages of workers in 1.4 million poor families and 649,000 near-poor families.
- The EITC, which provides targeted tax relief to low-income working individuals and families, was greatly expanded during the Clinton Administration. In 1993, the EITC just offset the negative impact of federal income and payroll taxes on poverty; by 1996, it offset the impact of taxes for 1.2 million children and lifted an additional 1.2 million children out of poverty.

- Congress has enacted several Clinton Administration proposals to make college more affordable to low-income and middle-class students. The new "HOPE Scholarship" tax credit provides up to a $1,500 tax credit for students in the first two years of college or vocational school. The Lifetime Learning tax credit is targeted to adults who want to go back to school, change careers, or upgrade their skills, and to students in the later years of college and graduate education. The maximum Pell Grant was also just increased to $4,500, a 50 percent increase.
- The new Children's Health Insurance Program (CHIP) allocates $24 billion over the next five years to help states expand health insurance coverage to the children of working poor families. Forty-five plans have been approved; these plans estimate that they will provide health insurance for nearly 2.5 million currently uninsured children within the next three years.
- The additional child care funds that the President insisted on in the welfare reform legislation have enabled hundreds of thousands of families to receive affordable child care while they work.
- Child support collections have increased by 68 percent since 1992, to a record $13.4 billion in 1997. Paternity establishments are also at record levels.
- The new housing law will create 50,000 new Section 8 housing vouchers this year for families moving from welfare to work, and will make an additional 40,000 vouchers available by eliminating a mandatory three-month waiting period to reissue vouchers. The law will also allow communities to reward work and fight concentrations of extreme poverty by allowing moderate-income working families to live in public housing where the poorest residents on welfare are now concentrated, while reserving most Section 8 vouchers for the neediest families.
- The Family and Medical Leave Act has enabled millions of workers to take unpaid leave to care for a young child or other family member, without risking their jobs.
- The Clinton Administration, through welfare reform legislation and earlier waivers, has supported changes that allow families who work at a low wage and receive welfare to keep more of the money they earn.
- The Access to Jobs program represents an investment in transportation for families leaving welfare to work; for the first time, the Department of Health and Human Services, the Department of Transportation, and the Department of Labor are working together to leverage resources from all three agencies to improve transportation availability and affordability for low-income workers.

Yet, extraordinary as these accomplishments are, they leave millions of working parents still unable to meet the needs of their children. For example:

- While the increase in the minimum wage has been enormously important to families, it has not yet returned to its 1979 value when adjusted for inflation. The real value of the minimum wage (in 1997 dollars) fell from $6.29 in 1979 to about $4.30 in 1989 before being increased to $5.15 in 1997.
- While CHIP should have a very important impact on the proportion of children who lack health insurance, there continue to be reasons for concern about working poor families. Almost half of working poor adults lack health insurance, and even where children and adults are guaranteed coverage (for example, through transitional Medicaid provisions), some families may be lost in the system. In 1995, just 38 percent of children under age 11 who were eligible for Medicaid but did not receive cash assistance were enrolled in the Medicaid program. More recent evidence points to a much higher incidence of families who are eligible for but not receiving Medicaid.

The continuation of health insurance is an especially critical concern for families with disabled members, because they visit the doctor and are hospitalized more often than the non-disabled population; as noted above, these families are also especially likely to be found among the working poor. (See Attachment D.)

- Even with the additional child care resources in the welfare reform legislation, only about 1 in 10 children eligible under the Federal law are now receiving child care subsidies. Because of resource limitations, some states set eligibility far below what is allowed in the law: in as many as 37 states, a family of three with $28,000 of income is not eligible for any child care subsidy at all. In addition, most states aren't able to reach even all the families that meet their eligibility requirements. Availability of infant care and care during non-standard hours also remains a serious problem. For these reasons, the President has proposed a historic Child Care Initiative to ensure quality, affordable child care for working families.

What We Propose

To build on this record of promise and ensure that families who work are able to meet their children's basic needs, we must put together a range of strategies, because there is no one solution that will help every family make a secure living from work. Instead, we need to look at everything we do that touches working families to make sure that we are supporting rather than discouraging work. Departments throughout the government have numerous opportunities to make a difference in the lives of low-income working families by maximizing the effectiveness of their existing programs and finding new ways of serving working families.

Based on the evidence about why working families are poor and what strategies show the most promise of supporting families effectively, we propose that the Administration should commit to five steps that together will make sure that parents who work can meet their children's basic needs:

1. Remove Bureaucratic Barriers to Work and Maximize the Effectiveness of Existing Programs

Low-income working parents face an incredible challenge to hold down a job, raise their children, and manage relations with multiple bureaucracies to obtain all the supports that the family needs. Families' attempts to support themselves through work should not be hampered by bureaucratic processes nor through the unintended consequences of well-meaning policies. We must mount a major campaign to ensure that families gain access to these supports by using Federal leadership not only to streamline national rules, but to change service delivery at the State and local levels.

Examine programs for low-income families throughout the government to find ways to change program hours and operations, strengthen outreach efforts, eliminate barriers of language and culture, and modify eligibility rules to make them fit the needs of working families.

HHS and other Departments can take on critical leadership in finding and eliminating barriers to work scattered throughout government programs serving low-income people. Efforts to root out bureaucratic barriers have proved fruitful recently. The Federal and state governments eliminated the old AFDC rules which curbed families' incentives to work while they were receiving cash assistance. In addition, HHS eliminated Medicaid's "100 hour rule," which limited states' ability to serve two-parent families. We should also explore innovations in programs' designs to reach working families. For instance, the EITC is an example of a program that is easily accessible to busy working families; instead of having to visit a welfare office, or fill out a separate application form, workers get the EITC simply by filling out their tax return.

More powerful examples are included in proposals that the Food and Nutrition Service is considering for the FY 2000 budget. Some proposals would affect eligibility criteria, such as proposals in past budgets to ease the consideration of vehicles as resources to help assure that low-income workers have access to reliable transportation, or to restore eligibility for more legal immigrants who work hard and contribute to American society. Other proposals would affect food stamp administrative requirements in ways that simplify working households' participation in the Food Stamp Program and improve their access to the program. Similarly, States are experimenting with ways to make the WIC program more accessible to working parents through adjustment of service hours to accommodate job schedules.

Actively engage state leadership in outreach to working families through incentives, targets, mandates, and technical assistance.

Policymakers and administrators at the state and local level are necessary allies in ensuring that programs meet the needs of working families through the flexibility that is provided to them in Federal law. Many state and local officials are already implementing these strategies. For instance, in the transportation field, some states and communities have removed eligibility restrictions to allow narrowly targeted transportation systems (e.g., for senior citizens and people with disabilities) to help low-income workers to get to their jobs. We should explore ways to build on these efforts by offering technical assistance that helps state and local governments use the flexibility they have to serve working families and by finding ways to create incentives and rewards for states that choose to serve more working families.

State and local outreach is critical in programs like the Food Stamp program; estimates show that less than half of those individuals in households with earnings who were eligible for food stamps actually received them in August of 1995. Some of these individuals may not realize that they are eligible for benefits, while others may not be connected to the right systems to receive benefits or find the receipt of Food Stamps too stigmatizing to apply. State and local administrators are positioned to make adjustments in how they implement the program to meet the needs of working families.

Encourage states to provide earnings disregards or other supplements to working families receiving TANF assistance.

Almost all states have increased earnings disregards in TANF compared to AFDC, which means that working families who are in low-wage jobs can get a direct monthly supplement to earnings through their welfare check. However, because of time limits, this risks having the effect of using up a family's eligibility. Illinois has dealt with this problem by paying individuals who work more than a minimum threshold in a month with state dollars so that they don't accumulate that month toward the time limit. We could encourage states to consider using MOE dollars to enhance earnings without triggering the TANF rules. A more systematic approach would be to propose legislation that would allow a family to receive assistance funded by TANF without triggering the federal 60-month time limit if they were only receiving work supports or if they were receiving limited assistance to supplement a paycheck.

?

NO, the[...] no eviden[...] that peop[...] will or sho[...] stay on roll[...] for 5 year[...] to get this help. Time limits are a[...] a problem[...] people wh[...] aren't work[...]

2. Build Secure, Reliable Supports for Work

Parents who work in low-wage jobs with uncertain hours need to be able to count on reliable and affordable supports in order to keep their jobs and meet family needs. Child care, health insurance, food assistance, housing and transportation all have important potential to help families. Regular, reliable child support payments are also key for low-income families.

Ensure that Food Stamps and other food programs provide sufficient support for children and adults in low-income working families.

Food stamps provide a critical support for low-income working families. For a family with two children and one adult working at the minimum wage, food stamps would provide about one third of family income (considerably more than the EITC) if the parent worked 20 hours a week. Food stamps would provide just under one fifth of family income (slightly less than the EITC) if the parent worked 40 hours a week.

The Department of Agriculture is exploring ways to strengthen the supports that food stamps and other Food and Nutrition Service (FNS) programs offer to working families. For example, the Department of Agriculture is considering review of the Thrifty Food Plan (the basis of food stamp benefits) to understand if it appropriately reflects the reduced food preparation time that working households have available.

The Department of Agriculture is also looking to its Child Nutrition programs to support working families. The pending reauthorization bills for the Child Nutrition programs propose to expand eligibility for subsidized after-school snacks for children up to age 18 and to do demonstrations to expand eligibility for school breakfasts, which not only subsidize the cost of the family's food, but also assure working parents that children are receiving a nutritious breakfast before school.

Didn't these pass?

Continue to improve the availability of health insurance through Medicaid/ CHIP.

Much of the work that needs to be done here is about outreach and removal of bureaucratic barriers such as burdensome processes and excessive eligibility documentation.

In addition, for low-income working parents, we should consider strategies which modestly expand Medicaid eligibility, such as simplification of transitional benefits for persons moving from welfare to work, or extension of Medicaid to all adults receiving benefits under TANF. Many of these would require legislation or Medicaid spending increases.

Pass the President's Child Care Initiative.

Because child care is so critical to the ability of parents to work and the ability of children to develop and learn, and because the cost and availability of child care are central to the ability of low-income working parents to succeed at work, it is essential to pass the President's Child Care Initiative. This initiative focuses on both quality and affordability; in particular, it closes a critical gap by expanding child care subsidies to reach low-income working families who are currently not being reached but who earn too little to take advantage of the Child and Dependent Care Tax Credit.

Encourage workplaces to provide employee and family assistance programs to assist low-wage earners in meeting personal and family demands, including substance abuse early intervention and treatment.

We can work to promote the use of employee and family assistance programs (EFAP) and ensure that their design and operation include special assistance to those entering the workplace from welfare. These EFAPs, working jointly with human resources departments and health care plans, should provide prevention, early intervention and treatment for substance abuse and mental health problems, parenting programs for employees and assistance for employees in finding appropriate child and elder care. In addition, we can perform outreach to small businesses to help them identify and access sources of support for their employees, since they are unlikely to have the internal capacity of large corporations with human resource departments and EFAPs.

Ensure that the subsidized housing system is designed to help families connect to employment and employment support services.

Housing assistance has an important role to play in helping families obtain and maintain employment and affects families' ability to work in multiple ways. The recently passed housing bill is an important step in increasing the availability of affordable housing. The Department of Housing and Urban Development could explore their legislation and regulations to avoid and eliminate situations in which a family's earned income gains are subsumed by a reduction in their housing subsidy. Early discussions between HHS and HUD indicate that there is great potential in collaborations that help convene local housing, welfare, and job development agencies, which separately serve the same families, to begin a dialogue about how they can work together to support working families. Other collaborative projects might include exploring ways to promote affordable housing options closer to available jobs, to explore transportation solutions to connect public housing to high-density employment areas, to examine how the system serves immigrant families which are, on average, larger families, and to promote the location of supportive services (e.g. child care) in and around subsidized housing.

Revamp the transportation system to fit new commuting patterns and better serve low-income workers.

The next step beyond the Access to Jobs program is to focus at the federal, state, and local levels on using the entire transportation system to meet the needs of low-income workers. There may be some interest in additional budget investments in order to leverage changes in the existing transportation infrastructure.

Continue to strengthen Child Support Enforcement, with a focus on working families.

Regular, reliable, sufficient child support payments are a critical support for low-income working families with single parents, because they make it possible to count on a stream of income to supplement earnings and pay the bills even with uncertain work hours. In addition, of course, children deserve and have a right to the financial and emotional support of both parents. Under the Clinton Administration's leadership, child support collections and paternity establishment rates have reached record levels. The Administration and Congress worked together to pass the toughest child support laws in our Nation's history, as part of the 1996 welfare reform law, and we must build on these efforts. It is also important to learn from and expand upon the HHS demonstrations that promote employment and parental involvement opportunities for low-income non-custodial parents.

3. Help Families Earn a Living Wage

Preserve the value of the minimum wage.

We should increase the minimum wage to improve the earnings both of parents at the very bottom of the labor market and those who are in jobs just above those entry levels, whose wages often rise with the minimum wage as employers seek to preserve a spread in the wages of their more skilled or experienced workers. We also need to continue increasing the minimum wage over time, in order to keep up with the rising costs imposed by inflation.

Expand the EITC, support state EITC's, or identify other opportunities to support family income through the tax system.

The Administration could consider the possibility of further expansion of the EITC at the Federal level, but it is also critical to avoid any risk to the progress already made. Another possibility is to seek opportunities for encouraging more states to provide additional support through state EITC's. Nine states currently provide a supplement modeled on the Federal EITC (five refundable, four non-refundable).

Stimulate job creation in areas that still suffer from high unemployment.

While nationwide unemployment is at historically low levels, many pockets of high unemployment remain, particularly in remote rural areas and in inner cities. In these areas, job creation strategies may be appropriate, especially when aimed at populations who are particularly disadvantaged in the labor market, such as young workers, immigrant workers, workers without high school diplomas, or women who are returning to the workforce after years on welfare. The $3 billion Welfare to Work grants program, proposed and championed by the Administration, is an important step at delivering extra assistance toward areas with many challenges in moving people into jobs.

Experience suggests that community-based projects are more likely to be tailored to local needs and to respond to local labor market conditions than large national programs. We should continue to utilize a network of community-based organizations, specifically community development corporations, that create public-private ventures to stimulate employment at the local level. Empowerment Zones and Enterprise Communities provide a powerful example of leveraging resources for job creation and a vehicle for testing models tailored to local needs.

There are several local programs that may provide appropriate models for local job creation strategies. The New Hope project in Milwaukee, Wisconsin, places individuals in paid community service jobs with non-profit agencies for up to six months, if they are unable to find full-time work in an eight-week job search. YouthBuild gives disadvantaged teenagers and young adults an opportunity to do meaningful work in their communities while continuing to develop academic and leadership skills. Participants spend half their time learning basic construction skills while building and renovating affordable housing, and half of the time in YouthBuild alternative schools. The AFDC Homemaker-Home Health Aide demonstrations, operated in seven states in the 1980's, provided AFDC recipients with four to eight weeks of formal training in homemaker and home health aide services, followed by up to a year of full-time, subsidized employment.

Make college more accessible for low-income families

Nearly half of low-income students are unqualified or marginally qualified for college when they graduate high school. Moreover, among those low-income high school graduates who were qualified for college, less than 80 percent had attended any post-secondary institution within two years -- compared to almost 90 percent of qualified middle-income graduates and more than 95 percent of qualified high-income graduates. Implementation of the new GEAR UP program represents an essential first step by ensuring that students receive financial aid information, rigorous courses, tutoring, mentoring, and scholarships for college through competitive grants to states and local partnerships of colleges and middle schools in high-poverty areas. In addition, we can take steps to take into account the needs of dependent children in determining financial aid eligibility. For instance, we can increase the Pell Grants' dependent care allowance.

Enhance skills and support career development among low-income workers.

Low wages that don't rise even after a period of time in the labor force are a big reason that families are trapped in poverty. Lack of education and job skills are the primary reasons for persistently low wages. Our success in this area will be increasingly depend on our ability to reach workers whose first language is not English. By 2000, 22 percent of workers entering the labor force will be workers whose primary language is not English.

Among the ways to combat this problem is to work with colleges to make continuing education more accessible to working adults, particularly low-income adults and those who have previously failed in school settings. Adults without high school degrees and those who are unemployed or not in the labor force are actually less likely to participate in adult education than those who have more education and those who are employed. In addition, more needs to be done to ensure that students who combine school and work complete their studies. Of part-time students enrolled in post-secondary education in 1989-90, just 25 percent had earned a degree or were still enrolled four years later, compared to 73 percent of students who attended school full-time at least part of the year.

States and communities across the country are experimenting with a wide variety of strategies and partnerships to enhance the learning and skill development of entry-level workers and to help them use those skills in a next job. While many of these efforts are still in the preliminary stages, some general principles can be drawn from them: in a strong economy, low-wage earners should seize the opportunity to look for a job with advancement potential. Education and training must be work-focused, and linked to employers' needs with cooperation between employers and training providers. Training must be accessible for all workers, including those with learning disabilities or limited English proficiency.

We should consider a variety of investments in these areas, and we expect that both the Department of Labor and the Department of Education are interested in making investments. In addition to supporting programs directly, it is important to use incentive strategies -- such as the High Performance Bonus and Welfare-to-Work grants performance bonus -- and to invest in technical assistance and evaluation, in order to stimulate, identify, and disseminate new approaches that are successful.

4. Help Families Weather Temporary Breaks in Employment

Improve access to Unemployment Insurance (UI) for low-income working families.

Right now, low-income workers who lose jobs through no fault of their own have **less** chance than middle income workers to get unemployment insurance to help them through periods of unemployment. We need to change that if we are to help working parents count on work, meet their children's needs, and avoid having to rely on welfare in a time of temporary job loss.

Under current rules, most low-wage workers who become unemployed will not qualify for UI benefits. Low wage earners often work seasonal or part-time jobs and most will not accumulate enough earnings to meet eligibility criteria. In addition, workers who leave their jobs for family responsibilities or who are available only for part-time work will not qualify in many states. This affects low-wage mothers in particular. Recent estimates indicate that among women who leave welfare to work, only about 10 percent would qualify for UI if they became unemployed. The proportion of unemployed workers receiving UI benefits is low among the general population as well, falling from about one-half in 1970 to about one-third in 1996. A significant reason for this decline is state eligibility restrictions, with over three-quarters of states adopting tighter eligibility criteria since 1981.

There are at least two possible strategies that could make more low wage workers qualify for UI. We could expand UI by making changes at the Federal level, or we could encourage state investments to expand UI eligibility, either through the regular UI system or through investment of other resources (such as TANF MOE funds). At the Federal level, the Department of Labor is currently gathering a variety of opinions on what eligibility changes the Administration should propose for the FY 2000 legislative package. For example, one proposal would change the calculation of prior earnings in determining whether a worker is qualified, counting the most recent quarter of earnings whereas currently the calculation is usually based on an earlier period. This change would increase the number of workers qualified for unemployment insurance benefits by about 8 percent.

Improve the availability of parental leave for low-income working families.

To help low-income working parents keep the stability of their work lives through the birth and infancy of a child, we could build on the important step that the Administration took by enacting the Family and Medical Leave Act (FMLA). Unfortunately, for low-income parents, there are two important gaps in this protection:

First, while FMLA guaranteed to many workers that they could take unpaid leave without losing their jobs, many others are not covered, either because they work for a small employer, or because they did not work enough hours in order to qualify. In addition, unpaid leave may not be a real option for these families, forcing parents either to choose work over the needs of an infant or to suffer a sharp decrease in family income. In a recent survey on leave usage, 3.4 percent of workers reported needing FMLA leave in the previous eighteen months, but not taking it. The most common reason (63.9 percent) for not taking leave was that they couldn't afford it.

To address these problems, we could consider expansion of unpaid leave or the introduction of paid leave strategies for either the Federal or the state level. We know that at least two states have chosen to use Federal or state child care money to support low-income families at home with children, and we could explore whether others are interested in experimenting with approaches to paid leave for low-income families. A few states have also raised the possibility of using the UI system to provide paid parental leave.

5. Meet the needs of families with particular barriers to work, such as families with a disabled member or immigrant families.

There is an important overlap between the immigrant and disability agendas on which HHS has been providing such leadership and the working families agenda, because these are families who are especially likely to work and still be poor. Families may need supports that address their particular needs - such as a job coach so a disabled adult can succeed on the job or English classes at night for a working parent. They also need full access to the basic supports described earlier: for example, child care to meet the needs of children with disabilities and skill development opportunities need to be accessible to parents with limited English.

In families with a child or children with a disability, there are enormous needs related to child care, personal care assistance, and health care and other home care needs that must be addressed to enable the parent(s) to continue, or begin, employment. For adults who have a disability, whether mental illness, mental retardation/developmental disability, or a physical disability, there may be a need for additional assistance to allow the family to remain together and promote the fullest independence of all the family members in the most integrated setting possible. Support for workers with disabilities is also an important part of the welfare-to-work agenda, as survey data indicate that as many as 40 percent of welfare recipients have a disability of some type.

Ensure that immigrant working families have access to the English and citizenship instruction and that legal, language, and cultural barriers do not keep them from receiving the work supports and training that they need to succeed at work.

The President has welcomed all immigrant families, with a charge to "honor laws, embrace our culture, learn our language, know our history, and when the time comes, [to] become citizens." Working poor immigrant families will face a tougher challenge in fulfilling the President's charge due to the demands of simply feeding and housing their children. In order to end poverty among immigrant working families and speed their process in becoming Americans, there are a number of specific strategies to implement. First, working immigrant parents must have access to English classes and employers should be encouraged to offer worksite English classes before, during, or after work. Second, we should ensure that barriers of language and culture do not preclude working immigrants from getting the training that they need to succeed at work and move up career ladders. Families should also have access to bilingual and bicultural child care for their children while parents are working. Third, we should partner with employers to ensure that working families have assistance in preparing for citizenship.

Finally, we should consider whether there are further next steps in increasing access of working immigrant families to Medicaid, CHIP, TANF and Food Stamps, regardless of when they entered the U.S.. For instance, the Health Care Finance Administration (HCFA) is developing specific outreach strategies for Latino/Hispanic groups across the country. These safety net programs can assist immigrant working families in reaching and sustaining economic self-sufficiency.

Ensure that both public and private health coverage systems are designed to meet the needs of workers with disabilities.

The Administration has been active in developing options for states to offer for people with disabilities opportunities to retain access to their health coverage when they go or return to work. Last year's Balanced Budget Act contained a new option for states to continue Medicaid coverage for SSI-eligible individuals with incomes up to 250 percent of poverty. Currently, HHS is considering proposing legislation that would extend and improve on this recently adopted option, extending Medicaid to disabled people with higher incomes and assets and also permitting certain disabled Medicare beneficiaries to remain permanently on the program even if they return to work.

The Health Care Financing Administration is responsible for administering the Mental Health Parity Act of 1996, which is designed to make sure that private sector health coverage does not have different, lower limits for mental health services compared to general medical/surgical services. The Substance Abuse and Mental Health Services Administration (SAMHSA) is currently involved in gathering information through various studies on the costs and benefits of parity, which will help employers and consumers make informed decisions about purchasing health plans where mental health benefits are included. In plans where mental health benefits do not have parity with medical/surgical benefits, this information could be used to improve mental health benefit coverage, which is crucial to helping people who struggle with mental disorders to stay employed.

Integrate employment and supportive services for workers with disabilities into a one-stop system.

HHS is participating in an inter-agency effort to eliminate barriers and support employment for people with disabilities. This effort, led by the Department of Labor, is developing a program of competitive grants to states entitled the BRIDGE (Building Resources for Individuals with Disabilities to Gain Employment) program. The BRIDGE program will emphasize a single point-of-entry or "one-stop" service for adults with disabilities seeking to find and keep a job. Each adult with a disability should be able to learn about, receive advice about, and gain access to all of the services needed to succeed in competitive employment with the least effort possible, preferably with a single call or office visit. Each of the services should be sufficiently integrated with all of the other services so that they accomplish the goal of supporting long-term employment. The BRIDGE program exemplifies new workforce system infrastructure approaches at the state and local level that promote universal access through One-Stop Centers, integrated service delivery, enhanced customer information, and choice to improve employment potential and opportunity.

Attached are additional charts and examples.

Attachment A-1

DISPOSABLE INCOME FOR A SINGLE MOTHER AND TWO CHILDREN

By Hours Worked each Week

(in current dollars)

	1992 Prior to Clinton Administration Policies		
	20 hours at $4.25	40 hours at $4.25	40 hours at $5.10
Annual Earnings	$4,420	$8,840	$10,608
FICA	-338	-676	-812
EITC	813	1,384	1,384
Food Stamps	3,504	3,048	2,724
Net Income	$8,399	$12,596	$13,904

	1997 After Clinton Administration Policies		
	20 hours at $5.15	40 hours at $5.15	40 hours at $6.18
Earnings	$5,356	$10,712	$12,854
FICA	-410	-819	-983
EITC	2,142	3,656	3,461
Food Stamps	3,780	3,228	2,844
Net Income	$10,869	$16,777	$18,176

	Change (Clinton - Pre-Clinton)		
Earnings	$936	$1,872	$2,246
FICA	-72	-143	-172
EITC	1,329	2,272	2,077
Food Stamps	276	180	120
Change in Net Income			
in current dollars	$2,469	$4,181	$4,272
in constant 1997 dollars	$1,260	$2,367	$2,270

This analysis reflects the following:

- The minimum wage increased to $5.15 from $4.25 ($4.86 in 1997 dollars).
- The maximum EITC subsidy increased from 18.4% of the first $7,520 to 40% of the first $9,140.
- Child Care expenses are assumed to be 20% of earnings.
- Food Stamp benefit calculations assume an excess shelter cost deduction of 100% of the allowable maximum.

DISPOSABLE INCOME FOR A SINGLE MOTHER AND TWO CHILDREN

Living in a Moderate Benefit State - By Hours Worked each Week

(In current dollars)

1992 Prior to Clinton Administration Policies & Welfare Reform

	20 hours at $4.25	40 hours at $4.25	40 hours at $5.10
Annual Earnings	$4,420	$8,840	$10,608
FICA	-338	-676	-812
EITC	813	1,384	1,384
Cash Assistance	2,592	0	0
Food Stamps	3,060	3,048	2,724
Net Income	$10,547	$12,596	$13,904

1997 After Clinton Administration Policies & Welfare Reform Were Enacted

	20 hours at $5.15	40 hours at $5.15	40 hours at $6.18
Earnings	$5,356	$10,712	$12,854
FICA	-410	-819	-983
EITC	2,142	3,656	3,461
Cash Assistance	3,444	1,836	1,188
Food Stamps	3,156	2,676	2,484
Net Income	$13,689	$18,061	$19,004

Change (Clinton - Pre-Clinton)

Earnings	$936	$1,872	$2,246
FICA	-72	-143	-172
EITC	1,329	2,272	2,077
Cash Assistance	852	1,836	1,188
Food Stamps	96	-372	-240
Change in Net Income			
in current dollars	$3,141	$5,465	$5,100
in constant 1997 dollars	$1,623	$3,651	$3,098

This analysis reflects the following:

- The minimum wage increased to $5.15 from $4.25 ($4.86 in 1997 dollars).
- The maximum EITC subsidy increased from 18.4% of the first $7,520 to 40% of the first $9,140.
- Child Care expenses are assumed to be 20% of earnings.
- Food Stamp benefit calculations assume an excess shelter cost deduction of 100% of the allowable maximum.

Attachment B
Causes of Poverty among Working Families

Several factors contribute to the extent of poverty among working families:

- Low wages: The working poor are concentrated in certain low-wage jobs. In 1996, nearly three-fourths of the working poor were employed in one of the following three occupational groups: service; technical, sales, and administrative support; and operators, fabricators and laborers. Low wages are often closely related to low levels of education. Workers without a high school diploma were more than twice as likely to be poor as workers who had completed high school, and 10 times more likely to be poor than workers who had graduated college.

- Unemployment and part-time work: With the help of the EITC, workers who are employed full-time year-round, even at the minimum wage, can escape poverty. However, many low-wage jobs are part-time, temporary, or contingent. In 1996, workers who usually worked part-time were three times as likely to be poor as workers who usually worked full-time (12.4 percent versus 4.1 percent), and those who worked part-time because they could not find full-time employment were even more likely to be poor (24.9 percent). Many poor workers who usually worked full-time experienced unemployment (28.4 percent) or involuntary part-time work (15.8 percent) at some point during the year. In addition, a recent report based on monthly data suggests that a significant number of non-poor families (based on annual income) may be poor for one or more months due to fluctuations in income.

- Family structure: Families with only one wage-earner are much more likely to be poor than families with two or more working members. In 1996, the poverty rate for families with one member in the labor force was more than seven times that of families with two or more members in the labor force (14.6 versus 1.9 percent). Also, because the poverty threshold increases with family size, given the same income, families with more children are poor more often than families with less.

Because families headed by a single mother are often affected by more than one of these factors, they are disproportionately likely to be among the working poor. Nearly half of working poor families were headed by a woman in 1996. The poverty rate for families with children that were maintained by a woman who was the sole supporter of the family was 26.6 percent.

Source: BLS: *A Profile of the Working Poor, 1996*. December 1997

Attachment C
Impact of Transfers and Taxes on Poverty

The official poverty rate calculations include cash benefits, such as AFDC/TANF and Social Security, but do not include near-cash benefits, such as Food Stamps and housing assistance. They also do not include payroll and income taxes, which reduce families' take-home pay, or the Earned Income Tax Credit, a refundable credit which adds to family income. However, by recalculating the poverty rate, first excluding all transfers, and then adding both cash and near-cash benefits, as well as taxes, we can estimate the impact of these programs on poverty.

In 1995, the pre-transfer poverty rate for individuals in families with children under 18 was 20 percent. Transfers from the federal government reduced that rate to 13 percent, a decline of more than 35 percent.

The fraction of individuals in poor families lifted from poverty has grown consistently since 1983. Most of this growth has come from increases in the Earned Income Tax Credit (EITC). Before 1993, the net impact of federal taxes was to take money away from poor families, primarily through Social Security payroll taxes. (The EITC is only available to families and individuals with earned income.)

Unemployment Insurance has a relatively small impact on the poverty rate because most poor workers do not have enough earnings or consistent labor market participation to qualify for UI benefits.

Anti-Poverty Effectiveness of Cash and Near-Cash Transfers for All Persons in Families with Related Children Under 18, 1995

Percent of Otherwise Poor Persons Removed from Poverty Due to:	
Social Insurance (other than Social Security)	3.5
Social Security	6.1
Means-Tested Cash Benefits	6.6
Food and Housing Benefits	12.5
EITC and Federal Payroll and Income Taxes	6.6
Total	**35.2**

Source: DHHS, Indicators of Welfare Dependence, October 1997

Attachment D
Health Care Coverage of Poor and Near-Poor Adults and Children

Health care coverage is a fundamental aspect of well-being. Individuals without health insurance are less likely to seek preventive care and early treatment, and could be more likely to develop serious illnesses as a result.

In 1997, 43.4 million people, or 16.1 percent of the population, did not have any health insurance coverage, an increase of 1.7 million from 1996 in spite of the robust economy. Among poor people, 11.2 million (31.6 percent) were not covered. Almost half of working poor adults lack health insurance. Because many low-wage jobs do not provide health insurance, working poor and near-poor adults are actually less likely to have health insurance coverage than their non-working counterparts, who are more likely to be covered by Medicaid.

Percent Lacking Health Insurance Coverage

	Total	Poor
Total	16.1	31.6
Adults who worked during year	18.1	47.6
Working-age adults who did not work	26.2	38.5
Children	15.0	23.8

Source: U.S. Census Bureau, March supplement to the 1998 Current Population Survey (data from calendar year 1997)

By law, families leaving the TANF rolls maintain their eligibility for Medicaid for up to one year. Nonetheless, there is evidence, from a 1997 GAO study of three states and from several states' own studies of welfare "leavers", that among families whose welfare benefits are terminated or who leave welfare for work, participation in Medicaid declines significantly and is not offset by a corresponding increase in private insurance coverage.

The continuation of health insurance is an especially critical concern for individuals with disabilities, as they visit the doctor and are hospitalized more often than the non-disabled population, and have higher average medical expenses. One study showed that annual per capital health care spending for adults with moderate disabilities was six times, and for adults with significant disabilities was twelve times, that for non-disabled working age adults.

final

THE WHITE HOUSE

WASHINGTON

November 11, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Gene Sperling
Elena Kagan
Sally Katzen

SUBJECT: State of the Union/Budget Ideas

This memorandum provides a brief description of new ideas we are considering for the State of the Union. Some work has been done on fleshing them out, but many need additional work and further vetting through the interagency process. Most of these ideas involve increased spending, and you will have to make choices among them and/or scale them back as you consider the FY 2000 budget. Although our offices have worked together on many, if not most, of the ideas in this memo, we have noted, where possible, which of our offices has the lead role with respect to each proposal. Options relating to Social Security are not included in this memo.

EDUCATION AND TRAINING (DPC/NEC as specified)

1. Ending Social Promotion. Last year's budget proposal included $200 million for Education Opportunity Zones in districts that agreed to remove bad teachers, turn around failing schools, and end social promotions. The proposal required authorization, which Congress will never give us. For next year, we recommend a simpler approach that uses existing authority and focuses entirely on ending social promotion. We would like to expand our after-school program from $200 million to $700 million and target this money to districts that end social promotion. These school districts could use the money (as Chicago does) to provide extra help after school and mandatory summer school for students who need it. (Cost: $300 million above FY99 budget.) (DPC)

2. Teacher Quality and Recruitment. Now that we're on track to begin hiring 100,000 new teachers to reduce class size, we have an even greater responsibility to help communities attract talented new teachers to the profession. We envision a five-part strategy on teacher quality and recruitment: (1) a $100 million increase in the teacher recruitment scholarships we enacted this year in the Higher Education Act, which would put us on course to attract 60,000 new teachers at high-need schools over the next five years; (2) a $60 million initiative -- modeled after the successful Troops-to-Teachers program -- that would help states expand alternative certification routes and attract talented people from other professions, such as military personnel and employees in firms being downsized; (3) a nationwide crackdown on teacher education schools, including new regulations authorized by the Higher Education Act to require report cards for education schools; (4) a $50 million increase in the Eisenhower program to send secondary school teachers who teach outside their field back to college to take additional courses in the subjects they're teaching, coupled with a new requirement that new secondary teachers pass competency tests in a subject before they can teach it; and (5) a high-profile effort to help states make the most of the 15 percent set-aside for teacher quality in the recently passed class size legislation. (Cost: about $210 million above FY99 budget). We are also exploring a politically interesting counter to private school choice: vouchers for private school teachers -- i.e., an incentive program to encourage private school teachers to teach in public schools. (DPC)

3. Work-Site Schools. One of the most promising new education ideas sprouting up around the country is the creation of public schools at work sites, designed primarily to serve employees' children. School districts provide the teachers and curriculum; companies provide facilities and upkeep. These schools-at-work serve a host of objectives at once, by (1) providing new facilities at no cost to the district; (2) increasing parental involvement in the schools and parental satisfaction in the workplace; (3) reducing employee turnover and absenteeism; and (4) increasing school diversity, because work sites are more diverse than residential neighborhoods. We propose a $100 million increase in an existing discretionary program to provide grants to 100 communities to launch work-site schools. We also could seek a stand-alone bill (like the charter school law) to advance this idea. In addition, we are working with Treasury to develop a tax credit for businesses that start on-site schools, similar to the Kohl business tax credit for on-site child care that is already in our budget. (Cost: $100 million for start-up grants. No estimate yet for tax credit, but it will be very small.) (DPC/NEC)

4. Public School Choice. As support grows for private school vouchers, we must continue our efforts to expand choices within the public schools. Charter schools are one answer, and we recommend a $20 million increase, to $120 million, to keep us on track to 3,000 charter schools by 2002. Work-site schools are another. We also recommend increased funding for (1) an existing grant program that helps urban and suburban school districts reduce racial isolation by forming interdistrict magnet programs; and (2) magnet schools on university campuses, especially in urban areas. (Cost: $25 million for interdistrict magnet programs; $15 million for 10 university-based schools.) (DPC)

5. School Leadership Academies. Research has shown that an effective principal is the single most important indicator of school success, yet little has been done at the national or state level to improve the management skills of principals. We propose a small initiative to create school leadership academies that would provide training in management, teacher evaluation, school discipline, and other areas to elementary school principals in high-poverty districts. (Cost: $50 million) (DPC)

6. Class size. To stay on course to reach 100,000 new teachers in seven years, we will ask for $1.3 billion in the FY2000 budget. We are planning an ambitious rollout of the class size initiative over the next year, as we award first-year funding, issue guidance to local districts on how the program works, and so on. We also will press Congress to restore the local matching requirement and strengthen the provisions to require competency testing of new teachers. (DPC)

7. Adult Literacy. According to the National Adult Literacy Survey, 44 million adults struggle with a job application, cannot read to their children, or are left on the welfare rolls because they lack basic skills. We are considering: (1) Workplace: a new tax credit and/or Federal grants to encourage employers to provide adult basic education classes at the worksite, and setting aside funds for work-based literacy projects within Welfare-to-Work competitive grants (se welfare section of this memo); (2) Community: expanding the infrastructure and funding for adult basic education through the Adult Education program, encouraging the development of programs focused on easing the transition to the U.S. for new immigrants (through ESL and civics classes), subsidizing the provision of child care on college campuses and other adult education sites, and launching a national information campaign to make people aware of the problem of functional illiteracy and of available services; and (3) Home: using the new *Learning Anytime Anywhere Partnerships* to create software for adult basic education using $200 computers (e.g., WebTV, game players) and subsidizing public housing projects that create computer literacy programs. (NEC)

8. National Campaign to Open Doors of College. Notwithstanding enormous strides we have made in reducing the financial barriers to college, too many families assume college is more expensive than it really is and are not aware of the aid that is available (Even among low-income youth with high test scores, one-fourth say they have not been able to get much information about financial aid for college). We are planning: (1) launching a major national public information campaign about college costs and financial aid (*e.g.* naming a national chairman such as Bill Cosby, having a national college visit day, etc.), (2) building on the authority in the new GEAR UP program, providing *every* middle school (e.g. 7th grade counselor) with the ability to give students a "21st Century Scholar Certificate," indicating the financial aid that they are eligible for, and (3) seeking to provide *every* high-poverty middle school with a college partner. This does not require any new investment, just some focus and creativity. (NEC)

9. Improving the College Success Rate. Getting people in the doors of college is not enough to close the racial and income opportunity gaps. For example, only 21% of African-American and 18% of Hispanic students who begin college complete a bachelor's degree within 5 years compared to 30% of White students. We are considering a package of policies, including: (1) a super-Pell grant for the lowest income families and/or to encourage a full-time focus on school in the first year of college (this would be expensive); (2) expanding successful mentoring and other support services in colleges (including those aimed at graduate school preparation); (3) promoting college course-taking while in high school; (4) improving maticulation between two-year and four-year colleges; (5) encouraging partnerships between predominately minority-serving and predominately majority-serving institutions of higher education (particularly to promote graduate study); and (6) establishing a bridge fellowship program for graduate study in science and technology fields for minorities and women. (NEC)

10. School Modernization. The current assumption is that we will repeat this year's proposal for tax credits to build and renovate schools covering the interest on nearly $22 billion in bonds. We are, however, critically comparing our current proposal against other possible mechanisms to ensure we have the most effective approach. (NEC)

11. Further Expanding Junior ROTC. In response to the Los Angeles riots, Colin Powell proposed and Congress approved in 1992 an expansion of the high school-based JROTC. Since then, 1,000 units have been added primarily in urban areas, bringing the total to nearly 2,600 units with 400,000 participants. The budget increased over that period from $76 million to $166 million. There is a waiting list of more than 450 schools that would like to have a JROTC unit. Because DOD does not plan any further expansion, these 450 schools on the waiting list will not likely be added. We could propose adding another 900 units over the next few years, to reach the authorized maximum of 3,500. Cost: about $235 million. (NEC)

12. Training American Workers for Current and Future Skills Gaps. We should challenge the private sector to make specific commitments to train more American workers, which they pledged to do during the debate on H1-B visas. They could provide more college scholarships for women and minorities, partner with community colleges to develop cutting-edge curricula, and encourage their employees to serve as telementors for middle school students to get them excited about math and science. In addition, we are working on: (1) a program to foster partnerships ("Regional Skills Alliances") between industry and training providers to train both employed and unemployed workers; (2) competitive grants to encourage companies to develop programs in which they subsidize the training of individuals who they then commit to hire; (3) extensions and/or expansions of some of the current training tax provisions (such as the lifelong learning tax credit and Section 127);and (4) a major informational/media campaign by the Departments of Education and Labor to inform all Americans about available training opportunities, financial aid, and job search assistance to allow them to develop the skills required for employment opportunities around the country. (NEC)

13. Making Job Training Universal. We are considering an initiative to make job training more universal. The first component of this initiative would be to seek a significant increase in dislocated worker funding -- about $190 million -- so that we are on path to provide training to every dislocated worker who wants or needs it within five years. The second component would be to ensure that every unemployed person is eligible for core labor market services, e.g., job search assistance. The final component would be to take the steps necessary to ensure that every worker, regardless of where they live, would be able to have access to a One-Stop Career Center (where they can learn about job training, employment service activities, unemployment insurance, vocational rehabilitation, adult education, and other assistance.) (NEC)

14. Community Computing Centers. We have roughly 650 computing community centers, which empower low-income Americans in the Information Age by teaching them to type a cover letter and a resume, search for job vacancies on the Internet, or even start an Internet-related business. These efforts should be expanded. (NEC)

School safety -- see CRIME section

SERVICE (DPC)

1. **AmeriCorps Seniors.** In the wake of John Glenn's return to space, we have an opportunity to give other senior citizens a mission. We propose adding $25 million to the current AmeriCorps program to create a senior corps of 10,000 volunteers to serve as tutors and mentors and in afterschool programs. We would build on a successful demonstration program that recruits seniors to serve 15-20 hours per week over a fixed period of time in schools and other community centers. In exchange, seniors would be eligible for small incentives, including awards to participate in senior learning programs. By inspiring responsibility among seniors, this initiative would provide an ideal complement to Social Security reform. John Glenn has expressed some interest in playing a role in AmeriCorps now that he's retired. We could invite him back to the State of the Union and place him in charge of a national effort to inspire seniors to serve. (Cost: $25 million)

2. **Expand AmeriCorps.** We propose expanding the AmeriCorps program from its current level of 50,000 members per year to approximately 70,000 per year, with the goal of reaching 100,000 per year by the end of this Administration. These additional members could be targeted to serve primarily in after-school and summer school programs. (Cost: $75 million)

3. **Expand Service Component of Work-Study Program.** Nearly 1 million students now receive federal work-study funding. Despite our efforts, colleges and universities are required to use only 7 percent of their work-study money for students employed in community service. The higher education lobby would object, but we could propose a substantial increase in that requirement -- e.g., phasing it up to 25 percent over the next 3 years.

HEALTH CARE AND DISABILITIES (DPC/NEC as specified below)

1. **Long-Term Care Initiative.** This package could include: (1) a tax credit of up to $1,000 for people with three or more limitations in activities of daily living (ADL) or their caregivers, at a cost of about $6 billion over 5 years; (2) a plan for OPM to offer federal employees a choice of high-quality private long-term care insurance policies at lower-than-market prices; (3) a family caregiver support program, costing about $500 to $750 million over five years, that would provide grants to states for "one-stop shops" to assist families who care for severely impaired elderly relatives through counseling, training, and respite services; and (4) a nursing home quality initiative, costing about $500 to $750 million over five years, that would include new enforcement provisions (e.g., increased penalties), new funds for surveys of repeat offenders and improved surveyor training, and perhaps a new commission to oversee HCFA's nursing home enforcement efforts and to investigate other kinds of facilities where health care is offered (e.g., assisted living facilities). (DPC/NEC)

2. **Health Insurance Coverage Expansions.** We could propose again, in new and improved forms: (1) an initiative to encourage small businesses to form purchasing cooperatives for health insurance, costing about $50 to 100 million over 5 years; (2) proposals to improve outreach for children's health insurance; and (3) a proposal, more limited than last year's, to provide a Medicare buy-in for

certain people ages 55 to 65, benefiting about 30,000 people and costing $500 million over 5 years. (DPC/NEC)

3. **Biomedical Research.** We should again propose an increased investment in biomedical research -- perhaps (depending on how we treat tobacco money in the budget) between $500 million and $1 billion. (DPC)

4. **Antibiotics (Super Bug) Initiative.** Resistance to antibiotics is becoming a public health crisis, causing prolonged illnesses and even death. A new initiative, costing about $25 million each year, could address this problem through: (1) a major outreach and education campaign involving hospitals, health professionals, and managed care organizations; and (2) new research and surveillance efforts to understand where and why antibiotic resistance occurs and to develop effective responses. (DPC)

5. **Bioterrorism Initiative.** This initiative, costing $100-300 million each year, would: (1) train epidemic intelligence officers who can coordinate with state health departments to identify and respond to attacks; (2) develop a mass casualty emergency response system that includes primary care, emergency transportation, and decontamination abilities; (3) create and maintain a stockpile of pharmaceuticals; and (4) improve research to develop new vaccines and antibiotics to be used in the event of attack. (DPC)

6. **Prescription drug coverage for Medicare beneficiaries.** We are considering a variety of proposals to address the lack of coverage for prescription drugs in Medicare, including a means-tested Medicaid option, an approach that would apply only in managed care, a traditional benefit for all beneficiaries, and an unsubsidized purchasing mechanism that uses Medicare's size as leverage for drug discounts for beneficiaries. If desirable, a proposal could be included in the budget or coordinated with the March release of the Medicare Commission's recommendations. The cost varies significantly depending on the proposal, ranging from $1 to 20 billion a year. A proposal of this kind probably would depend on tobacco funding (see tobacco section below). (DPC/NEC)

7. **Protecting beneficiaries from HMO withdrawals from Medicare.** This year, a number of HMOs pulled out of Medicare with only a few months notice, leaving 50,000 beneficiaries with no plan options in their areas. You announced that the Administration would develop legislation to prevent this behavior in the future, and we are currently reviewing the best approaches. (DPC)

8. **Redesigning and increasing enrollment in Medicare's premium assistance program.** Over 3 million low-income Medicare beneficiaries are eligible but do not receive Medicaid coverage of their Medicare premiums and cost sharing. Many more may not get enough assistance through a new provision that is supposed to help higher income beneficiaries. We are developing a range of proposals, costing up to $500 million over five years, to use Social Security Offices to educate beneficiaries about this program, reduce administrative complexity for states, and give them incentives to engage in more aggressive outreach efforts. (DPC/NEC)

9. Disease Initiatives. We are working on several initiatives designed to combat particular diseases. These initiatives, which you could choose to do individually or in combination, are: (1) an asthma initiative, which will curb recent steep increases in asthma cases especially among young children, by disseminating new treatment guidelines to state and local public health programs and encouraging them to work with schools, child care organizations, businesses, and other community organizations; (2) a mental illness initiative that will accompany a Surgeon General's report on this subject (and perhaps a White House Conference recommended by Mrs. Gore) and will include public-private partnerships to improve access to prevention and treatment, reforms in federal health programs to improve delivery of mental health services, and funding increases in the mental health block grant; and (3) a heart disease initiative, which could include: a new partnership with aging networks to evaluate and improve nutrition; efforts to measure successful prevention approaches and replicate them nationwide; and the creation of a network of educators, churches, and community-based organizations to launch a nationwide awareness campaign. In each of these initiatives, the public health efforts described above would supplement NIH funding of research projects. The estimated cost of these initiatives is $50 million for asthma, $100 million for mental illness, and $20 million for heart disease. (DPC)

10. Food Safety. We are working on a food safety initiative that will highlight safety standards and enforcement. Included in this initiative are: (1) a repackaged and somewhat modified legislative proposal giving the FDA and USDA additional enforcement powers (e.g., mandatory recalls and civil penalties); (2) additional food-specific regulations and/or guidelines (e.g., for certain fruits and vegetables); and (3) more extensive adoption of our model codes for restaurants and food service workers. In addition, we will focus on improving coordination with state and local agencies that regulate food safety in order to develop a wholly integrated national inspection system. (DPC)

11. Disability -- Health. A health-related disabilities package could include: (1) the Jeffords-Kennedy Work Incentives Improvement Act, which enables people with disabilities to go back to work by giving them an option to buy into Medicaid and Medicare, at a cost of about $1.2 billion over 5 years; (2) a proposal, costing $50 million over five years, to promote the deinstitutionalization of Medicaid beneficiaries by developing viable community-based care alternatives for people residing in nursing homes after a "date certain"; and (3) a proposal to make Medigap supplemental insurance more accessible to people with disabilities.

12. Diability -- Getting People to Work. A work-related disabilities package could include: a tax credit of $1,000 to $5,000 for working people with disabilities to assist them in paying for the costs associated with employment, at a cost of about $1 to 2 billion over 5 years; a new competitive grant program, developed by your disabilities task force, to increase the employment rate of adults with disabilities; and efforts to ensure that new technologies are designed so as to be accessible to people with disabilities (see technology section). (DPC/NEC)

TOBACCO (DPC)

1. **State Menu.** Our best vehicle for enacting tobacco legislation next year will be a legislative waiver of federal Medicaid claims to the states' expected $200 billion settlement with the tobacco companies. We will seek bipartisan agreement on a menu of uses for the federal share of state money, with tobacco control and child care as our top priorities. We will try to use this measure as a vehicle for other key elements of our tobacco policy, such as FDA jurisdiction and warning labels.

2. **Price Increase.** One of the most difficult budget decisions will be whether to assume a tobacco tax increase in our budget request, and if so, what to do with the money. There are strong arguments on each side of the question whether to include a tobacco tax increase in our budget. If we *do* assume tobacco revenue, the candidates for it include: (1) assistance to tobacco farmers (about $1 billion a year); (2) the long-term care tax credit (about $1 billion a year); (3) other tax cuts, such as a child care / stay-at-home tax credit and/or a reduction in the marriage penalty; (4) NIH research; (5) public health programs; and (6) the Medicare trust fund and/or a new prescription drug benefit for Medicare beneficiaries.

3. **Medicare Suit Against Tobacco Companies.** Our best leverage over the tobacco industry is the prospect of a federal suit to recoup Medicare costs associated with smoking. We could call on Congress to enact Senator Graham's legislation to authorize such a lawsuit (which would make the Justice Department more likely to bring it). At the same time, we could ask for funds for DOJ and HCFA to prepare a lawsuit against the tobacco industry. We could go further and pledge that any proceeds from such a lawsuit would be used either to extend the life of the Medicare Trust Fund or to provide a new prescription drug benefit to Medicare beneficiaries. (Cost: to be determined, but probably small).

FAMILIES AND CHILDREN (DPC/NEC as specified)

1. **Expansion of the Child Care and Development Block Grant (old policy).** We propose to expand the Child Care and Development Block Grant as we did in the FY 1999 Budget. The block grant is the primary federal child care subsidy program, helping low-income working families to pay for child care. Currently, between one and two million children are served by the program, leaving roughly nine million children who are eligible but unserved. This proposal would cost at least $7.5 billion over five years. (DPC)

2. **Tax Relief for Parents, Including Parents who Stay at Home.** We are considering replacing our last year's proposal to expand the Child and Dependent Care Tax Credit with a new proposal to benefit <u>all</u> parents, including those who stay home. This change will address the criticism that our child care initiative did little for stay-at-home parents. We are reviewing proposals to (1) double the child tax credit to $1,000 per child for all children under the age of four, at a cost of about $12 billion over five years; (2) increase the standard deduction for each child under the age of three by $1,000, at a cost of about $3 billion over five years; or (3) expand the Child and Dependent Care Tax Credit as we did last year *and* extend its benefits to parents with children below age three by assuming

minimum child care expenses of $150 each month, at a total cost of about $21 billion over five years. Each of these proposals can be dialed up or down by adjusting either the age threshold or the dollar amount. (DPC/NEC)

3. Tax Credit for Businesses Providing Child Care. We could again propose to provide a tax credit to businesses that provide child care services for their employees. The credit, which covers 25% of qualified costs but may not exceed $150,000 per year, costs $500 million over 5 years. To further build on this concept, we also propose to provide tax credits to businesses that provide on-site schools (see education section). (DPC/NEC)

4. Parent Paid Leave Plan. Many workers cannot afford to take unpaid leave following the birth or adoption of a child, even though they have access to an unpaid leave policy through FMLA or voluntary employer benefit plans. To address this problem, we are considering a proposal to provide eligible parents who already have access to unpaid leave with partial wage replacement for a set period of time. The cost of the program, which would be administered through the Unemployment Insurance System, varies according to the selected eligibility criteria. If we choose, for example, to give $200 per week for four weeks to new parents with median income (about $37,000) or below, the cost will be about $875 million for FY 2000 (including start-up and administrative expenses). (DPC)

5. FMLA Expansion to Businesses with 25 Workers (old but unarticulated policy). Under current law, workers are eligible for FMLA coverage only if they work at a business with *50 or more* employees and if they have worked at least twelve months and 1,250 hours for the employer. In your last State of the Union, you called for covering more workers under the FMLA, but did not fully articulate how you would do so. We could now advance a specific proposal to lower the FMLA threshold to 25 or more workers, which would expand coverage for up to ten million more American workers. (DPC/NEC)

6. Parent Education and Support Fund. We are considering proposals to create a competitive grant program administered by HHS to fund parent education and support programs, including home visitation programs and "second chance maternity homes" to support teen mothers and teach parenting skills. This fund could cost about $500 million over five years. (DPC)

7. Adoption Registry. We are working on plans to create an Internet-based adoption registry of foster care children waiting to be adopted, so that prospective adoptive parents can learn about these waiting children. Funding this registry would require a very small increase in HHS's Adoption Opportunities Grant Program. (DPC)

CRIME (DPC)

1. Crime Bill II. The 1994 Crime Act will expire at the end of the FY 2000 budget cycle, guaranteeing that the next Congress will consider major crime legislation. We recommend that you get a jump on this debate by using your State of the Union and FY 2000 budget to challenge

Congress to pass a new crime bill that builds on the core elements of the successful 1994 Act -- more police, smarter punishment, and more prevention. Most of the money required is already built into future budgets; continuation of the COPS program, however, will require new funds totaling about $1 billion. We believe that a new Crime Act should include the following elements:

- **Community-Oriented Policing and Prosecution Services (COPPS).** Your pledge to help fund 100,000 more police is likely to be fulfilled before the end of next summer. A new COPPS initiative (note the extra "P" for "Prosecution"), costing about $1.4 billion in the first year, could include funds to: (1) hire, redeploy, and retain an estimated 7,500 more police each year; (2) provide modern technology and equipment and support training in modern policing techniques, with a special emphasis on "hot spots" technology; (3) hire, train, and equip prosecutors to join local police in fighting crime on a more community-based, pro-active basis; and (4) support partnerships between law enforcement and community-based groups to prevent crime in their areas.

- **A new focus on probation supervision and coerced abstinence.** The punishment title of the crime bill now focuses largely on prison construction; we recommend shifting the focus to a new "Certainty of Punishment" initiative that will support the expanded use of probation supervision and of drug testing and treatment.

- **Gun initiatives.** A new crime bill should include your longstanding firearms priorities -- juvenile Brady, Brady II, federal CAP legislation and child safety locks. It also could include new proposals to: (1) close the loophole that exempts many firearms sales at gun shows and flea markets from Brady background checks; (2) expand the Youth Crime Gun Interdiction Initiative (YCGII) -- to trace all crime guns and investigate gun traffickers -- to an additional 20-40 cities; and (3) assemble gun strike forces -- teams of federal prosecutors and ATF agents, acting with local law enforcement -- to target cities with high levels of gun violence and crack down on gun traffickers.

- **Values-based crime prevention initiative.** In addition to other crime bill prevention programs, we could invest in promoting values-based crime and violence prevention efforts, such as those of Rev. Eugene Rivers. Funds from this program would go to comprehensive prevention programs run by faith-based and other institutions seking to instill and reinforce common sense values in troubled youth.

2. Safe, Disciplined, and Drug-Free Schools. At the White House Conference on School Safety, you announced that you would overhaul and strengthen the Safe and Drug-Free Schools Program. Under this proposed reform, funds will be appropriately targeted to schools with serious drug and crime problems, and schools will have to adopt rigorous, comprehensive school safety plans that include: tough but fair discipline policies, such as zero tolerance for guns and drugs; safe passage to and from schools; effective drug and violence policies and programs; annual school safety and drug use report cards; links to after school programs; efforts to involve parents; and crisis management plans. We also could include in this package (1) funds for states that adopt a policy of drug testing first-time applicants for drivers' licenses and (2) funds for school districts that adopt a policy of drug testing middle and high school students with parental consent. We believe that these reforms will require up to $450 million in new funding in FY 2000.

3. Parity for Substance Abuse Treatment. Appropriate substance abuse treatment remains unavailable to nearly half of the people who need it. To help fill this treatment gap, we could propose legislation to encourage parity between substance abuse treatment and other medical benefits. Similar to the Mental Health Parity Act signed into law in 1996, a current draft of this legislation would prohibit health care plans that provide a substance abuse benefit from setting annual or lifetime dollar limits on this benefit at a lower level than those for other medical and surgical benefits. At the same time, we would have to ensure that federal health programs provide parity between substance abuse treatment and other medical benefits; we are still exploring the cost of any necessary reforms to these programs.

4. Binge Drinking. We are working on a number of proposals regarding alcohol abuse, including (1) promoting a voluntary code for alcohol advertisements directed toward minors; (2) banning alcohol billboards near schools; (3) discouraging alcohol advertising on youth-oriented web sites; (4) and funding educational efforts about the dangers of alcohol consumption.

PENSIONS (NEC)

1. Expanded Private Pension Plan Coverage: Last year, you announced several initiatives to expand pension plan coverage which were not enacted, but which we continue to believe are important and have substantial support on the Hill. We should again call for legislation that: authorizes a simplified plan for small businesses that combines the best features of a defined benefit and defined contribution plan (SMART), costing $313 million over five years; provides a three-year tax credit to encourage small businesses to set up retirement programs, costing $508 million over five years; and authorizes payroll deductions for IRAs. We are exploring ways to expand coverage for moderate and lower-income workers. Consideration is also being given to ways of enabling multiple small businesses to pool together for pension plan administration.

2. Women's Retirement Security: To underscore the importance of pensions for women's retirement security, you would call for legislation enacting the two initiatives you announced in late October -- namely, that time taken under FMLA should count toward retirement plan vesting requirements and mandating that employer plans offer an option that pays less while the retired employee is living but pays a survivor benefit equal to at least 75 percent of the benefit the couple received while both were alive.

3. Pension Portability: You could renew your call for reducing vesting requirements from five years to three years for employer matching contributions to 401(k) and other plans to reflect an increasingly mobile workforce, and more workers moving in and out of the workforce over a lifetime. We are also exploring various options that would increase pension portability and facilitate the movement of retirement savings between plans, where this can be done without encouraging "leakage" or loss of worker protections -- e.g., providing that federal employees can roll over retirement savings from private sector qualified plans into the federal Thrift Savings Plan.

4. Expand Pension Right to Know Provisions: You could call for a pension right to know package that provides for both workers and their spouses general information relating to retirement needs and their benefits under employer retirement plans. In addition, an employee's spouse should have the same rights to get information as the employee, before waiving the statutorily provided survivor protection. You should call for a Pension Right to Know package that provides information for both workers and their spouses. We are also working on an employee education program that would provide employees with the tools they need to work with their employers to provide pension plans, and are thinking about how to encourage courses in high schools on the importance of savings and other general investment education (which can be combined with the Consumer Literacy and Education campaign described below). Consideration is also being given to a savings stamp book program in the schools (sell savings stamps in very small amounts; when the book is full, turn it in for a U.S. savings bond) to help educate the young about how to reach savings goals.

5. Increase Retirement Security: To promote security, we are continuing to work on the pension audit bill, changes to the multi employer (collectively bargained) plan rules, and expansion of PBGC's missing participant program.

COMMUNITY EMPOWERMENT (DPC/NEC for all)

1. **CDFI Tax Credit.** We are looking at a proposal to extend tax incentives to encourage investment in CDFIs, which would leverage additional private investment in distressed areas and stimulate the economic revitalization of those areas. Under the proposal, $100 million in non-refundable tax credits would be made available to the CDFI Fund to allocate among equity investors in qualified CDFIs using a competitive process.

2. **Microcredit Initiative.** We are working to identify means to increase support for microenterprise finance, both domestically and internationally. We are examining whether to build on Senators Kennedy's and Domenici's PRIME legislation which would provide technical assistance to microenterprise. We are also looking at increased funding for CDFI initiatives specifically targeted to microenterprise. On the international side, we are looking at whether we can increase microenterprise funding through USAID or MDBs, especially to countries hardest hit by the financial crisis.

3. **Clean Water, Parks, and Communities Bonds.** We are examining three proposals to encourage "green" infrastructure projects. The first model uses the same financing mechanism as your school construction proposal for a menu of projects: protecting and improving water quality; cleanup of contaminated sediments; waterfront reclamation and revitalization; stormwater runoff control; purchasing of green spaces to prevent sprawl; park enhancements and revitalization, and brownfields cleanup. The second model, which provides a smaller incentive than the first model, would create new tax-exempt bond authority for these state and local areas to invest in clean water,

parks, and communities. The advantage of this model is that it builds on the current system of bond finance. The final model would allocate tax credits (like the Low-Income Housing Tax Credit) to states and local areas to provide to the developers of these green infrastructure projects.

6. Low-Income Housing and Homeownership Tax Credits. We recommend that you again propose a 40-percent expansion of the Low-Income Housing Tax Credit, which would help develop an additional 150,000-180,000 affordable housing units over the next five years, at a cost of $1.6 billion over five years. In addition, we are examining two kinds of tax credits to promote homeownership among lower-income families. The first proposal would use the model of the Low-Income Housing Tax Credit to create a Low-Income Homeownership Tax Credit. Under this proposal, low-income families would receive a low- or zero-interest second mortgage, which would reduce their upfront costs (e.g., downpayment and closing costs) and investors would receive tax credits in return. The second proposal is a $5,000 tax credit for first-time homebuyers in Empowerment Zones or Enterprise Communities. Finally, you can call on Congress to accelerate the increase in the volume cap on private activity bonds, which would help states and localities provide below-market mortgages to first-time homebuyers with relatively low incomes.

7. Housing for the Elderly Initiative. This proposal is designed to improve housing for elderly people and thereby provide an alternative to nursing home care. In addition to providing capital to improve and modify such housing to meet the needs of elderly residents, the initiative would provide housing vouchers for low income elderly who live in housing developed through the Low-Income Housing Tax Credit. Because the tax credit helps subsidize rent, this proposal would allow us to leverage our resources and provide more vouchers to the poor elderly.

8. Re-Develop 10,000 Abandoned Buildings. Abandoned buildings are a symbol of urban blight, and an action plan to turn this around will be a powerful signal of change. We are examining different proposals to help re-develop 10,000 abandoned buildings, combining several existing programs or providing grants or tax incentives to spur private-sector redevelopment of these sites.

9. Homelessness. We are working on a three-part proposal that would: (1) assist the approximately 250,000 homeless veterans by increasing residential alternatives, community-based contracted care, job preparation activities, stand down activities (community-sponsored events that conduct one-stop service delivery programs for homeless veterans), the distribution of clothing, and long-term housing; (2) allow VA to sell surplus property with 10 percent of proceeds going to homeless veterans; and (3) start a demonstration project targeted to the chronically homeless to test the most promising models for moving the chronically homeless to self-sufficiency using a combination of permanent housing and links to mainstream services. Cost: $105 million -- $60 million for VA and $45 million for HUD demonstration project.

RURAL/AGRICULTURE (NEC/DPC as specified)

1. Strengthening the Safety Net. To help farmers suffering from the depressed export markets and natural disasters, we are considering various reforms of the crop insurance program and closing gaps in the emergency loan program. We are paying special attention to programs that will help small family farms. (NEC)

2. **Bringing the knowledge of land grant colleges to every rural American**: The USDA spends $1.6 billion on agricultural research, much of it at America's land grant colleges and universities. The government could provide grants to ensure that this information is available on the Internet and is well-organized --so that all rural Americans can easily access information on topics such as crops, livestock, rural development, natural resource conservation, and food safety. (NEC)

3. **Emergency Medical Services in Rural Areas.** The presence of viable emergency systems is critical for residents in rural areas, because of the high rates of injury associated with jobs in these areas and the long distances to health providers. This proposal, costing about $50 million, would provide funds to States and local communities to improve access to 911 services or alternative emergency systems. It also would fund programs to help rural communities train local citizens in CPR and first responder techniques and to recruit and retain emergency personnel. (DPC)

4. **Rural Transportation.** Transportation is crucial to the efforts of residents and businesses in rural America to improve the livability of their communities and expand their economic activities. We are developing a rural transportation initiative that will help those who live and work in rural areas by improving the ability of farms and businesses to obtain materials and move their products to markets, and by making it easier for small communities to attract additional commercial jet air service. (NEC/DPC)

TECHNOLOGY (NEC)

1. **Curbcuts on the Information Highway.** We are looking at several options that would make information technology usable by people with disabilities in a manner that improves their lives: (1) investing in R&D (e.g., text-to-speech, automatic captioning, speech recognition); (2) giving disabilities groups a seat at the table as the standards for new technologies are developed; (3) making the government a model "user" of accessible technology; and (4) explore opportunities for greater deployment. In addition, the tax credit for work-related impairment expenses for people with disabilities could be used to expand the market for assistive technology.

2. **A Digital Library for Science, Math and Engineering.** We need to get every young student and undergraduate excited about math, science and engineering. We are exploring creating a "digital library," which would contain lectures from Nobel Prize laureates, have an ability to track and replicate cutting-edge scientific experiments, and make it easier for students and teachers to locate the best instructional material on the Internet.

3. **Information Technology Research Initiative.** Increasing our investment in information technology research, which is currently about $1 billion of the federal research budget, could lead to the following breakthroughs: supercomputers that can more rapidly perform important functions, such as designing life-saving drugs and predicting severe weather systems; wireless networks that

can bring telemedicine and distance learning to rural America; a device of the size of a paper that could monitor the vital signs of a senior citizen, send a "911" message in the event of a medical emergency, and provide an exact location using global positioning technology; new software tools that can help us cope with "information overload" by discovering patterns in huge quantities of data; and intelligent spacecraft that can explore the Solar System. Options have been developed at roughly $100, $200 and $400 million in FY2000; and $1, $2 and $3 billion over 5 years.

4. **21st Century Research Fund.** One initiative that you announced in last year's budget that we think is important to continue is the 21st Century Research Fund -- which provided across-the-board support for civilian R&D at agencies such as NIH, NSF, and Energy. For FY99, Congress provided a 10 percent increase for basic research, so this is an area where bipartisan cooperation is possible. Currently, the FY2000 budget reflects only a 2% increase in civilian research.

WELFARE REFORM, CHILD SUPPORT ENFORCEMENT, AND CHILD WELFARE (DPC)

1. **Reauthorize the Welfare-to-Work Program.** Congress authorized the Welfare-to-Work Program for only two years; if we wish to continue our current investment in the hardest-to-employ, we will have to propose a reauthorization of about $1.5 billion annually. Within this funding level, we propose several set-asides, totaling $500 million, for the following specific purposes: (1) work-based English-language literacy projects for immigrants and others; (2) work-based substance abuse testing and treatment programs; (3) employment services for welfare recipients with disabilities; and (4) a work-based program to promote responsible fatherhood, including efforts to increase low-income fathers' employment and earnings and ensure that they provide financial and other support to their children. At the same time, we should (1) seek an additional 50,000 welfare-to-work housing vouchers, and (2) call on Congress to make permanent the Welfare-to-Work Tax Credit and the Work Opportunity Tax Credit, both of which now expire on June 30, 1999.

2. **Child Support.** One initiative, costing just a few million dollars each year, would increase the prosecution of egregious child support violators by establishing multi-agency teams, working with state and local law enforcement, to identify, analyze, and investigate cases for prosecution. A pilot project of this kind is already under way in five states; this proposal would put these units in place all across the nation within the next several years. A second initiative would seek legislation to exclude doctors and other health care providers who are delinquent in child support from the Medicare program or from programs offering health professional loans.

3. **Children "Aging Out" of Foster Care.** Each year, nearly 20,000 18-year-olds "age out" of the public child welfare system. Federal financial support for these young people ends just at the time they are making the critical transition to adulthood. Areas for increased investment for these young adults include: (1) expanding the independent living program, which provides services to foster care children in this age group; (2) expanding the transitional living program, a competitive grant program that funds community-based organizations that provide services to this population, including housing support; and (3) giving states the option of using Federal Medicaid dollars to provide health care coverage for this population. (Cost: roughly $150 million each year)

CIVIL RIGHTS AND WOMEN'S RIGHTS (DPC)

1. **Equal Pay.** We are working on a program to be run by the EEOC and DOL to increase outreach to businesses and employees about equal pay requirements, provide technical assistance to businesses seeking to comply, improve training for EEOC employees, and expand enforcement capabilities. In addition, the program will fund research on the nature and extent of wage discrimination, as well as a new Women in Non-Traditional Occupations Initiative designed to improve access of women into occupations such as construction and high technology. Cost: about $20 million for EEOC and $10 million for DOL.

2. **Abortion Violence.** We are working on a comprehensive initiative to address violence against providers of reproductive health services. This initiative may include: (1) a National Task Force established by the Department of Justice that will conduct investigations of abortion violence, collect and collate information related to clinic violence, and provide training to federal, state, and local law enforcement personnel on how to address this problem; (2) special security measures, including stepped-up U.S. Marshal support, at clinics identified to be at risk of violence; and (3) federal guarantees of loans taken out by clinics that must rebuild after they have been attacked. Cost: Unknown at this time.

TRANSPORTATION (NEC/DPC as specified)

1. **Reauthorization of the FAA, with Focus on Modernization and Competition.** A blue-ribbon bi-partisan panel concluded last year that the air transportation system faces "gridlock" within a decade without sweeping changes. We are considering various policy options to incorporate into the FAA reauthorization that you will propose in 1999 (it is a must pass this year) that will: (1) improve the efficiency and capacity of the nation's aviation system, and (2) enhance competition and service to rural areas. Some of the components of this initiative would include: centralizing the air traffic control services (ATS) in a performance-based organization (recommended by the bi-partisan panel); financing ATS for commercial aviation through cost-based user fees (supported by the major airlines); increasing Passenger Facility Charges (PFCs) to finance airport expansion nationwide (supported by state and local governments); modifying federal rules on how airports can use PFCs and other funds to encourage new airline entrants; and enhancing service to underserved areas.

We are also looking at ways to further competition in international aviation. The Administration has extended the benefits of competition by negotiating dozens of bilateral open-skies agreements. We could press our trading partners for World Wide Open Skies and explore lifting other restrictions on foreign aviation investment and operation on a reciprocal basis. (NEC)

2. **Auto Safety.** We are making headway on auto safety. Last year, the number and rate of auto fatalities declined. However, we still have a long way to go -- more than 40,000 Americans die in auto accidents each year, at a direct cost of $150 billion. The keys are seatbelts (more) and alcohol (less). We are working on a comprehensive initiative that would include: (1) meeting the President's goal of 85 percent seatbelt compliance by the year 2000, which would save 4,000 lives and nearly

$7 billion; (2) promoting education initiatives like the Buckle-Up America campaign; (3) enforcing the TEA-21 requirement that states lower the legal blood alcohol content level from .10 to .08; and (4) pushing a new Administration initiative on children's safety that will target auto accidents, among other problems, by promoting the use of child safety seats, booster seats (for children ages 4-8), and bicycle helmets. (NEC/DPC)

3. Transportation Needs of the Aged. With the number of Americans over 65 expected to grow by half by 2020, we should begin addressing the need to ensure their continued mobility, independence and safety in their later years. We are only beginning to look at this issue with DOT, which plans to hold six town meetings soon with senior citizens, medical experts, transportation safety specialists, and others to discuss the problems and challenges and identify best practices. The U.S. will host an international conference on this topic next year, in connection with the United Nation's Year of Older Persons. This may be combined with the long-term care and the housing for the elderly initiatives. (NEC)

4."Smart Growth" and Sustainable Development. One of the biggest challenges facing America's communities is that "sprawl" development is threatening the long-term economic vitality and quality of life in America's urban, suburban and rural areas. Although land use decisions should remain the domain of state and local government, the federal government can be an effective partner. First, we will continue investing in sustainable transportation. TEA-21 authorizes a record $41 billion over the next six years for transit; increases tax-free transit benefits; and expands communities' ability to transfer funds from highway construction to transit, bicycle and pedestrian programs, telecommuting and other forms of transportation that reduce congestion and pollution. Second, we will provide incentives to make it easier for communities to pursue smart growth policies, by exploring ways cities can capture the air quality benefits of sustainable development and by supporting a private sector initiative that would encourage mortgage lenders to consider the savings from "location efficiency"in making mortgage determinations for homebuyers . (NEC)

ENERGY (NEC)

1. Electricity Restructuring. You could call on Congress to enact legislation, to make the electricity industry more competitive and to provide more choices for industrial, commercial and residential customers. The Administration's Comprehensive Electricity Competition Act will save consumers $20 billion a year. Retail competition will not only improve efficiency, but also reduce the two-thirds waste of energy currently associated with fossil-fuel generation of electricity, thereby cutting greenhouse gas emissions. Prominent Republicans have included electricity restructuring on their list of priorities for 1999.

2. Distributed Generation ("Micropower"). To increase the consumer savings and environmental benefits from electricity competition, the Administration will pursue legislation to eliminate obstacles to the use of small, clean efficient generation technologies (e.g., fuel cells and photovoltaics) that can be installed at or near the electricity user's site. Moving from large, central-station generation of electricity to distributed generation by small, clean sources is analogous to the move from mainframe computers to personal computers.

FINANCIAL SERVICES (NEC/DPC as specified)

1. Consumer Financial Literacy and Education. We are currently developing a set of proposals to promote consumer financial awareness and enhance consumer credit literacy, ranging from a public awareness campaign to establishing an educational clearinghouse to disseminate quality curricula to high school students. We are also working on a study to identify what the biggest problems are with how Americans use consumer credit, and what basic banking services and steps they can take to help themselves (this may be very important if bankruptcy reform is a live item next year). Part of our focus is on reaching out to low-income households, building on (and expanding) two existing government programs -- Treasury's Electronic Funds Transfer program that was a first step in helping the "unbanked" enter into electronic commerce and a USDA extension program that is providing some (limited) services to rural low-income families. This proposal would cost $5-10 million. (NEC)

2. Consumer Financial Bill of Rights. In order to respond to the outrage consumers feel about ATM surcharges, without supporting economically questionable regulation of ATM fees, we are considering a proposal either for the government or for financial institutions voluntarily to make publicly available a list of basic banking services and fees on an individual or geographic basis to be published periodically over the Internet. The services profiled would include, but would not be limited to, charges for access to ATMs. We are also considering the adequacy of current credit card disclosure requirements (again, relevant to bankruptcy reform) and other areas where information about financial service arrangements would be helpful to consumers. This would cost $3-5 million. (NEC/DPC)

November 5, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Gene Sperling
Elena Kagan
Sally Katzen

SUBJECT: State of the Union/Budget Ideas

This memorandum provides a brief description of new ideas we are considering for the State of the Union. Some work has been done on fleshing them out, but many need additional work and further vetting through the interagency process. Most of these ideas involve increased spending, and you will have to make choices among them and/or scale them back as you consider the FY 2000 budget. Although our offices have worked together on many, if not most, of the ideas in this memo, we have noted, where possible, which of our offices has the lead role with respect to each proposal. Options relating to Social Security are not included in this memo.

EDUCATION AND TRAINING (DPC/NEC as specified)

1. Ending Social Promotion. Last year's budget proposal included $200 million for Education Opportunity Zones in districts that agreed to remove bad teachers, turn around failing schools, and end social promotions. The proposal required authorization, which Congress will never give us. For next year, we recommend a simpler approach that uses existing authority and focuses entirely on ending social promotion. We would like to expand our after-school program from $200 million to $700 million and give a disproportionate share of this money to districts that end social promotion. These school districts could use the money (as Chicago does) to provide extra help after school and mandatory summer school for students who need it. (Cost: $300 million above FY99 budget.) (DPC)

2. Teacher Quality and Recruitment. Now that we're on track to begin hiring 100,000 new teachers to reduce class size, we have an even greater responsibility to help communities attract talented new teachers to the profession. We envision a five-part strategy on teacher quality and recruitment: (1) a $100 million increase in the teacher recruitment scholarships we enacted this year in the Higher Education Act, which would put us on course to attract 60,000 new teachers at high-need schools over the next five years; (2) a $60 million initiative -- modeled after the successful Troops-to-Teachers program -- that would help states expand alternative certification routes and attract talented people from other professions, such as military personnel and employees in firms being downsized; (3) a nationwide crackdown on teacher education schools, including new regulations authorized by the Higher Education Act to require report cards for education schools;

(4) a $50 million increase in the Eisenhower program to send secondary school teachers who teach outside their field back to college to take additional courses in the subjects they're teaching, coupled with a new requirement that new secondary teachers pass competency tests in a subject before they can teach it; and (5) a high-profile effort to help states make the most of the 15 percent set-aside for teacher quality in the recently passed class size legislation. (Cost: about $210 million above FY99 budget). We are also exploring a politically interesting counter to private school choice: vouchers for private school teachers -- i.e., an incentive program to encourage private school teachers to teach in public schools. (DPC)

3. Work-Site Schools. One of the most promising new education ideas sprouting up around the country is the creation of public schools at work sites, designed primarily to serve employees' children. School districts provide the teachers and curriculum; companies provide facilities and upkeep. These schools-at-work serve a host of objectives at once, by (1) providing new facilities at no cost to the district; (2) increasing parental involvement in the schools and parental satisfaction in the workplace; (3) reducing employee turnover and absenteeism; and (4) increasing school diversity, because work sites are more diverse than residential neighborhoods. We propose a $100 million increase in an existing discretionary program to provide grants to 100 communities to launch work-site schools. We also could seek a stand-alone bill (like the charter school law) to advance this idea. In addition, we are working with Treasury to develop a tax credit for businesses that start on-site schools, similar to the Kohl business tax credit for on-site child care that is already in our budget. (Cost: $100 million for start-up grants. No estimate yet for tax credit, but it will be very small.) (DPC/NEC)

4. Public School Choice. As support grows for private school vouchers, we must continue our efforts to expand choices within the public schools. Charter schools are one answer, and we recommend a $20 million increase, to $120 million, to keep us on track to 3,000 charter schools by 2002. Work-site schools are another. We also recommend increased funding for (1) an existing grant program that helps urban and suburban school districts reduce racial isolation by forming interdistrict magnet programs; and (2) magnet schools on university campuses, especially in urban areas. (Cost: $25 million for interdistrict magnet programs; $15 million for 10 university-based schools.) (DPC)

5. School Leadership Academies. Research has shown that an effective principal is the single most important indicator of school success, yet little has been done at the national or state level to improve the management skills of principals. We propose a small initiative to create school leadership academies that would provide training in management, teacher evaluation, school discipline, and other areas to elementary school principals in high-poverty districts. (Cost: $50 million) (DPC)

6. Class size. To stay on course to reach 100,000 new teachers in seven years, we will ask for $1.3 billion in the FY2000 budget. We are planning an ambitious rollout of the class size initiative over the next year, as we award first-year funding, issue guidance to local districts on how the program works, and so on. We also will press Congress to restore the local matching requirement and strengthen the provisions to require competency testing of new teachers. (DPC)

7. Partnership for a Literate America. According to the National Adult Literacy Survey, 44 million adults struggle with a job application, cannot read to their children, or are left on the welfare rolls because they lack basic skills. We are considering: (1) Workplace: a new tax credit and/or Federal grants to encourage employers to provide adult basic education classes at the worksite, and setting aside funds for work-based literacy projects within Welfare-to-Work competitive grants (se welfare section of this memo); (2) Community: expanding the infrastructure and funding for adult basic education through the Adult Education program, encouraging the development of programs focused on easing the transition to the U.S. for new immigrants (through ESL and civics classes), subsidizing the provision of child care on college campuses and other adult education sites, and launching a national information campaign to make people aware of the problem of functional illiteracy and of available services; and (3) Home: using the new *Learning Anytime Anywhere Partnerships* to create software for adult basic education using $200 computers (e.g., WebTV, game players) and subsidizing public housing projects that create computer literacy programs. (NEC)

8. National Campaign to Open Doors of College. Notwithstanding enormous strides we have made in reducing the financial barriers to college, too many families assume college is more expensive than it really is and are not aware of the aid that is available (Even among low-income youth with high test scores, one-fourth say they have not been able to get much information about financial aid for college). We are planning: (1) launching a major national public information campaign about college costs and financial aid (*e.g.* naming a national chairman such as Bill Cosby, having a national college visit day, etc.), (2) building on the authority in the new GEAR UP program, providing *every* middle school (e.g. 7th grade counselor) with the ability to give students a "21st Century Scholar Certificate," indicating the financial aid that they are eligible for, and (3) seeking to provide *every* high-poverty middle school with a college partner. This does not require any new investment, just some focus and creativity. (NEC)

9. Improving the College Success Rate. Getting people in the doors of college is not enough to close the racial and income opportunity gaps. For example, only 21% of African-American and 18% of Hispanic students who begin college complete a bachelor's degree within 5 years compared to 30% of White students. We are considering a package of policies to increase degree attainment among low-income and minority students, including: (1) a super-Pell grant for the lowest income families and/or to encourage a full-time focus on school in the first year of college (this would be expensive); (2) expanding successful mentoring and other support services in colleges (including those aimed at graduate school preparation); (3) promoting college course-taking while in high school; (4) improving articulation between two-year and four-year colleges; (5) encouraging partnerships between predominately minority-serving and predominately majority-serving institutions of higher education (particularly to promote graduate study); and (6) establishing a bridge fellowship program for graduate study in science and technology fields for minorities and women. (NEC)

10. School Modernization. The current assumption is that we will repeat this year's proposal for tax credits to build and renovate schools covering the interest on nearly $22 billion in bonds. We are however, critically comparing our current proposal against other possible mechanisms to ensure we have the most effective approach. (NEC)

11. Further Expanding Junior ROTC. In response to the Los Angeles riots, Colin Powell proposed and Congress approved in 1992 an expansion of the high school-based JROTC. Since then, 1,000 units have been added primarily in urban areas, bringing the total to nearly 2,600 units with 400,000 participants. The budget increased over that period from $76 million to $166 million. There is a waiting list of more than 450 schools that would like to have a JROTC unit. Because DOD does not plan any further expansion, these 450 schools on the waiting list will not likely be added. We could propose adding another 900 units over the next few years, to reach the authorized maximum of 3,500. Cost: about $235 million. (NEC)

12. Training American Workers for Current and Future Skills Gaps. We should challenge the private sector to make specific commitments to train more American workers, which they pledged to do during the debate on H1-B visas. They could provide more college scholarships for women and minorities, partner with community colleges to develop cutting-edge curricula, and encourage their employees to serve as telementors for middle school students to get them excited about math and science. In addition, we are working on: (1) a program to foster partnerships ("Regional Skills Alliances") between industry and training providers to train both employed and unemployed workers; (2) competitive grants to encourage companies to develop programs in which they subsidize the training of individuals who they then commit to hire; (3) extensions and/or expansions of some of the current training tax provisions (such as the lifelong learning tax credit and Section 127); (4) a major informational/media campaign by the Departments of Education and Labor to inform all Americans about available training opportunities, financial aid, and job search assistance to allow them to develop the skills required for employment opportunities around the country; (5) the adult literacy initiative described above; and (6) the "Improving the College Success Rate" initiative described above. (NEC)

13. Making Job Training Universal. We are considering an initiative to make job training more universal. The first component of this initiative would be to seek a significant increase in dislocated worker funding -- about $190 million -- so that we are on path to provide training to every dislocated worker who wants or needs it within five years. The second component would be to ensure that job search assistance is available for every unemployed person. The final component would be to take the steps necessary to ensure that every worker, regardless of where they live, would be able to have access to a One-Stop Career Center (where they can learn about job training, employment service activities, unemployment insurance, vocational rehabilitation, adult education, and other assistance.) (NEC)

School safety -- see CRIME section

SERVICE (DPC)

1. AmeriCorps Seniors. In the wake of John Glenn's return to space, we have an opportunity to give other senior citizens a mission. We propose adding $25 million to the current AmeriCorps program to create a senior corps of 10,000 volunteers to serve as tutors and mentors and in afterschool programs. We would build on a successful demonstration program that recruits seniors to serve 15-20 hours per week over a fixed period of time in schools and other community centers. In exchange, seniors would be eligible for small incentives, including awards to participate in senior learning programs. By inspiring responsibility among seniors, this initiative would provide an ideal complement to Social Security reform. John Glenn has expressed some interest in playing a role in AmeriCorps now that he's retired. We could invite him back to the State of the Union and place him in charge of a national effort to inspire seniors to serve. (Cost: $25 million)

2. Expand AmeriCorps. We propose expanding the AmeriCorps program from its current level of 50,000 members per year to approximately 70,000 per year, with the goal of reaching 100,000 per year by the end of this Administration. These additional members could be targeted to serve primarily in after-school and summer school programs. (Cost: $75 million)

3. Expand Service Component of Work-Study Program. Nearly 1 million students now receive federal work-study funding. Despite our efforts, colleges and universities are required to use only 7 percent of their work-study money for students employed in community service. The higher education lobby would object, but we could propose a substantial increase in that requirement -- e.g., phasing it up to 25 percent over the next 3 years.

HEALTH CARE (DPC/NEC as specified below)

1. Long-Term Care Initiative. This package could include: (1) a tax credit of up to $1,000 for people with three or more limitations in activities of daily living (ADL) or their caregivers, at a cost of about $6 billion over 5 years; (2) a plan for OPM to offer federal employees a choice of high-quality private long-term care insurance policies at lower-than-market prices; (3) a family caregiver support program, costing about $500 to $750 million over five years, that would provide grants to states for "one-stop shops" to assist families who care for severely impaired elderly relatives through counseling, training, and respite services; and (4) a nursing home quality initiative, costing about $500 to $750 million over five years, that would include new enforcement provisions (e.g., increased penalties), new funds for surveys of repeat offenders and improved surveyor training, and perhaps a new commission to oversee HCFA's nursing home enforcement efforts and to investigate other kinds of facilities where health care is offered (e.g., assisted living facilities). (DPC/NEC)

2. Disability Proposals. A health-related disabilities package could include: (1) the Jeffords-Kennedy Work Incentives Improvement Act, which enables people with disabilities to go back to work by giving them an option to buy into Medicaid and Medicare, at a cost of about $1.2 billion over 5 years; (2) a proposal, costing $50 million over five years, to promote the deinstitutionalization of Medicaid beneficiaries by developing viable community-based care alternatives for people residing in nursing homes after a "date certain"; and (3) a proposal to make Medigap supplemental insurance more accessible to people with disabilities. A separate work-related disabilities package could include: a tax credit of $1,000 to $5,000 for working people with disabilities to assist them in paying for the costs associated with employment, at a cost of about $1 to 2 billion over 5 years; a new competitive grant program, developed by your disabilities task force, to increase the employment rate of adults with disabilities; and efforts to ensure that new technologies are designed so as to be accessible to people with disabilities (see technology section). (DPC/NEC)

3. Health Insurance Coverage Expansions. We could propose again, in somewhat new and improved forms: (1) an initiative to encourage small businesses to form purchasing cooperatives for health insurance, costing about $50 to 100 million over 5 years; (2) proposals to improve outreach for children's health insurance; and (3) a proposal, more limited than last year's, to provide a Medicare buy-in for certain people ages 55 to 65, benefiting about 30,000 people and costing $500 million over 5 years. (DPC/NEC)

4. Biomedical Research. We should again propose an increased investment in biomedical research -- perhaps (depending on how we treat tobacco money in the budget) between $500 million and $1 billion. (DPC)

5. Antibiotics (Super Bug) Initiative. Resistance to antibiotics is becoming a public health crisis, causing prolonged illnesses and even death. A new initiative, costing about $25 million each year, could address this problem through: (1) a major outreach and education campaign involving hospitals, health professionals, and managed care organizations; and (2) new research and surveillance efforts to understand where and why antibiotic resistance occurs and to develop effective responses. (DPC)

6. Bioterrorism Initiative. This initiative, costing $100-300 million each year, would: (1) train epidemic intelligence officers who can coordinate with state health departments to identify and respond to attacks; (2) develop a mass casualty emergency response system that includes primary care, emergency transportation, and decontamination abilities; (3) create and maintain a stockpile of pharmaceuticals; and (4) improve research to develop new vaccines and antibiotics to be used in the event of attack. (DPC)

7. Protecting beneficiaries from HMO withdrawals from Medicare. This year, a number of HMOs pulled out of Medicare with only a few months notice, leaving 50,000 beneficiaries with no plan options in their areas. You announced that the Administration would develop legislation to prevent this behavior in the future, and we are currently reviewing the best approaches. (DPC)

8. Redesigning and increasing enrollment in Medicare's premium assistance program. Over 3 million low-income Medicare beneficiaries are eligible but do not receive Medicaid coverage of their Medicare premiums and cost sharing. Many more may not get enough assistance through a new provision that is supposed to help higher income beneficiaries. We are developing a range of proposals, costing up to $500 million over five years, to use Social Security Offices to educate beneficiaries about this program, reduce administrative complexity for states, and give them incentives to engage in more aggressive outreach efforts. (DPC/NEC)

9. Prescription drug coverage for Medicare beneficiaries. We are considering a variety of proposals to address the lack of coverage for prescription drugs in Medicare, including a means-tested Medicaid option, an approach that would apply only in managed care, a traditional benefit for all beneficiaries, and an unsubsidized purchasing mechanism that uses Medicare's size as leverage for drug discounts for beneficiaries. If desirable, a proposal could be included in the budget or coordinated with the March release of the Medicare Commission's recommendations. The cost varies significantly depending on the proposal, ranging from $1 to 20 billion a year. (DPC/NEC)

10. Disease Initiatives. We are working on several initiatives designed to combat particular diseases. These initiatives, which you could choose to do individually or in combination, are: (1) an asthma initiative, which will curb recent steep increases in asthma cases especially among young children, by disseminating new treatment guidelines to state and local public health programs and encouraging them to work with schools, child care organizations, businesses, and other community organizations; (2) a mental illness initiative that will accompany a Surgeon General's report on this subject (and perhaps a White House Conference recommended by Mrs. Gore) and will include public-private partnerships to improve access to prevention and treatment, reforms in federal health programs to improve delivery of mental health services, and funding increases in the mental health block grant; and (3) a heart disease initiative, which could include: a new partnership with aging networks to evaluate and improve nutrition; efforts to measure successful prevention approaches and replicate them nationwide; and the creation of a network of educators, churches, and community-based organizations to launch a nationwide awareness campaign. In each of these initiatives, the public health efforts described above would supplement NIH funding of research projects. The estimated cost of these initiatives is $50 million for asthma, $100 million for mental illness, and $20 million for heart disease. (DPC)

11. Food Safety. We are working on a food safety initiative that will highlight safety standards and enforcement. Included in this initiative are: (1) a repackaged and somewhat modified legislative proposal giving the FDA and USDA additional enforcement powers (e.g., mandatory recalls and civil penalties); (2) additional food-specific regulations and/or guidelines (e.g., for certain fruits and vegetables); and (3) more extensive adoption of our model codes for restaurants and food service workers. In addition, we will focus on improving coordination with state and local agencies that regulate food safety in order to develop a wholly integrated national inspection system. (DPC)

TOBACCO (DPC)

1. State Menu. Our best vehicle for enacting tobacco legislation next year will be a legislative waiver of federal Medicaid claims to the states' expected $200 billion settlement with the tobacco companies. We will seek bipartisan agreement on a menu of uses for the federal share of state money, with tobacco control and child care as our top priorities. We will try to use this measure as a vehicle for other key elements of our tobacco policy, such as FDA jurisdiction and warning labels.

2. Price Increase. One of the most difficult budget decisions will be whether to assume a tobacco tax increase in our budget request, and if so, what to do with the money. There are strong arguments on each side of the question whether to include a tobacco tax increase in our budget. If we *do* assume tobacco revenue, the candidates for it include: (1) assistance to tobacco farmers (about $1 billion a year); (2) the long-term care tax credit (about $1 billion a year); (3) other tax cuts, such as a child care / stay-at-home tax credit and/or a reduction in the marriage penalty; (4) NIH research; (5) public health programs; and (6) the Medicare trust fund and/or a new prescription drug benefit for Medicare beneficiaries.

FAMILIES AND CHILDREN (DPC/NEC as specified)

1. Expansion of the Child Care and Development Block Grant (old policy). We propose to expand the Child Care and Development Block Grant as we did in the FY 1999 Budget. The block grant is the primary federal child care subsidy program, helping low-income working families to pay for child care. Currently, between one and two million children are served by the program, leaving roughly nine million children who are eligible but unserved. This proposal would cost at least $7.5 billion over five years. (DPC)

2. Tax Relief for Parents, Including Parents who Stay at Home. We are considering replacing our last year's proposal to expand the Child and Dependent Care Tax Credit with a new proposal to benefit <u>all</u> parents, including those who stay home. This change will address the criticism that our child care initiative did little for stay-at-home parents. We are reviewing proposals to (1) double the child tax credit to $1,000 per child for all children under the age of four, at a cost of about $12 billion over five years; (2) increase the standard deduction for each child under the age of three by $1,000, at a cost of about $3 billion over five years; or (3) expand the Child and Dependent Care Tax Credit as we did last year *and* extend its benefits to parents with children below age three by assuming minimum child care expenses of $150 each month, at a total cost of about $21 billion over five years. Each of these proposals can be dialed up or down by adjusting either the age threshold or the dollar amount. (DPC/NEC)

3. Tax Credit for Businesses Providing Child Care. We could again propose to provide a tax credit to businesses that provide child care services for their employees. The credit, which covers 25% of qualified costs but may not exceed $150,000 per year, costs $500 million over 5 years. To further build on this concept, we also propose to provide tax credits to businesses that provide on-site schools (see education section). (DPC/NEC)

4. Parent Paid Leave Plan. Many workers cannot afford to take unpaid leave following the birth or adoption of a child, even though they have access to an unpaid leave policy through FMLA or voluntary employer benefit plans. To address this problem, we are considering a proposal to provide eligible parents who already have access to unpaid leave with partial wage replacement for a set period of time. The cost of the program, which would be administered through the Unemployment Insurance System, varies according to the selected eligibility criteria. If we choose, for example, to give $200 per week for four weeks to new parents with median income (about $37,000) or below, the cost will be about $875 million for FY 2000 (including start-up and administrative expenses). (DPC)

5. FMLA Expansion to Businesses with 25 Workers (old but unarticulated policy). Under current law, workers are eligible for FMLA coverage only if they work at a business with *50 or more* employees and if they have worked at least twelve months and 1,250 hours for the employer. In your last State of the Union, you called for covering more workers under the FMLA, but did not fully articulate how you would do so. We could now advance a specific proposal to lower the FMLA threshold to 25 or more workers, which would expand coverage for up to ten million more American workers. (DPC/NEC)

6. Parent Education and Support Fund. We are considering proposals to create a competitive grant program administered by HHS to fund parent education and support programs, including home visitation programs and "second chance maternity homes" to support teen mothers and teach parenting skills. This fund could cost about $500 million over five years. (DPC)

7. Adoption Registry. We are working on plans to create an Internet-based adoption registry of foster care children waiting to be adopted, so that prospective adoptive parents can learn about these waiting children. Funding this registry would require very smally increase in HHS's Adoption Opportunities Grant Program. (DPC)

COMMUNITY EMPOWERMENT (DPC/NEC for all)

1. CDFI Tax Credit. We are looking at a proposal to extend tax incentives to encourage investment in CDFIs, which would leverage additional private investment in distressed areas and stimulate the economic revitalization of those areas. Under the proposal, $100 million in non-refundable tax credits would be made available to the CDFI Fund to allocate among equity investors in qualified CDFIs using a competitive process.

2. Microcredit Initiative. We are working to identify means to increase support for microenterprise finance, both domestically and internationally. We are examining whether to build on Senators Kennedy's and Domenici's PRIME legislation which would provide technical assistance to microenterprise. We are also looking at increased funding for CDFI initiatives specifically targeted to microenterprise, and CRA and other regulatory reform designed to enhance bank lending to microenterprise funds. On the international side, we are looking at whether we can increase microenterprise funding through USAID or MDBs, especially to countries hardest hit by the financial crisis.

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

4. Employment Tax Credits. The Work Opportunity Tax Credit and the Welfare-To-Work Tax Credit encourage employers to hire and retain members of certain economically disadvantaged targeted groups. Both credits will expire on June 30, 1999. Under this proposal the two credits would be made permanent.

5. Re-Develop 10,000 Abandoned Buildings. Abandoned buildings are a symbol of urban blight, and an action plan to turn this around will be a powerful signal of change. We are examining different proposals to help re-develop 10,000 abandoned buildings, combining several existing programs or providing grants or tax incentives to spur private-sector redevelopment of these sites.

6. Low-Income Housing Tax Credit and Regional Affordable Housing Initiative. Last year, you proposed a 40-percent expansion of the Low-Income Housing Tax Credit to spur the private sector to develop more affordable rental housing for low-income Americans. We recommend that you again ask Congress to take this action, which would restore the value of the credit to its 1986 level and help develop an additional 150,000-180,000 affordable housing units over the next five years. This proposal would cost $1.6 billion over five years. At the same time, you could propose a Regional Affordable Housing Initiative to increase the availability of affordable housing in areas with high growth in low-skilled jobs and inadequate supplies of housing for low-income workers. This proposal could be funded through HUD's HOME program and would cost $125 million over five years.

7. Homeownership Tax Credit. We are examining two kinds of tax credits to promote homeownership among lower-income families, who generally do not benefit from the mortgage interest deduction. The first proposal would use the model of the Low-Income Housing Tax Credit to create a Low-Income Homeownership Tax Credit. Under this proposal, low-income families would receive a low- or zero-interest second mortgage, which would reduce their upfront costs (e.g., downpayment and closing costs) and investors would receive tax credits in return. The second proposal is a $5,000 tax credit for first-time homebuyers in Empowerment Zones or Enterprise Communities.

8. Housing for the Elderly Initiative. This proposal is designed to improve housing for elderly people and thereby provide an alternative to nursing home care. In addition to providing capital to improve and modify such housing to meet the needs of elderly residents, the initiative would provide housing vouchers for low income elderly who live in housing developed through the Low-Income

Housing Tax Credit. Because the tax credit helps subsidize rent, this proposal would allow us to leverage our resources and provide more vouchers to the poor elderly.

9. Incremental Tenant-based Section 8 Vouchers. To build on our success in this past year's budget, we recommend seeking an additional 50,000 welfare-to-work housing vouchers and another 25,000 vouchers to meet the needs of the homeless, including elderly homeless and homeless veterans.

10. Homelessness. We are working on a three-part proposal that would: (1) assist the approximately 250,000 homeless veterans by increasing residential alternatives, community-based contracted care, job preparation activities, stand down activities (community-sponsored events that conduct one-stop service delivery programs for homeless veterans), the distribution of clothing, and long-term housing; (2) allow VA to sell surplus property with 10 percent of proceeds going to homeless veterans; and (3) start a demonstration project targeted to the chronically homeless to test the most promising models for moving the chronically homeless to self-sufficiency using a combination of permanent housing and links to mainstream services. Cost: $105 million -- $60 million for VA and $45 million for HUD demonstration project.

RURAL/AGRICULTURE (NEC/DPC as specified)

1. Strengthening the Safety Net. To help farmers suffering from the depressed export markets and natural disasters, we are considering various reforms of the crop insurance program and closing gaps in the emergency loan program. We are paying special attention to programs that will help small family farms. (NEC)

2. Bringing the knowledge of land grant colleges to every rural American: The USDA spends $1.6 billion on agricultural research, much of it at America's land grant colleges and universities. The government could provide grants to ensure that this information is available on the Internet and is well-organized --so that all rural Americans can easily access information on topics such as crops, livestock, rural development, natural resource conservation, and food safety. (NEC)

3. Emergency Medical Services in Rural Areas. The presence of viable emergency systems is critical for residents in rural areas, because of the high rates of injury associated with jobs in these areas and the long distances to health providers. This proposal, costing about $50 million, would provide funds to States and local communities to improve access to 911 services or alternative emergency systems. It also would fund programs to help rural communities train local citizens in CPR and first responder techniques and to recruit and retain emergency personnel. (DPC)

TECHNOLOGY (NEC)

1. Curbcuts on the Information Highway. We are looking at several options that would make information technology usable by people with disabilities in a manner that improves their lives: (1) investing in R&D (e.g., text-to-speech, automatic captioning, speech recognition); (2) giving disabilities groups a seat at the table as the standards for new technologies are developed; and (3) making the government a model "user" of accessible technology. In addition, the tax credit for work-related impairment expenses for people with disabilities could be used to expand the market for assistive technology.

2. A Digital Library for Science, Math and Engineering. We need to get every young student and undergraduate excited about math, science and engineering. One approach we are exploring is creating a "digital library," which would contain lectures from Nobel Prize laureates, have an ability to track and replicate cutting-edge scientific experiments, and make it easier for students and teachers to locate the best instructional material on the Internet.

3. A User-Friendly Information Age Government. American citizens should not have to learn the "org chart" of the federal government. Building on the efforts of the Vice President's "reinventing government" activities, the Administration will be developing a series of "one stop shops" that tie together the most useful information and on-line transactions for students, senior citizens, exporters, and small businesses.

4. Information Technology Research Initiative. Increasing our investment in information technology research, which is currently about $1 billion of the federal research budget, could lead to the following breakthroughs: supercomputers that can more rapidly perform important functions, such as designing life-saving drugs and predicting severe weather systems; wireless networks that can bring telemedicine and distance learning to rural America; a device of the size of a paper that could monitor the vital signs of a senior citizen, send a "911" message in the event of a medical emergency, and provide an exact location using global positioning technology; new software tools that can help us cope with "information overload" by discovering patterns in huge quantities of data; and intelligent spacecraft that can explore the Solar System. Options have been developed at roughly $100, $200 and $400 million in FY2000; and $1, $2 and $3 billion over 5 years.

5. 21st Century Research Fund. One initiative that you announced in last year's budget that we think is important to continue is the 21st Century Research Fund -- which provided across-the-board support for civilian R&D at agencies such as NIH, NSF, and Energy. This year, Congress provided a 10 percent increase for basic research, so this is an area where bipartisan cooperation is possible.

CRIME (DPC)

1. Crime Bill II. The 1994 Crime Act will expire at the end of the FY 2000 budget cycle, guaranteeing that the next Congress will consider major crime legislation. We recommend that you get a jump on this debate by using your State of the Union and FY 2000 budget to challenge Congress to pass a new crime bill that builds on the core elements of the successful 1994 Act -- more police, smarter punishment, and more prevention. Most of the money required is already built into future budgets; continuation of the COPS program, however, will require new funds totaling about $1 billion. We believe that a new Crime Act should include the following elements:

- **Community-Oriented Policing and Prosecution Services (COPPS).** Your pledge to help fund 100,000 more police is likely to be fulfilled before the end of next summer. A new COPPS initiative (note the extra "P" for "Prosecution"), costing about $1.4 billion in the first year, could include funds to: (1) hire, redeploy, and retain an estimated 7,500 more police each year; (2) provide modern technology and equipment and support training in modern policing techniques, with a special emphasis on "hot spots" technology; (3) hire, train, and equip prosecutors to join local police in fighting crime on a more community-based, pro-active basis; and (4) support partnerships between law enforcement and community-based groups to prevent crime in their areas.

- **A new focus on probation supervision and coerced abstinence.** The punishment title of the crime bill now focuses largely on prison construction; we recommend shifting the focus to a new "Certainty of Punishment" initiative that will support the expanded use of probation supervision and of drug testing and treatment.

- **Gun initiatives.** A new crime bill should include your longstanding firearms priorities -- juvenile Brady, Brady II, federal CAP legislation and child safety locks. It also could include new proposals to: (1) close the loophole that exempts many firearms sales at gun shows and flea markets from Brady background checks; (2) expand the Youth Crime Gun Interdiction Initiative (YCGII) -- to trace all crime guns and investigate gun traffickers -- to an additional 20-40 cities; and (3) assemble gun strike forces -- teams of federal prosecutors and ATF agents, acting with local law enforcement -- to target cities with high levels of gun violence and crack down on gun traffickers.

- **Values-based crime prevention initiative.** In addition to other crime bill prevention programs, we could invest in promoting values-based crime and violence prevention efforts, such as those of Rev. Eugene Rivers. Funds from this program would go to comprehensive prevention programs run by faith-based and other institutions seking to instill and reinforce common sense values in troubled youth.

2. Safe, Disciplined, and Drug-Free Schools. At the White House Conference on School Safety, you announced that you would overhaul and strengthen the Safe and Drug-Free Schools Program. Under this proposed reform, funds will be appropriately targeted to schools with serious drug and crime problems, and schools will have to adopt rigorous, comprehensive school safety plans that include: tough but fair discipline policies, such as zero tolerance for guns and drugs; safe passage to and from schools; effective drug and violence policies and programs; annual school safety and drug use report cards; links to after school programs; efforts to involve parents; and crisis management plans. We also could include in this package (1) funds for states that adopt a policy of drug testing first-time applicants for drivers' licenses and (2) funds for school districts that adopt a policy of drug testing middle and high school students with parental consent. We believe that these reforms will require up to $450 million in new funding in FY 2000.

3. Parity for Substance Abuse Treatment. Appropriate substance abuse treatment remains unavailable to nearly half of the people who need it. To help fill this treatment gap, we could propose legislation to encourage parity between substance abuse treatment and other medical benefits. Similar to the Mental Health Parity Act signed into law in 1996, a current draft of this legislation would prohibit health care plans that provide a substance abuse benefit from setting annual or lifetime dollar limits on this benefit at a lower level than those for other medical and surgical benefits. At the same time, we would have to ensure that federal health programs provide parity between substance abuse treatment and other medical benefits; we are still exploring the cost of any necessary reforms to these programs.

4. Binge Drinking. We are working on a number of proposals regarding alcohol abuse, including (1) promoting a voluntary code for alcohol advertisements directed toward minors; (2) banning alcohol billboards near schools; (3) discouraging alcohol advertising on youth-oriented web sites; (4) and funding educational efforts about the dangers of alcohol consumption.

WELFARE REFORM, CHILD SUPPORT ENFORCEMENT, AND CHILD WELFARE (DPC)

1. Reauthorize the Welfare-to-Work Program. Congress authorized the Welfare-to-Work Program for only two years; if we wish to continue our current investment in the hardest-to-employ, we will have to propose a reauthorization of about $1.5 billion annually. Within this funding level, we propose several set-asides, totaling $500 million, for the following specific purposes: (1) work-based English-language literacy projects for immigrants and others; (2) work-based substance abuse testing and treatment programs; (3) employment services for welfare recipients with disabilities; and (4) a work-based program to promote responsible fatherhood, including efforts to increase low-income fathers' employment and earnings and ensure that they provide financial and other support to their children.

2. Child Support. One initiative, costing just a few million dollars each year, would increase the prosecution of egregious child support violators by establishing multi-agency teams, working with state and local law enforcement, to identify, analyze, and investigate cases for prosecution. A pilot project of this kind is already under way in five states; this proposal would put these units in place all across the nation within the next several years. A second initiative would seek legislation to exclude doctors and other health care providers who are delinquent in child support from the Medicare program or from programs offering health professional loans.

3. Children "Aging Out" of Foster Care. Each year, nearly 20,000 18-year-olds "age out" of the public child welfare system. Federal financial support for these young people ends just at the time they are making the critical transition to adulthood. Areas for increased investment for these young adults include: (1) expanding the independent living program, which provides services to foster care children in this age group; (2) expanding the transitional living program, a competitive grant program that funds community-based organizations that provide services to this population, including housing support; and (3) giving states the option of using Federal Medicaid dollars to provide health care coverage for this population. (Cost: roughly $150 million each year)

Welfare-to-Work Housing Vouchers and Tax Credit -- see COMMUNITY EMPOWERMENT Section

CIVIL RIGHTS AND WOMEN'S RIGHTS (DPC)

1. Equal Pay. We are working on a program to be run by the EEOC and DOL to increase outreach to businesses and employees about equal pay requirements, provide technical assistance to businesses seeking to comply, improve training for EEOC employees, and expand enforcement capabilities. In addition, the program will fund research on the nature and extent of wage discrimination, as well as a new Women in Non-Traditional Occupations Initiative designed to improve access of women into occupations such as construction and high technology. Cost: about $20 million for EEOC and $10 million for DOL.

2. Abortion Violence. We are working on a comprehensive initiative to address violence against providers of reproductive health services. This initiative may include: (1) a National Task Force established by the Department of Justice that will conduct investigations of abortion violence, collect and collate information related to clinic violence, and provide training to federal, state, and local law enforcement personnel on how to address this problem; (2) special security measures, including stepped-up U.S. Marshal support, at clinics identified to be at risk of violence; and (3) federal guarantees of loans taken out by clinics that must rebuild after they have been attacked. Cost: Unknown at this time.

TRANSPORTATION (NEC/DPC as specified)

1. Reauthorization of the FAA, with Focus on Modernization and Competition. A blue-ribbon panel concluded last year that the air transportation system faces "gridlock" within a decade without sweeping changes. We are considering various policy options to incorporate into the FAA reauthorization that you will likely propose in 1999 that will: (1) improve the efficiency and capacity of the nation's aviation system, and (2) enhance competition and service to rural areas. Some of the components of this initiative would include: centralizing the air traffic control services (ATS) in a performance-based organization; financing ATS for commercial aviation through cost-based user fees; increasing Passenger Facility Charges (PFCs) to finance airport expansion nationwide; modifying federal rules on how airports can use PFCs and other funds to encourage new airline entrants; and enhancing service to underserved areas.

We are also looking at ways to further competition in international aviation. The Administration has extended the benefits of competition by negotiating dozens of bilateral open-skies agreements. We could press our trading partners for World Wide Open Skies and explore lifting other restrictions on foreign aviation investment and operation on a reciprocal basis. (NEC)

2. Auto Safety. We are making headway on auto safety. Last year, the number and rate of auto fatalities declined. However, we still have a long way to go -- more than 40,000 Americans die in auto accidents each year, at a direct cost of $150 billion. The keys are seatbelts (more) and alcohol (less). We are working on a comprehensive initiative that would include: (1) meeting the President's goal of 85 percent seatbelt compliance by the year 2000, which would save 4,000 lives and nearly $7 billion; (2) promoting education initiatives like the Buckle-Up America campaign; (3) enforcing the TEA-21 requirement that states lower the legal blood alcohol content level from .10 to .08; and (4) pushing a new Administration initiative on children's safety that will target auto accidents, among other problems, by promoting the use of child safety seats, booster seats (for children ages 4-8), and bicycle helmets. (NEC/DPC)

3. Transportation Needs of the Aged. With the number of Americans over 65 expected to grow by half by 2020, we should begin addressing the need to ensure their continued mobility, independence and safety in their later years. We are only beginning to look at this issue with DOT, which plans to hold six town meetings soon with senior citizens, medical experts, transportation safety specialists, and others to discuss the problems and challenges and identify best practices. The U.S. will host an international conference on this topic next year, in connection with the United Nation's Year of Older Persons. This may be combined with the long-term care and the housing for the elderly initiatives. (NEC)

4. Sustainable Development and "Smart Growth." Sensible, flexible transportation initiatives can improve both our economy and our quality of life. First, we will continue investing in sustainable transportation. TEA-21 authorizes a record $41 billion over the next six years for transit; increases tax-free transit benefits; and expands communities' ability to transfer funds from highway construction to transit, bicycle and pedestrian programs, telecommuting and other forms of transportation that reduce congestion and pollution. Second, we need to empower communities to make smart choices, choosing the right transportation investments for their needs. As result of a new policy DOT announced in April, communities can now use federal funds to clean and reuse "brownfields," preserving farms and forests for the future. Third, we need to make communities more livable, with support for low-cost projects with big quality-of-life benefits, such as bicycle paths and historic preservation. (NEC)

ENERGY (NEC)

1. Proposing the Comprehensive Electricity Competition Act. You could call on Congress to enact the electricity restructuring legislation Act, to make the electricity industry more competitive and to provide more choices for industrial, commercial and residential customers. The Administration's Comprehensive Electricity Competition Act will save consumers $20 billion a year. Retail competition will not only improve efficiency, but also reduce the two-thirds waste of energy currently associated with fossil-fuel generation of electricity, thereby cutting greenhouse gas emissions.

2. Distributed Generation ("Micropower"). To increase the consumer savings and environmental benefits from electricity competition, the Administration will pursue legislation to eliminate obstacles to the use of small, clean efficient generation technologies (e.g., fuel cells and photovoltaics) that can be installed at or near the electricity user's site. Moving from large, central-station generation of electricity to distributed generation by small, clean sources is analogous to the move from mainframe computers to personal computers.

PENSIONS (NEC)

1. Expanded Private Pension Plan Coverage: Last year, you announced several initiatives to expand pension plan coverage which were not enacted, but which we continue to believe are important and have substantial support on the Hill. We should again call for legislation that: authorizes a simplified plan for small businesses that combines the best features of a defined benefit and defined contribution plan (SMART), costing $313 million over five years; provides a three-year tax credit to encourage small businesses to set up retirement programs, costing $508 million over five years; and authorizes payroll deductions for IRAs. We are exploring ways to expand coverage for moderate and lower-income workers. Consideration is also being given to ways of enabling multiple small businesses to pool together for pension plan administration.

2. Women's Retirement Security: To underscore the importance of pensions for women's retirement security, you would call for legislation enacting the two initiatives you announced in late October -- namely, that time taken under FMLA should count toward retirement plan vesting requirements and mandating that employer plans offer an option that pays less while the retired employee is living but pays a survivor benefit equal to at least 75 percent of the benefit the couple received while both were alive.

3. Pension Portability: You could renew your call for reducing vesting requirements from five years to three years for employer matching contributions to 401(k) and other plans to reflect an increasingly mobile workforce, and more workers moving in and out of the workforce over a lifetime. We are also exploring various options that would increase pension portability and facilitate the movement of retirement savings between plans, where this can be done without encouraging "leakage" or loss of worker protections -- e.g., providing that federal employees can roll over retirement savings from private sector qualified plans into the federal Thrift Savings Plan.

4. Expand Pension Right to Know Provisions: You could call for a pension right to know package that provides for both workers and their spouses general information relating to retirement needs and their benefits under employer retirement plans. In addition, an employee's spouse should have the same rights to get information as the employee, before waiving the statutorily provided survivor protection. You should call for a Pension Right to Know package that provides information for both workers and their spouses. We are also working on an employee education program that would provide employees with the tools they need to work with their employers to provide pension plans, and are thinking about how to encourage courses in high schools on the importance of savings and other general investment education (which can be combined with the Consumer Literacy and Education campaign described below). Consideration is also being given to a savings stamp book program in the schools (sell savings stamps in very small amounts; when the book is full, turn it in for a U.S. savings bond) to help educate the young about how to reach savings goals.

5. Increase Retirement Security: To promote security, we are continuing to work on the pension audit bill, changes to the multi employer (collectively bargained) plan rules, and expansion of PBGC's missing participant program.

FINANCIAL SERVICES (NEC/DPC as specified)

1. Consumer Financial Literacy and Education. We are currently developing a set of proposals to promote consumer financial awareness and enhance consumer credit literacy, ranging from a public awareness campaign to establishing an educational clearinghouse to disseminate quality curricula to high school students. We are also working on a study to identify what the biggest problems are with how Americans use consumer credit, and what basic banking services and steps they can take to help themselves (this may be very important if bankruptcy reform is a live item next year). Part of our focus is on reaching out to low-income households, building on (and expanding) two existing government programs -- Treasury's Electronic Funds Transfer program that was a first step in helping the "unbanked" enter into electronic commerce and a USDA extension program that is providing some (limited) services to rural low-income families. This proposal would cost $5-10 million. (NEC)

2. Consumer Financial Bill of Rights. In order to respond to the outrage consumers feel about ATM surcharges, without supporting economically questionable regulation of ATM fees, we are considering a proposal either for the government or for financial institutions voluntarily to make publicly available a list of basic banking services and fees on an individual or geographic basis to be published periodically over the Internet. The services profiled would include, but would not be limited to, charges for access to ATMs. We are also considering the adequacy of current credit card disclosure requirements (again, relevant to bankruptcy reform) and other areas where information about financial service arrangements would be helpful to consumers. This would cost $3-5 million. (NEC/DPC)

PROPOSED IDEAS FOR THE 1999 STATE OF THE UNION

Education and Training

Education Research Initiative (OSTP)	• Expand the Education Research Initiative to provide all citizens the math and science skills they need for full participation in an increasingly "knowledge-based" social and economic system. • Fund an enhanced research effort to help determine the most effective methods for teaching and learning.
Math and Science Teachers Initiative (OSTP)	Ensure sufficient numbers of teachers trained and retained in math and science teaching through enhanced teacher training and partnerships between school boards and local industries.
Ending Social Promotion (DPC/NEC)	Expand after-school programs from $200M to $700M; target this money to districts that end social promotion.
Teacher Quality and Recruitment: 5-Part Strategy (DPC/NEC)	• Recruit 60,000 new teachers at high-need schools over the next 5 years ($100M increase in the teacher recruitment scholarships enacted this year in the Higher Education Act). • Assist states to expand alternative certification routes and attract talented people from other professions ($60M). • Crack down on teacher education schools. • Send secondary school teachers who teach outside their field back to college to take additional courses in the subjects they're teaching, and require that new secondary teachers pass competency tests in a subject before they can teach it ($50M increase in the Eisenhower program). • Assist states in maximizing the 15% set-aside for teacher quality in the class size legislation (approx. $210M above FY99 budget). • *Encourage private school teachers to teach in public schools by providing vouchers.*
Work-Site Schools (DPC/NEC)	• Create public schools at work sites ($100M increase in an existing discretionary program to provide grants to 100 communities to launch work-site schools OR seek a stand-alone bill). • Currently working with *Treasury* to develop a tax credit for businesses that start on-site schools.
Public School Choice (DPC/NEC)	• Support 3,000 charter schools by 2002 ($20M increase to $120M). • Increase funding for interdistrict magnet programs ($25M) and university-based magnet schools ($15M).
School Leadership Academies (DPC/NEC)	Create school leadership academies that provide training in management, teacher evaluation, school discipline, and other areas to elementary school principals in high-poverty districts ($50M).
Class Size (DPC/NEC)	• Reach 100,000 new teachers in seven years ($1.3B in FY2000). • Press Congress to restore the local matching requirement and strengthen the provisions to require competency testing of new teachers.
School Modernization (DPC/NEC)	• Repeat this year's proposal for tax credits to build and renovate schools covering the interest on nearly $22B in bonds. • Compare current proposal against other alternatives.

Partnership for a Literate America (DPC/NEC)	• Encourage employers to provide adult basic education classes at the worksite by providing a new tax credit and/or federal grants, and set aside funds for work-based literacy projects within *Welfare to Work* competitive grants. • Expand the infrastructure and funding for adult basic education, encourage the development of ESL and civic classes, and launch a national literacy information campaign. • Use the new *Learning Anytime Anywhere Partnerships* to create software for adult basic education using $200 computers and subsidizing public housing developments that create computer literacy programs.
National Campaign to Open Doors of College (DPC/NEC)	• Launch a national information campaign about college costs and financial aid. • Build on GEAR UP to enable every middle school to give students a "21st Century Scholar Certificate," indicating the financial aid for which they are eligible. • Seek to provide every high-poverty middle school with a college partner.
Improving the College Success Rate (DPC/NEC)	Increase degree attainment among low-income and minority students by: • A super-Pell grant for the lowest income families and to encourage a full-time focus on school in the first year of college. • Expanding successful mentoring and other support services in colleges. • Promoting college course-taking while in high school. • Encouraging partnerships between predominately minority-serving and predominately majority-serving institutions of higher education. • Establishing a bridge fellowship program for graduate study in science and technology fields for minorities and women.
Further Expanding Junior ROTC (DPC/NEC)	Add another 900 JROTC units over the next few years, to reach the authorized maximum of 3500 ($235M).
Training American Workers for Current and Future Skills Gaps (DPC/NEC)	• Challenge the private sector to make good on their promise made during the H1-B debate to train more American workers. • Foster partnerships between industry and train providers to train both employed and unemployed workers. • Provide competitive grants to encourage companies to develop programs in which they subsidize the training of individuals who they then commit to hire. • Extend and expand some of the current training tax provisions. • Launch an informational/media campaign by the *Departments of Education and Labor* to inform all Americans about available training opportunities, financial aid, and job search assistance. • Develop the adult literacy and the "Improving the College Success Rate" initiatives.
Making Job Training Universal (DPC/NEC)	• Seek a significant increase in dislocated worker funding so as to provide training to every dislocated worker who wants or needs it within five years ($190M). • Ensure that job search assistance is available for every unemployed person. • Make available to every worker access to a One-Stop Career Center.

Service

AmeriCorps Seniors (DPC/NEC)	Create a senior corps of 10,000 AmeriCorps volunteers to serve as tutors and mentors in after-school programs ($25M).
Expand AmeriCorps (DPC/NEC)	Expand the AmeriCorps program from its current level of 50,000 members per year to approximately 70,000 per year, with the goal of reaching 100,000 per year by the end of the Administration ($75M).
Work-Study Program (DPC/NEC)	Increase from 7% to 25% over the next 3 years the required percentage of work-study money for students employed in community service.

Health Care

Long-Term Care Initiative (DPC/NEC)	Develop a package program with the following components: • A tax credit of up to $1,000 for people with 3 or more limitations in activities of daily living or their caregivers ($6B/5 years). • A plan for OPM to offer federal employees a choice of high-quality private long-term care insurance policies at lower-than-market prices. • A family caregiver support program providing grants to states for one-stop shops to assist families who care for severely impaired elderly relatives ($500-$750M/5 years). • A nursing home quality initiative that would include new enforcement provisions, new funds for surveys of repeat offenders, and improved surveyor training; also, perhaps a commission to oversee HCFA's nursing home enforcement efforts and to investigate other kinds of facilities where health care is offered ($500-$750M/5 years).
Disability Proposals (DPC/NEC)	• Develop a health-related disabilities package which could include: (1) The Jeffords-Kennedy Work Incentives Improvement Act, enabling people with disabilities to go back to work by giving them an option to buy into Medicaid and Medicare ($1.2B/5 years); (2) Promoting the deinstitutionalization of Medicaid beneficiaries by developing viable community-based care alternatives for people residing in nursing homes after a "date certain" ($50M/5 years); and (3) Making Medigap supplemental insurance more accessible to people with disabilities. • Consider an alternative package which could include: (1) A tax credit of $1,000 to $5,000 for working people with disabilities to assist them in paying for the costs associated with employment ($1B-$2B/5 years); (2) A new competitive grant program to increase the employment rate of adults with disabilities; and (3) Efforts to ensure that new technologies are designed so as to be accessible to people with disabilities.
Health Insurance Coverage Expansions (DPC/NEC)	• Encourage small businesses to form purchasing cooperatives for health insurance ($50-$100M/5 years). • Improve outreach for children's health insurance. • Provide a Medicare buy-in for certain people ages 55-65, benefiting about 30,000 people ($500M/5 years).
HMO Withdrawals From Medicare (DPC/NEC)	Develop legislation, as promised by POTUS, to prevent HMOs from pulling out of Medicare with only a few month's notice.
Biomedical Research (DPC/NEC)	Propose (again) an increased investment in biomedical research ($500M-$1B--depending on how tobacco money is treated in the budget).

Antibiotics (Super Bug) Initiative (DPC/NEC)	Launch a major outreach, education, and research campaign to understand where and why antibiotic resistance occurs and to develop an effective response ($25M/year).
Bioterrorism Initiative (DPC/NEC)	Develop a $100-$300M/year bioterrorism initiative to: • Train epidemic intelligence officers who can coordinate with state health departments to identify and respond to attacks. • Develop a mass casualty emergency response system that includes primary care, emergency transportation, and decontamination abilities. • Create and maintain a stockpile of pharmaceuticals. • Develop new vaccines and antibiotics to be used in the event of attack.
Medicare's Premium Assistance Program (DPC/NEC)	Develop a range of proposals ($500M/5 years) to: • Use Social Security Offices to educate low-income Medicare beneficiaries of their eligibility to receive Medicaid coverage of their Medicare premiums and cost sharing. • Reduce administrative complexity for states. • Give states incentives to engage in more aggressive outreach efforts.
Prescription Drug Coverage for Medicare Beneficiaries (DPC/NEC)	Consider a variety of proposals to address the lack of coverage for prescription drugs in Medicare ($1-$20B/year) including: • A means-tested Medicaid option. • A traditional benefit for all beneficiaries. • An unsubsidized purchasing mechanism that uses Medicare's size as leverage for drug discounts for beneficiaries.
Disease Initiatives (DPC/NEC)	• Curb recent steep increases in asthma cases by disseminating new treatment guidelines to state and local public health programs and encouraging them to work with schools, child care organizations, businesses, and other community organizations ($50M). • Launch a mental health initiative to accompany the Surgeon General's report on this subject (and possibly a White House Conference recommended by Mrs. Gore) which will include public-private partnerships to improve access to prevention and treatment, reforms in federal health programs to improve delivery of mental health services, and funding increases in the mental health block grant ($100M). • Develop a heart disease initiative ($20M).
Declaring War on Asthma (CEQ)	Launch a national campaign to halt the dramatic increase in asthma and, ultimately, reduce by half the number of children who die from the disease or suffer severe symptoms ($55M).
Food Safety (DPC/NEC)	An initiative that will include: • A legislative proposal giving the *FDA* and *USDA* additional enforcement powers. • Additional food-specific regulations or guidelines. • More extensive adoption of the model codes for restaurants and food service workers. • An integrated national inspection system of state and local agencies that regulate food safety.

Tobacco

State Menu (DPC/NEC)	• Enact a legislative waiver of federal Medicaid claims to the states' expected $200B settlement with the tobacco companies. • Seek bipartisan agreement on a menu of uses for the federal share of state money, with tobacco control and child care as the top priorities. • Attempt to use this measure as a vehicle for other key elements of tobacco policy, such as FDA jurisdiction and warning labels.
Price Increase (DPC/NEC)	If assuming tobacco revenue, candidates include: • Assistance to tobacco farmers ($1B/year). • Long-term care tax credit ($1B/year). • Other tax cuts, such as a child care/stay-at-home care tax credit and/or a reduction in the marriage penalty. • *NIH* research. • Public health programs. • Medicare trust fund and a new prescription drug benefit for Medicare beneficiaries.

Families and Children

CDBG (DPC/NEC)	Expand CDBG as in FY99 (at least $7.5B/5 years).
Tax Relief for Parents, Including Parents Who Stay at Home (DPC/NEC)	Consider replacing last year's proposal to expand the Child and Dependent Care Tax Credit with a new proposal to benefit all parents: • Double the child tax credit to $1000/child for all children under four ($12B/5 years). • Increase the standard deduction for each child under 3 by $1,000 ($3B/5 years). • Expand the Child and Dependent Care Tax Credit and extend its benefits to parents with children below age three by assuming minimum child care expenses of $150 each month ($21B/5 years).
Tax Credits for Businesses With Child Care (DPC/NEC)	• Propose (again) to provide a tax credit to businesses that provide child care services for their employees ($500M/5 years). • Provide tax credits to businesses that provide on-site schools (*see education section*).
Parent Paid Leave Plan (DPC/NEC)	Consider providing eligible parents who already have access to unpaid leave with partial wage replacement for a set period of time (price varies according to the eligibility criteria).
FMLA Expansion to Businesses with 25 Workers (DPC/NEC)	Expand coverage for up to 10M more American workers by lowering the FMLA threshold to 25 or more workers (an old but unarticulated policy).
Parent Education and Support Fund (DPC/NEC)	Consider creating a competitive grant program administered by *HHS* to fund parent education and support programs, including home visitation programs and "second chance maternity homes" to support teen mothers and teach parenting skills ($500M/5 years).
Adoption Registry (DPC/NEC)	Create an Internet-based adoption registry of foster care children waiting to be adopted, so that prospective adoptive parents can learn about these waiting children (a small increase in *HHS*'s Adoption Opportunity Grant Program).

Community Empowerment

CDFI Tax Credit (DPC/NEC)	Extend tax incentives to encourage investment in CDFIs; leverage additional private investment in distressed areas and stimulate the economic revitalization of those areas. ($100M in nonrefundable tax credits would be made available to the CDFI FUND to allocate among equity investors in qualified CDFIs using a competitive process).
Microcredit Initiative (DPC/NEC)	• Identify means to increase support for microenterprise finance. • Examine whether to build on Senators Kennedy's and Domenici's PRIME legislation which would provide technical assistance to microenterprise. • Look at increased funding for CDFI initiatives specifically targeted to microenterprise, and CRA and other regulatory reform designed to enhance bank lending to microenterprise funds. • Determine whether to increase microenterprise funding through USAID or MDBs, especially to countries hardest hit by the financial crisis.
Employment Tax Credits (DPC/NEC)	Make permanent the Work Opportunity and the Welfare-To-Work Tax Credits to encourage employers to hire and retain members of certain economically disadvantaged targeted groups (both credits will expire on June 30, 1999).
Abandoned Buildings (DPC/NEC)	Help to re-develop 100,000 abandoned buildings.
Low-Income Housing Tax Credit and Regional Affordable Housing Initiative (DPC/NEC)	• Recommend that POTUS again ask Congress for a 40% expansion of the Low-Income Housing Tax Credit, which would restore the value of the credit to its 1986 level and help develop an additional 150,000-180,000 affordable housing units over the next five years ($1.6B/5 years). • Launch a Regional Affordable Housing Initiative to increase the availability of affordable housing in areas with high growth in low-skilled jobs and inadequate supplies of housing for low-income workers ($125M/5 years and could be funded through *HUD*'s HOME program).
Homeownership Tax Credit (DPC/NEC)	• Use the Low-Income Housing Tax Credit model to create a Low-Income Homeownership Tax Credit whereby low-income families would receive a low-or zero-interest second mortgage. • Provide a $4000 tax credit for first-time homebuyers in Empowerment Zones or Enterprise Communities.
Housing for the Elderly Initiative (DPC/NEC)	Provide housing vouchers for low income elderly who live in housing developed through the Low-Income Housing Tax Credit (in addition to providing capital to improve and modify housing to meet the needs of elderly residents).
Tenant-based Section 8 Vouchers (DPC/NEC)	Seek an additional 50,000 welfare-to-work housing vouchers and 25,000 vouchers to meet the needs of the homeless, including elderly homeless and homeless veterans.
Homelessness (DPC/NEC)	A 3 part-proposal ($60M for *VA* and $45M for *HUD* demonstration project): • Assist the approximately 250,000 homeless veterans by increasing residential alternatives, community-based contracted care, job preparation activities, stand down activities, clothing distribution, and long-term housing. • Allow VA to sell surplus property with 10% of proceeds going to homeless veterans. • Identify promising models for moving the chronically homeless to self-sufficiency by using a combination of permanent housing and links to mainstream services.

Environment

Clean Water, Parks, and Communities Bonds (NEC/DPC)	Encourage "green" infrastructure projects (3 models): • Use the same financing mechanism as the school construction proposal for a menu of projects including protecting and improving water quality; purchasing green spaces to prevent sprawl; and cleaning up brownfields. • Create new tax-exempt bond authority for state and local areas to invest in clean water, parks, and communities; build on the current system of bond finance. • Allocate tax credits (like the Low-Income Housing Tax Credit) to states and local areas to provide to the developers of these green infrastructure projects.
Lands Legacy (CEQ)	Preserve natural and open spaces in each community, within reach of every citizen: • Create a Partnership for America's Resources (*Interior*) by drawing on and expanding several existing funds, including the Land and Water Conservation Fund, and establishing new funding sources to generate a total of about $3B a year through 2009; these funds would support a wide range of acquisition and restoration programs at the federal, state and local levels; OR • Launch a streamlined version of *Interior's* proposal that draws as well on other agencies' resources and incorporates targeted tax incentives. Initiatives could include northern forests, parks and communities, farmland preservation, Lewis and Clark national preserve, conservation incentives, and habitat protection.
Clean Air Fund (CEQ/Special Projects)	Propose $1B in new funding to provide low-interest financing for projects that achieve early reductions in air pollution and greenhouse emissions, giving cities and states a nonregulatory tool in the fight for cleaner air; partners include *EPA, DOE, and Treasury.*
A New Partnership for Lakes and Coasts (CEQ)	• Launch a new initiative to protect America's coasts and the Great Lakes. • Propose new funding to help farmers combat water pollution. • Call on Congress to reauthorize and strengthen the Clean Water Act. • Restore wetlands in Louisiana and other Gulf states ($300M/year); fund sediment cleanup and natural resource restoration ($280M/year); and implement estuary recovery plans developed with states and local communities ($100M/year).
Environment to Work (CEQ)	Commit $100M/year (with a portion from the Abandoned Mine Reclamation Fund) to: • Train former welfare recipients and other workers for jobs in environmental cleanup and energy efficiency. • Retrain timber workers, miners, and fishermen for environmental restoration work.
Preserving and Exploring Our Ocean Frontier (CEQ)	Commit an additional $6M in FY2000, $21M in FY2001, and $36M in FY2002 to: • Designate a new national marine sanctuary. • Double the number of marine sanctuaries over the next 10 years. • Strengthen protections within existing and new sanctuaries.
Getting Energy Efficient Products Into Our Homes (Special Projects)	Move several major Energy Star products off the shelves and into consumers' homes: • Launch a campaign to inform consumers about the financial/environmental benefits of retiring older appliances and replacing them with energy efficient models (*DOE*). • Provide rebates from the manufacturers and electric utilities. • Offer federal financial incentives in the form of tax incentives or rebates.
Bioenergy --An Alternative to Fossil Fuels (Special Projects)	Launch a partnership with farmers, the forest products industry, power companies, chemical companies, and others to develop a clean, biomass-based energy industry (*DOE* and *USDA* are already making substantial investments in bioenergy).

Rural/Agriculture

Strengthening the Safety Net (DPC/NEC)	• Reform the crop insurance program and close gaps in the emergency loan program. • Launch programs that will help small family farms.
Make Accessible the Knowledge of Land Grant Colleges (DPC/NEC)	Provide grants to ensure that the information held by land grant colleges re: agricultural research is available on the Internet and is well organized so that all rural Americans can easily access this information.
Emergency Medical Services in Rural Areas (DPC/NEC)	Authorize $50M to: • Improve access to 911 services or alternative emergency systems in rural areas. • Assist rural communities train local citizens in CPR and first responder techniques and to recruit and retain emergency personnel.

Technology

Curbcuts on the Information Highway (DPC/NEC)	Make information technology usable by people with disabilities: • Invest in R&D. • Give disabilities groups a seat at the table as the standards for new technologies are developed. • Make the government a model "user" of accessible technology. • Use the tax credit for work-related impairment expenses for people with disabilities to expand the market for assistive technology.
Information Technology Workforce Initiative (OSTP)	Establish partnerships among school boards, community colleges, universities, and corporate America to address the shortage of IT industry workers.
A Digital Library for Science, Math and Engineering (DPC/NEC)	Explore creating a "digital library" which would contain lectures from Nobel Prize laureates, have an ability to track and replicate cutting-edge scientific experiments, and make it easier for students and teachers to locate the best instructional material on the Internet.
A User-Friendly Information Age Government (DPC/NEC)	Develop a series of "one-stop shops" that tie together the most useful information and on-line transactions for students, senior citizens, exporters, and small businesses.
Space Station (OSTP)	Capitalize on Americans' interest in space exploration to build Congressional support.
Information Technology Research Initiative (DPC/NEC/OSTP)	Develop options at roughly $100, $200, and $400M in FY2000; and $1, $2, and $3B over 5 years.
21st Century Research Fund (DPC/NEC/OSTP)	Continue the 21st Century Research Fund, which provided across-the-board support for civilian R&D at agencies such as *NIH*, *NSF*, and *Energy*.

Crime

Crime Bill II (DPC/NEC)	Pass a new crime bill that builds on the core elements of the 1994 Act: • Community-Oriented Policing and Prosecution Services (COPPS). POTUS' pledge to help fund 100,000 more police is likely to be fulfilled before the end of next summer. A new COPPS initiative could include funds to: (1) Hire, redeploy, and retain an estimated 7500 more police/year; (2) Provide modern technology and equipment and support training in modern policing techniques, with a special emphasis on "hot spots" technology; (3) Hire, train, and equip prosecutors to join local police in fighting crime on a more community-based, proactive basis; and (4) Support partnership between law enforcement and community-based groups to prevent crime in their areas. • Shift the focus from prison construction to a new "certainty of punishment" that will support the expanded use of probation supervision and of drug testing and treatment. • Include the longstanding firearms priorities--juvenile Brady, Brady II, federal CAP legislation and child safety locks. Also include new proposals: (1) Close the loophole that exempts many firearms sales at gun shows and flea markets from Brady background checks; (2) Expand the Youth Crime Gun Interdiction Initiative (YCGII) --to trace all crime guns and investigate gun traffickers --to an additional 20-40 cities; and (3) Assemble gun strike forces --teams of federal prosecutors and ATF agents, acting with local enforcement--to target cities with high levels of gun violence and crack down on gun traffickers. • Invest in promoting values-based crime and violence prevention efforts; support comprehensive prevention programs run by faith-based and other institutions.
Safe, Disciplined, and Drug-Free Schools (DPC/NEC)	POTUS announced he would overhaul and strengthen the Safe and Drug-Free School Program (up to $450M in new FY2000 funding): • Target funds to schools with serious drug and crime problems. • Require that school adopt rigorous, comprehensive school safety plans. • Fund states that adopt a policy of drug testing first-time applicants for drivers' licenses. • Fund school districts that adopt a policy of drug testing middle and high school students with parental consent.
Parity for Substance Abuse Treatment (DPC/NEC)	• Propose legislation to encourage parity between substance abuse treatment and other medical benefits. • Ensure that federal health programs provide parity between substance abuse treatment and other medical benefits.
Binge Drinking (DPC/NEC)	• Promote a voluntary code for alcohol advertisements directed toward minors. • Ban alcohol billboards near schools. • Discourage alcohol advertising on youth-oriented web sites. • Fund educational efforts about the dangers of alcohol consumption.

Energy

Comprehensive Electricity Competition Act (DPC/NEC)	Enact the Electricity Restructuring Legislation Act, to make the electricity industry more competitive and to provide more choices for industrial, commercial, and residential customers.
"Micropower" (DPC/NEC)	Pursue legislation to attain the use of small, clean efficient generation technologies that can be installed at or near the electricity user's site.

Welfare Reform, Child Support Enforcement, and Child Welfare

Reauthorize Welfare-to-Work (DPC/NEC)	• Reauthorize the current investment ($1.5B). • Authorize several set-asides: (1) Work-based English-language literacy projects; (2) Work-based substance abuse testing and treatment programs; (3) Employment services for welfare recipients with disabilities; and (4) A work-based program to promote responsible fatherhood ($500M).
Child Support (DPC/NEC)	• Increase the prosecution of egregious child support violators by establishing multi-agency teams (a few million dollars/year). • Seek legislation to exclude doctors and other health care providers who are delinquent in child support from the Medicare program or from programs offering health professional loans.
Children "Aging Out" of Foster Care (DPC/NEC)	Authorize $150M/year to: • Expand the independent living program, which provides services to "aging-out" foster care children. • Expand the transitional living program, including housing support. • Give states the option of using Federal Medicaid dollars to provide health care coverage to children aging out of foster care.

Civil Rights and Women's Rights

Equal Pay (DPC/NEC)	Provide $20M to *EEOC* and $10M to *DOL* to: • Increase outreach to businesses and employees about equal pay requirements, provide technical assistance to businesses seeking to comply, improve training for *EEOC* employees, and expand enforcement capabilities. • Fund research on the nature and extent of wage discrimination as well as a new Women in Non-Traditional Occupations Initiative.
Abortion Violence (DPC/NEC)	Address violence against providers of reproductive health services: • Launch a national task force established by *DOJ* that will conduct investigations of abortion violence, collect and collate information related to clinic violence, and provide training to federal, state, and local law enforcement personnel on how to address this problem. • Authorize special security measures, including stepped-up U.S. Marshal support, at clinics identified to be at risk of violence. • Provide federal guarantees of loans taken out by clinics that must rebuild after they have been attacked.

Financial Services

Consumer Financial Literacy and Education (DPC/NEC)	Approve $5-$10M to: • Promote consumer financial awareness and enhance consumer credit literacy. • Identify problems with how Americans use consumer credit and solutions. • Reach out to low-income households; expand two existing government programs --*Treasury's* Electronic Funds Transfer program and a *USDA* extension program that is providing some (limited) services to rural low-income families.
Consumer Financial Bill of Rights (DPC/NEC)	• Consider making publicly available a list of basic banking services and fees on an individual or geographic basis to be published periodically over the Internet. • Consider the adequacy of current credit card disclosure requirements and other areas where information about financial service arrangements would be helpful ($3-$5M).

Transportation

Reauthorization of the FAA, Focusing on Modernization and Competition (DPC/NEC)	• Improve the efficiency and capacity of the nation's aviation system, and enhance competition and service to rural areas by centralizing the air traffic control services in a performance-based organization, financing ATS for commercial aviation through cost-based user fees, increasing Passenger Facility Charges to finance airport expansion nationwide, modifying federal rules on how airports can use PFCs and other funds to encourage new airline entrants, and enhancing services to underserved areas. • Further competition in international aviation by pressing our trading partners for World Wide Open Skies and exploring lifting other restrictions on foreign aviation investment and operation on a reciprocal basis.
Auto Safety (DPC/NEC)	Develop a comprehensive initiative that would include: • Meeting the President's goal of 85% seatbelt compliance by the year 2000. • Promoting education initiatives like the Buckle-Up America campaign. • Enforcing the TEA-21 requirement that states lower the legal blood alcohol content level from .10 to .08. • Promoting the use of child safety seats, booster seats, and bicycle helmets.
Transportation Needs of the Aged (DPC/NEC)	• Ensure the continued mobility, independence, and safety of Americans in their later years. • Cooperate with *DOT*, which plans to hold six town meetings with senior citizens, medical experts, transportation safety specialists, and others to discuss the problems and challenges and identify best practices. • Leverage the US-hosted international conference on this topic next year, in connection with the UN's Year of Older Persons.
Sustainable Development and "Smart Growth" (DPC/NEC)	• Continue investing in sustainable transportation (TEA-21 authorizes $41B over the next 6 years for transit). • Empower communities to make smart choices, choosing the right transportation investments for their needs. As a result of a new *DOT* policy, communities can now use federal funds to clean and reuse brownfields. • Make communities more livable, with support for low-cost projects with big quality-of-life benefits, such as bicycle paths and historic preservation.

Pensions

Expanded Private Pension Plan Coverage (DPC/NEC)	• Call for legislation that (1) authorizes a simplified plan for small businesses that combines the best features of a defined benefit and defined contribution plan ($313B/5 years); (2) provides a 3-year tax credit to encourage small businesses to set up retirement programs ($508M/5 years); and (3) authorizes payroll deductions for IRAs. • Expand coverage for moderate and lower-income workers. • Enable multiple small businesses to pool together for pension plan administration.
Women's Retirement Security (DPC/NEC)	Enact the two initiatives announced in late October: • Count time taken under FMLA toward retirement plan vesting requirements. • Mandate that employer plans offer an option that pays less while the retired employee is living, but pays a survivor benefit equal to at least 75% of the benefit the couple received while both were alive.
Pension Portability (DPC/NEC)	• Renew the call for reducing vesting requirements from 5 years to 3 years for employer matching contributions to 401(k) and other plans to reflect an increasingly mobile workforce. • Increase pension portability and facilitate the movement of retirement savings between plans, where this can be done without encouraging "leakage" or loss of worker protections.
Expand Pension Right to Know Provisions (DPC/NEC)	• Call for a pension right to know package that provides for both workers and their spouses general information relating to retirement needs and their benefits under employer retirement plans. • Provide an employee's spouse the same rights to get information as the employee. • Provide employees with the tools they need to work with their employers to provide pension plans, and are consider how to encourage courses in high schools on the importance of savings and other general investment education. • Introduce savings stamp book programs in the schools to help educate the young about how to reach savings goals.
Increase Retirement Security (DPC/NEC)	Continue to work on the pension audit bill, modify the multi-employer plan rules, and expand PBGC's missing participant program.