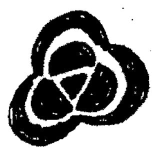

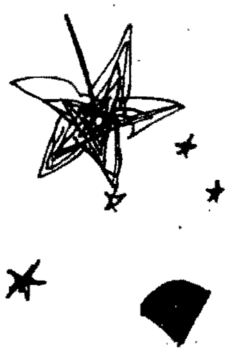

PHOTOCOPY
PRESERVATION

12·3·99

FY 01 Budget Ideas: Children and Families

CHILD CARE

(1) *Propose Universal Pre-K.* Build on or consolidate Head Start, Title I Pre-K, the Child Care and Development Block Grant and Early Learning Fund to propose first steps toward Universal Pre-K. (This would be an alternative to the child care proposals below.)

(2) *Maintain Commitment to Boosting Child Care Subsidies*: The President's FY 99 and FY 00 budget requests have included $7.5 billion over five years in mandatory funds for the Child Care and Development Block Grant (CCDBG). We recommend moving our CCDBG increase request to the discretionary side of the budget (the CCDBG has mandatory and discretionary titles). The discretionary title is currently funded at $1.182 million. The CCDBG is a forward-funded program, but we recommend adding $818 million for FY 01 to the title, reaching $2 billion to the title overall and serving an additional 200,000 low-income children with subsidies, and adding $1 billion to the title for FY 02. The combined increased investment would $2 billion over 2 years.

(3) *Support Significant Head Start Increase:* Boost Head Start funding on course to meet the President's goal of serving 1 million children by 2002 (OMB is currently costing this and examining whether to invest in FY 01 ½ or 1/3 of the balance to meet the goal, as each slot is more expensive in FY 01 than FY 02 due to the quality/slots statutory requirements for expansion dollars).

(4) *Maintain Commitment to Improving Child Care Quality*: The President's FY 99 and FY 00 budget included $3 billion over five years in mandatory funds to create a new Early Learning Fund to provide assistance to local communities in improving child care quality, through a variety of allowable activities including licensing, accreditation, parent education, etc. We recommend maintaining a request for new child care quality dollars, by either: (1) moving our request to the discretionary side and building on our FY 99 achievement of $173 million in CCDBG quality dollars (perhaps doubling that mark); or (2) scaling back and targeting our current mandatory proposal, tying the program to specific benchmarks for states and localities to meet, such as numbers of child care facilities licensed, accredited, etc.

(5) *Create Early Childhood Professional Development Grants*: Fund this new proposal (currently in our ESEA proposal) at $40 million to provide grants to partnerships between universities, child care providers, and school districts to offer training and professional development to child care providers around language and literacy.

(6) *Support Campus-Based Child Care.* The FY 00 budget included $10 million to support campus-based child care. According to estimates by colleges and universities, currently only 10-25 percent of the students who need this benefit are being served. We propose doubling this request to $20 million for FY 01.

(7) *Support Child Care in Non-Traditional Hours.* Create a new set-aside within the Child and Development Block Grant to help build supply of non-traditional hour child care (e.g. for parents on night shifts, etc.). According to studies, there is a growing need for this care. (Cost TK).

(8) *Maintain Child Care Tax Credit Expansion Proposal.* Expand Child and Dependent Care Tax Credit (CDCTC) to provide greater tax relief to three million low- and middle-income working families afford child care.

(9) *Maintain Child Care Tax Credit for Businesses:* Maintain tax credit proposal from FYs 99 and 00 to provide tax relief to companies that offer child care services to their workers. (Cost: $500 million over five years).

ALTERNATIVE/CONTINGENT WORKERS

(1) ***Support Benefits for Alternative/Contingent Workers***: Alternative workers, including agency temps, part-time workers, and independent contractors, are less much likely than traditional workers to receive or be eligible for health insurance coverage and pension benefits from their employers. For example, seven percent of agency temporaries receive health insurance coverage from their employers, and only 24 percent are eligible and only four percent of agency temporaries participate in an employer retirement plan and only 10 percent are eligible to do so. We may consider developing tax credits that encourage non-profit organizations and unions to offer (health insurance and) pension/401-k benefits. We are meeting with Treasury to discuss tax vehicles to provide organizations with incentives to offer these benefits. According to the Bureau of Labor Statistics, the category of workers that includes independent contractors, on-call workers, temporary workers, and contract workers comprises 12.5 percent. In addition to the 18.3 percent of the workforce that is employed part-time, approximately 30 percent of the workforce is employed by some alternative arrangement. It has been difficult, however, to collect accurate data (which would inform policy decisions) on this class of workers, as well as telecommuters and other alternative workers. We may consider requiring the Census CPS to develop more concrete measures.

PAID LEAVE

(1) *Create a New Paid Leave Demonstration Program.* Propose a new fund to support innovative state efforts to provide partial wage replacement to workers on some form of family leave. States could use the Unemployment Insurance system (subject to final DOL rule-making), Temporary Disability Insurance programs, or some other vehichle.

(2) *Offer a Tax Credit for Businesses to Provide Paid Leave*: Provide a tax incentive for employers to provide paid leave benefits to workers (NEC is exploring this idea).

DOMESTIC PARTNERS

(1) *Support Domestic Partners*: Recognize the changing nature of the American family and empower non-traditional families by calling for the inclusion of domestic partners in the Family and Medical Leave Act. Take leadership in the drive to include domestic partners as health care beneficiaries by putting forward an Executive Order calling for the inclusion of domestic partners in the Federal Employee Health Care Benefit plan.

YOUTH

(1) *Advance an Across the Board Budget Agenda for Youth:* Demonstrate an across the board increase and investment in young people from small high schools to national service to family support to healthy adolescent development. The package could be focused on four components (drawn from research): Family, School, Health, and Communities. The package would allow the President to highlight his accomplishments in these areas and demonstrate a continued commitment to young people.

(2) *Youth Empowerment Fellowships:* Reward and support creativity by proving fellowships to young people that have developed innovative youth driven ideas ranging from engaging their peers in civic action to increasing academic achievement to improving their communities. The Fellowships could be modeled on programs such as the Echoing Green Fellowships which are targeted to post-college graduates to develop and implement their ideas. The awards would be selective (e.g. 100 per year), prestigious, and would represent a diverse set of young people and set of ideas for youth empowerment. The awardees would begin to develop a web of communication among each other and other young people on empowerment and action in their various communities.

(3) *Caring Community Grants*: Many community-based organization feel dis-empowered and unrecognized by the Federal government due to the fact that many funding streams require that they receive their funds through a school district or other entity. These grants could be dedicated directly to community based organizations that demonstrated accountability for healthy and academic development of teenagers by engaging the entire community and holding the community accountable for its actions. CBOs could be provided with funding through the 21st Century After-School program or through a separate grant program that offered seed money or "social venture capital" funds for innovative community-driven responses to young people.

(4) *Rewarding Youth Achievement:* Re-invigorate the Rewarding Youth Achievement (RYA) proposal that was floated in the FY2000 budget. The goal of RYA is to increase the rate at which academically achieving, economically disadvantaged students graduate from high school and continue on to higher levels of education or training. RYA would provide longer term summer employment to youth who meet academic achievement and attendance

standards. RYA participants would also be eligible to receive an end of the summer bonus if they perform well in their summer job. In addition, RYA would provide career assessment and counseling, mentoring, tutoring and strive to place participants in career related employment.

AMERICORPS

(1) ***AmeriCorps Reserves program.*** This program would be modeled on the Military reserves program where young professionals would serve in the Reserve Corps on weekends and/or after work in exchange for funds that could be used toward: repaying student loans, financing further education for self or children, start-up costs for non-profits and charter schools, down payment on a first home, etc. The mission of the Reserve Corps would be to address national problems and crises, including natural disasters and domestic social problems while, at the same time, working to renew and reinvigorate civic life by committing to service, responsibility, and citizenship. Reserve Corps members would be given flexibility in terms of how much time they were willing/able to serve each year and would be awarded correspondingly.

(2) ***Community Coaches.*** Provide seed money to school districts to fund point people in the public schools who "coach" community service for kids and who act as liaisons to the surrounding business and civic leaders [TK – place holder needs to be further developed]

OTHER

(1) ***Children's Savings Accounts:*** Set up an asset-building program that would fund accounts for children as they are born. Children could be provided with $1,000 "start in life" deposits for the roughly four million babies born each year, followed by $500 yearly deposits until age five. CSAs would be available for higher education, first-home purchase, and small-business capitalization. The accounts would be funded through a combination of direct government deposits and tax deductions, and contributions would be encouraged through tax incentives for relatives, employers, corporations, churches, and others. Cost estimate: Approximately $40 billion over the next five years. (We are working the NEC and other DPC teams to develop this proposal.)

8/8
173
991

1.0 mill restoration

— Helen Blank
— Adelle
— Joan Lombardi
— Judy Appelbaum

Dec 6

CC advocacy [illegible]

why did it fall by the wayside
NR — was on table till very end.

Subsidy

$810 on discretionary subsidy
NKresearch
[illegible]

RFP

December 6

Child Care Hill Mtg

Dodd-Specter
Agreement : $2 bill ~~for subsidies~~ for subsidies (+ no more)
CCDBG $818 mill

of CCDBG 4% qual
~~he can attn for more~~
plus $183 on top for qual

Specter said it would be in Chm's mark, ~~w~~ hard funded
he'll probably do $1 bill for FY02 (which would mean, fwd funded for 02)

recs for budget

like to see this in discretionary
want to see package retained qual, early lrng, CCDBG
match this agreement on CCDBG

ways & means: keep $3 bill for early lrng fund
mand, on top of agreement

Sen: Jeffords willing to move early lrng piece
can't see it mandatory

Stevens interested

early lrng + CCDBG have more of a chance however

Mand ared 5

dissemination Ds every time.

approves cups

Child care shldn't be stepsister to education -

part of readiness

mssgs: - still poor - wkg

Universal Preschool

Dec. 8

- early learning
- CC subsidies CCDBG
- title I
- IDEA
- even start
- more targeted campaigns – acf
- health CC awareness
- resource + referrals

- ~~DoJ : young children appt~~

- Amer Reads
- Parents as 1st teachers

- parental assist centers – other ed

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take Kennedy-Stevens +/or states pgrms.

Georgia has 1st came 1st serve – not targeted on low income – prescl pgrm serve 61,000 students $1,400/child

NY trying to in 1997 – but is underfunded. Not targeted. serve 19,000 kids, 14,000 in NYC. Intended to be universal

NJ has universal half day in targeted districts - also extend Kindergarten to full day

CT has Kin pgrm free for parents in pub assist then sliding scale

KY has free lunch for poor kids

most states supplement Head Start. TX + AZ have pgrms

Study 1993 compared schl based, ctr based + head start

States fund both bec. they are so short of serving all kids.

Can't g-tee academic gains

CDF just put out survey of states, show 21 states boosted their funding a few yrs ago.

it looks like they add 2 yr to schl, but in GA anyone even religious orgs can do it. 4 yr olds

61% schls w/ 75% poverty has some form of preschool verses schls 35% pov, less than 14% have preschl often bue to poor kids (combo Title I and HeadStart $)

Space
- in schl need more space
- cc ctrs only 10% nationwide are accredited

Quality $ goes to: facility, teacher sal, traing, networks for fam daycare providers, accred., consumer resource

Accred ctrs - higher salaries improves cognitive dev for kids. No curric, but type of training.

Healthy cc amer: health + safety guidelines for care that was put out by HHS + amer ped. academy

All funding for HeadStart - up to elig. we currently serve 40%.
80

perhaps it's responsible to have universal full day Kindergarten
$4.5 bill

3.6 million 4 yr olds
26% in poverty 1 million poor 4 yr olds

- need HS #s
- $ 1/2 day full day
- use CCDBG $

Vouchers vary
avg: $60/wk

capacity issue

(5)

(1) Massive ↑ in HS
(2) Use CCDBG how much we need to add to make it ed'l
(3) Expand title I
(4) Full day kindergarten (too)
(5) CDA preschool

convert some portion to pre K type funding to kids or ctrs to make it an ed'l slot.
early lrng fund would get $ to institutions

(6) block grant + standards/performance goals

CDA child dev. affordable less than community college
10 month cert. pgm

performance measures
- accredit
- std teacher status
- credentialing teacher
- safe facilities
- ed'l

we should look at
Head Start + ESEA
4 letters

submit plan that says how you will ↑ quality care currently + expand access to 4 yr olds on a path to universal access

require ↑ match
+ funding of how you use current pots of $

DRAFT 11/23
CEQ/SOTU 2000

Clean Energy for the 21st Century – A package of initiatives to further demonstrate the Administration's commitment to addressing climate change, both by reducing domestic emissions of greenhouse gases and by encouraging the adoption of clean energy technologies in developing countries:

Investing in Clean Power – A proposed rule, and proposed legislation, to reduce emissions from older coal-fired power plants, a major source of greenhouse pollution. Rule would tighten standards but provide companies new flexibility to meet. Legislation would set a cap on carbon emissions from utilities, and could include financial incentives to retire old plants or switch to cleaner fuels. Would have major public health benefits by reducing smog and other air pollutants.

Choosing Fuel Economy – Challenge automakers to voluntarily provide American consumers with more fuel efficient cars and SUVs (as they are doing in the European market) and pledge to raise fuel economy standards if they don't.

Clean Energy Abroad – A $250 million program, based on the recommendations of the President's Council of Advisors on Science and Technology, to promote clean energy technologies in developing countries through research, development, and export incentives.

Lands Legacy – Launch a new package of initiatives, and a Lands Legacy tour, to build on the Administration's conservation accomplishments and protect additional lands across the country:

Protecting Natural and Historic Sites – Presidential designation of sites warranting additional protection.

Permanent Conservation Funding – Secure guaranteed funding of at least $1 billion a year for federal, state, and local conservation efforts.

Encouraging Private Land Conservation – A package of tax incentives to preserve farms, forests and other private lands.

Expanding Refuges – Set a goal of 100 million acres in refuges 2003, the 100th anniversary of the national wildlife refuge system.

Clean Water Across America – Set a goal of making all our rivers, lakes and coastal waters clean enough to fish and swim in doubling our investment in clean water over the next 10 years. Would increase funding to Clean Water State Revolving Funds ($1.35 billion in FY 2000) and make them available to help farmers and ranchers reduce polluted runoff. Also call on Congress to reauthorize a strengthened Clean Water Act.

Greening the Globe – A new initiative to promote forest conservation and reforestation around the world, particularly in tropical regions facing the gravest threat of biodiversity loss. Would increase funding to USAID and other agencies to provide technical assistance and training, and increase funding for debt-for-nature swaps. Could challenge other developed countries to take similar effort or join us in a multilateral effort.

THE WHITE HOUSE

WASHINGTON

November 23, 1999

MEMORANDUM FOR MARIA ECHAVESTE

FROM: NEAL LANE Neal

SUBJECT: State of the Union Messages

I appreciate this opportunity to provide input for the President's Year 2000 State of the Union message. Science and technology should figure prominently in the record of accomplishments that will be featured in the address as well as in the initiatives announced to ensure continued progress toward the Administration's goals.

Accomplishments

When the President remarks on the eight years of record peacetime expansion in the U.S. economy, he should – as Alan Greenspan has – credit science and technology for much of the outstanding performance. Innovations in science and technology had multiple and reinforcing effects on the economy that:

- have resulted in improved productivity, yielding increases in wages or increases in benefits without letting loose higher inflation;
- have led businesses to continue to invest in high-tech capital equipment, making our capital stock more productive and profitable; and
- have provided U.S. businesses with payoffs from technology's efficiencies and from greater education in school and on the job that U.S. workers have acquired to keep pace with the new technology.

I hope the President will also remark on the progress toward a goal he and the Vice President established in 1994 of bringing the total national R&D investment up to 3 percent of GDP. By current projections, total annual R&D expenditures in the United States have outpaced growth in the economy as a whole for three consecutive years, with R&D as a share of GDP reaching 2.79 percent in 1999 – the highest since 1967. In 2000 the U.S. R&D/GDP ratio could exceed the all-time high ratio of 2.87 percent in 1964. The President's policies that spurred economic growth also spurred growth in R&D investment, and those investments will, in turn, ensure continued economic growth.

Initiatives

Most of the growth in R&D investment has occurred in the private sector. Federal investment remains critically important, however, and I hope the President will take every opportunity to ensure his vision – which has bipartisan support on Capitol Hill – endures. The SOTU address should reemphasize 4 objectives:

- World leadership in science and technology. The most tangible evidence of commitment to this goal would come in the form of a substantial increase in the 21st Century Research Fund. This fund represents the kind of pure investment that characterized the early strategy of this Administration, and might well be renamed the 21st Century Research Investment Fund for this occasion. I hope to see particular emphasis given to all of the peer-reviewed R&D programs.
- A balanced R&D portfolio. As the President stated in the Online Town Meeting, we need to see substantial growth in the physical sciences and engineering disciplines (e.g., chemistry, physics, astronomy and space sciences, mathematics, and geosciences), with particular emphasis on the R&D initiatives identified by my office and OMB. For example, initiatives in the following areas would support advances in a number of disciplines:
  - *Information Technology*: This initiative will deliver to every American in every community the power of instant knowledge and instant communication. It will yield a stronger economy, better jobs, and higher quality health care and education for all citizens.
  - *Nanotechnology*: This initiative will lead to the following potential applications: nanoparticles for improving drug delivery, minute sensors for earlier detection of cancer, computer chips capable of storing trillions of bits on information on a pin-head, advanced materials stronger than steel, and artificial photosynthesis for clean energy.
  - *Climate Change Technology*: This initiative promotes research aimed at technologies that lower carbon emissions, reduce greenhouse gas emissions, and increase the efficiency of energy and materials used in transportation, buildings and manufacturing. One illustration of the potential of this initiative is the Partnership for Advanced Technology in Housing (PATH) site in California where the heating/cooling costs of new homes are less than $23/month, and construction costs are about $40/square foot – roughly $25/square foot cheaper than the average cost for a single family home.
- Research to solve critical national problems. The President has called for research and development to give us tools to address problems that will confront us as we enter the new millennium. We need to develop technologies to fight emerging security threats such as chemical and biological weapons, or attacks on our national information systems and other critical infrastructures.
- Preparation of the 21st century workforce. Substantial growth in university-based basic research, important in civilian and military research but particularly important for DOD (which has decreased its basic research spending by more than ten percent in real terms since the start of the first Clinton Administration), is the best way to ensure that this country is well positioned to prosper from advances in science and technology. It links education with scientific advance, which are both vital to the economy.

I look forward to discussing these ideas with you after Thanksgiving.

November 24, 1999

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed
Eric Liu

SUBJECT: State of the Union/Budget Ideas

Below is a brief overview of some of the ideas we are now developing for the budget and State of the Union. This list is by no means fixed. We've grouped the ideas by subject area, but many of them can and should be placed in a thematic framework of "next generation challenges."

Education

In addition to fortifying some key existing initiatives (teachers, accountability, after-school, charters), we would propose a slate of new proposals that focus on the future of public education.

- Class Size. We'll seek \$1.8-2.0 billion, at least \$500 million over what we won this year.
- Accountability Set-aside. Increase this year's \$134 million earmark to \$250 million.
- After-School. Our goal is at least 1 million kids in the program, at \$700-900 million.
- Charter Schools. To reach the President's goal of 3,000 schools, about \$180 million.
- Small Schools Initiative. New funding to reinvent the high school, enable smaller scale.
- Teacher Quality. Pay-for-performance demonstration, based on Denver's experiment.
- Principals Academies. Seed programs or fellowships to train public school principals.
- Test Prep for Disadvantaged Students. Help subsidize SAT/ACT prep for minorities.
- Distance Learning. Working with NEC to widen access to AP courses online.
- School Report Cards. Help states develop school report cards for parents.
- Achievement Incentive Fund. Bonuses for Title I schools that raise student achievement.
- Teacher Recruitment. We are developing a proposal on this.
- School Safety. Among other ideas, a national tipline to prevent violent incidents.
- Schools of the Future Fund. A pool of capital to finance local innovations in education.

Crime

- 21st Century Policing Initiative. \$1.275 billion request for the next installment in hiring up to 50,000 new officers; law enforcement technology; community prosecutors.

- National Gun Enforcement Project. Unprecedented resources in firearms enforcement:

  - *More ATF agents.* Fund 500 new ATF agents to investigate more gun trafficking cases.
  - *New ATF inspectors.* 100 new inspectors to ensure industry compliance with gun laws.
  - *1,000 new Federal gun prosecutors.* 1,000 new prosecutors to work with U.S. Attorneys.

- *Comprehensive tracing.* First step in an effort to trace every crime gun in America.
- *Expanded ballistics testing.* Help law enforcement catch more gun criminals.

- Re-entry Initiative. This focuses on the re-entry of released offenders into communities. It includes local supervision partnerships, re-entry courts, and more probation/parole officers.

- Police Gun Buybacks. This initiative would encourage state and local police to end the practice of re-selling used police guns and confiscated crime guns on the civilian market.

Health Care

- Medicare/Prescription Drugs. This would be our same plan, with several *potential* modifications to reflect likely higher drug cost estimates, reduced baseline spending, lessened appetite for provider payment reductions, and likely improved Medicare trust fund solvency: (1) drop BBA extenders – not credible in the wake of BBRA; (2) dedicate more surplus/tobacco tax to help pay for drug benefit; (3) dedicate less of surplus to solvency.

- Health Insurance Coverage Options. There is a range of proposals we are considering:

  - *Disability.* Removing arbitrary limit on Medicare coverage for Kennedy-Jeffords.
  - *Medicare.* Medicare buy-in for certain 55 to 65 year-olds.
  - *Parents.* Allowing states to cover of parents of children in Medicaid and CHIP.
  - *Outreach.* To enroll uninsured children in Medicaid/CHIP, with emphasis on schools.
  - *Immigrants.* Restoring state options to cover legal immigrants.
  - *Small Business.* Encouraging small businesses to offer health insurance.
  - *Individuals.* Tax credit for individual insurance to address current tax inequity.
  - *Self-insured.* Accelerating the tax deduction for the self-insured.

- Quality and Consumer Protections. There are three initiatives here. First, the Patients' Bill of Rights. Second, new privacy protections. Third, outcomes-oriented health care research.

- New Medical Technologies. To address both the promise and the peril, we 1) invest more in NIH and research; 2) address abuses, including inappropriate licensing of genetic material, insufficient protections for human subjects in clinical trials, Internet drug sales, bioterrorism.

- Family Support. Recast our long-term care proposal in a package of family policies.

Welfare and Poverty

- Child Support. A package to 1) collect more child support; 2) provide more reliable support for mothers and children; and 3) help low-income fathers get jobs to support their kids.
- Welfare-to-Work Grants. New investments to help both long-term welfare recipients (mostly mothers) and non-custodial parents (mostly fathers) get and keep jobs.
- Cars-to-Work. There are several ways we could help low income families get the transportation they need to get to work, including loan programs and targeted car leasing.
- Housing/Homeownership. More HUD vouchers, and other tools to boost homeownership.

- Individual Development Accounts. Also "child development accounts," to set aside savings for kids, as well as other tools to build assets for low-wealth families.
- Food Stamp Outreach. Additional efforts, as well as a proposal on elderly nutrition.
- Legal Immigrant Benefits. At a minimum, we would adopt last year's proposals.

Families/Youth

- Child Care Subsidies. We would move CCDBG from mandatory to discretionary.
- Child Care Quality. Target our Early Learning Fund more on licensing and quality.
- Paid Leave. We are developing a demonstration, and also exploring a tax credit incentive.
- Temp/Contingent Workers. We are looking at ways to address this booming sector.
- Youth Empowerment Fellowships. To identify and reward youth-driven social innovations.

Service/Philanthropy

- AmeriCorps Reserves. Modeled on Army Reserves, a way to tap former AmeriCorps volunteers in continuing service. Also, a substantial budget request for AmeriCorps itself.
- Nonprofit SBA. We are looking at creating an SBA-type entity to help nonprofits.
- Philanthropy. We are considering a range of tax incentives to encourage more giving.
- Social Venture Fund. To help bring entrepreneurial grass-roots ideas to scale.
- Community Coaches. In schools, to guide students in community service.

Immigration/Civil Rights

- ESL/Civics Initiative. We are also looking to streamline naturalization/citizenship.
- AgNet Registry. Our electronic job registry for growers and migrant workers.
- INS Financing Reforms. To ensure sufficient funds for immigration services.
- EEOC/Equal Pay. Increased funding for EEOC and funds for our equal pay initiative.
- Hate Crimes. We will continue to push for legislation. We are also developing an idea that would target funding to a network of U.S. Attorney-led local working groups on hate crimes.

Tobacco

- Farmers. Studying proposals to make settlement funds for tobacco farmers tax-exempt.
- Look-back Proposals. We are developing a number of variations, as well as our excise tax.
- Litigation. We will again propose funding for the Justice Department lawsuit.

Technology and Other Policy Ideas

- Digital Divide. A public-private initiative to increase access to the Internet for the poor.
- Civic Engagement. New ideas on voting, jury duty, civilian-military relations.
- Food Safety. We are developing a package of proposals that may include a single agency.
- Homeless Access. Help states make Medicaid, CHIP and other programs more accessible.
- Domestic Violence. In addition to VAWA II, a new "safe workplaces" initiative.
- Native Americans. We are putting together a package on education and other areas.

THE WHITE HOUSE

WASHINGTON

November 24, 1999

MEMORANDUM FOR MARIA ECHAVESTE

FROM: GENE B. SPERLING

SUBJECT: FY 2001 BUDGET IDEAS

This memorandum provides a brief description of new ideas we are considering for the 2001 budget.

Education

- *Stay in College:* To address the rising, especially among minorities, college drop out rate by increasing appropriations for grant programs and encouraging colleges to front-load grants (for example, award a student's 4-year eligibility for Pell Grants in the first 2 years.) To create partnerships with colleges and businesses, similar to the GEAR UP program that would help provide guidance on course selections for solid career tracks, internships, work-study and mentoring that would make transitioning into the work world easier

Children

- *Universal O-5 Preschool:* An initiative combining child care, early learning, Head Start and parenting education for a major and universal 0-5 initiative.

Poverty

- *Expand the Widow Benefit for Social Security to 75 Percent of the Couples' Benefit and Provide a Credit ($10,000?) for up to Five Years Spent Raising Children:* The President could move further in endorsing a specific widow poverty option. He could also say that he would like us to get together and *do this option in a paid for manner that does not affect solvency.*

Taxes

- *Eliminate the Marriage Tax Penalty – for the EITC Also:* Make the standard deduction for married couples double that of single filers. An alternative proposal could be better targeted and thus provide more for those who pay a penalty. It could also be pitched as being pro working family. We could make a new deduction that would be a fraction of the lower earner's income – so that couples with only one earner would not get marriage penalty relief, but couples who paid the largest penalty (those who earned about the same amount) would get the largest bonus. EITC marriage tax relief would be an integral part of this proposal.

Banking Reform/Financial Services

- *Financial Privacy:* Initiative to protect personal financial privacy as an overarching administration goal in the President's final year in office that would deal with consumer protection issues and fixing problems with the Financial Modernization bill.
- *America Saves Initiative/financial Literacy:* A Clinton initiative to encourage savings and financial literacy for all Americans with a separate New Markets focus.

New Markets/Economic Development

- *Propose New $100 Million Broadband Deployment Initiative for New Market Areas:* Provides grants to states and local areas to plan for and install high-speed Internet access infrastructure to help attract new business and job opportunities in our Nation's under-served communities.
- *Internet Access for Rural America:* Fiber optic cable is replacing traditional copper and coax cable as the primary source of data transmission. In rural areas, however, the small numbers of users per mile make the cost of installing fiber optic cable prohibitively expensive. In the Pacific Northwest, the Department of Energy's Bonneville Power Administration (BPA) has installed fiber optic cable within its right-of-way to provide communications between its facilities. In order that it has room to expand its data transmission capacity in the future, BPA's fiber optic cable contains excess capacity which BPA's has begun leasing to public utility districts (PUD) so that they may offer data transmission access to internet providers and their rural customers. BPA simply provides the backbone of the system, and the PUDs have to pay for the cost of local interfaces. The President could propose expanding such a program to all of the Federal power administrations, bringing affordable Internet access to a much greater geographic area.
- *Digital Divide:* Launch a bold initiative to help close the digital divide, by:
  - Expanding support for Community Technology Centers (currently at $32 million);
  - Providing tax incentives for broadband investment in distressed urban and rural communities;
  - Encouraging the development of content that will help empower low-income families (e.g. adult literacy, English as a Second Language, local information on child care, health care, transportation, information needed to start own micro-enterprise); and
  - Subsidizing PC and Internet access to the home for low-income households;
  - Encouraging the private sector to provide PCs and Internet access with a "telecommuting tax credit."
- *Native American/New Markets Initiative:*

Health

- *Encouraging Small Businesses To Offer Health Insurance:* Creating a new tax credit for small businesses who decide to offer coverage by joining coalitions; encouraging private foundations to support coalitions by allowing their contributions towards these organizations to be tax exempt; offering technical assistance to small business coalitions from the Office of Personnel Management. This proposal was in the President's FY 2000 budget. (Costs: $100 million over 5 years).

- *$1,000 Tax Credit for Workers with Disabilities:* Provide workers with significant disabilities with an annual $1,000 tax credit to help cover the formal and informal costs that are associated with and even prerequisites for employment, such as special transportation and technology needs. (Costs: $700 million over 5 years)
- *Expanding Assistive Technology:* This proposal would double the budget for assistive technologies that enable people with disabilities to work. (Cost: $35 million for 2001)
- *Keeping Out of Institutions and Getting to Work:* Provide support staff for the disabled allowing more people with disabilities to live at home and to contribute to the workforce. Furthermore this would free up people who are now taking time out from their jobs to help out their disabled relatives.

Reinventing Government

- *Green Pages in the Phone Book – Government Service and Hotline Numbers:* Develop a Green Pages section in the phone book that would describe in plain English basic rights and regulations the Government enforces, and services it provides with 1-800 numbers to find out more.

Child Labor

- *Call for a New Global Effort To Educate Children to Avoid Child Labor:* Presidential appeal to the international community to provide resources to reduce child labor by extending primary education to all children in poor developing country – (Cost – UNICEF estimate: $7 billion annual global)

Trade

- *Increased Trade Compliance in China:* Devote a small amount of money (e.g., $5 million) to increase the number of people at ITA working to ensure that China is complying with our trade agreements (30 people). This could also meet the requests of the AFL-CIO and NAM, who have both asked for increased trade compliance funding. And it could help build support for China WTO.

Savings

- *Son of USAs:* Tax policies modeled on Universal Savings Account that are potentially less expensive that would provide SEED money to help families establish the habit of saving for retirement.

HighTech

- *Information Technology for the Twenty-First Century:* This is the second year of a multi-year effort to significantly expand our investment in information technology research in three areas (VP has called for doubling IT research over 5 years): (1) Fundamental IT research: (2) Scientific and other applications of IT: (3) Economic, ethical, legal and social implications of the Information Cost: Last year's request was an increase of $366 million.
- *Internet for Economic Development Initiative:* To expand Internet and its applications in 11 developing countries. Elements of initiative include: policy reform (encouraging developing countries to adopt Internet and e-commerce friendly policies); training of people in developing countries; support for applications of Internet – including e-commerce for small and medium-sized enterprises, distance learning, and telemedicine. *Cost:* $45 million.

Manufacturing

- *Manufacturing Initiative:* To strengthen the competitiveness of US Manufacturing. This preliminary list of proposed initiatives have been grouped as follows:
    - Incumbent worker training;
    - Increasing manufacturing exports;
    - Development and diffusion of technologies;
    - Sustainable manufacturing

December 12, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
GENE SPERLING

CC: JOHN PODESTA

SUBJECT: THEMES AND PROPOSALS FOR THE STATE OF THE UNION

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

I. THEME: RESPONSIBILITY FOR THE FUTURE

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

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

II. BIG IDEA: CLOSING THE OPPORTUNITY GAP

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

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

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

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

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

- *Dramatic increase in Head Start funding.* Could expand by $1 billion over FY '00, to expand Head Start from 880,000 children to nearly 1,000,000 in FY '01. A path for future fund increases to make Head Start universal could also be established.
- *Early ~~Childhood~~ Learning Fund.* A dramatic increase in the Early ~~Childhood~~ Learning Fund combined with a path for future increases. Could expand to $1 billion for FY 01 – a $400 million increase – and aim for $10-$20 billion over 10 years. ✓

FYI, our current fund does not pay for slots.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- *Expanding Health Coverage.*

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

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

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

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

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

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

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

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

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

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

PRELIMINARY COST OF THE "CLOSING THE OPPORTUNITY GAP INITIATIVE"
(billions of dollars above passback)

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

December 12, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: State of the Union/Budget Ideas

This memorandum provides summaries of all the budget proposals we are developing for the State of the Union, organized by issue area. A separate memo lays out overarching themes and highlights the most compelling ideas.

EDUCATION

A. Smaller Classes, Smaller Schools

1. **A Comprehensive Effort to Modernize and Revolutionize Schools.** As you have often said, the trouble with America's schools as we enter the 21st Century isn't that they aren't what they used to be; it's that they still *are* what they used to be. We need to change that, in two significant ways:

    - **A New Initiative to Repair Existing Schools.** To complement our existing school construction tax credit, which will primarily help fund new construction, we have worked with OMB on a discretionary initiative for FY2001 that would provide funds for immediate repairs. As part of the discretionary budget, this plan will make it more difficult for Congress to ignore school construction in the budget debate next fall.

    - **A Small Schools Initiative to Reform the American High School.** Since Littleton, a movement has emerged to make America's high schools smaller, not only for reasons of safety, but as an engine of reform. This initiative would offer competitive grants to school districts for opening smaller schools (including charter schools), or for breaking up larger schools and such using strategies as schools-within-schools, career academics, or restructured school days. The funds could be used for planning and implementation costs, professional development, team building, minor facility renovation, additional planning time, legal and accounting consulting, supplies and other relevant costs. These funds could also be used to seed small charter high schools in the district. The initiative received $45 million in the FY2000 omnibus; we recommended expanding funding to at least $125 million for FY2001.

2. **Class Size.** The Education Department is prepared to settle for $1.5 billion for class size, only a modest increase from the $1.3 billion we got this year. If we want a defining fight on 100,000 teachers next fall – and if we want to say credibly that we're on a path to 100,000 over 6 years – we'll have to request a bigger increase than that. Funding class size at $1.7 –1.8 billion would make more sense.

B. Turning Around Failing Schools

1. **Universal After-School.** By doubling after-school funding in the FY 2001 budget (from $453 million in FY 2000 to at least $900 million in FY 2001), you can meet an urgent goal, which is to provide after-school and summer school to every student in a failing school. You called on states and districts to end social promotion in this past year's State of the Union; this initiative will enable you to say we're giving them the resources to end social promotion the right way, and give every student in our worst schools the extra help they need. Over a ten year period, we can make after-school and summer school universal for every Title I school – and with a sliding scale for students above 200% of poverty, we could eventually make after-school available to every student. (Cost: $20-30 billion over 10 years).

2. **Reward High Performance.** This proposal calls for a Rewards Fund that would award funding to states meeting federal performance criteria and would support teacher performance pay demonstration projects described above. From FY 2001-2003, states would receive awards for adopting statewide accountability systems, including high school exit exams, meeting teacher quality requirements, and developing and disseminating report cards ahead of the timetable you are calling for in your ESEA proposal. After 2003, the Reward Fund would incorporate student performance measures as well. (Cost: $150 million).

3. **Expanding Charter Schools, Second-Chance Schools, and Public School Choice.** With a decent increase in the FY01 budget, you can reach your goal of 3,000 charter schools by the time you leave office. We could also propose using charter funds to create new second-chance schools to serve students who have been removed from their previous schools because of discipline problems. Finally, we should provide seed money for innovative public school choice projects, and continue to support universal public school choice for students in failing schools. (Cost: $50-100 million).

4. **Education Opportunity Zones.** To encourage innovation and reward districts that end social promotion the right way, we could once again propose Education Opportunity Zones, which we left out of the FY00 budget, but which could attract bipartisan support from Jeffords, Rangel and Clay.

C. Teacher Quality And Performance

1. **Teacher Quality Fund.** Our ESEA proposal includes a Teaching to High Standards block grant that combines Eisenhower Goals 2000, and Title VI. At the passback level of $1 billion, that block grant can include set-asides for:

- A pay-for-performance and peer review demo (still under development this week in consultation with the Vice President).

- Troops to Teachers (Cost: $25 million).

- Teacher Recruitment: a down payment on the Vice President's 21st Century Teachers Corps (modeled after Teach for America), and an OMB initiative to recruit future teachers while they're still in high school. (Cost: $100 million).

- Principals: Without quality school leaders, school reform is destined to fail. Our initiative would fund independent School Leadership Centers to recruit nontraditional candidates and to focus on effective management, school design, technology, and district governance. At present, there is no federal program focused solely on school leadership and only a handful of programs allow funds to be used for it. (Cost: $25 million).

D. Distance Learning, Higher Standards

1. **AP Online.** Small and poor schools often lack the resources and teachers to offer challenging courses. Indeed, less than 60 percent of high schools today offer AP courses. This distance learning initiative aims to ensure that students in underserved areas get access to high-quality academic courses and ESL programs online. In order to ensure high-quality content, the proposal also calls for a partnership with leading course software developers like APEX (run by Microsoft co-founder, Paul Allen), which would subsidize the cost of high quality Web-based course development in return for cut-rate prices for high poverty school districts. Total funding for the initiative would be $225 million, including $50 million for grants, $25 million for course development, and $125 million in increases in existing programs.

2. **SAT and ACT Test Prep.** Historically, poor and minority students have not scored well on college entrance exams such as the SAT and ACT. This program would be modeled after California's College Preparation Partnership Program, which the NAACP has recently endorsed. It would support partnerships among high schools, proven providers of college test prep courses (such as Kaplan and Princeton Review), and community-based organizations to offer high-need students college test preparation and other services related to college admissions. Competitive grants of $30 million would serve approximately 50,000 students.

CHILD CARE

1. Child Care Subsidies. Our FY '99 and FY '00 budget requests have included $7.5 billion over five years in mandatory funds for the Child Care and Development Block Grant (CCDBG). We recommend moving our CCDBG increase request to the discretionary side of the budget (the CCDBG has mandatory and discretionary titles). The discretionary title is currently funded at $1.182 million. The CCDBG is a ~~forward-funded~~ program, but we recommend adding $818

n advance-appropriated

promote early learning and — and perhaps expanding this proposal

million for FY 01 to the title, reaching $2 billion to the title overall and serving an additional 200,000 low-income children with subsidies, and adding $1 billion to the title for FY 02.

2. **~~Improving~~ Improve Child Care Quality.** The President's FY 99 and FY 00 budget included $3 billion over five years in mandatory funds to create a new Early Learning Fund to help local communities improve child care quality, through a variety of allowable activities including licensing, accreditation, parent education, etc. We recommend maintaining a ~~request for new child care quality dollars, by moving our request to the discretionary side and building on our~~ FY 99 ~~achievement of $173 million in CCDBG quality dollars~~. (Cost: ~~$350 million~~). ($3 bil over five yrs) — no — keep in mandatory & perhaps expand

3. **Create Early Childhood Professional Development Grants.** Fund this new proposal (currently in our ESEA bill) at $40 million to provide grants to partnerships between universities, child care providers, and school districts to offer training and professional development to child care providers around language and literacy. (Cost: $40 million).

4. **Campus-Based Child Care.** The FY '00 budget included $10 million to support campus-based child care. According to estimates by universities, only 10-25 percent of the students who need this benefit are being served. We propose doubling this request. (Cost: $20 million).

5. **Child Care in Non-Traditional Hours.** We could create a new set-aside within the Child and Development Block Grant to help build supply of non-traditional hour child care (e.g. for parents on night shifts, etc.). According to studies, there is a growing need for this care.

6. **Maintain Child Care Tax Credit Expansion Proposal.** Expand Child and Dependent Care Tax Credit (CDCTC) to provide greater tax relief to three million low- and middle-income families who are struggling to afford child care. We are also exploring the possibility and cost of making this tax credit refundable. (Cost: $4-4.5 billion over five years for refundability). ($5 billion over 5 for base proposal)

7. **Child Care Tax Credit for Businesses.** Maintain proposal from last two years to provide tax relief to companies offering child care to their workers. (Cost: $500 million over five years).

CRIME

1. **Federal Firearms Enforcement.** To complement our legislative proposals on gun control – and to blunt the rhetoric of the gun lobby – we propose a comprehensive initiative on enforcement and prosecution. This initiative puts an unprecedented level of resources into firearms enforcement. It includes: 1) 500 new ATF agents, to investigate more gun trafficking cases and to bring the successful Youth Crime Gun Interdiction Initiative to more cities; 2) new ATF inspectors to crack down on unscrupulous dealers, manufacturers and distributors; 3) a comprehensive crime gun tracing package; 4) 1,000 new federal gun prosecutors and additional funds to help cities create community gun prosecutors; 5) a major expansion of existing ballistics testing systems; 6) funding for better Brady background checks; and 7) a new national notification system tied to NICS that speeds certain Brady denials (felons and other restricted persons) to local authorities. (Cost: $309 million).

2. 21st Century Policing Initiative. This is the next generation of COPS, and will put us on the path to reach 50,000 officers by FY 2005. It also funds law enforcement technology, community prosecutors and community crime prevention. (Cost: $1.475 billion)

3. Police Gun Buybacks. This initiative would encourage state and local police departments to end the practice of re-selling used police guns and confiscated crime guns on the civilian market. The program would purchase used police guns on a one-time basis from departments on the condition that they permanently agree to halt re-sales or trade-ups in the future and destroy all seized firearms. (Cost: $10 million).

4. Kids and Gun Safety. We have two initiatives in mind: a Treasury proposal to fund gun safety technology experts and expand public education to help prevent children's access to guns and accidental deaths; and a plan to support local media campaigns to highlight proper storage of guns as well as other messages to prevent child access, accidents, and other forms of gun violence. Localities could also use media campaigns to publicize gun penalties to maximize deterrence. (Cost: $12 million).

5. Community Supervision of Released Offenders. With nearly 500,000 inmates expected to leave prison this year – and with data showing that two-thirds of all released prisoners are re-arrested for new offenses within three years – we plan a broad initiative to address community safety concerns, reduce recidivism rates, and provide support for ex-offenders. The initiative – targeted to areas with the most returning offenders – would be comprised of three elements: 1) community reentry partnerships, through which police and corrections agencies would team up with community providers to monitor and provide targeted social services to offenders; 2) reentry courts modeled on drug courts; and 3) the hiring of more probation and parole officers. The Labor Department is also developing a complementary proposal to help ex-offenders become better fathers and prepare for employment. (Cost: $125 million).

6. Zero Tolerance Drug Supervision. This initiative combines key programs to promote coerced abstinence from drugs for offenders under criminal justice supervision. The initiative provides (1) $100 million to help states and localities to drug-test, treat, and punish prisoners, parolees and probationers; (2) $50 million for drug courts; and (3) $65 million for the Residential Substance Abuse Treatment program to provide intensive drug treatment to hardcore drug users before and after they are released from prison. (Cost: $300 million).

WELFARE AND WORK

1. Responsible Fatherhood Initiative. Promoting responsible fatherhood is the critical next stage of welfare reform and one of the most important things we can do to reduce child poverty. We can put forward a package of proposals to 1) ensure every unemployed father who owes child support goes to work and supports his children; 2) collect more child support from parents who can afford to pay; 3) revise outdated rules to ensure mothers and children receive more of the support the father pays; and 4) promote efforts to ensure fathers returning from prison become responsible fathers and responsible members of society. (Cost: $100 million in discretionary costs in FY 2001 plus mandatory costs of $1.2 billion over 5 years and $2.6 billion over 10 years).

2. Welfare-to-Work Grants. These grants could fund projects in three areas key to sustaining the success of welfare reform: 1) to help every low income father work, pay child support, and reconnect with his children; 2) to help the hardest to employ move from welfare to work and succeed in the workforce; and 3) to increase job retention, skills upgrading and supports (including outreach on food stamps, Medicaid, child care, and EITC) for low-income working families, including those who have left welfare, through local one-stop employment centers. (Cost: $1 billion over 5 years and $2.4 billion over 10 – $200 of which would be FY 2001 discretionary, the rest mandatory).

3. Affordable Housing for Working Families. This proposal would provide housing vouchers to working families with children who need housing the most. This group of families could be defined in several ways: currently between 500,000 and 1 million working poor families get no housing assistance and pay more than 50 percent of their income in rent and/or live in substandard housing, while about 600,000 families with poor children live in public housing. Adding 100,000 vouchers a year for five years (reaching 500,000 in the fifth year) would cost about $3 billion dollars, and reaching a million families within 10 years would cost twice as much. This ignores the cost of renewing vouchers in the years after they are put in place, which OMB does not normally include in cost estimates but would create large ongoing obligations ($20 billion or more if a million families are served). (Cost: $3 to $6 billion over 5 years).

4. Employment for People with Disabilities. By enabling people with disabilities to work and keep their health care, the Ticket to Work and Work Incentives Improvement Act of 1999 will give individuals with disabilities a greater opportunity to participate in our nation's workforce. To build on this progress, we have a package of proposals. Among them would be a program to improve local One-Stop employment and training offices to better serve people with disabilities, as well as technical assistance, tax credits and assistive technology. (Cost: $113 million in discretionary funds in FY 2001, and $700 million in mandatory funds over 5 years).

5. Food Stamps. There are several proposals we could make to help ensure access to food stamps for working families. Unlike the executive actions we took last July, these require legislative changes. One is to raise the vehicle asset limit for TANF. This proposal would give states the option to conform this food stamp vehicle limit to the vehicle limit used in their TANF or Medicaid program, ensuring families that work their way off welfare do not suddenly face the loss of their food stamps if they buy a reliable car. Another is to provide at least $15 million for FY 2001 for on-going food stamp outreach efforts, including campaign materials and an enhanced 1-800 number. To improve nutrition among the elderly, we could offer a pilot program to make it easier for this population to access food stamps. Less than 30 percent of the elderly who are eligible for food stamps actually participate. (Cost: $80 million discretionary, $700 million - $1.7 billion mandatory).

6. Legal Immigrant Benefits. At a minimum we should repeat the proposals we made last year, and there are compelling reasons to go further in several areas. Our FY2000 proposal would have provided a state option to cover children and pregnant women under CHIP and

Medicaid, regardless of when they entered the U.S. (Under current law, states have this option only for immigrants who arrived in the U.S. before 8/22/96.) This proposal has bipartisan support. We could also allow legal immigrants who are qualified under the Violence Against Women Act due to domestic violence to be eligible for all federal public benefits, including SSI, food stamps, TANF, Medicaid, and CHIP, regardless of the date of entry. In addition, we could eliminate the 7 year limitation on the exemption from all benefits for refugees and asylees, propose making all legal immigrants eligible for food stamps, and restore SSI eligibility to more legal immigrants. (Cost: $2 to $6 billion).

7. Cars to Work. There are several ways we could help low income families get the transportation they need to get to work. In addition to providing full funding for the Access to Jobs Transportation program ($150 million), we could launch a program providing one-time seed funding of $10 million to one or more national organizations to provide loans to low-income families to repair or purchase cars.

8. Individual Development Accounts. We support $25 million for the Assets for Independence IDA demonstration program, which is the full authorized level and more than double the $10 million appropriated for the last two years. We also recommend a legislative change to allow low-income families to use IDAs to save for a car that will allow them to get a job, keep a job, or take advantage of job opportunities they couldn't otherwise access. Currently IDAs can be used to purchase a home, pay for higher education, or start a small business. (Cost: $25 million).

9. Boosting Homeownership. We are working on a number of options to promote home-ownership among low-income families and think this, along with other proposals, could be part of a proposal to reduce the "asset gap" among racial and ethnic minorities. We understand Treasury is developing a proposal to encourage homeownership through a tax credit that reduces monthly costs for low-income homebuyers. PPI has proposed "no interest second mortgage tax credits" to lending institutions that are willing to make small no-interest 25 year loans to qualified low-income families to use as down payments. Incentives could also be provided to employers to help their low-income employees buy homes, such as Bank of America's Associate Home Ownership Program which was highlighted in the President's August 3rd welfare town hall. This approach has the advantage of connecting employment and home ownership, and enlisting employer participation, but on balance, it probably makes more sense to subsidize individuals than businesses. We could certainly highlight leading-edge companies such as Bank of America, whose efforts would complement a tax credit for families, in any announcement. We are also exploring ways to highlight existing authority to use Section 8 vouchers toward homeownership, through publication of housing regulations and other administrative actions.

10. Increasing Targeted Substance Abuse Treatment. We could build on our success in the FY 2000 budget process by requesting an additional increase for SAMHSA's Targeted Capacity Expansion Grant program. In FY 2000 we succeeded in getting $114 million, slightly above our request of $110 million and more than double FY 99 levels. These funds are provided on a competitive basis to communities to meet emerging substance abuse problems and unmet treatment needs. In past years, a significant number of grants have focused on women moving from welfare to work, Native Americans, youth offenders, and HIV/AIDS. We could also designate a portion of these resources for treatment in communities who participate in the re-entry initiative. These grants are a high priority for Mayors and for the Congressional Black Caucus, and HHS proposed a substantial increase in its budget submission. (Cost: $139 million).

PHILANTHROPY, FAITH AND SERVICE

1. Faith-Based Involvement in Substance Abuse Treatment, Juvenile Justice, and After-School Programs. Propose to allow federal substance abuse treatment, juvenile justice, and after-school funds to be used by faith-based organizations. The substance abuse treatment idea is included in the Frist-sponsored Senate SAMSHA reauthorization bill. A House bill, by Representatives Watts and Talent, allows faith-based groups to receive funded through both SAMSHA and Medicaid. (Currently, faith-based groups can be Medicaid providers only if they are actually health care providers or are involved in certain outreach activities). The Juvenile Justice bill in conference included provisions allowing faith-based groups to provide certain services. Faith-based groups are not currently eligible for direct funding through the 21st Century Community Learning Centers program, but the Department of Education has made clear that faith-based groups can be partner with programs that receive direct funds. (Cost: none).

2. Deductibility of Charitable Contributions for Nonitemizers. One broad change that could effect both the level and composition of individual gifts would be to allow non-itemizers to claim a deduction (or tax credit) for charitable contributions above a certain floor. In addition to affecting the total amount of charitable contributions, allowing non-itemizers to take such a deduction could also affect the proportion of gifts going to different types of recipients since non-itemizers gifts disproportionately benefit religious organizations and social service groups as opposed to educational institutions and private foundations. (Cost: $2 to $6 billion a year).

3. Allowing Charitable Giving Until April 15. If the charitable deduction is meant to provide incentives for charitable giving, the program should encourage such activity to the fullest extent. The cost of this proposal is negligible.

4. Excise Tax on Investment Income of Private Foundations. Private foundations pay an excise tax on their net investment income, with a complicated formula requiring some to pay 1 percent tax and others to pay a 2 percent tax. While the intent of the distinction between a 1 and 2 percent rate of tax on investment income was to prevent foundation disbursements from falling, the mechanism is unduly complicated and may even dampen foundation giving. This excise tax should be eliminated or modified. In 1997, foundations paid $486 million in federal excise taxes. (Cost: to be determined, probably about $500 million).

5. Nonprofits Capacity Building Program (NCBP). In order to create a stronger and more effective nonprofit sector, capacity and technical assistance could be provided to train and manage assistance for nonprofit and community-based organizations through development centers nationwide. This could be accomplished either through a new and dedicated program or through existing agencies such as the SBA. (Cost: $50 million).

6. Social Venture Capital Formation. We are exploring the idea of stimulating "venture philanthropy" by allowing a tax credit (greater than the current deduction for charitable gifts) to individuals and corporations that contribute to neighborhood organizations engaged in educational, social and economic services for the poor. To be eligible for the credit, obligors would have to make a contribution over a certain floor and submit a joint proposal with a tax-exempt non-profit. The initiative encourages businesses to form more committed partnerships with grantees in order to achieve the long-term goals of the nonprofit organization.

7. Improving Disclosure by Charitable Organizations. By far the most important source of public information about charitable organizations is the IRS Form 990 annual information returns. Over the years, the amount of information to be included on these returns by charitable organizations has increased, as have the penalties for failure to file and accurately completing these returns. Despite the evolution, the Forms 990 are frequently criticized both by charities who have difficulty completing them and by the public that has difficulty reading them. Requiring electronic filing of Forms 990 would make it easier for the public to access this information and reduce fraud. (Cost: minimal to none).

8. Second Chance Homes. Provide funding through HHS for second chance homes, including homes funded by faith-based organizations, to teen parents to help them and their children succeed. Perhaps these funds could fall under the rubric of preventing child neglect, and could be funded through IVB or IVE programs (will coordinate with our children and families team). States can use TANF funds for these purposes.

9. Assistance to Children of Prisoners. Propose new funding in the HHS Community Services Block Grant programs to fund community and faith-based organizations to assist children of prisoners (current CSBG funding is about $500 million per year). This could be coupled with other ex-offender proposals, including possible faith-based ministries in re-entry programs.

10. AmeriCorps Reserves Program. This program would be modeled on the military Reserves program. Young people would serve in the Reserve Corps on weekends and/or after work in exchange for funds that could be used toward: repaying student loans, financing further education for self or children, start-up costs for non-profits and charter schools, down payment on a first home, etc. The mission of the Reserve Corps would be to address national problems and crises, including natural disasters and domestic social problems while, at the same time, working to renew and reinvigorate civic life by committing to service, responsibility, and citizenship. Reserve Corps members would be given flexibility in terms of how much time they were willing/able to serve each year and would be awarded correspondingly. (Cost: $4 million).

11. Community Coaches. Provide seed money to school districts to fund point people in the public schools who "coach" community service for kids and who act as liaisons to the surrounding business and civic leaders. (Cost: $5 million).

WORK, FAMILY AND CHILDREN

Nonstandard/Contingent   Non Standard

1. Benefits for ~~Alternative/Contingent~~ Workers. ~~Alternative~~ workers, including agency temps, part-time workers, and independent contractors, are less much likely than traditional workers to receive or be eligible for health insurance coverage and pension benefits from their

According to independent reports

Additionally, we are exploring the possibility of extending benefits to the temporary workers employed by the Fed gov.

employers. For example, seven percent of agency temporaries receive health insurance coverage from their employers, and only 24 percent are eligible and only ~~four~~ percent of agency (stet) temporaries participate in an employer retirement plan and only 10 percent are eligible to do so. We are considering tax credits that encourage non-profit organizations and unions to offer (health insurance and) pension/401-k benefits. ~~We are also looking into requiring Census CPS to develop better measures of this fast-growing but vaguely-defined sector of the workforce.~~ According to the Bureau of Labor Statistics, the category of workers that includes independent contractors, on-call workers, temporary workers, and contract workers comprises 12.5 percent of the whole. In addition to the 18.3 percent of the workforce that is employed part-time, approximately 30 percent of the workforce is employed by some alternative arrangement. It has been difficult, however, to collect accurate data (which would inform policy decisions) on this class of workers, as well as telecommuters and other alternative workers. We ~~are exploring the idea of~~ are developing a research fund to study the character + growth of this population. Additionally, ~~we~~

2. Support Domestic Partners. You could recognize the changing nature of the American family and empower non-traditional families by calling for the inclusion of domestic partners in the Family and Medical Leave Act. We could support Representative Maloney's bill to amend the Family and Medical Leave Act (FMLA) to permit leave to care for a domestic partner, parent-in-law, adult child, sibling, or grandparent if the family member has a serious health condition. We could also take leadership in the drive to include domestic partners as health care beneficiaries by putting forward an Executive Order calling for the inclusion of domestic partners in the Federal Employee Health Care Benefit plan.

3. New Paid Leave Demonstration Program. We are exploring a proposal through which states could use the Unemployment Insurance system to create a federally funded, state-administered paid parental leave program. The cost estimate would grow significantly if we cover all workers regardless of income and/or if we cover both parents in a household, and would decrease significantly if we introduce a state match requirement. ?

4. Youth Empowerment Fellowships. We would reward social entrepreneurship by providing fellowships to young people who have developed innovative community initiatives. The Fellowships could be modeled on programs like the Echoing Green Fellowships, which are targeted to young social entrepreneurs who can catalyze positive social change. Alternatively, grants could be modeled on youth-driven grant programs such as the Oakland Fund for Children and Youth which dedicates 2.5% of the City of Oakland General Fund to youth development projects. The awards would be selective (e.g. 100 per year), prestigious, and would represent a diverse set of young people and set of ideas for youth empowerment. (Cost: $20 million).

5. Rewarding Youth Achievement. We are considering reviving this proposal, which was floated in the FY2000 budget. The goal of RYA is to increase the rate at which academically achieving, economically disadvantaged students graduate from high school and continue on to higher levels of education or training. RYA would provide summer employment to youth who meet academic achievement and attendance standards. Participants would also be eligible for an end-of-summer bonus if they perform well in their summer job. In addition, RYA would provide career counseling, mentoring, and tutoring to place participants in career related employment.

6. Children's Savings Accounts. Set up an asset-building program that would fund accounts for children as they are born. Children could be provided with $1,000 "start in life" deposits for the roughly four million babies born each year, followed by $500 yearly deposits until age five. CSAs would be available for higher education, first-home purchase, and small-business capitalization. The accounts would be funded through a combination of direct government deposits and tax deductions, and contributions would be encouraged through tax incentives for relatives, employers, corporations, churches, and others. (Cost: $40 billion over five years).

IMMIGRATION AND CIVIL RIGHTS

1. Making Naturalization Easier. Earlier this year, an independent auditor issued a report recommending numerous changes to streamline and improve the current citizenship test and naturalization process. This proposal would provide the resources and the technical expertise to implement the recommendations. (Cost: $1.5 million).

2. ESL/Civics Initiative. This year we won partial funding for our proposal to provide funding for English as a Second Language programs that are linked to civics and life skills instruction. (Your request was $70 million and we received $25.5 million in the final budget agreement). In FY2001, we should request at least $75 million.

3. AgNet Registry. This proposal would create an online job registry for growers and farmworkers alike, and thus help growers find an adequate labor supply in a predictable and timely manner. (Cost: $10 million).

4. EEOC/Equal Pay Initiative. In FY 2000, we requested $10 million for a new Equal Pay Initiative to increase compliance with equal pay laws. It would provide training to EEOC employees to identify and respond to wage discrimination, increase technical assistance to businesses on how to meet legal requirements, and launch an equal pay public announcement campaign to inform employers and employees alike of their rights and responsibilities. EEOC only received a slight increase in the final FY 2000 budget, which did not include $10 million for this important initiative. We should repeat the request.

TOBACCO

1. Price Increase. There are several ways we could repackage tax proposals from FY2000. Option 1A: A 55 cents per-pack increase to be collected through tobacco excise taxes. This option should raise about $6.4 billion a year. Option 1B: A per-pack excise tax triggered by youth smoking rates. An increase in the per-pack excise tax would be triggered by missing the target rates for each year. The determination of the excise tax increase would depend on the level that the target rate was missed. Option 1C: Combine elements of Options 1A and 1B so that a per-pack excise tax exists for the first two years and is thereafter determined by youth smoking rates. Option 2: Acceleration of the BBA's 15 cents excise tax. The 1997 Balanced Budget Agreement (BBA) raised the excise tax 10 cents per-pack effective January 1, 2000 and another 5 cents effective January 1, 2002, for a cumulative 15 cent increase. The FY 2001 budget could accelerate the effective date of the additional 5 cents, raising several hundred million dollars. We may wish to consider packaging a tax increase with a particular spending proposal, such as Medicare prescription drugs.

2. State Lookback. Although state officials said the purpose of the $246 billion state settlements with the tobacco industry was to reduce youth smoking, few states are investing settlement funds in programs to prevent youth tobacco use. This proposal would ensure that if the provisions of the state settlement (45 cent price increase, some limitations on marketing and promotion of tobacco products, and funding for a national foundation to reduce youth smoking) do not actually reduce youth smoking, then states would be required to spend settlement funds on youth smoking prevention programs. The spending provisions would be triggered if certain youth smoking reduction targets were not met.

3. Preventing Youth Smoking. We should support continued funding of tobacco prevention programs at CDC and FDA, and include an increase if possible. CDC would provide technical assistance, strengthen tobacco use science for public health action and work with partners to create global tobacco programs. FDA funding would go to enforcement and evaluation and product regulation.

4. Department of Justice Tobacco Litigation. The Department of Justice has initiated litigation against the tobacco industry to recover certain federal health expenditures caused by tobacco use. We could either propose $20 million for the Department of Justice to finance the litigation (the same unsuccessful strategy employed in the FY2000 budget) or include the shared costs of the litigation within the requests for HHS, Defense and VA, since the suit is intended to recover the smoking related costs incurred by the Federal government, of which these three departments experienced substantial costs. (Cost: $20 million).

5. Expanding Cessation Coverage. Currently, smoking cessation prescription and non-prescription drugs are optional state Medicaid benefits that are matched by the federal government at the individual states FMAP rate (57 percent on average). Our understanding is that 27 States provide Medicaid coverage for FDA approved smoking cessation products. There are a number of options we could propose to expand the coverage of smoking cessation products for Medicaid and other federal programs. These include mandating coverage of prescription/nonprescription smoking cessation products, requiring Defense to provide effective cessation programs, or requiring the Federal Employees Health Benefits Program to provide a more generous cessation benefit.

6. Assisting Tobacco Farmers. These are two proposals that would allow us to maintain our commitment to ensure the well-being of tobacco farmers, their families and their communities. The first would directly compensate tobacco farmers. The Agricultural Appropriations bill for FY 2000 directs the Secretary of Agriculture to use $328 million in funds from the Commodity Credit Corporation to provide payments to compensate flue-cured and burley tobacco farmers that had their quotas reduced in 1999. We could propose an additional $328 million in FY 2001 for farmers facing quota reduction in 2000. The second approach would be to provide preferable tax treatment of payments to tobacco farmers. Proposals supported by Sen. Robb and Rep.

Boucher would exclude from gross income payments made by the tobacco industry to tobacco farmers as part of last year's settlement.

OTHER POLICY INITIATIVES

1. **Closing the Digital Divide.** We have been working with NEC to put together an initiative to address both the access gap and the skills gap that help create the "digital divide." We are considering a broad proposal that would subsidize home Internet access and computer leasing for low-income families, as well as efforts to ramp up Community Technology Centers and to draw private sector partnership commitments.

2. **Native American Initiative.** We have worked with Lynn Cutler to develop an ambitious, cross-agency package of proposals intended to benefit Native Americans. Included in the package are new initiatives on Indian health, dedicated monies for foster care and family caregiver programs, grants for tribal technology infrastructure, Native American small business development centers, 1000 new Native American professionals, a DOJ/BIA law enforcement initiative, a tribal youth mental health program and an array of other proposals. (Cost: $681 million).

3. **National Cardiac Arrest Emergency Plan.** Each year, approximately 250,000 Americans suffer cardiac arrest. The American Heart Association estimates that a national plan in this area could save almost 50,000 lives. It seems likely that some form of the Cardiac Arrest Survival Act will pass this year, and it would be wise to supply funds to make its goals a reality. The Act provides for: (1) a plan for providing defibrillators in public buildings and (2) establishing protections from civil liability arising from the emergency use of the devices.

4. **Enhancing the Nation's Food Safety System.** CDC estimates that contaminated food kills up to 5,000 Americans and sickens 76 million more each year. This initiative will increase the number of imported and domestic food inspections by over 7,000, with a special emphasis on high-risk domestic foods such eggs and unpasteurized juice. It will also place an additional 100 inspection agents in the field. The FDA expects that this new investment will prevent over 100,000 illnesses per year. (Cost: $35 million).

5. **Mainstream Homeless Initiative.** This initiative would create, for the first time, a mechanism to help states ensure that so-called "mainstream" programs – Medicaid, CHIP, TANF, and the Mental Health and Substance Abuse Block Grant -- are accessible to the homeless. States would look at areas such as: (1) how outreach is being done; (2) how intake questioning captures indicia of homelessness; (3) what outcome measures are in place to see whether homeless needs are being addressed. (Cost: $10 million).

6. **Violence Against Women Act (VAWA II).** In 1994, Congress passed the Violence Against Women Act (VAWA I), an historic piece of federal legislation that contains a broad array of ground-breaking laws to combat the epidemic of violence against women. Despite VAWA I's success, legislators and advocates alike agree that many gaps in our laws remain. Building upon these successful initial steps, VAWA II extends programs more comprehensively. We are also

working with the agencies to develop some other domestic violence ideas. (VAWA needs to be reauthorized in FY2001).

To: Bruce Reed
Barbara Chow
Bill Dauster

FR: Nicole Rabner

In case you haven't yet seen.

United States Senate

December 8, 1999

The Honorable William J. Clinton
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

Thank you for continuing to call attention to medical research confirming that connections within the brain are, for the most part, formed during the first years of life, and that proper stimulation between ages 0 and 5 builds the foundation for a lifetime of learning. The 1990 goal set by the National Governors' Association—that every child should enter school ready to learn by 2000—cannot now be met. Nevertheless, the goal has served as an effective catalyst for increased interest in early learning. A wealth of information exists today to demonstrate that the states are on the right track. As Chairman and Ranking Member of the Senate Health, Education, Labor, and Pensions Committee, we urge you support a major "early learning" initiative to ensure that each infant and toddler enters school ready to learn.

With only 2 in 5 eligible children participating in Head Start, 1 in 100 eligible children participating in Early Head Start, and 3 in 20 eligible children receiving care subsidized by the Child Care and Development Block Grant, these core programs must continue to grow if we are to fulfill our basic commitment to early learning. Parenting education and support, early childhood literacy, and expansion of existing early learning programs and activities are essential parts of early learning that are missing in most parts of the country. And while many European nations have built early learning infrastructures to coordinate the various necessary programs, these infrastructures are missing in most of our communities.

In addition to expanding existing programs (an investment on the order of *$2 billion* a year) a substantial investment of new federal dollars is needed to build an early learning infrastructure and fill the gaps left by existing programs. Millions of children will grow into more intellectually capable, productive, and responsible citizens as a result of our actions now. Indeed the long term security of our nation depends on the generations we educate today.

In the coming years, our nation can be expected to face a wide range of challenges that will test the limits of our national creativity, intellect, and determination. The potential of early learning to vastly improve each of these essential aspects of American life makes it worthy of inclusion in the first State of the Union Address of the new century.

Sincerely,

Jim Jeffords
JAMES JEFFORDS

EDWARD M. KENNEDY

cc: The Honorable Jacob J. Lew

Nicole R. Rabner

12/07/99 06:50:09 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP

cc: Ann O'Leary/OPD/EOP@EOP, Ruby Shamir/OPD/EOP@EOP
Subject: FY 01 budget idea memos

Bruce and Eric, attached below are a series of brief memos fleshing out a variety of proposals we have discussed with you. The first is a memo outlining our recommendations on the child care/early learning front -- it proposes an $818 million increase for discretionary subsidies with an 80-20 match and presents a series of options for child care quality/early learning investment. My recommendation on the quality front is Option Two -- a more targeted and perhaps expanded version of our current Early Learning Fund. (FYI, I understand from Bill Dauster that Gene is still eager to consider a sweeping proposal in this area -- he told Bill that he hopes to work with you on it and Barbara has called a meeting with DPC and NEC staff tomorrow at 4 to review where we are -- any advice you have in advance of that meeting would be appreciated.)

The second memo focuses on paid parental leave and presents a series of options for a new competitive grant program. My recommendation is to advance a request for $150-$200 million for this program.

The third memo focuses on non-standard workers and would require some additional vetting to come up with a workable proposal in this area (particularly in the tax area -- we would need to consult with Treasury) -- let us know your reactions and how we should proceed.

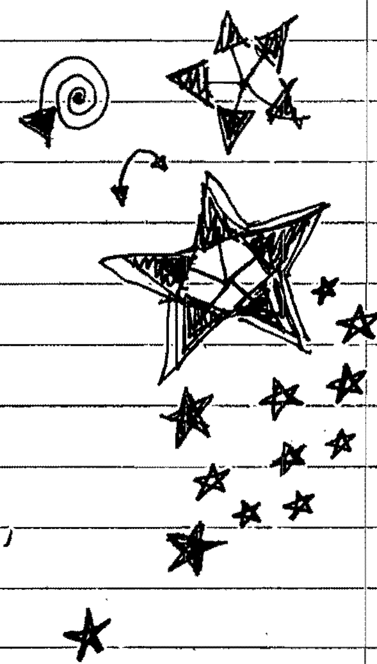
Tomorrow, we will forward two other memos: (1) on domestic partners, outlining ideas for federal benefits and FMLA expansion; and (2) on youth and national service issues.

child care FY 01 options.12079

FY 01 paid leave options.12079

FY 01 non-standard workers.120

✓ Call Susan Hussman, 616-343-5541



(1) ideas in gen

(2) #s

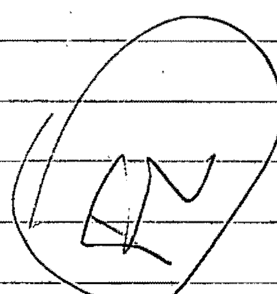
(3) temp agencies agreements?
(of those covered how many get from agency,
how many get from agency
how many get from client)

(4) research – recommendations for how to get better #s

head start

Call Pan Finance: research

Email ~~Call Steve Heyman~~



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