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MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: **ANN O'LEARY** A.O'L.

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SUBJECT: **FINAL BUDGET**

The final budget contains numerous "wins" on the investments that you have called for as First Lady, as well as investments you advocated for during your campaign and investments that will benefit New York. There are also a number of pieces that did not get enacted in this budget that will need continued attention in the future. Below, I have provided some highlights on wins and losses. I have also attached the full White House budget document released to the press, as well as a paper outlining the final deal on the Medicare/Medicaid balanced budget act restorations.

First Lady and Campaign Issue Wins

Child Care

The child care advocates are singing your praises with a budget that includes the $817 million increase in the Child Care Development Block Grant, the largest increase ever in Head Start, the passage of the Early Learning Opportunities Act – a direct successor to the Administration's proposed Early Learning Fund, as well as additional funding for campus-based child care.

The child care community recognizes that this victory is due to your leadership with the White House Conference on Child Care in 1997 and the Child Care budget initiative of 1998. With this final budget, all major components of the child care initiative have been enacted other than the expansion of the Child and Dependent Care Tax Credit.

SCHIP

The Medicare/Medicaid giveback includes funding to enhance outreach and enrollment for children in Medicaid and SCHIP at schools, child support enforcement agencies, program eligibility centers and other sites.

GME at Children's Hospitals

The final budget provides $235 million to reimburse freestanding children's hospitals that train and educate physicians to care for children, a five-fold increase over last year's investment of $40 million. (Note: This request is, however, $50 million below the President's request of $285 million.)

Education

As you know, education was the winner in this budget with a $6.6 billion (18 percent) increase over last year. In terms of campaign issues, the budget included $1.2 billion for urgent school repairs; $1.6 billion to stay on track to hire 100,000 teachers to reduce class-sizes in the early grades; and, a near doubling of the investment in after school to $846 million.

New York Wins

Health Care
The Medicare/Medicaid giveback included $1.6 billion over the next five years for health programs and providers in New York, according to Senator Schumer. The bill includes $751 million for New York hospitals, especially teaching hospitals and small rural hospitals; $800 million for children's health insurance, and $116 million for HMOs.

Immigration
The budget changes immigration law to benefit an estimated 700,000 to 900,000 immigrants' families. It will provide limited relief by reinstating section 245(i) and creating a new V visa category to allow families to stay together in the United States while their application is pending and provides relief to some individuals who would have likely benefited from the legalization program under the immigration law of 1986.

Unfinished Business

New York
High-Speed Rail. As you know, the final bill did not include new assistance for high-speed passenger rail, which would have helped upgrade Amtrak's Northeast corridor.

Children and Families
Promoting Responsible Fatherhood and Improving Child Support. Despite strong bi-partisan support, Congress did not enact important new initiatives – similar to the President's budget proposals – to promote responsible fatherhood and increase the child support paid directly to families. When fully implemented, this would have increased child support payments to low-income women and children by over $1 billion per year and provide grants to states and communities to help more fathers honor their responsibilities to their children.

Second Chance Homes. The Clinton-Gore budget provided, but Congress rejected, $25 million to support adult-supervised and supportive living arrangements, often called second chance homes, for unmarried teen parents and their children who cannot live at home or with other relatives.

Helping Working Families Save for a Car to Get to Work. Congress rejected the President's proposal to expand the uses of Individual Development Accounts to include saving for a car, which would have made it easier for hard-pressed working families to have reliable transportation to get to work.

Working Families

Congress failed to pass a **Minimum Wage** bill or expand the **Earned Income Tax Credit** to provide $21 billion over 10 years to benefit an additional 6.4 million working families.

Education

College Opportunity Tax Cut. The President's budget included a plan to invest $36 million over 10 years to make up to $10,000 in college tuition tax-deductible. As you know, Senator Schumer introduced this bill, but it was not included in the final tax package.

School Construction. While the budget included funding for urgent school repairs, it did not include the Rangel-Johnson School Modernization Bond proposal that would have provided $24.8 billion in tax credit bonds over two years to modernize up to 6,000 school.

Health

As you know, final negotiations did not include a **Patient's Bill of Rights** or an affordable **Prescription Drug** option for Medicare beneficiaries.

Health Coverage for Working Families. This year, Congress failed to enact the bipartisan FamilyCare proposal, which builds on the Children's Health Insurance Program to provide affordable insurance to over 4 million parents, as well as new health insurance options for Americans facing unique barriers to coverage such as those aged 55 to 65, workers in small business, and legal immigrants.

Long-Term Care. As you know, in his budget the President proposed a new, $6 billion initiative to address complex long-term care needs, including a $1,000 tax credit that would have compensated Americans with long-term care needs of all ages or the family caregivers who support them for their formal or informal costs. Many members of Congress, on a bipartisan basis, introduced similar proposals, but despite this, the Congress failed to respond and lost an opportunity to provide critical assistance for this population.

Crime

Final negotiations also did not include **Hate Crimes** legislation or **Common-Sense Gun Safety** legislation.

Immigration

Medicaid/S-CHIP State Option for Legal Immigrants. For the second year in a row, Congress failed to include a strongly bipartisan provision that would give states the option to extend Medicaid and S-CHIP coverage for legal immigrant pregnant women and children, regardless of their date of entry, including those who entered after August 22, 1996. This provision would have helped 144,000 children and 33,000 pregnant women per year at a cost of $600 million over 5.

Restoring Food Stamp Assistance for Legal Immigrants. Congress did not approve the President's FY 2001 budget proposal to restore eligibility to legal immigrants in the United States before August 22, 1996 who either subsequently reach age 65 or who live in a household with Food Stamp eligible children. This initiative would have restored benefits to about 165,000 legal immigrants by 2005 at a cost of $565 million.

Fairness to Immigrant Families. The final budget deal failed to eliminate the disparate treatment under our immigration laws for Salvadorans, Guatemalans, Hondurans, Haitians, and Liberians and does not provide any relief for deserving individuals affected by changes in the 1996 immigration law.

First Lady Issues

Promoting Charitable Giving. Congress failed to act on the President's package of tax proposals to encourage philanthropy. These changes would have allowed nonitemizers to take a tax deduction for charitable giving; made it easier for individuals to donate appreciated assets; and simplified and reduced the excise tax on foundations, making it easier for them to give in times of need.

PRESIDENT CLINTON AND VICE PRESIDENT GORE: PROGRESS ON AMERICA'S PRIORITIES

FISCAL DISCIPLINE

The budget is a victory for President Clinton and Vice President Gore's stand for fiscal discipline. By balancing competing needs and maintaining fiscal discipline, the Fiscal Year 2001 budget continues the successful strategy that has fostered the longest economic expansion in the nation's history. America can stay on course to pay off the debt held by the public by 2012 for the first time since Andrew Jackson was president.

✓ **The National Debt Quadrupled between 1981 and 1992.** Between 1981 and 1992, the debt held by the public quadrupled. When President Clinton took office in 1992, the budget deficit was $290 billion. In 1992, the deficit was projected to grow to more than $455 billion by 2000.

✓ **President Clinton's Tough Choices Led to Largest Surplus Ever.** As a result of the tough and sometimes unpopular choices made by President Clinton—including the deficit reduction legislation of 1993 and 1997—we have seen eight consecutive years of fiscal improvement for the first time in America's history. Last year, the federal government has a unified surplus of $237 billion, the largest ever. Federal spending as a share of the economy is the lowest since 1966.

✓ **America Has Paid Down $363 Billion in Debt Held by the Public over the Last Three Years, the Largest Debt Pay-Down Ever.** The debt at the end of FY 2000 was $2.4 trillion lower than it was projected to be in the last forecast before the President's program was put in place. Under the President's budget, publicly held debt can be eliminated by 2012. This achievement has kept interest rates down and confidence and investment up, contributing to the strongest American economy in generations.

✓ **The Solvency of Social Security and Medicare Has Been Extended.** In his 1998 and 1999 State of the Union addresses, President Clinton called on the nation to save the surplus until the solvency of Social Security is assured, leading to a bipartisan consensus on saving the surplus and paying down the debt. When President Clinton took office, Medicare was expected to become insolvent in 1999, then only six years away. The 1993 deficit reduction act dedicated some of the taxes paid by Social Security beneficiaries to the Medicare Trust Fund and extended the life of Medicare by three years to 2002. Thanks to additional provisions to combat waste, fraud and abuse and bipartisan cooperation in the 1997 balanced budget agreement, Medicare is now expected to remain solvent until 2025.

✓ **The President Stopped Republican Attempts to Reverse this Fiscal Discipline.** The Republican Congress's policies would have threatened the nation's fiscal discipline. According to Congress' own calculations, the tax cuts House Republicans passed this year would have cost $734 billion over 10 years, which with interest would have drained over $900 billion from the surplus. The tax cuts passed this year and those endorsed for next year by the Republican Party would drain over $2 trillion, more than the entire budget surplus (projected to be $1.8 trillion).

Twice this year, President Clinton vetoed tax legislation to maintain our fiscal discipline and prevent American from being plunged back into deficits.

✓ **Debt Reduction Benefits the Economy and American Families.** The lower national debt:

- **Keeps investment and growth strong.** With the government no longer draining resources from capital markets, interest rates are lower and businesses have more funds for productive investment. Paying off the debt will continue to help fuel investment and productivity growth while increasing productive capacity and restraining inflation.
- **Saves money for families.** Because of the deficit and debt reduction we have already done, a typical family can expect to save $2,000 a year on their home mortgage.
- **Saves money for taxpayers.** Currently we spend 12 cents of every federal dollar on net interest payments. These payments, which were once projected to grow to 25 percent of all federal spending in 2012, can be completely eliminated by following the President's plan.
- **Prepares for retiring baby boomers.** By paying off the debt, eliminating interest payments, and dedicating the resulting benefits to extending Medicare and Social Security solvency, debt reduction can free up funds for investment and boost workers' productivity and incomes and help the nation prepare for the challenge of the retiring baby boomers.

EDUCATION AND TRAINING

Over the past eight years, President Clinton and Vice President Gore have invested more in our schools and demanded more from them. The implementation of this approach has helped test scores rise. SAT and ACT scores have also risen in the 1990s and are now at the highest level in a quarter of a century, even as more minority, low-income, and limited English proficient students take these tests. More students than ever before are graduating from high school and enrolling in college. This year, President Clinton and Vice President Gore again delivered on their ambitious education agenda.

✓ **Building and Modernizing Schools.** An estimated 3.5 million students attend schools that need extensive repair or replacement. Research shows that the physical structure of the school building directly affects the ability of students to learn. President Clinton fought for a federal investment in our schools because all students deserve a safe, healthy, and modern place to learn. The final budget includes:

- **$1.2 Billion for Urgent Repairs.** The final budget includes a $1.2 billion initiative for emergency school renovation, based on the proposal in President Clinton's budget. The Republican budget did not provide dedicated funding for school renovation. The initiative will help schools make much-needed repairs, such as roofs, heating and cooling systems, and electrical wiring. The assistance would be targeted to high-need districts and includes $75 million for public schools with high concentrations of Native American students. Up to one-fourth of the funds could be used for special education and technology.
- **Native American Schools.** President Clinton has won $293 million—a $160 million increase and more than double last year's level of $133 million—to replace and repair BIA-funded schools on reservations. This is the largest investment ever in a single year for BIA school construction and repair. These schools have an $800 million backlog in health, safety, and other critical needs.

✓ **Ensuring More High-Quality Teachers for Smaller Classes.** The final budget provides a $323 million increase to improve educational results by reducing class size in the early grades to 18 or below with well-qualified teachers in the early grades. These resources will keep us on the path to our goal of hiring 100,000 high-quality teachers across the country by 2005.

✓ **Increasing the Number of Children in After-School.** The final budget provides a $392 million increase for 21st Century Community Learning Centers, nearly doubling funding to $846 million. This initiative will provide more high-quality extended learning opportunities for 1.3 million children, offering a safe place for "latch-key" children to learn in the after-school hours.

✓ **Strengthening Accountability for Fixing Failing Schools.** The budget provides $225 million—a $91 million increase—to accelerate efforts by states and school districts to improve accountability and turn around failing schools. These resources will help states and districts invest in proven reforms, such as research-based curricula, professional development and smaller classes, to fix failing schools.

✓ **Strengthening Teacher Quality.** The budget provides an increase of almost $200 million to enhance teacher quality and make progress towards ensuring a qualified teacher in every classroom. The agreement includes: $485 million for Eisenhower Professional Development Grants to promote professional development along with school and classroom-based improvements linked to state standards and assessments; $45 million to help states align teaching with their accountability systems under Title I; $30 million to help recruit talented mid-career professionals and college graduates into teaching while retaining more good teachers with mentoring and other supports; and $15 million to train early childhood educators and caregivers in advancing children's language and literacy skills to help prevent later difficulties in learning and reading.

✓ **Expanding College Opportunity.** More and higher quality education is more important to economic opportunity than ever before. The final budget includes key elements of the President's request for a $1 billion boost in investments to make college more affordable for economically disadvantaged students.

- **Largest Maximum Pell Grant Award Ever.** Pell scholarships for needy students are the foundation of student aid. The final budget provides $8.8 billion for Pell Grants, increasing the maximum Pell Grant award from $3,300 last year to $3,750. The maximum award has increased by 63 percent since President Clinton and Vice President Gore took office in 1993, when it was $2,300. The final budget also includes the President's requested $60 million increase for Supplemental Educational Opportunity Grants, the largest increase in a decade.
- **Support for One Million Students To Work Their Way Through College.** The final budget includes the President's request for $1 billion for Federal Work-Study to meet his commitment to allowing one million students the opportunity to earn money for college through part-time work.
- **Early Intervention to Help Disadvantaged Students Prepare for College.** House Republicans proposed to freeze the President's GEAR UP college preparation initiative for low-income students at $200 million, a level that would have forced existing GEAR UP programs to scrap plans to help 250,000 new disadvantaged 6th and 7th graders. The final budget provides $295 million for GEAR UP, supporting state projects and partnerships of colleges, high-poverty schools, and community organizations, to help 1.2 million students aspire to and prepare for college starting in the 7th grade.
- **TRIO and Key Elements of College Completion Challenge Grants.** This year, President Clinton's budget included the largest one-year ever requested by any President. The final budget funds TRIO at $730 million—a $85 million increase, the second largest ever—to help motivate and prepare 765,000 low-income and first-generation-college students to go to and stay in college. In addition, the budget includes key elements of the President's College Completion Challenge Grants proposal to provide additional scholarships, support services, and summer programs to help more at-risk youth succeed in college.

✓ **Strengthening the Hispanic Education Action Plan.** The budget includes over $1 billion in increases to programs that help Latino students succeed, including a $660 million increase for Title I grants to school districts; a $91 million increase for Adult Education, including $70 million for English Literacy/Civics; an additional $48 million for Bilingual Education; an $85 million increase for TRIO and a $95 million increase for GEAR UP; and an $8 million increase for the High School Equivalency and College Assistance Migrant Program.

✓ **Creating Smaller, Safer and More Successful High Schools.** The budget provides $125 million, an $80 million increase, to help create smaller and more supportive learning environments in approximately 1,000 of the nation's largest high schools through innovations like schools-within-schools or career academies that allow teachers to spend more quality instructional time with students.

✓ **Expanding Public School Choice with More Support for Charter Schools.** This $45 million increase will support the start up of 450 new or redesigned schools that offer enhanced public school choice and have the flexibility to offer innovative educational programs in exchange for greater accountability for student achievement. There was one charter school at the start of this Administration. With this budget increase, the Administration will have supported 2,800 charter schools. One of the biggest stumbling blocks facing charter schools is the lack of appropriate facilities, and the budget builds on the Clinton-Gore legacy of support for charters and public school choice by creating a $25 million demonstration program that will allow nonprofit organizations to leverage federal funds to help charter schools secure better facilities.

✓ **Promoting Safer Schools and Healthier Students.** The budget provides a $75 increase for Safe Schools/Healthy Students, to $222 million. The President launched this initiative in 1999 to provide students, schools and communities the benefit of enhanced comprehensive educational, mental health, social service, and law enforcement services. Last year, $147 million was provided to 77 local education authorities that established formal partnerships with local mental health and law enforcement agencies.

✓ **Creating Economic Opportunities through Job Training.** The budget expands successful training programs and implements new ones focused on providing needed training for young people, displaced workers and individuals with disabilities.

- **Youth Opportunity Grants and Youth Training Activities Grants.** Youth Opportunity Grants are an initiative to provide comprehensive employment and training assistance to all out-of-school young people in high poverty areas. The final budget provides $275 million, enough to serve an estimated 63,000 youth in high poverty areas. In addition, the final budget provides a $102 million increase (to $1.1 billion) to the Youth Activities Formula Grants, enough to provide job training and summer job opportunities to roughly 660,000 disadvantaged young people.

- **Youthbuild.** Through the Youthbuild program, 16-to-24-year-old high-school dropouts rehabilitate and build housing for low-income and homeless people. The program provides youth with education and employment skills while expanding affordable housing. Funded at $60 million, the Youthbuild programs will provide opportunities for approximately 3,400 trainees, 1,400 more than this year.

- **Job Corps.** Job Corps is the nation's largest and most comprehensive residential education and job training program targeted at impoverished young people. The final budget increases Job Corps funding by $42 million to $1.4 billion, helping 74,000 youth.

- **Universal Reemployment Initiative.** This initiative includes the Dislocated Worker program and new Reemployment Services grants. The $1.6 billion Dislocated Worker Training program provides training and support services to help permanently dislocated workers return to productive, unsubsidized employment. The final budget includes $25 million for Reemployment grants that will provide services to 156,000 Unemployment Insurance claimants to help them get jobs faster.

- **Promoting Responsible Reintegration for Young Offenders.** The budget provides $55 million for a new initiative in the Department of Labor to help young offenders under the age of 35 successfully reintegrate into the mainstream economy. Competitive grants will be made to partnerships between the criminal justice system and local workforce investment systems. Partnerships will coordinate with reentry partnerships and reentry courts funded through the Department of Justice and substance abuse and mental health funding from the Department of Health and Human Services.

CHILD CARE

The number of children with parents who work outside of the home is higher than ever before. In 1996, three out of four mothers with young children worked outside of the home, compared to one in four in 1965. During the Clinton-Gore Administration, funding for child care has more than doubled. Still, many eligible children do not receive assistance. The Clinton-Gore Administration proposed, fought for, and won major components of a comprehensive child care initiative to address the struggles our nation's working parents face in finding child care they can afford, trust and rely on.

✓ **Providing More Children Access to Head Start than Ever Before.** President Clinton won $6.2 billion in funding for Head Start—a $933 million increase over last year and the largest funding request ever proposed or received for the program. It will provide access to Head Start and Early Head Start for approximately 935,000 children in 2001, and is a large step toward the goal of serving one million children in 2002. Head Start prepares low-income children for a lifetime of learning and development by providing early, continuous and comprehensive child development and family support services.

✓ **Helping More Low-Income Families Afford Child Care.** The President fought for an $817 million increase for the Child Care and Development Block Grant, to $2 billion. This increase will enable the program to provide child care subsidies for nearly 150,000 more children in 2001. These new resources, combined with the child care funds provided in welfare reform, will serve over 2.2 million children in 2001, an increase of nearly 1 million since 1997. The Child Care and Development Block Grant is the primary federal effort to help low-income families pay for child care, helping low-income parents to work. The final negotiations with Congress also included $272 million for improving the quality of child care, $100 million of which must be used to improve the quality of infant and toddler care; $10 million for child care research; and $19 million for school-aged care and to improve information for parents about child care in their communities, including $1 million for a toll-free child care information hotline for parents.

✓ **Promoting Early Learning by Improving the Quality of Child Care.** At the beginning of this year, President Clinton called on Congress to include an Early Learning Fund in the budget to help improve child care quality and early childhood education for children under five years old. The final budget included the Stevens-Kennedy Early Learning Opportunities Act and provided $20 million to allow states to help communities foster cognitive development, improve child care quality and promote readiness for school. Resources could be used to: help child care providers get training or certification; teach parents and caregivers how to facilitate development of cognitive skills and language comprehension; increase access to existing child care programs by expanding the days or times that children are served; enhance childhood literacy; improve quality of existing early learning programs through recruitment, retention and professional development incentives; and increase early learning opportunities for children with special needs.

✓ **Encouraging the Pursuit of Higher Education by Offering College Campus-Based Child Care.** To enable low-income parents to pursue higher education, the budget includes $25 million—a $20 million increase over last year's funding level—to provide an additional 300 college campuses with grants to support the establishment or expansion of child care services for students. States may also use a share of the Child Care and Development Block Grant for this purpose.

HEALTH CARE

The President negotiated $35 billion in gross new investments over five years in Medicare, Medicaid, and S-CHIP beneficiaries and providers. He also won a $5 billion investment in public health programs with the Department of Health and Human Services, 16 percent above last year's level, to strengthen the public health infrastructure, provide critical prevention and treatment services to individuals with mental illness. Overall, the Health and Human Services budget increased by nearly $9 billion (or 22 percent) this year and $23 billion (or 90 percent) since 1993. The budget will advance biomedical research with a historic investment of $20.5 billion.

✓ **Investing in Medicare, Medicaid, and S-CHIP Beneficiaries and Providers.** The budget enacts the Medicare, Medicaid and the State Children's Health Insurance Program (SCHIP) Benefits Improvement and Protection Act (BIPA), investing nearly $35 billion over five years to:

- **Improves Service to Medicare Beneficiaries, Including Preventative Care.** The bill expands Medicare's preventive benefits to include new nutrition therapy and glaucoma screening and greater access to colon and cervical cancer screening. It reduces the cost-sharing that beneficiaries have to pay for hospital outpatient services; provides permanent coverage of drugs that help prevent the rejection of organ transplants; and facilitates the use of therapeutic adult day care services for persons with Alzheimer's disease. It waives the 24-month waiting period for Medicare for people with Lou Gehrig's Disease (ALS).
- **Provides Health Coverage for Vulnerable Populations.** The budget:

– Expands Medicaid coverage for people leaving welfare for work. BIPA extends for another year a program that provides health care coverage for persons leaving welfare for work.

– Enhances outreach and enrollment for children eligible for Medicaid and S-CHIP. BIPA permits states to enroll uninsured but eligible children in Medicaid and SCHIP at schools, child support enforcement agencies, program eligibility centers, and other sites.

– Simplifies enrollment of low-income Medicare beneficiaries in cost-assistance programs through a uniform application and outreach through Social Security.

- **Restore Reimbursements to Medicare and Medicaid Providers.** The BIPA addresses the needs of health care providers affected by the disproportionate cuts of the Balanced Budget Act of 1997 by increasing Medicare and Medicaid reimbursement to.

\- **Hospitals** receive a full inflation update for 2001; two years of a 6.5 percent indirect medical education teaching adjustment; higher reimbursement for outpatient services in 2001; improvements for rural hospitals; greater funding for safety hospitals that serve low-income and uninsured populations; and more funding for specialty hospitals such as long-term care, psychiatric and rehabilitation facilities.

\- **Home Health Agencies** receive an extra year's delay in a 15 percent cut in reimbursement; a full inflation update in 2001; and additional payments for agencies that serve rural beneficiaries.

\- **Skilled Nursing Facilities** receive a full inflation update in 2001; greater payments for nursing costs; a further delay in the use of caps on therapy services; and increased reimbursement for rehabilitation therapy services.

\- **Managed Care Plans** receive an increase in the minimum floor payments; a one-time increase in the minimum annual update from 2 to 3 percent; phase-in of risk-adjustment to pay plans appropriately based on a patient's health; and improved accountability for plans by increasing penalties for plans that break their Medicare contracts.

- **Other Providers** receive a rate increase, such as dialysis facilities; a 5 percent increase in hospice payments; inflation updates for suppliers of durable medical equipment and orthotics and prosthetics; a rate update for ambulance providers; and a prospective payment system for community health centers and rural health clinics that ensures adequate reimbursement

- **Makes Other Important Reforms.** The bill incorporates an Administration regulation closing a loophole in Medicaid reimbursement policy that threatens its fiscal integrity; reallocates a portion of unused SCHIP funds among states that have exhausted their allotments and enables other states to retain a portion of their expiring SCHIP allotment; increases funding for research and education for juvenile diabetes and diabetes among Native Americans; and increases the authorization for the Title V Maternal and Child Health program.

✓ **Investing in Health Research.** The budget provides an historic investment of $20.3 billion in the National Institutes of Health, a 14 percent increase over last year. These resources will support new methods for detecting, treating, and curing diseases such as cancer, Alzheimer's, and diabetes as well as continue to support cutting-edge research such as the Human Genome Project. NIH resources have increased by $10 billion during the Clinton Administration and are now nearly double the 1993 level of $10.3 billion.

✓ **Increasing Funding to Explore the Environmental Causes of Disease.** The budget provides $49 million, a 169 percent increase, to assist communities investigating unusual incidence of cancer or other diseases; identify regions of the country in which individuals are at increased risk of dangerous exposure to toxic substances; and ensure rapid evaluation of the impact of public health emergencies.

✓ **Supporting Graduate Medical Education at Children's Hospitals.** The budget provides $235 million to reimburse freestanding children's hospitals that train and educate physicians to care for children, a five-fold increase over last year.

✓ **Expanding AIDS Care, Prevention, and Research.** Building on the historic reauthorization of the Ryan White CARE Act, this budget includes: a $94 million increase in funding for domestic HIV prevention activities; $213 million for the Ryan White CARE Act that helps provide primary care and support for Americans living with HIV/AIDS; and an estimated $200 million in additional funds for AIDS-related research at the NIH. The budget also added nearly $100 million in funding to the Minority AIDS Initiative, which utilizes existing programs to reach African-Americans, Latinos, and other racial and ethnic minorities that are disproportionately impacted by HIV/AIDS. CDC received an additional $70 million to fight AIDS internationally.

✓ **Funding the Ricky Ray Hemophilia Relief Trust Fund Act.** The budget provides $580 million for a total funding of $665 million for the Ricky Ray Hemophilia Relief Trust Fund, which provides one-time payments of $100,000 to Americans with hemophilia who were infected with HIV by blood solids during the 1980s.

✓ **Creating the Family Caregivers Program.** The budget provides a major new investment of $125 million in the Older Americans Act to provide states with funding for quality respite care and other essential services for family caregivers, a proposal advocated by Vice President Gore. This program is a critical piece of the President's historic long-term care initiative.

✓ **Improving Nursing Home Safety.** The budget includes a $32 million (68 percent) increase for the new Nursing Home Initiative for more rigorous inspections of nursing facilities and improved federal oversight and enforcement of nursing home quality.

✓ **Increasing Access to Health Care for the Uninsured.** The budget invests $125 million to develop integrated systems of care for the uninsured through coordination between public hospitals, health centers, and other community-based providers, increase the number of services delivered and establishing accountability in the system to assure adequate patient care.

✓ **Making Our Food Safe.** The President won his entire request of $422 million for food safety, a $68 million increase over last year. These resources will support enhanced and expanded food safety inspections; outbreak responses; research, risk assessment and education activities; and implementation of the Egg Safety Action Plan adopted by the President's Council on Food Safety.

✓ **Improving States' Capacity to Deliver Health Care Services to the Mentally Ill.** The budget provides an additional $64 million above the FY 2000 funding level for the Mental Health Block Grant, an 18 percent increase over FY 2000. It also includes $25 million for a new Target Capacity Expansion program to focus on prevention and those who are not severely mentally ill.

✓ **Expanding Substance Abuse Prevention and Treatment.** The budget continues the Administration's commitment to expanding substance abuse prevention and treatment with a $135 million increase to $2.1 billion total , a 31 percent increase since 1993. This includes an additional $74 million for Targeted Capacity Expansion grants to help communities address gaps in substance abuse services for emerging areas of need. Combined with an additional $65 million for the Substance Abuse Block Grant, the budget will provide treatment for another 27,000 individuals.

✓ **Promoting Community-Based Care for Americans with Disabilities.** The budget invests $50 million to help states develop comprehensive plans to care for persons with disabilities in the most appropriate setting.

✓ **Protecting Patient Safety.** To reduce medical errors, the budget provides the Agency for Healthcare Research and Quality with $50 million for research and the creation of a new Center for Patient Safety. In 2001, the Food and Drug Administration received a 35 percent increase in funding over FY 2000, to $27 million, to fund the modernization of its existing adverse event reporting systems.

✓ **Preparing for and Preventing Bioterrorist Attacks.** The budget fully funds President Clinton's request of $326 million to stockpile vaccines, antibiotics, and other medical supplies to deploy in the event of a chemical or biological terrorist attack and carry out related research and development.

✓ **Reducing Racial Disparities in Health Status.** The budget provides an additional $8 million, a 26 percent increase over the FY 2000 funding level, for health research and prevention activities to better understand and address health disparities among minority populations.

✓ **Providing Quality Health Care to Native Americans:** The budget provides $2.6 billion, a 9 percent increase, for high-quality health care services on American Indian and Alaska Native reservations. This is the largest increase in history and it will fund:

- **Clinical Services:** The budget provides $80 billion, $168 million over last year, including funds to hire health care professionals to provide additional primary care services at IHS hospitals and clinics and to purchase additional basic and specialty health care services from local and community health care providers.
- **Contract Support Costs:** The budget provides $249 million, $20 million over the FY 2000 enacted level, to support tribes as they assume responsibility for providing direct health care services.
- **Indian Health Care Improvement Fund:** Within Hospital and Clinics, the budget provides $30 million to address funding disparities by targeting increases to tribes most in need.
- **Facilities:** The budget provides $364 million, $47 million over FY 2000 enacted, to make much needed improvements to IHS' infrastructure for the delivery of health care services to patients.

✓ **Preventing Childhood Diseases.** The budget provides an additional $78 million, a 15 percent increase over last year, to increase childhood immunization rates and eradicate polio worldwide.

✓ **Controlling the Spread of Infectious Disease.** The budget provides $265 million to the Center for Disease Control, a 34 percent increase, for infectious disease programs and disease surveillance systems.

✓ **Expanding Family Planning Services.** The President secured $254 million in FY 2001 for family planning, a $15 million (6 percent) increase. This initiative will allow family planning clinics to provide reproductive health services and clinical care to millions of underserved Americans, including testing and treatment for sexually-transmitted diseases, cancer screenings, and HIV prevention and counseling.

✓ **Keeping the Health Care Promise for Retired Coal Miners and Their Families.** The budget provides an additional $97 million to help continue the retirement health care that the nation promised about 65,000 retired coal miners and their families.

ENVIRONMENT

President Clinton and Vice President Gore made significant strides for the environment in the fiscal year 2001 budget that proposed a record $42.3 billion to protect our natural resources, communities and families – an 11 percent increase over last year. The final budget includes increased funding for protection of America's parks, forests, green spaces, coastal areas and wildlife. The budget will provide Americans with increased resources for wild fire management, clean water and energy security. At the same time, the President and Vice President fought back numerous, anti-environmental riders that would have traded hard-won environmental safeguards for short-term special interest gains.

✓ **Preserving America's Lands.** The President and Vice President, with bipartisan congressional support, won unprecedented dedicated funding for the conservation of America's land and coastal resources. Totaling $12 billion over six years, this historic conservation funding level will more than triple the current funding for these programs by 2006. The bill creates a new "conservation spending" category – protected from being spent on any other programs – for federal, state and local needs, and for maintaining existing parks and other conservation and recreation needs.

✓ **Protecting the Environment.** The budget provides $3.9 billion for the EPA operating program, a 9 percent increase, to strengthen the backbone of the nation's environmental protection efforts. In recent years, Congress's failure to fully fund the President's budget proposals has jeopardized the EPA's ability to protect public health and the environment. These resources will enable EPA to continue to provide American communities with cleaner air, cleaner water, and improved quality of life. In addition, President Clinton won more resources for "the environmental cop on the beat" to enforce environmental laws against pollution.

✓ **Promoting Clean Water.** The budget includes an 8 percent increase—to $165 million—for President Clinton's Clean Water Action Plan. Forty percent of our nation's waters don't meet water quality standards. The EPA and the Departments of Agriculture, the Interior, and Commerce will implement the plan together, including monitoring activities, watershed improvements, and private forest stewardship, and reclaiming abandoned mine land. The budget includes a $38 million increase for controlling non-point source pollution, the greatest remaining source of poor water quality, and a $56 million increase to help states and tribes strengthen water quality control programs.

✓ **Fighting Global Warming.** The budget includes $1.2 billion, a 13 percent increase, for President Clinton's Climate Change Technology Initiative. This initiative is the backbone of the national effort to reduce greenhouse gases, while creating jobs and saving consumers money. It supports the research, development, and deployment of solar and renewable energy technologies and energy-efficient products. It includes $375 million for Department of Energy solar and renewable energy research (a 21 percent increase); $626 million for energy efficiency research (an 8 percent increase); and $123 million for EPA to promote energy efficiency (a 19 percent increase).

✓ **Restoring the Florida Everglades, a National Treasure.** This year's budget includes $118 million for Army Corps of Engineers projects to restore wetlands and natural waterflows in this internationally important ecosystem. This project is an important step to implement the President's $7.8 billion Comprehensive Everglades Restoration Plan, which has unprecedented support from Congress, agricultural, community, business and environmental groups. The restoration of America's Everglades will help ensure a safe supply of water for Florida's cities and farming communities into the future.

✓ **Protecting the Global Environment:** The budget includes $100 million, a 61 percent increase, for USAID's tropical forest and biodiversity conservation budget to protect key ecosystems around the under the President's Greening the Globe initiative. The budget also includes $108 million, a 200 percent increase, in U.S. funding for the Global Environment Facility (GEF), the primary international fund for global environment priorities including biodiversity conservation, international waters, protection of the ozone layer and climate change.

WORKING FAMILIES

The President fought for important initiatives in his budget to help working families and ensure that all Americans can share in prosperity.

✓ **Protecting Workers.** The final budget includes $1.2 billion to enforce federal safety, health, pensions, wages, and nondiscrimination practices. This $102 million increase will support 1,500 inspections to ensure safe and healthy workplaces. In addition, it supports efforts to increase labor law compliance, including child labor, and to expand public education/outreach efforts related to workers' pensions.

✓ **Helping Hard-Pressed Working Families Meet Their Nutritional Needs.** Congress approved an important reform proposed by the Administration to allow 245,000 people to own a reliable car and still be eligible for food stamp assistance. Many of these families need a car to get to jobs, job training, and child care. Another change also helps over 1.5 million people put food on the table by ensuring that the food stamp program more accurately recognizes high housing costs faced by many low-income working families.

✓ **Helping Former Welfare Recipients and other Low-Income Workers Get to their Jobs.** Congress provided guaranteed funding of $100 million for the Job Access and Reverse Commute program, a critical component of the Administration's effort to move families from welfare to work and support working families. This is an increase of $25 million over the FY 2000 level, but less than the $150 million requested by the Administration. Regrettably, Congress earmarked 75 percent of the funds and failed to allow Native American tribes to apply directly for Job Access grants.

✓ **Expanding Nutrition and Health Care for Women and Young Children.** The final budget provides $4.05 billion for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), an increase of $20 million over FY 2000. The budget will provide vouchers for nutritional food packages, nutrition education and counseling, and health care and immunization referrals to more than 7 million women, infants, and children each month.

✓ **Creating 79,000 New Housing Vouchers.** With the Administration's leadership, the budget includes $453 million for new vouchers that subsidize the rents of low-income Americans. These vouchers will expand the supply of affordable housing for the 5.4 million very-low-income families who pay more than half their incomes for housing or live in severely inadequate units, including a growing number of families working full time. Vouchers often enable families to move closer to job opportunities. This budget builds on the 110,000 new vouchers secured through the President's leadership in the past two years.

✓ **Increasing Voucher Use and Tenant Housing Options.** The budget helps Public Housing Authorities use some housing vouchers to expand tenant rental opportunities. For the first time, tenants moving into housing that has a designated voucher will not have to give up their rental assistance if their family needs to move.

✓ **Expanding the Home Investment Partnership.** The budget provides $1.8 billion for the Home Investment Partnership Program, a $200 million increase, to build, buy, and renovate affordable housing for low-income families. The program also supports housing vouchers and homeownership counseling. These funds will create homeownership opportunities and affordable housing for an estimated 67,000 families in the next year.

✓ **Funding to States for Critical Local Needs.** Congress approved $1.7 billion for the Social Services Block Grant which plays a critical role in funding child welfare and child protection services, as well as services to the elderly, disabled, and child care for children of hard-pressed working families.

✓ **Extending Welfare-To-Work Funding.** To help more long-term welfare recipients and low-income fathers go to work and support their families, the Administration proposed and Congress approved giving state, local, tribal, and community- and faith-based grantees an additional two years to spend existing Welfare-to-Work funds. This will give grantees an opportunity to fully implement the $3 billion Welfare-to-Work initiative the Administration fought to include in the 1997 Balanced Budget Act, as well as the program eligibility improvements enacted last year with the Administration's support.

✓ **Promoting Employment Opportunities for Americans with Disabilities.** The budget includes $23 million to establish a new Office of Disability Policy, Evaluation and Technical Assistance (ODPET), headed by a new Assistant Secretary at the Department of Labor, to take the lead on policy development, technical assistance, research and public education on disability employment. The budget also includes $20 million to continue the Work Incentive Assistance Grants program to ensure that people with disabilities who want to return to work have access to the full range of employment and reemployment services under the Workforce Investment Act.

COMMUNITY EMPOWERMENT

The United States is currently in the midst of the longest expansion in its history. The strength and duration of this expansion have helped bring economic opportunity to millions of people once cut off from the economic mainstream. However, too many urban and rural areas have not participated in this growth. Moreover, the President believes that parents who work hard and play by the rules should not have to raise their children in poverty.

✓ **Enacting the New Markets Initiative.** President Clinton and Congress have worked together on this bipartisan initiative to stimulate new private capital investments in economically distressed communities and build a network of private investment institutions to funnel credit, equity and technical assistance to businesses in America's new markets. Together, these initiatives expand the range of "bankable" deals and will stimulate additional private business activity. The agreement includes:

- **The New Markets Tax Credit.** The credit will spur $15 billion in equity investment for business growth in low- and moderate-income rural and urban communities throughout the United States and Puerto Rico. The credit, worth over 30 percent of the amount invested (in present value terms), will be available to taxpayers who invest in a wide range of privately managed community development investment funds, such as community development banks and other CDFIs, venture funds, and new investment companies, that finance businesses in low- and moderate-income communities.
- **New Markets Venture Capital (NMVC) Firms.** The legislation provides for venture capital firms that would target smaller businesses located in low- and moderate-income communities. NMVC firms will provide expert guidance to small business entrepreneurs in inner city and rural areas. The legislation authorizes guarantees for $150 million in loans that will match $100 million in private equity, and provides $30 million for technical assistance for small business.
- **Strengthened Empowerment Zones.** President Clinton and Vice President Gore established nine EZs in 1993. Today, there are 31 across America. This legislation provides:

- A third round of 9 new EZs, bringing the total number to 40, and extends all EZs to 2009.
- An additional $110 million, for a total of $200 million in discretionary investment this year for existing EZs.
- Expansion of 20% EZ wage credit (first $15,000 in annual wages for each worker), increased small business expensing (up to $35,000 more than in current law for equipment), and enhanced tax-exempt bonds to all EZs.
- Tax-free rollovers for EZ investments, and 60% capital gains exclusion for investment in small EZ businesses.

- **Renewal Communities.** The tax incentives for the 40 new Renewal Communities include:

- Zero capital gains rate on the sales of certain assets held for more than 5 years.
- Increased small business expensing (up to $35,000 more than in current law for equipment).
- 15% employment wage credit (first $10,000 in annual income for each worker).
- Commercial revitalization deductions for taxpayers who revitalize buildings in a Renewal Community.

- **An Expanded Low-Income Housing Tax Credit.** This bill increases the Low-Income Housing Tax Credit by more than 40 percent over two years and then indexes the credit for inflation thereafter. The increase will help to create an additional 180,000 units of affordable housing for working families over the next five years. The credit will increase to $1.50 per capita for each state in 2001 and $1.75 per capita in 2002.
- **A Higher Private Activity Bond Cap.** The legislation increases the state private activity bond cap from $50 per resident to $75 per resident, phased in 2001 to 2002.
- **Bolstered District of Columbia Tax Incentives.** The bill provides Washington, DC priority in receiving status under the Renewal Community program. In addition, the agreement also extends the District's current tax incentives, which are set to expire in 2002, to 2003.
- **Local BusinessLINC Coalitions.** BusinessLINC (Learning, Investment, Networking and Collaboration), is an innovative public-private partnership launched by Vice President Gore to encourage large businesses to work with and mentor small businesses located in distressed communities. This bill provides $7 million for BusinessLINC local coalitions forming across the country.

✓ **Helping Low-Income Families Invest for the Future.** Congress approved the President's budget request of $25 million to create Individual Development Accounts to empower low-income working families to save for a first home, postsecondary education, or to start a new business. Congress also approved the Administration's proposed changes that make it simpler and easier for community-based organizations and individuals to participate in this national demonstration program. This builds on President Clinton's longstanding support for empowering individuals to save through IDAs.

✓ **Developing the Mississippi Delta Region.** The budget funds a new federal-state partnership to fight for economic growth in the Mississippi Delta region, a seven-State area which includes some of the most distressed communities in the nation, including:

- **$20 million for the Delta Regional Authority,** a federal-state partnership. Resources will be focused on the more than two million people living in the Delta's distressed areas. These areas have a poverty rate that is over 30 percent, twice the national average. The funding will support area development and technical assistance to participating State and local economic development entities.
- **$6 million to improve rural economic opportunity** by allowing the Department of Agriculture to fund activities such as financing loans to intermediary borrowers who re-lend funds to rural businesses and community development corporations; and
- **$226 million to improve the transportation infrastructure in the Delta region** through Department of Transportation transit and highway projects.

✓ **Makes Capital Available through Community Development Financial Institutions.** The President won $118 million for the Community Development Financial Institutions (CDFI) Fund. The Fund has a record of supporting local specialized lenders and investors—as well as traditional financial institutions—that make loans and equity investments in under-served communities. It is a vital source of capital to build a national network of community development lenders, following through on one of the President's original commitments. The Administration is especially pleased that Congress provided the requested $5 million for technical assistance and training to benefit Native American communities.

✓ **Creating Economic Opportunity in Distressed Communities.** The budget provides over $5 billion—a $324 million increase—for the Community Development Block Grant to improve housing, strengthen public works, promote economic development, and acquire or clear land.

✓ **Offers More Emergency Food and Shelter.** The budget includes President Clinton's request to increase funding for the Federal Emergency Management Agency's grants by $30 million, to $140 million. These grants go to the states and are distributed locally to community based organizations to assist families and individuals who need emergency housing and food. As a result of this law, needy Americans will receive 25 million more meals and 1.1 million additional nights of shelter next year.

✓ **Increases Homeless Assistance.** The President and Vice President proposed a major expansion of HUD's continuum of care program to help homeless persons obtain temporary and permanent housing and supportive services. The final budget includes $1.125 billion in funds for the homeless assistance including $100 million for Shelter Plus Care renewals, a 10 percent increase over last year's budget.

✓ **Promoting Community Service.** The final budget includes more than $767 million for national and community service, a $36 million increase. It will allow AmeriCorps to surpass 250,000 members who have served their communities since 1994, helping to close the digital divide, improve education, build public housing, and meet critical social and environmental needs. It will also allow hundreds more National Civilian Community Corps members to continue to provide desperately needed help for communities faced with ravaging fires or devastating floods. The bill includes $7.5 million for America's Promise—the community service initiative led by General Colin Powell that stemmed from the Presidents' Summit for America's Future—to ensure that children grow into healthy, strong, and productive adults.

FROM DIGITAL DIVIDE TO DIGITAL OPPORTUNITY

Access to computers and the Internet and the ability to use this technology effectively are becoming increasingly important for full participation in America's economic, social and political life. Unfortunately, there is strong evidence of a "digital divide"—unequal access to technology by income, education level, race, and geography. We also need to give people skills to use technology and to promote content and applications of technology that will help empower under-served communities.

✓ **Establishing Community Technology Centers.** $65 million to create up to 650 Community Technology Centers in low-income urban and rural communities, up from $10 million two years ago and doubling the $32.5 million last year. This initiative will help close the "digital divide" by providing computers and Information Age tools to children and adults who can not afford them at home.

✓ **Preparing Tomorrow's Teachers to Use Technology.** The final budget includes $125 million to train new teachers to use technology effectively in the classroom, up from $75 million last year. Under the leadership of President Clinton and Vice President Gore, the United States has made enormous progress in connecting schools to the Internet and increasing the number of modern computers in the classroom. However, access to computers and the Internet will not help students achieve high academic standards unless teachers are as comfortable with a computer as they are with a chalkboard.

✓ **Supporting Innovative Applications of Technology.** President Clinton's budget will increase the investment in the Department of Commerce's successful Technology Opportunities Program (TOP) to $45.5 million—triple the current level of $15 million. TOP funds innovative uses of technology to assist in the delivery of health care and public health services, help public safety officials, increase low-income families' access to computers and the Internet, support lifelong learning, and strengthen local communities by fostering communication and collaboration through electronic networks.

✓ **Creating Digital Opportunity for Americans with Disabilities.** The budget provides $142 million for R&D and support for programs to make information and communications technologies more accessible for people with disabilities, and to make assistive technologies more affordable.

✓ **Giving all of our Children Access to Educational Technology.** The budget provides a total of $872 million for educational technology, including $450 million for the Technology Literacy Challenge Fund. Under Clinton-Gore, spending on educational technology is up from $23 million in FY93, an increase of over 3,600%. These programs help local communities meet the "four pillars" of the President's Educational Technology Initiative: Internet access, modem computers, educational content, and teacher training.

RESEARCH AND DEVELOPMENT

For the seventh straight year, President Clinton and Vice President Gore have requested, and negotiated, increases in Federal funding for fundamental research. Increased investment in science and technology leads to economic growth, the creation of high-tech, high-wage jobs, cures for diseases, and a cleaner environment for future generations of Americans. The 21st Century Research Fund consists of the Federal government's long-term investments directed toward creating new knowledge and developing new technologies. In FY 2001, these investments will total $44.9 billion, an increase of nearly $5 billion (12 percent) over last year.

✓ **Investing in Health Research.** This year, the National Institutes of Health will receive $20.3 billion, an increase of $2.5 billion (14 percent) over last year to broaden research on diseases such as diabetes, cancer, and brain disorders, and disease prevention strategies and vaccines. NIH resources have doubled in the Clinton Administration from $10.3 billion in FY 1993.

✓ **Sustains U.S. Leadership across the Scientific Frontiers.** The budget contains a $529 million increase for the National Science Foundation—the largest increase ever—for a total investment of $4.4 billion. It boosts university-based research and insure balanced support for all science and engineering disciplines. Increased investments will spur new discoveries in the fields of information technology, nanotechnology, biocompexity, and other areas of fundamental science and engineering.

✓ **Information Technology.** The budget includes a $424 million increase for information technology to $2 billion. The information technology industry accounts for a third of our economic growth and also creates high-tech, high-wage jobs.

✓ **Nanotechnology.** The budget increases resources for nanotechnology research by $151 million to $422 million. Nanotechnology— the manipulation of matter at the atomic and molecular level—could lead to breakthroughs such as the ability to store the equivalent of the Library of Congress in a device the size of a sugar cube, materials 10 times stronger than steel and a fraction of the weight, and the ability to detect tumors when they are only a few cells in size.

✓ **Core Research Areas.** The budget also provides a $189 million (or 7 percent) increase for fundamental mathematics, functional genomics, physics, chemistry, geology, psychology, and cognitive and linguistic sciences to help sustain the flow of new discoveries and promote the emergence of new disciplines, fields, and technologies. These priority areas hold great promise for breakthroughs that are revolutionary, likely reshaping science and engineering, and changing the way we think and live.

✓ **Investing in Energy Research.** As part of the Clinton-Gore plan to reduce our nation's reliance on oil and lower the nation's fuel bills, the budget includes increases for the Department of Energy's domestic energy research and development programs: a $65 million increase for solar and renewable energy; $49 million (8 percent) for energy efficiency (including $13 million for hybrid vehicle or "supercar" research); and $111 million (27 percent) increase for fossil energy. It also includes a $20 million increase at the Environmental Protection Agency for energy efficiency research and development. These initiatives will help our nation achieve greater energy security, reduce pollution, and create new high-tech industries and jobs. The budget also boosts basic research in the Department of Energy's Office of Science by $399 million, or 14 percent.

✓ **Expanding the National Aeronautics and Space Administration.** The final budget includes a $684 million increase, to $14.3 billion, for the National Aeronautics and Space Administration. These resources will help NASA meet its human space flight needs more safely and at lower cost through a new generation of space launch vehicles and enable it to establish a sustained human presence in earth orbit and a robotic presence on Mars.

✓ **Investing in Advanced Technology.** President Clinton won continued funding for the Advanced Technology Program, which the House Republican budget proposed to eliminate. This year, ATP will make an additional $61 million in new awards. ATP supports the development of risky technologies with significant promise for widespread economic benefits.

✓ **Encouraging Innovation through Patents and Trademarks.** The budget increases funding for the Patent and Trademark Office by 19 percent over last year, to over $1 billion. These resources will allow the office to accommodate its surging workload and issue patents and trademarks without delays, encouraging investment and innovation, particularly in industries that are key to sustaining the economic expansion like biotechnology and the Internet.

SAFE COMMUNITIES

Under the Clinton-Gore Administration, crime has fallen to its lowest rate in a generation. The final budget proposes a series of measures to continue to make progress toward the goal of making America the safest big country in the world.

✓ **Enforcing Gun Laws.** The final budget contains nearly $200 million to fund the President's Gun Enforcement Initiative—the largest national gun enforcement initiative in history. This will fund 500 new ATF firearms agents and inspectors, expand crime gun tracing and ballistics testing; and support over 600 new federal, state and local gun prosecutors to crack down on gun criminals. This funding will also help the ATF expand the President's successful Youth Crime Gun Interdiction Initiative (YCGII), which helps law enforcement crack down on the illegal gun traffickers that supply firearms to juveniles and criminals, from 38 to 50 cities.

✓ **Putting More Police on the Streets.** Last year, President Clinton and Vice President Gore met their commitment to fund 100,000 new police officers for our streets ahead of schedule and under budget. As called for by the President, the final budget contains over $1 billion to help communities take the next step and hire up to 50,000 more police officers by FY 2005; the budget also provides other critical resources for law enforcement.

✓ **Hiring More Community Prosecutors.** The budget includes $25 million for the Administration's initiative to extend the success of community policing to local prosecutors by helping states and localities hire new community prosecutors to address public safety and quality of life issues.

✓ **Fighting against Domestic Violence.** The President and Vice President have championed reauthorization of the historic Violence Against Women Act, which the President recently signed. The President won $504 million in FY 2001 to combat domestic violence—$289 at the Department of Justice and $215 at the Department of Health and Human Services. These funds will help communities to expand prevention efforts and enhance the safety of more victims of domestic violence and sexual assault.

✓ **Saving Lives by Preventing Drunk Driving.** Congress has also reached agreement on a critical measure to help set a nationwide impaired driving standard of .08 blood alcohol content. This common-sense nationwide limit will save an estimated 500 lives a year and prevent thousands of injuries.

✓ **Developing Smart Gun Technology.** To help prevent accidental gun death and injuries of children who obtain access to guns, as well as other unauthorized gun use, the Administration won $8 million to expand the development of "smart" gun technologies. These state-of-the-art gun safety technologies can limit a gun's use to its proper adult owner or other authorized users.

✓ **Investing in Law Enforcement Technology.** The final budget provides $270 million within COPS to provide law enforcement with the latest crime-fighting and crime-solving technology.

✓ **Strengthening Police Integrity and Fighting Hate Crimes.** The budget provides $17 million to help strengthen police integrity including hate crimes training for Federal, state, and local law enforcement, data collection on "racial profiling," and other innovative initiatives to build trust between police and communities and promote police accountability.

✓ **Increasing Community Supervision of Released Offenders.** The budget contains a total of $30 million for Project Reentry, an innovative Administration initiative to create "reentry partnerships" and "reentry courts" to help communities reduce recidivism for offenders returning to their communities from prison. This will complement $75 million for Responsible Reintegration for Young Offenders grants and $10 million in substance abuse and mental health services grants targeted towards reentry initiatives.

✓ **Continue the Youth Anti-Drug Media Campaign.** The Administration secured $185 million to continue the successful national media campaign to regularly reach our youth with the message that drugs are wrong, dangerous and deadly.

AMERICA'S ARMED FORCES AND LEADERSHIP IN THE WORLD

At the start of a new century, the United States is faced with new opportunities and new challenges as a global leader and the world's strongest force for peace and prosperity. American leadership has been instrumental in seizing new opportunities for peace, including reversing ethnic cleansing and restoring stability to the Balkans; ending bloodshed in Northern Ireland; brokering peace in the Middle East between Israel and its neighbors; restoring democracy in East Timor; supporting Russia's transformation to democracy and free markets; and integrating China into the international community. U.S. leadership has also been decisive in meeting new challenges and combating new threats such as weapons proliferation, terrorism, and drug-trafficking.

The FY 2001 budget builds upon past success to advance America's leadership position in the world, funding a number of new initiatives designed seize the new opportunities and face the new challenges the 21st century presents.

✓ **Meeting our International Obligations.** Foreign Operations funding enables the United States to fulfill its international responsibilities—bolstering security for us and our allies, alleviating poverty and disease, promoting democracy and expanding markets for exports. Congress initially provided nearly $2 billion less than the President requested for Foreign Operations. In the end, Congress will provide $14.9 billion, only about $200 million below our request.

✓ **Providing Debt Relief.** President Clinton won $435 million for the Heavily Indebted Poor Country debt initiative. Under the Cologne Debt Initiative, countries receiving debt relief will direct their savings to education, health care, AIDS prevention, and other critical needs. The budget also includes $13 million for the Tropical Forest Initiative to use debt relief funds in support of conservation and authorizes the use of proceeds from IMF gold sales for debt reduction. Unsustainable debt keeps many countries in poverty. For the average HIPC country, the share of scarce government revenue devoted to debt service could fall by 25 percent to 50 percent if they comply with their obligation to pursue economic reforms and promote poverty reduction.

✓ **Fighting AIDS and Funding Vaccines.** President Clinton won $554 million to combat HIV/AIDS and $125 million for other infectious diseases that plague the developing world. The budget also funds the President's Millennium Vaccine Initiative, including $50 million for the Global Alliance for Vaccines and Immunization, over $270 million for AIDS vaccine research and malaria and TB vaccine research. The AIDS vaccine research program is part of the Administration's overall AIDS research effort, which will receive an unprecedented level of support in this budget—over $2 billion.

✓ **Fighting Child Labor and Expanding Education in Developing Countries.** President Clinton won a $37 million increase to strengthen educational systems in areas of developing countries, especially where abusive child labor is prevalent. Better access to basic education can be a catalyst for poverty reduction, maternal and infant health, the prevention and treatment of HIV-AIDS and other infectious diseases, and the elimination of abusive child labor. The budget also includes $10 million to enforce custom laws against child labor customs enforcement and

$45 million for the International Program for the Elimination of Child Labor. Since 1995, the U.S. has funded projects to prevent or remove some 120,500 children in Africa, Asia and Latin America from dangerous or abusive work in many industries (including commercial agriculture, mining, fishing, the production of soccer balls, carpets, garments, fireworks, and footwear), as well as prostitution and domestic service.

✓ **Migration and Refugee Assistance Account.** This $700 million provides emergency food shelter and repatriation assistance to refugees overseas and allows refugee resettlement in the United States. This is significant because it is even more than we requested and will make a huge difference in our ability to provide essential assistance and protection to a worldwide refugee population that has increased by over half a million in the last six months.

✓ **International Family Planning.** The budget provides $425 million—a significant increase from last year's level of $373 million—will promotes women's health and saves women's lives. However, funds for these programs may not be obligated until February 15th, 2001.

✓ **Maintaining a Strong and Capable Military.** Last year, President Clinton and Vice President Gore initiated a long-term, sustained increase in defense spending to protect our high level of military readiness and procure modern and effective weapons systems. This year's budget includes:

- **More Resources.** The FY 2001 budget will pay for the Department of Defense's most critical needs, consistent with the President's budget request. The appropriation for the Department of Defense provides $296.4 billion in discretionary budget authority, a $15.8 billion increase over the FY 2000 level (excluding supplemental appropriations for defense programs in FY 2000, such as contingency operations).
- **Military Readiness.** The FY 2001 budget fully funds key compensation initiatives, including the Administration's requests for a 3.7 percent pay increase for military personnel, training, spare parts, equipment maintenance, and base operations. It also fully funds a new pharmacy benefit for military retirees over the age of 65, ensuring that those who dedicated their lives to military service benefit from comprehensive prescription drug coverage.
- **Modernized Weapons Systems.** The bill fully funds key modernization programs such as the F-22 fighter aircraft, the CVN-77 Nuclear Aircraft Carrier, and National Missile Defense. America's armed forces must maintain their status as the best-equipped in the world.

✓ **Keeping the Peace.** Our ability to pay our share of international peacekeeping missions is a crucial part of fulfilling our international security responsibilities and ensuring that other nations share the burden with us. The budget provides our full request of $835 million for CIPA (Contributions for International Peacekeeping Activities).

✓ **Reducing the Threat of Weapons of Mass Destruction.** The budget provides $870 million for the Expanded Threat Reduction Initiative to contain the spread of weapons of mass destruction from the former Soviet Union and to promote stability.

✓ **Fighting Terrorism.** The bombing of the U.S.S. Cole reminds us of the increased threat of terrorism abroad. The $1 billion for the Department of State embassy security initiatives is a steadfast commitment to the security of our employees overseas, including full funding for security readiness measures, substantial increases for security improvements to existing facilities to deter and reduce the effects of attack, and a robust program of new construction to replace inadequate and vulnerable facilities. In addition, the budget includes $205 million for new counter-terrorism and cyber-crime initiatives in the Departments of Treasury and Justice, including adding agents to Joint Terrorism Task Forces, enhancing technology and intelligence gathering along the northern border, enabling Treasury law enforcement to respond to unanticipated terrorist incidents, and improving the tracking of terrorist assets.

✓ **Promoting Cybersecurity.** The information technology revolution that has fueled the tremendous growth in our economy has also made us more vulnerable to cyber attack. The budget includes $27 million to enable us to recruit and educate cyber experts, set up a team of experts to assist agencies in adhering to federal computer security requirements, develop a government-wide intrusion detection and response system, and run the Critical Infrastructure Assurance Office that coordinates with the private sector.

✓ **Promoting Democracy and Stability.** The budget includes $250 million to bolster democracy in Kosovo and support the newly elected democratic government in Serbia. It provides $421 million to promote the political and economic integration of the Balkans into Europe and into the global community and economy. Finally, it provides $1.8 billion from the Economic Support Fund and $3.4 billion from Foreign Military Financing to support the next phase of negotiations between Israel and its neighbors.

✓ **Colombia Assistance.** Congress provided $1.3 billion in FY2000 emergency supplemental appropriations for assistance to Colombia, matching the funding level of the President's two-year request. These funds will support programs to stem the flow of illegal drugs coming from Colombia to the United States and to bring greater stability to Colombia and the Andean Region.

✓ **Meeting the Chemical Weapons Convention.** The budget meets U.S. obligations under the Chemical Weapons Convention banning chemical weapons and monitoring the production of toxic chemicals, as well as protect confidential U.S. business information.

FARM SAFETY NET

Because the 1996 Farm Bill fails to sufficiently support farm family incomes when crop prices fall or natural disasters strike, President Clinton and Vice President Gore proposed counter-cyclical income assistance, crop insurance reform, a major farm conservation program initiative (much of which extends beyond 2002), and targeted assistance to certain segments of the farm and rural communities.

✓ **Helping farmers and ranchers recover from natural disasters and low prices for their commodities.** The budget includes over $4 billion in assistance to farmers, ranchers, and rural residents who suffered losses from natural disasters, such as this summer's severe drought that impacted many parts of the country. This includes over $2 billion to compensate crop producers for quantity and quality losses and over $1 billion for livestock feed and dairy income assistance. In addition, the budget includes the President's proposal to extend the dairy price support program, providing further income support and security for dairy farmers.

✓ **Closing the "economic divide" in rural America.** The budget provides increases of $2.2 billion for loans and grants for high-priority rural development programs which will improve the quality of life for rural residents, strengthen rural communities, and diversify the rural economy. More than 1.5 million more rural residents will receive access to safe, affordable drinking water through water and wastewater loans and grants; nearly 100,000 jobs will be created or saved through $2.5 billion in guaranteed loans to rural businesses; and, over 60,000 very-low to moderate income rural families will receive single-family housing loans and loan guarantees, allowing many to own their own homes for the first time.

OTHER HIGHLIGHTS

Other Clinton-Gore initiatives funded by the 2001 budget include:

✓ **Expanding Civil Rights Enforcement.** The President won nearly all of his requested increase for civil rights enforcement, bringing the total commitment to more than $1 billion per year. Funding for the Civil Rights Division of Justice was expanded from $82 million in FY 2000 to $92 million in FY 2001, a 12 percent increase. Funding for the Equal Employment Opportunity Commission increased from $281 million to $304 million in FY 2000, an eight percent increase.

✓ **Ensuring Equal Pay.** The President won $42 million for his Equal Pay Initiative to train to employers on wage discrimination; train women in nontraditional jobs; provide for apprenticeships; and support industry partnerships. Within this initiative, the National Science Foundation (NSF) will invest $20 million to remove barriers to career advancement for women scientists and engineers.

✓ **Meeting Our Commitment to the Nation's Veterans.** The budget provides a $1.5 billion increase for the Department of Veterans Affairs, the largest increase ever requested by any Administration. These resources will improve benefits and services to the nation's 24 million veterans, serve more patients while ensuring high quality and timely care, improve the delivery of benefit payments for veterans, and ensure that we meet our National Shrine commitment to cemeteries for veterans.

✓ **Promoting the Arts in America.** This year President Clinton proposed to expand resources for the National Endowment for the Arts to provide support for the important cultural, educational and artistic programs for communities across America. Working together, the President and the Congress were able to increase funding for the NEA to $105 million, a $7 million boost over last year's funding level and the first significant increase in the six years since the Republicans took control of the Congress.

✓ **Welcoming New Americans.** The President and Vice-President won $70 million for the English Literacy/Civics Initiative—nearly triple last year's funding. This program helps states and communities provide recent immigrants and other individuals with limited English proficiency with expanded access to quality English-language instruction linked to civics education, including understanding the U.S. government and public education systems, the workplace, and other key institutions of American life. It is a powerful tool in building a stronger American community. Funding for this initiative in 2001 will provide services for almost 250,000 individuals.

✓ **Providing Fairness to Immigrant Families.** The budget changes immigration law to benefit an estimated 700,000 to 900,000 immigrants' families. It will provide limited relief by reinstating section 245(i) and creating a new V visa category to allow families to stay together in the United States while their application is pending and provides relief to some individuals who would have likely benefited from the legalization program under the immigration law of 1986. However, this legislation fails to eliminate the disparate treatment under our immigration laws Salvadorans, Guatemalans, Hondurans, Haitians, and Liberians and does not provide any relief for deserving individuals affected by changes in the 1996 immigration law. The next Congress should enact legislation to address these important issues.

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A VICTORY FOR STUDENTS AND HEALTH CARE: PRESIDENT CLINTON, VICE PRESIDENT GORE, AND CONGRESSIONAL DEMOCRATS WIN A LANDMARK BUDGET

December 15, 2000

All year, President Clinton, Vice President Gore, and congressional Democrats have fought for a fiscally responsible budget that maintains America's prosperity by paying down the debt while making key investments in education, health care, and other priorities for America. **Today, President Clinton and Congress completed their work on the budget, agreeing on a budget for education, health, and labor programs and the New Markets initiative.**

The bill is a landmark achievement: it provides a $6.6 billion (or 18 percent) increase for the Department of Education, the largest ever and a 76 percent increase since 1993. The Department of Health and Human Services receives a $9 billion (or 22 percent) increase. It establishes the President's school repair initiative and provides the largest increases ever for the U.S. Department of Education, after-school programs, Head Start, school accountability, Pell Grants for college students (since the program was fully implemented in 1974), and the National Institutes of Health. It expands coverage under Medicare, Medicaid, and the State Children's Health Insurance Program and restores reimbursements to health care providers that were disproportionately effected by the Balanced Budget Act of 1997.

Investing in America's Students. The Clinton-Gore education strategy of higher standards for students and teachers, accountability for results, and the greater investment in our schools is working.

- ✓ **$933 Million Increase for Head Start, Doubling Resources since 1993.** President Clinton won a $933 million increase for Head Start to $6.2 billion, serving 935,000 children. This is the largest one-year increase in Head Start ever. Since 1993, Head Start has more than doubled from $2.8 billion to $6.2 billion.
- ✓ **$1.2 Billion for a New School Repair Initiative.** President Clinton fought for and won a new initiative to repair America's schools, providing $1.2 billion for urgent school renovation. This initiative was a top priority of the President's, but it wasn't in the earlier Republican budget passed by the House of Representatives. The budget also provides much-needed repair funds to Native American schools.
- ✓ **Staying on Track to Hire 100,000 Teachers to Reduce Class Size.** President Clinton won $1.6 billion for his class-size reduction initiative—a $323 million (or 25 percent) increase over last year—to stay on track to hire 100,000 new teachers to reduce class sizes in the early grades. The House Republican budget failed to dedicate funds for class-size reduction.
- ✓ **Nearly Doubling After-School Learning Opportunities.** The budget includes $846 million for after-school programs, a $396 million (or 88 percent) increase over last year and $246 million above the House Republican plan, serving 1.3 million children nationwide.
- ✓ **$567 Million to Improve Teacher Quality.** The budget includes $567 million for the President's teacher quality initiatives, a 52 percent increase. It invests in professional development, recruitment, and retention; expands the successful Troops to Teachers program to other mid-career professionals; and trains early childhood educators.
- ✓ **Holding Schools Accountable for Student Achievement.** President Clinton won $225 million—a 70 percent increase since last year—to turn around low-performing schools, while the House Republican budget failed to invest in this key priority.
- ✓ **Creating College Opportunities.** Last January, President Clinton announced his request for a $1 billion increase in efforts to expand student and prepare students for college. Consistent with his plan, the budget:
  - **Provides the Largest Increase in Pell Grants Ever.** The budget increases the maximum Pell grant to $3,750, a $450 increase since last year—the largest one-year increase since the program was phased-in in 1974—and a $1,450 increase since 1993.
  - **Increases Funding for GEAR UP by $95 Million to $295 Million.** The House Republican plan froze GEAR UP at $200 million. The budget will help 1.2 million disadvantaged students prepare for college.

- **Provides the Second-Largest TRIO Increase in History.** The budget increases TRIO funding by $85 million to $730 million and incorporates key elements of the President's College Completion Challenge Grants proposal into TRIO.
- **Funds One Million Work-Study Jobs.** It sustains the President's commitment to give one million students the opportunity to work through college.

Strengthening Health Care. The President's budget will strengthen the nation's health care system by:

✓ **Investing in Medicare, Medicaid, and S-CHIP Beneficiaries and Providers.** The budget enacts the Medicare, Medicaid and the State Children's Health Insurance Program (S-CHIP) Benefits Improvement and Protection Act, which invests nearly $35 billion over five years to: (1) improve Medicare's prevention benefits and cost-sharing, (2) provide health care coverage to persons leaving welfare for work and enroll eligible uninsured children in Medicaid and S-CHIP through schools and other sites, and (3) increase reimbursement to hospitals, home health agencies, nursing homes, managed care plans and other essential health care providers disproportionately affected by cuts from the Balanced Budget Act of 1997.

✓ **Supporting Biomedical Research.** The budget invests $20.3 billion in cutting-edge biomedical research at the National Institutes of Health, a 14 percent increase since last year and nearly double the $10.3 billion spent in 1993.

✓ **Creating the Family Caregivers Program.** The budget provides $125 million for states to provide respite and other support services to families who care for elderly relatives with long-term care needs.

✓ **Expanding AIDS Care, Prevention, and Research.** The budget includes a $164 million increase in funding for domestic and international HIV prevention activities; an increase of $213 million in the Ryan White CARE Act, which helps provide primary care and support for those living with HIV/AIDS; and an estimated $2.2 billion in additional funds for AIDS-related research at the NIH.

✓ **Funding the Ricky Ray Hemophilia Relief Fund Act.** The budget provides $580 million for a total of $655 million for one-time payments of $100,000 to people with hemophilia who were infected with HIV by blood solids during the 1980s.

✓ **Improving Mental Health and Substance Abuse Activities.** The budget increases resources for the prevention and treatment of mental health and substance abuse by 12 percent, providing nearly $3 billion.

✓ **Promoting Community-Based Care for Americans with Disabilities.** The budget invests $50 million to help states develop comprehensive plans to care for people with disabilities in the most appropriate setting.

✓ **Improving Nursing Home Quality.** The budget includes a $32 million (68 percent) increase for the Nursing Home Initiative, which ensures more rigorous inspections of nursing facilities and improves federal oversight of nursing home quality.

Preparing America's Workers for the 21st Century. The budget invests in worker training to raise productivity and help Americans compete in the global economy.

✓ **Creating Opportunities for Youth.** The final budget provides a $102 million increase (to $1.1 billion) to provide job training and summer job opportunities to roughly 660,000 disadvantaged young people. It also increases Youth Opportunity Grants to $275 million to provide comprehensive employment and training assistance to 63,000 out-of-school young people in high poverty areas.

✓ **Continuing the Universal Reemployment Initiative.** The budget creates $35 million Reemployment initiative to help 156,000 Unemployment Insurance claimants get jobs faster. It also provides $1.6 billion for Dislocated Workers, nearly tripled from $597 million in 1993.

✓ **Protecting Workers.** The final budget includes $1.2 billion to enforce federal safety, health, pensions, wages, and nondiscrimination practices. This $102 million increase will support 1,500 inspections to ensure safe and healthy workplaces.

IN ADDITION TO THE PRESIDENT'S PROGRESS ON EDUCATION AND HEALTH, THIS YEAR'S BUDGET INCLUDES HIS OTHER VITAL PRIORITIES FOR THE AMERICAN PEOPLE:

Protecting Fiscal Discipline and Paying Down the Debt. The budget is a victory for President Clinton's stand for fiscal discipline. Between 1981 and 1992, the debt quadrupled. When President Clinton and Vice President Gore took office, the budget deficit was $290 billion and it was projected to be $455 billion by 2000.

As a result of the tough and sometimes unpopular choices made by President Clinton, we have seen eight consecutive years of fiscal improvement for the first time in America's history, bringing last year's budget to a unified surplus of $237 billion, the largest ever. With this surplus, we have been able to reverse this trend of exploding debt by paying down the debt for three years in a row.

- ✓ **Protecting Fiscal Discipline.** The Republicans proposed fiscally irresponsible tax cuts that would have jeopardized this record of fiscal discipline. In August, President Clinton vetoed Republican tax cuts that were part of their 10-year tax plan that would drain nearly $2 trillion from the surplus, drive us back into deficits, and make it impossible to eliminate our debt by 2012.
- ✓ **Paying Down the Debt.** Because record deficits have become record surpluses, we were able to cut our debt by $223 billion last year, the largest one-year debt reduction in U.S. history. The debt at the end of FY 2000 was $2.4 trillion lower than it was projected to be in the last forecast before the President's program was put in place. We can pay off our debt by 2012, making America debt-free for the first time since Andrew Jackson was President in 1835.
- ✓ **Benefiting from Debt Reduction.** Already, debt reduction has meant about $2,000 a year in lower interest payments for home mortgages, about $200 a year in lower car payments, and about $200 a year for lower student loan payments. Continuing to pay down the debt will keep interest rates about a point lower over the next decade, saving American families over $300 billion in home mortgages alone.

Protecting the Environment. President Clinton and Vice President Gore won significant gains for the environment in the fiscal year 2001 budget, including new resources to combat water pollution, protect wildlife, address global warming, and preserve precious lands across the country. At the same time, the President and Vice President fought back numerous, anti-environmental riders that would have traded hard-won environmental safeguards for short-term special interest gains.

- ✓ **Preserving Our Lands Legacy.** The budge provides $12 billion over six years in unprecedented, dedicated funding for the conservation of America's land and coastal resources.
- ✓ **Promoting Clean Water and Restoring the Florida Everglades.** The budget includes a $164 million increase for the President's Clean Water Action Plan and $118 million to begin restoring the Florida Everglades.
- ✓ **Fighting Global Warming.** The budget includes $1.2 billion, a 13 percent increase, for President Clinton's Climate Change Technology Initiative, the backbone of the nation's effort to reduce greenhouse gas emissions. The initiative supports research, development, and deployment of solar and renewable energy technology and energy efficient products.

Helping Working Families. The final budget helps all Americans participate in our economic prosperity.

- ✓ **Helping Hard-Pressed Working Families Meet Their Nutritional Needs.** Congress approved the Administration's proposed reforms to allow 245,000 people to own a reliable car and still receive Food Stamps and to help over 1.5 million low-income people with high housing costs put food on the table.
- ✓ **Funding 79,000 New Housing Vouchers.** This $453 million increase—the largest in more than 15 years—will enable more families to rent or own affordable housing. These vouchers build on the 110,000 new vouchers secured though the President's leadership in the past two years.
- ✓ **Helping More Low-Income Families Afford Child Care.** The $817 million increase (to $2 billion) for the Child Care and Development Block Grant will provide child care subsidies for nearly 150,000 more children, helping more working families balance their responsibilities at work and home.

Empowering Communities. In addition to the progress made in today's New Markets agreement, this budget moves forward on the President's vision to help revitalize America's communities.

- ✓ **Expanding Community Development Financial Institutions.** The President won $118 million for the Community Development Financial Institutions Fund to support loans and equity investments in under-served communities.
- ✓ **Promoting Community Service.** President Clinton won $767 million for national and community service, a $36 million increase. This year, AmeriCorps will enroll its 250,000th member.

- ✓ **Developing the Mississippi Delta Region.** The budget funds a new federal-state partnership to fight for economic growth in the Mississippi Delta region, a seven-State area which includes some of the most distressed communities in the nation. It includes resources for the Delta Regional authority, to improve rural economic activity, and improve the Delta's transportation infrastructure.

Closing the Digital Divide and Investing in Research and Development. In recognition of the centrality of knowledge and new technologies to our prosperity and quality of life, the budget includes an unprecedented commitment to creating digital opportunities and investing in research and development.

- ✓ **Closing the Digital Divide.** The budget includes a $32 million increase for Community Technology Centers, a $50 million increase for Preparing Tomorrow's Teachers to Use Technology, and a $30 million increase for the Technology Opportunities Program.
- ✓ **National Science Foundation.** The budget provides the largest one-year increase for the NSF ever, $526 million, to pursue scientific breakthroughs in core scientific areas as well as new ones like nanotechnology.
- ✓ **National Institutes of Health.** The budget provides a $2.5 billion increase to NIH for research into diabetes, cancer, and brain disorders, and disease prevention strategies and vaccines.

Fighting Crime, Drugs, and Gun Violence. To keep crime coming down across the country, President Clinton fought for important investments in the budget to build on the Administration's successful community policing initiative, including funds to put more police on the street and critical resources to strengthen law enforcement efforts to keep communities safe and combat gun-related crime and violence.

- ✓ **Putting More Police on Our Streets.** Last year, President Clinton and Vice President Gore met their commitment to help communities hire 100,000 new police officers. This year, they won over $1 billion to take the next step and help communities hire up to 50,000 more officers over the next five years.
- ✓ **Enforcing Gun Laws.** President Clinton won nearly $200 million for his Gun Enforcement Initiative, the largest in history, to hire 500 ATF firearms agents and inspectors, fund over 600 federal state and local gun prosecutors and expand crime gun tracing and ballistics testing.
- ✓ **Keeping Children Safe from Guns.** The Administration won $8 million to expand the development of "smart gun" technologies that help prevent accidental gun deaths and injuries of children by limiting the use of a firearm to the adult who owns it or another authorized user.

Maintaining America's Global Leadership. The President fought for and secured victories to strengthen America's leading role in the world by investing in a strong military and providing debt relief to heavily indebted poor countries.

- ✓ **Providing Debt Relief.** The final budget provides $435 million for debt relief for heavily indebted poor countries that commit to reform. Savings from debt relief would be directed to education, health care, AIDS prevention, and other critical needs. Unsustainable debt keeps many countries in poverty; over a billion people survive on less than $1 a day.
- ✓ **Fighting AIDS.** President Clinton won $466 million to combat HIV/AIDS and $125 million for other infectious diseases that plague the developing world. The budget also funds the President's Millennium Vaccine Initiative.
- ✓ **Maintaining a Strong Military.** Consistent with the Clinton-Gore plan for a long-term, sustained increase in defense spending, this year's budget for the Department of Defense provides $296.4 billion, a $15.8 billion increase (excluding emergency spending for FY 2000).
- ✓ **Keeping the Peace.** The budget includes the President's full request of $835 million for contributions for international peacekeeping activities. Our ability to pay our share of international peacekeeping missions is a crucial part of fulfilling our international security responsibilities and ensuring that other nations share the burden with us.

THE 2001 BUDGET: A VICTORY FOR AMERICA'S STUDENTS

	HOUSE REPUBLICAN BUDGET[1]	FINAL BUDGET	INCREASE OVER HOUSE BUDGET
Head Start	$5.7 billion	$6.2 billion	+ $533 million
Urgent School Renovation	$0	$1.2 billion	+ $1.2 billion
Class-Size Reduction	$0	$1.6 billion	+ $1.6 billion
After School	$600 million	$846 million	+ $246 million
Teaching to High Standards	$0	$567 million	+ $567 million
Accountability Fund	$0	$225 million	+ $225 million
Title I Grants to School Districts for Disadvantaged Children[2]	$7.9 billion	$8.4 billion	+ 436 million
Maximum Pell Grant College Scholarship	$3,500	$3,750	+ $250
GEAR UP	$200 million	$295 million	+ $95 million

[1] Based on the budget passed by the U.S. House of Representatives on June 14, 2000. That bill would have provided $37.1 billion for education programs, $5 billion less than the final budget.
[2] Does not include the Accountability Fund.

EIGHT YEARS OF PROGRESS ON EDUCATION

	1993 FUNDING	2001 FUNDING	CHANGE
Key Department of Education Initiatives			
• Urgent School Renovation	$0	$1.2 billion	+ $1.2 billion
• Class-Size Reduction	$0	$1.6 billion	+ $1.6 billion
• After School	$0	$846 million	+ $846 million
• Teacher Recruitment and Training	$435 million	$995 million	+ $560 million
• Accountability Fund	$0	$225 million	+ $225 million
• Title I Grants to School Districts for Disadvantaged Children[1]	$6.1 billion	$8.4 billion	+ $2.3 billion
• Education Technology	$23 million	$872 million	+ $849 million
• Special Education	$3.0 billion	$7.4 billion	+ $4.5 billion
• Small, Safe, and Successful High Schools	$0	$125 million	+ $125 million
• Maximum Pell Grant (Total Pell Grants)	$2,300 ($6.5 billion)	$3,750 ($8.8 billion)	+ $1,450 (+ $2.3 billion)
• Work-Study	$617 million	$1.0 billion	+ $394 million
• TRIO	$388 million	$730 million	+ $342 million
• GEAR UP	$0	$295 million	+ $295 million
Total Funding, U.S. Department of Education	$23.9 billion	$42.1 billion	+ $18.2 billion
Department of Health and Human Services			
Head Start	$2.8 billion	$6.2 billion	+ $3.4 billion
Education Tax Cuts			
Hope Scholarships Tax Credit	$0	$5.1 billion	+ $5.1 billion
Lifetime Learning Tax Credit	$0	$2.8 billion	+ $2.8 billion
Student Loan Interest Deduction	$0	$333 million	+ $333 million
Total Increase, Key Education Initiatives (Total for U.S. Department of Education plus Head Start plus Education Tax Cuts)	**$26.7 billion**	**$56.5 billion**	**+ $29.8 billion (+ 112%)**

[1] Does not include the Accountability Fund

MEDICARE, MEDICAID AND SCHIP
BENEFITS IMPROVEMENT AND PROTECTION ACT OF 2000
HIGHLIGHTS: December 15, 2000
*****pending final resolution on outstanding omnibus budget issues*****

Today, Congress will vote on the bipartisan "Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act (BIPA) of 2000" which will increase Medicare and Medicaid health care provider payments; add preventive benefits and reduce beneficiary cost sharing under Medicare; and improve health insurance options for low-income children, families and seniors. Legislation to enhance benefits and appropriately adjust Medicare and Medicaid payments has been long-sought by the Clinton-Gore Administration. The President, Vice President and Congressional Democrats are particularly pleased about recent improvements to this legislation that extend new health coverage options for children and people moving from welfare to work and increase assistance for rural and teaching hospitals, hospices and home health agencies. This legislation invests about $35 billion over 5 years,[1] with approximately $5 billion for Medicare and Medicaid beneficiary improvements, $12 billion for hospitals; $2 billion for nursing homes, $2 billion for home health agencies, $3 billion for other providers, and $11 billion for managed care plans. Of this, about $2 billion is dedicated to rural providers. The major provisions are described below.

MEDICARE BENEFICIARY PROVISIONS

- **Expands preventive benefits available to Medicare beneficiaries.** The legislation establishes new nutrition therapy and glaucoma screening benefits. It also expands the existing colon cancer screening benefit by providing for colonscopies for those at average risk of colon cancer and the cervical cancer screening benefit by covering pap smears and pelvic exams every 2 years.

- **Increases coverage of immunosuppressive drugs**. Currently, Medicare sets time limits on how long Medicare will pay for prescription drugs that help prevent rejection of transplants. This legislation lifts the limits and provides permanent coverage for immunosuppressive drugs.

- **Limits beneficiary hospital outpatient coinsurance**. The BBA included a provision to reduce the Medicare beneficiary coinsurance for hospital outpatient department services from approximately 50 percent of costs to 20 percent over a number of years. This policy would accelerate the phase-down to 40 percent by 2006 and clarify that coinsurance for all outpatient services provided during a day may not exceed the Part A deductible.

- **Extends Medicare coverage to persons with Lou Gehrig's Disease.** Even though life expectancy for patients with Lou Gehrig's Disease (amytrophic lateral sclerosis -- ALS) is less than two years, patients must wait 24 months after being diagnosed with the disease before becoming eligible for Medicare. Because of the uniquely short time period between diagnosis and death, this legislation waives the Medicare waiting period, permitting persons with ALS to receive needed health services immediately.

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[1] Anticipated CBO scoring (final estimate not yet available). Does not include offset from Medicaid upper payment limit regulation, which yields a net cost of about $15 billion over 5 years.

- **Expands Medicare homebound definition to include adult day care.** Under current law, beneficiaries who leave home on a regular basis are not considered homebound and therefore are not eligible for home health benefits. However, for homebound persons with Alzheimer's and related dementia, seeking treatment at adult day care facilities provides much-needed relief for both the patient and the caregiver. This provision clarifies that beneficiaries may leave to attend adult day care without affecting their homebound status.

MEDICAID BENEFICIARY PROVISIONS

- **Permits enrollment of uninsured children at schools and other sites.** Many low-income uninsured children are eligible for Medicaid and S-CHIP but are not enrolled. This provision would allow states the option of enrolling uninsured children through schools, child support enforcement agencies, homeless shelters, program eligibility offices, and other sites.

- **Extends health care coverage program for those leaving welfare for work.** Currently, in order to ensure that they have the supports necessary to become self-sufficient, persons leaving welfare for work continue to be eligible for 12 months of Medicaid coverage. However, this important program expires next year. The legislation extends the program an additional year.

- **Simplifies enrollment for low-income Medicare beneficiaries.** Fewer than half of low-income seniors and people with disabilities who are eligible for Medicaid assistance with Medicare premiums and cost sharing get it – in part due to complicated and burdensome application procedures. To address this, the legislation promotes the development and use of a simple, uniform application and encourages outreach efforts through Social Security.

HOSPITALS

- **Increases inflation update for all hospitals.** The BBA set the annual update at market basket minus 1.1 percent in both 2001 and 2002. This legislation sets the update at the full market basket in 2001 and market basket minus 0.55 percent in 2002 and 2003.

- **Adjusts teaching hospital payments for medical education.** Under the BBA and BBRA, teaching hospitals' indirect medical education (IME) payment add-on was reduced to 6.25 percent in 2001, and 5.5 percent in 2002 and thereafter. This provision increases the add-on to 6.5 percent in both 2001 and 2002.

- **Provides greater hospital bad debt reimbursement.** The BBA reduced the proportion of a beneficiary's bad debt to a hospital that is reimbursable under Medicare to 55 percent. This legislation would increase the percentage to 70 percent starting with 2001 cost reports.

- **Raises hospital outpatient department prospective payments.** Currently, hospital outpatient payments are adjusted annually by market basket minus 1 percent in 2001 and 2002. This would provide a full inflation update in 2001.

- **Increases Medicaid payments to safety net hospitals.** The BBA set state-specific allotments on total Medicaid disproportionate share hospital (DSH) payments. The allotments generally decrease from 1998-2002 and are increased by CPI in 2003. OBRA 1993 also set hospital-specific limits so that DSH payments could not exceed 100 percent of a hospital's uncompensated care costs. This legislation provides relief to safety net hospitals by setting 2001 state-specific allotments at 2000 levels adjusted for inflation and setting 2002 allotments at the new 2001 levels adjusted for inflation. It also allows states to provide public hospitals DSH payments up to 175 percent of net uncompensated care costs for two years.

- **Improves rural hospital programs.** This legislation modifies and improves a series of Medicare policies that support rural health care providers.

  - Makes more equitable the treatment of rural hospitals (as well as small urban hospitals) under the Medicare disproportionate share hospital (DSH) system by expanding program eligibility and increasing DSH add-on payments for such hospitals.

  - Strengthens the Critical Access Hospital (CAH) program by exempting CAH swing beds from SNF prospective payments; reimbursing physicians at 115 percent of the fee schedule; and paying emergency room physicians and ambulances at reasonable cost.

  - Permits rural hospitals to choose among three cost reporting periods to determine eligibility for the Medicare Dependent Hospital (MDH) program.

- **Increases payments for PPS-exempt hospitals**. The legislation increases payments for rehabilitation hospitals in 2002 to 100 percent of pre-BBA levels; expand bonuses from 2 percent to 3 percent for psychiatric hospitals that meet their targets; raises the national cap on long-term care hospital reimbursement by 2 percent and increases the individual long-term care hospital target amounts by 25 percent.

SKILLED NURSING FACILITIES & THERAPY SERVICES

- **Increases inflation update for skilled nursing facilities.** The BBA set the annual inflation update at market basket minus 1 percent in 2001 and 2002. The legislation adjusts the update to the full market basket in 2001 and market basket minus 0.5 percent in 2002 and 2003.

- **Improving nursing staffing ratios.** In order to address low staffing ratios resulting from a shortage of qualified nurses, this provision would increase prospective payment system reimbursement by adjusting the nursing component of the resource utilization groups (RUGs) upwards by 16.66 percent in 2001. To ensure that residents are fully informed, SNFs will be required to post staffing ratios.

- **Imposes an additional year's moratorium on payment caps**. The BBA limited yearly payments for physical / speech therapy and occupational therapy to $1,500 each per beneficiary. These limits are too low and force beneficiaries to incur high out-of-pocket costs for necessary therapy services. The BBRA delayed implementation of the therapy caps until after 2001. This legislation adds an additional year to the moratorium.

- **Provides immediate increases in payment for high-cost rehabilitation therapy.** This legislation ensures adequate reimbursement for rehabilitation therapy services by increasing rehabilitation RUGs by an additional 6.7 percent starting in 2002.

HOME HEALTH

- **Delays 15 percent cut for an additional year.** In addition to creating a new prospective payment system for home health, the BBA also required a 15 percent reduction in payment limits. The BBRA delayed implementation until a year after establishment of the PPS. This provision would delay implementation of the 15 percent reduction another year until 2002.

- **Increases inflation update for home health agencies.** BBA set the annual update at market basket minus 1.1 percent for 2001 and 2002. The legislation provides a full market basket update in 2001.

- **Assists rural home health agencies.** The BBA disproportionately affected the financial status of rural agencies. Rural home health agencies have higher costs due to the greater travel expenses associated with rural, isolated areas. This provision would provide a 10 percent add-on payment to rural agencies in 2001 and 2002.

MANAGED CARE

- **Increases rates.** This legislation raises the floor payment to $525 in urban areas with populations over 250,000 and $475 in all other areas. It also provides a one-time increase in the minimum update from 2 percent to 3 percent in 2001.

- **Enhances plan accountability by increasing penalties.** In order to encourage plans to stay in their service areas and in the Medicare program, the legislation strengthens the Secretary's enforcement authority by increasing the civil monetary penalties that the Secretary may assess on plans that violate their contracts.

- **Codifies risk adjustment phase-in for managed care plans**. The BBA required that payments to managed care plans be risk adjusted, to prevent adverse selection and to encourage plans to enroll sicker beneficiaries. This provision establishes an explicit 7 year phase-in schedule, 2 years longer than current law but 7 years less than the original Republican conference report.

- **Changes provider participation rules and quality standards.** The legislation includes a number of provisions to accommodate health plans, including: permitting premium reduction as an additional benefit; providing for elections to be effective when made; permitting a uniform coverage policy for multistate plans; requiring HCFA to approve market materials on a timely basis and prohibiting duplicative regulation; and allowing cost contractors to expand service areas and enroll more beneficiaries.

- **Interaction with fee-for-service policies.** Medicare+Choice rates are linked to growth in Medicare fee-for-service spending. Since the policies in the legislation increase fee-for-service spending, they increase managed care payments.

OTHER PROVIDERS

- **Increases payments for hospices.** Medicare reimbursement for hospices has not risen at the same rate as hospice costs. Hospices now provide more expensive services and serve sicker patients. This provision builds a 5 percent increase into the hospice payment base rates.

- **Raises payments for renal dialysis.** Prior to the BBRA, Medicare's payments for dialysis had not increased since 1991. Consistent with a recommendation from the Medicare Payment Advisory Commission, this legislation provides an additional 1.2 percent increase in the composite rate in addition to the 1.2 percent increase provided by BBRA.

- **Adjusts updates for durable medical equipment, orthotics and prosthetics, and ambulances.** The legislation provides a full CPI inflation update in 2001 for DME suppliers; a full market basket update in 2001 for suppliers of orthotics and prosthetics, and a full CPI update in 2001 for ambulance providers.

MEDICAID & STATE CHILDREN'S HEALTH INSURANCE PROGRAM

- **Closes Medicaid upper payment limit loophole.** The legislation directs the Secretary of Health and Human Services to finalize her regulation eliminating a reimbursement loophole that threatens the fiscal integrity of the Medicaid program. This provision saves the Medicaid program more than $21 billion over 5 years. The legislation also provides for a eight-year transition period for States with payment arrangements in effect in 1992 that may violate the new regulation.

- **Establishes enhanced prospective payment system for community health centers.** The BBA phased out the Medicaid requirement to pay federally-qualified health centers (FQHCs) and rural health clinics (RHCs) based on cost by 2004. The BBRA extended the phase-out to 2005. The legislation establishes a new prospective payment system for health centers starting in 2001 that is based on centers' FY 1999 and 2000 reasonable costs. This ensures that FQHCs and RHCs receive adequate Medicaid reimbursement and continue to provide essential care to low-income and uninsured populations.

- **Adjusts the SCHIP reallocation formula**. The BBA requires that states that do not use annual SCHIP allotments within three years must return all unused funds to the federal government which would then redistribute the funds to states that have already exhausted their allotments. The legislation establishes a new reallocation formula for 1998 and 1999 allotments whereby all states would be entitled to a proportion of the unused funds. States receiving unused funds would have two years to spend the money.

OTHER PROVISIONS

- **Funds the Ricky Ray Trust Fund.** The Ricky Ray Hemophilia Trust Fund was authorized in 1998 to provide $750 million in relief payments to persons with hemophilia or their survivors who contracted HIV through contaminated transfusions. This budget (including funding in other bills) provides $580 million in 2001 -- $665 million, including last year's funding – to ensure that the Trust Fund is fully funded and eligible beneficiaries receive their payments.

- **Increases funding for diabetes research and treatment.** The BBA allocated annually $30 million each for research and education on juvenile diabetes and diabetes among Native Americans. The legislation provides an additional $70 million annually for both programs in 2001 and 2002 and an additional $100 million for both programs in 2003.

- **Increases Authorization for Title V Maternal and Child Health (MCH) program.** The legislation would raise the current authorization for the maternal and child health block grant from $705 million to $850 million.