THE PRESIDENT HAS SEEN
7/31/95

Leon Panetta

THE WHITE HOUSE

WASHINGTON

July 28, 1995

MR. PRESIDENT:

The attached DPC memo sets forth a plan of action launching a teen pregnancy initiative, headed by an independent, private-sector organization. It also specifies a role for Dr. Foster.

The memo recommends, (i) a low key White House meeting with about 15 prominent people, plus several experts in the field. You would be briefed on current local efforts and on what needs a national campaign could address; (ii) a follow-up organizational meeting, hosted by a participant at the White House meeting, to plan the laun[illegible] of the private organization; (iii) start-up event for [illegible] new entity by year-end, which you would attend. Funding for the new entity would come from foundations or private individuals.

Dr. Foster would be a Senior Advisor to the President and Secretary of HHS on Teen Pregnancy and Youth on a part-time consulting basis, with no staff. He would remain in Nashville, at Meharry. No announcement would be made until a decision is made on nominating another person for Surgeon General.

Approve plan____ Disapprove____ Discuss ✓

Todd Stern

Looks good but I want to announce soon & [illegible] ... I have ideas about to name Surg Gen ... treat

BC

THE PRESIDENT HAS SEEN
7/31/95

THE WHITE HOUSE

WASHINGTON

July 24, 1995

95 JUL 24 P6: 19

MEMORANDUM TO THE PRESIDENT

FROM: Carol Rasco
Jeremy Ben-Ami
Janet Abrams

THROUGH: Leon Panetta

RE: Teen Pregnancy Initiative

BACKGROUND

In this year's State of the Union address, you urged parents and leaders of all sectors of society to join together in a national campaign against teenage pregnancy. You identified the epidemic of children-having-children as one of our most serious social problems and stressed that "government can only do so much" to solve this complicated dilemma.

We have met with the Chief of Staff about plans now underway for creating a nationwide, private-sector initiative on teen pregnancy. This memo requests your personal involvement to ensure that final commitments are made by the individuals we hope will spearhead the effort.

LAUNCHING THE CAMPAIGN

Since January, Jody Greenstone and Belle Sawhill have been working with members of the White House staff to lay the foundation for an independent, private-sector organization dedicated to reducing the incidence of teen pregnancy in the U.S.

The organization would be bi-partisan and would be led by prominent individuals from the business, religious, media, entertainment, civic, health care, education, and foundation communities. The new group would work to focus national attention on the problem of teen pregnancy and support community prevention efforts across the nation. Likely activities would include:

- spearheading a grassroots campaign to make teen pregnancy prevention a priority in communities throughout the U.S.
- establishing a clearinghouse of information on prevention efforts (There is now no central souce of data on who's doing what in teen pregnancy.)
- supporting the evaluation of promising prevention strategies (A lot is going on in the field, but very few programs have been rigorously evaluated.)

- providing technical assistance to communities seeking to start programs
- conducting communications outreach on the issue

A list of candidates to be founders of the organization has been developed. Belle Sawhill (now at the Urban Institute) and Sarah Brown (an expert on teen pregnancy at the Institute of Medicine) have agreed to take on lead operational roles. While many of the individuals targeted as board members have expressed positive interest in the proposed new venture, we believe your direct involvement is necessary to secure commitments from the group.

RECOMMENDED PLAN OF ACTION

(1) White House Discussion

We suggest that you convene a meeting with the approximately 15 prominent individuals on our target list, plus several experts in the field of teen pregnancy prevention. The event would take place in early September and would require approximately 1 hour of your time. Media strategy would be very low-key.

Experts would brief you and the group on what is being done in prevention at the local level and offer thoughts on what needs a national campaign might address. You would speak to the seriousness of the problem -- with its linkages to the debilitating cycle of poverty and welfare dependency -- and exhort the group to come together to combat this major threat to America's youth.

(2) Organizational Meeting

One of the participants in the White House meeting (ideally, the head of a major foundation) would agree in advance to host a follow-up event for the group of 15 and other interested individuals. This event would be a planning session for launching the envisioned private-sector organization.

(3) Launch

The new entity would be established by the end of the year. Foundations and/or private individuals would provide start-up funding. You would be present for the launch.

FYI ON DR. HENRY FOSTER

Based on the approval of the Chief of Staff, we met with Dr. Foster last week and offered him the following position:

Title: Senior Advisor to the President and to the Secretary of Health and Human Services on Teen Pregnancy and Youth

Position: Part-time consultant, paid by HHS.

Staff: There would be no staff reporting to Dr. Foster

Reports to: The Secretary of HHS and the President

Responsibilities: The President would charge Dr. Foster with leading the Administration's efforts to catalyze national action to combat teen pregnancy and provide positive opportunities for youth. He would be a visible spokesperson and would work closely with national leaders, urging them on behalf of the President, to take an active role in addressing the problem of teen pregnancy.

Role with the Private-Sector: Dr. Foster would be the President's liaison to the Private Sector Initiative. He may eventually serve on the board of the new group. He would not be the Chair or the day-to-day Director.

Other: Dr. Foster would not move to Washington, but would remain in Nashville and keep his tenured position at Meharry. Dr. Foster would be subject to Hatch on the days he is being paid, and would be subject to all ethics and conflict of interest rules.

We will wait to announce Dr. Foster's new position until a decision is made about nominating another individual for Surgeon General.

DECISIONS REQUESTED

- Please indicate if you approve of the proposed plan of action for the teen pregnancy initiative.

  ___ YES ___ NO

- Below is a preliminary list of invitees for the suggested White House meeting on teen pregnancy. Our intention is to have no more than 25 people at the event. Please review the list, and edit as desired. Please also indicate names of any other individuals you would like to invite.

Spiritual Voice
Andrew Young
Sister Mary Rose, Covenant House, NY

Entertainment
Oprah Winfrey

Visible Republicans
John Danforth
Anne McLaughlin, former Labor Secretary
Thomas Kean, President of Drew University

Public Health Leaders
C. Everett Koop
Henry Foster

Corporate Leaders/Fundraisers
John Pepper, Procter & Gamble
Sharon (Mrs. Warren) Buffett
Linda Wachner, Warnaco Inc.
A CEO member of the Mid-South Foundation

Community Practitioners
Marion Howard, Emory University, Atlanta
Michael Carrera, Children's Aid Society, NY
Elayne (Mrs. William) Bennett, BestFriends, DC

Academics
Kris Moore, ChildTrends, Inc.
Genie Rosoff, Guttmacher Institute
Doug Besharov, American Enterprise Institute

Communications
Charlotte Beres, Ogilvy & Mather
Jay Winston, Harvard School of Public Health

Foundation Executives
Angela Blackwell, Rockefeller Foundation
David Hamburg, Carnegie Foundation
Susan Beresford, Ford Foundation
Doug Nelson, Casey Foundation

Core Organizing Group
Jody Greenstone
Belle Sawhill, Urban Institute
Bill Galston
Sarah Brown, Institute of Medicine

Administration Participants
Donna Shalala
Carol Rasco
Alexis Herman

Please indicate here names to be added to the list:

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

THE DIRECTOR

October 18, 1995

Honorable Bob Dole
Senate Majority Leader
United States Senate
Washington, D.C. 20510

Dear Mr. Leader:

The Administration is pleased that Congress finally may be within striking distance of passing comprehensive welfare reform. In spite of the positive changes made by the Family Support Act of 1988, the welfare system still fails to serve the taxpayers who pay for it and the people who are trapped in it. The American people have waited a long time for this historic moment. We owe it to the people who sent us here not to let this opportunity slip away by doing the wrong thing or failing to act at all.

We have outlined below our top priorities and greatest concerns. Let us be clear: if Congress can agree on a bipartisan bill that is tough on work and fair to children, the President will sign real welfare reform into law, and the Nation will be better for it. But, if Congress tries to walk away from our common values with a bill that is weak on work and tough on children, it will kill welfare reform, and the Administration will continue to pursue welfare reform through waivers, one State at a time, until Congress gets it right.

For two and a half years, this Administration has worked aggressively to make welfare a second chance, not a way of life. In 1993, the President's economic plan gave a tax cut to 15 million working families through the Earned Income Tax Credit, which rewards work over welfare. Last year, the President sent Congress the most sweeping welfare reform plan any administration has ever presented. That plan included tough child support enforcement measures; time limits; work requirements and child care resources to meet those requirements; performance incentives; a national campaign against teen pregnancy; a state option to deny cash assistance to families who have additional children born while on welfare; and measures to promote personal responsibility by requiring as a condition of assistance that minor mothers live at home and stay in school and all welfare recipients sign personal responsibility contracts. The Administration collected a record $10 billion in child support in 1994, and earlier this year, the President signed an Executive Order to crack down on Federal employees who owe child support. The Administration has granted 35 States the freedom to experiment with welfare initiatives to move people from welfare to work and protect children. In July, the President directed that Federal regulations be strengthened to prevent welfare recipients who refuse to work from getting higher food stamp benefits when their welfare checks are docked.

These measures have gone a long way toward reforming welfare around the country. Through welfare reform experiments, 8.6 million recipients around the country are in households in which adults are being required to work, live at home and stay in school, sign a personal responsibility contract, earn a paycheck from a business that uses money that was spent on food stamps and welfare benefits to subsidize private sector jobs, or are under other waiver provisions. These States are doing their part to promote real reform that reflects the basic values all Americans share: work, responsibility, and family. Now Congress needs to do its part with a welfare reform bill that honors those same values by requiring work, demanding responsibility, and protecting children.

In our view, the Senate bill, while far from perfect, reflects the bipartisan common ground that welfare reform must be tough on work and fair to children. The Administration will welcome a bipartisan bill that honors these common values. But a welfare reform bill that, like the House bill, is weak on work and tough on children will be unacceptable.

Done right, welfare reform will move people off the welfare rolls so they can earn a paycheck, not a welfare check. Done wrong, it could cause enormous harm. Most Americans, without regard to party, agree that real welfare reform is about requiring people to work, not simply cutting them off the rolls; about demanding responsibility from young mothers and fathers, not abandoning abused children or taking away poor children's school lunches; and about strengthening families, not penalizing children who deserve a better life. The Administration urges conferees to act in the bipartisan spirit that has marked the better moments of this welfare reform debate.

MOVING PEOPLE FROM WELFARE TO WORK

Across America, there is an overwhelming bipartisan consensus that real welfare reform is first and foremost about work. Anyone who can work should be required to work, and no one who can work should stay on welfare forever. Work has always been at the heart of the President's approach to welfare reform, and it is the foundation for the dozens of State experiments the Administration has approved. We will only complete this historic mission of ending welfare as we know it if we succeed in moving people from welfare to work. That means imposing time limits and tough work requirements, making sure people get the child care they need to go to work, and rewarding States and holding them accountable for their efforts to put people to work, not for cutting them off.

The Administration considers the following provisions of the Senate bill essential to real welfare reform:

- Requiring States to maintain their stake in moving people from welfare to work. Welfare reform must strengthen, not abandon, the historic partnership between Federal and State governments. Unfortunately, the House bill would not require States to continue their financial commitment to welfare reform. All levels of government have a stake in the success of reform, and should be held accountable for it. The Administration strongly supports the Senate provision that States contribute at least 80 percent of their FY 1994 effort each year in order to receive Federal funds. Absent a tightly drawn, permanent maintenance-of-effort requirement, many States could be expected to withdraw their own funds, purge large numbers of recipients from the rolls, and avoid the burden of moving people from welfare to work. This race to the bottom would doom welfare reform and have devastating effects on families with children.

- Providing child care to move people from welfare to work. The House bill is weak on work because it does not ensure that child care will be available for people who need it to leave welfare for work. Specifically, the bill would cut back on funds currently available under child care, and would eliminate the child care quality, health, and safety protections in current law that were put in place with overwhelming bipartisan support only five years ago. It makes no sense to deny child care to people trying to leave welfare, or to deny States the resources they need to provide child care. The Administration strongly supports the Senate child care provisions that give States a separate funding stream dedicated to child care, with an additional $3 billion over five years to help welfare recipients move into the workforce and to help working families stay off welfare. The Senate bill also protects those with young children who want to work, but are unable to secure child care. Without sufficient child care funding, welfare reform will be an enormous unfunded mandate on the States, and could force them to cut recipients off rather than move them into work. The Administration recommends that the conferees improve the final bill by including more child care resources, not less.

- Protecting States and families in the event of economic downturn, so that welfare reform does not shift a huge burden onto State and local taxpayers, and States can afford to put people to work instead of putting poor families at risk. The House bill would not adequately protect States and families in times of unemployment and economic stagnation, when States would encounter reduced revenues and increased caseloads. A so-called rainy day loan fund is not adequate. The Administration strongly supports the Senate addition of a contingency grant fund, which makes a funding reserve available to States in economic trouble. We recommend that both the current trigger mechanism and the amount of funds in reserve be strengthened to provide States greater protection in a serious recession without significantly increasing projected Federal costs.

- Providing incentives that reward States for putting more people to work, not for cutting them off. The House bill gives States a perverse incentive to save money by throwing people off the rolls, and lets them count people as "working" if they were simply cut off welfare -- whether or not they have moved into a job. To change the culture of welfare, reform should reward success instead of failure or the status quo. The Administration strongly supports a work performance bonus like the Senate provision that would focus State welfare bureaucracies and recipients on the central goal of moving from welfare to work.

The Administration also strongly supports Senate provisions to require recipients to sign personal responsibility contracts in return for assistance, and to give States the option to provide job placement vouchers directly to welfare recipients as a way to change radically the culture of the current welfare system. The Administration supports the Senate hardship exception of 20 percent, and the House provision that would allow, but not require, States to provide non-cash assistance in the form of vouchers to children who lose their benefits due to the time limit.

DEMANDING RESPONSIBILITY

The Administration believes that welfare reform must promote personal responsibility and responsible parenting. We must demand responsibility from parents who bring children into the world, not let them off the hook and expect taxpayers to pick up the tab for their neglect.

The Administration strongly supports the following elements of welfare reform that can help make responsibility the law of the land:

- The toughest possible child support enforcement is central to getting people off welfare and helping them stay off. The Administration strongly supports bipartisan provisions in both the House and Senate bills to streamline paternity establishment, require new hire reporting, establish State registries, make child support laws uniform across State lines, and require States to use the threat of denying drivers' and professional licenses to parents who refuse to pay child support.

- Requiring minor mothers to live at home and stay in school as a condition of assistance. The Administration strongly supports the Senate provision to demand that young parents be responsible and turn their lives around, rather than the House provision that would automatically punish children born to unwed mothers under 18 -- regardless of whether the mother has made an effort to turn her life around so her children don't end up on welfare indefinitely.

- A national campaign against teen pregnancy. Welfare reform must send a strong message to young people that they should not get pregnant or father a child until they are ready to take responsibility for that child's future. The Administration supports Senate provisions to combat teen pregnancy by an appropriate expansion of abstinence education, targeting sexual predators, setting national goals for reductions in teen pregnancy, and enabling States to provide second-chance homes for young mothers and their children. The Administration does not support the so-called illegitimacy bonus in the House and Senate bills, which some believe could promote abortion and which is unworkable in its current form.

PROTECTING CHILDREN

There is an overwhelming bipartisan consensus in this country that welfare reform should not punish children. Across the country, Republicans and Democrats at the State and local level agree that we must demand responsibility from young mothers and young fathers, not penalize children for their parents' mistakes.

In particular, the Administration strongly opposes the following provisions which would punish children:

- Destroying vital child nutrition programs, such as school lunch and WIC. Welfare reform is about requiring parents to work and take responsibility, not about taking food out of the mouths of poor children. The Administration strongly opposes the child nutrition and WIC block grants in the House bill, and supports the bipartisan Senate decision to keep those programs intact. The Administration is concerned that budget cuts will strain the ability of schools, child care centers, and summer food service sites to provide nutritious meals to low-income children. The school-based nutrition block grant would not respond to economic recessions or population growth. In a recession, States would be unable to respond without cutting back on the quality or quantity of food, raising taxes, or cutting other services so that children could eat. In addition, the Administration believes that the competitive bidding provisions within the House-proposed WIC block grant are inadequate and would fail to maintain the program's cost savings. WIC's current cost containment requirements have saved billions of dollars that have been used to serve additional WIC families.

- Ending the Federal commitment to abused and neglected children and those at risk. A time of dramatic change in the welfare system is not the time for radical and untested experiments with our Nation's child protection system. Rather than protecting vulnerable children, the House bill would put hundreds of thousands at increased risk of harm by cutting funding for foster care, adoption assistance, and child abuse prevention. The Administration strongly opposes the child protection block grant and program cuts in the House bill, and supports the bipartisan Senate decision to keep those programs intact.

- The House mandate that all States deny assistance to unwed minor mothers and their children. The Administration strongly agrees with the broad bipartisan consensus -- ranging from Republican and Democratic governors to the Catholic Church -- that it is wrong to punish children just because their parents are poor, young, and unmarried. The Administration supports the Senate provision, affirmed by an overwhelming bipartisan vote, which leaves this matter to the States.

- The House mandate that all States deny assistance to additional children born while a family is on welfare. At a time of bipartisan agreement on the need for more State flexibility, welfare reform should not saddle the States with policy mandates with uncertain impact. The Administration agrees with the overwhelming bipartisan majority of Senators that States should have the right to decide for themselves whether or not to adopt the family cap.

KEEPING OUR NUTRITIONAL SAFETY NET

The Administration urges the conferees to preserve the national nutrition safety net, which assists about 27 million working family members, poor children, and elderly Americans each day. Federal nutrition programs have produced measurably better health over the years as a result, and have earned bipartisan support. National nutrition standards and a funding mechanism that enables these programs to meet greater needs in times of regional or national economic hardship are essential to making welfare reform work.

The Administration has always maintained that preserving a nutritional safety net Nation-wide is a critical part of welfare reform and strongly opposes a food stamp block grant. However, if steps are taken to permit optional State block grants, the House approach is vastly preferable. Requiring States to spend grants only on food assistance will preserve the vital link between food stamps and nutritional assistance. The Senate provision for a State food stamp block grant option would sever that link and encourage States to divert Federal dollars away from putting food on the table.

The level of food stamp cuts, although too deep in both bills, is more reasonable in the Senate bill. The Administration's own balanced budget proposal would save $19 billion over seven years, an 11 percent cut. By contrast, the House bill would cut food stamps by nearly 27 percent in the year 2002. In addition, the House bill places an inflexible ceiling on the amount authorized for appropriations for the food stamp program. This cap allows no room for error in estimates of future program costs nor any margin in economic conditions. By capping spending levels, the House bill would leave working Americans vulnerable to shifts in the economy and to changes in nutrition standards that could be driven more by political and budget pressures than by the Nation's good health. The Administration urges the conference not to exceed the Senate level of cuts or to impose an inflexible spending cap.

PROTECTING DISABLED CHILDREN AND THE ELDERLY

Both the House and Senate bills go too far in the changes they would make to the SSI children's disability program. However, the Administration favors the Senate provisions over the deep cuts in the House bill, which go far beyond what is needed to correct recent growth in the program. The House bill would eventually prevent nearly a million disabled children who would be eligible under current rules from receiving cash assistance, and create a block grant for services that would arbitrarily cut by 25 percent funding levels for disabled children who would no longer be eligible for cash benefits, but would be eligible for services. The loss of cash assistance would be devastating to many low-income families struggling to care for a disabled child at home. The Administration supports the bipartisan Senate decision to continue to provide SSI cash benefits for all eligible children. But, we strongly urge the conferees to reduce hardship to disabled children currently on SSI by exempting them from the new, stricter eligibility rules. However, if the conferees determine that these rules should be applied to current SSI recipients, the Administration recommends applying them only to those children eligible as a result of maladaptive behavior.

The Administration also recommends the deletion of a Senate provision that would gradually raise the age requirements for elderly poor applying for SSI from 65 to 67, parallel with the rising age requirements for Social Security. The apparent consistency of this change masks an important difference between these two programs: Social Security recipients can retire early and get benefits, and most do so, but there is no early eligibility age for SSI. This provision was added at the last minute without adequate public scrutiny and debate, and should be dropped.

BENEFITS FOR NON-CITIZENS

Both the House and Senate bills go too far in cutting benefits to legal immigrants, and shifting costs to States with high numbers of immigrants. The Administration supports holding sponsors who bring immigrants into this country more responsible for their well-being, but these changes should be made equitably.

The Administration strongly opposes the Senate provision that would discriminate against U.S. citizens by denying benefits to legal immigrants even after they became naturalized citizens. We cannot have two categories of citizens, and a provision that treats naturalized citizens less favorably than the native born raises serious constitutional concerns. Also objectionable is the Senate provision that would establish a class system for American citizenship by requiring sponsors' income to exceed 200 percent of poverty. Working families who are U.S. citizens should not have to pass a wealth test in order to be reunited with a family member. In addition, fairness dictates the adoption of the House provision that exempts those over age 75 and those too disabled to complete the naturalization process from benefit cutoffs.

Several further changes could make the legislation much more acceptable to the Administration. Immigrants who become disabled after entering the country should be eligible for SSI. The benefit restrictions in the Senate bill distinguish between immigrants with and without sponsors. This is a more sensible approach than the House bill, which bans virtually all immigrants from receiving benefits. Benefit restrictions should not apply to discretionary programs and such mandatory programs as student loans and the Social Services Block Grant; the administrative burdens on these programs of verifying everyone's citizenship is significant, and the budget savings are negligible. Furthermore, it is important that the legislation clarify that it does not call into question the full participation of any child in public elementary and secondary education, including pre-school programs. In addition, refugees and others who came to the United States to avoid persecution should be given adequate time to naturalize before being subject to benefit restrictions. Finally, the Administration has serious reservations about the bill's application of these provisions to the Medicaid program.

THE LEVEL OF CUTS IN LOW-INCOME PROGRAMS

The overall budget cuts in both the House and Senate welfare reform bills far exceed the level of cuts proposed in the Administration's Balanced Budget Plan. For welfare reform to succeed, it must save money by moving people from welfare to work -- not by cutting people off assistance, which will cost taxpayers much more down the road, or by merely shifting costs to the States. Adequate resources must be provided to move families from welfare to work. Excessive cuts will punish working people and their children -- working parents who need child care; families who work full-time, but don't earn enough to ensure there's always food on the table; and low-income elderly Americans who have worked their whole lives and shouldn't die hungry. The Administration strongly urges the conferees not to penalize work and punish children by accepting cuts deeper than the bipartisan Senate bill.

CONCLUSION

We have made great strides together in this welfare reform debate. Now Congress has an historic chance to reach a bipartisan agreement to end the current welfare system and replace it with one that is tough on work, tough on responsibility, and fair to children. A bill that honors those values will be acceptable; a bill that is weak on work and tough on children will not be. The Administration calls on the conferees to put politics aside and help give the American people a government that honors their values by making welfare a second chance and responsibility a way of life.

Sincerely,

Alice M. Rivlin

Alice M. Rivlin
Director

IDENTICAL LETTERS SENT TO:

Honorable Thomas A. Daschle
Honorable Newt Gingrich
Honorable Richard Gephardt

cc: House and Senate Conferees on H.R. 4, Welfare Reform

CENTER ON BUDGET
AND POLICY PRIORITIES

FOR IMMEDIATE RELEASE:
October 10, 1995

CONTACT: Michelle Bazie
Robert Greenstein, Richard Kogan
(202) 408-1080

BUDGET CUTS BYPASS CORPORATE WELFARE, STUDY FINDS

Another $116 Billion in Cuts Needed For Corporate Welfare to Produce its Equal Share

Congress is failing to reduce the overall level of corporate subsidies and is charting a course that could increase such subsidies over time, according to an analysis the Center on Budget and Policy Priorities issued today.

The analysis, based on a Congressional Budget Office report defining which government programs and tax breaks constitute business subsidies, found that for every dollar the House of Representatives has reduced corporate subsidies provided by a government program, the House has increased corporate tax subsidies by nearly one dollar. As a result, the study said, Congress is achieving an overall reduction of only $6 billion — or less than one percent — in the $724 billion in corporate subsidies the federal government is slated to provide over the next seven years.

This lack of progress in reducing the overall level of corporate subsidies stands in sharp contrast to the deep cuts Congress is making elsewhere in the budget, the report said. If overall corporate subsidies were to be cut to the same degree that the Congressional budget resolution targets programs other than defense and Social Security, they would be reduced $122 billion over the next seven years, the study added.

The report found that in recent action on appropriations bills, Congress is falling short of producing even the modest business subsidy reductions Congressional leaders promised earlier this year when crafting their budget blueprints. The House budget resolution assumed funding for business subsidy programs in fiscal year 1996 would be reduced $5 billion when Congress passed appropriations bills for next year. But in passing these bills, the House approved cuts in these programs of just $3 billion, or only about three-fifths the amount promised earlier. Other *non*-business subsidy programs were cut more heavily instead, the Center said.

The Center's analysis, which covers appropriations, tax, and budget reconciliation bills, focuses on action in the House because the House has passed a major tax bill and all relevant appropriations bills. The Center's analysis is the only comprehensive assessment of Congressional action on business subsidies so far this year.

"Although reducing corporate subsidies could help balance the budget, these subsidies are essentially receiving a free ride," said Robert Greenstein, executive director of the Center. "Congressional rhetoric to cut corporate welfare is not being matched by Congressional action."

Congressional Action this Year

In examining Congressional action on corporate subsidies, the study, "Will Corporate Welfare Be Reined In? Congressional Action Related to Business Subsidies," found:

777 North Capitol Street, NE, Suite 705, Washington, DC 20002 Tel: 202-408-1080 Fax: 202-408-1056

- The tax bill the House passed in March would increase corporate subsidies $74 billion over the next seven years. The bill would substantially increase the amounts corporations can write off for depreciation and would abolish a feature of the tax code that prevents highly profitable corporations from using so many tax subsidies that they escape paying any income tax. The House tax bill would increase business tax subsidies 47 percent by 2002.

- House leaders plan to scale back these tax cuts on a proportionate basis to comply with the $245 billion tax cut limit the Congressional budget resolution sets. This action will trim the House bill's increase in corporate tax subsidies to $51 billion. In addition, the House Ways and Means Committee approved tax legislation in September shaving corporate tax subsidies $14 billion over seven years. *The net result is expected to be a $37 billion expansion in corporate tax subsidies.*

- The House budget resolution assumed $60 billion in reductions over seven years in government programs that provide business subsidies, with $47 billion of the savings coming from non-entitlement programs and $13 billion from farm price support programs. But achieving the full cuts in farm price support programs remains uncertain, and in action on the fiscal year 1996 appropriations bills, the House achieved only 64 percent of the non-entitlement savings the budget resolution had envisioned.

- If Congress remains on its current course and, over the next seven years, approves 64 percent of the non-entitlement cuts the House budget resolution assumed in business subsidy programs, as well as all $13 billion in farm price support savings, the savings from business subsidy programs will total $43 billion.

- The combined effect of a $37 billion increase in corporate tax subsidies and a $43 billion decrease in corporate program subsidies equals a net reduction of just $6 billion in the $724 billion in corporate subsidies that the federal government otherwise stands to provide over the next seven years. This amounts to an average reduction of less than $1 billion a year.

Business Subsidies Could Rise

The Center's analysis also found that if the provision of the House tax bill relating to depreciation is enacted, the increases Congress is approving in corporate tax subsidies will grow more rapidly over time than the decreases in corporate spending subsidies, with the long-term effect being an overall increase in the level of corporate welfare provided by the federal government. In addition, the analysis noted that its figures understate the increased benefits the federal government is conferring on businesses because they do not reflect the additional benefits that would be granted to corporations by the plethora of special rules and exemptions the House has attached to appropriations bills to reduce or eliminate business costs in complying with various environmental, food safety, and workplace safety laws.

The Center's analysis found that even if Congress reversed the course charted in the House appropriations bills and ultimately approved *all* of the reductions the House budget resolution assumed in programs providing corporate subsidies, the net reduction in corporate subsidies would be just $23 billion over seven years when the new corporate tax subsidy increases are taken into account. This $23 billion rollback in corporate subsidies would constitute three percent of the $724 billion the federal government is slated to provide in corporate subsidies over the next seven years.

What would constitute "equal" treatment?

By contrast, the Center noted, the budget resolution calls for reductions of 17 percent in the federal budget as a whole, exclusive of defense and Social Security, over the next seven years. If corporate subsidies were to be reduced by the same percentage as the budget as a whole exclusive of defense and Social Security, the Center said, they would need to be shaved $122 billion over this period.

The lack of a significant contribution toward deficit reduction from the business subsidy part of the budget means other parts of the budget — including parts of the budget that fund basic assistance for poor children and elderly people and support education, environmental protection, and infrastructure — are being cut more deeply, the Center added.

As examples of the choices Congress is making, the House has voted to abolish the corporate Alternative Minimum Tax, which ensures that profitable corporations cannot use tax subsidies so extensively that they escape paying any income tax. In addition, while the House budget resolution called for cutting Bureau of Reclamation projects 28 percent, the House nicked it only three percent instead when the appropriations bills reached the House floor. At the same time, the House has voted to eliminate the summer jobs program for 600,000 low-income youth, as well as a program that helps poor families and elderly individuals pay their heating bills.

"The failure to tackle the excesses of corporate welfare is a sad commentary on Congressional priorities," Greenstein concluded. "At a time when vital programs for children and the elderly are taking large hits, it's 'business as usual' for corporate welfare."

The report also noted that reducing business subsidies that can distort the marketplace by giving some firms special advantages is likely to produce greater long-term economic growth than a plan that exempts business subsidies or touches them only lightly while substantially reducing funding for investments that can have long-term economic pay-offs, such as education, infrastructure, and programs that promote the healthy development of children.

The Center on Budget and Policy Priorities is a nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs, with an emphasis on those affecting low- and middle-income people. It is supported primarily by foundation grants.

####

October 10, 1995

WILL CORPORATE WELFARE BE REINED IN? CONGRESSIONAL ACTION RELATED TO BUSINESS SUBSIDIES

Despite growing calls to rein in "corporate welfare," congressional action so far this year strongly suggests that government subsidies to business will largely or entirely escape the budget ax.[1]

The overall level of business subsidies may be cut only slightly or not at all for two reasons. First, Congress appears likely to include generous new business tax subsidies in its tax package; these would largely or entirely offset cuts in federal spending that subsidizes business. The tax bill passed by the House of Representatives in April increased business subsidies by $74 billion over seven years. If the bill is scaled back to meet the lower tax package target established by the Congressional budget resolution and if the modest reduction in business tax subsidies the House Ways and Means Committee passed last month is taken into account, tax subsidies still would expand substantially — by $37 billion over seven years.

Second, although the House and Senate budget resolutions passed this spring assumed reductions in a number of spending programs that provide subsidies to business, many of these proposed cuts are disappearing as the appropriations bills are written. The 12 appropriations bills the House has approved reduce funding for business subsidy programs in fiscal year 1996 by $3 billion, well short of the $5 billion in reductions called for in the House budget resolution.

If Congress continues on its current course, combined business tax and spending subsidies will be reduced little if at all over the next seven years. The expansion in business tax subsidies will almost entirely offset the reduction in business spending subsidies. The Congressional effort to balance the budget by the year 2002 will leave a significant part of the budget essentially unscathed.

Congressional Budget Office data indicate that government spending, credit, and tax subsidies for business will total $724 billion over the next seven years. If business subsidies were to be cut at the same rate that the budget as a whole (exclusive of Social Security and defense) is being reduced, these subsidies would be reduced $122 billion over the next seven years.

[1] This paper is based on analyses by Pauline Abernathy, Richard Kogan, Karen Lightfoot, Marion Nichols, and Nancy Schretzman. The paper was written by Pauline Abernathy, Bob Greenstein, and Richard Kogan.

777 North Capitol Street, NE, Suite 705, Washington, DC 20002 Tel: 202-408-1080 Fax: 202-408-1056

While Congress appears to be shielding business subsidies, it is cutting benefits substantially for a number of other groups in the U.S. population, including poor families, children, and the elderly. If business subsidies absorbed their proportionate share of the reductions, programs that serve the low-income and the infirm — as well as public investment programs such as education, training, and infrastructure — would not have to be cut nearly so sharply. Furthermore, deficit reduction achieved by reducing market-distorting business subsidies would likely produce greater long-term economic and income growth than a plan that largely exempts business subsidies or touches them only lightly while substantially reducing public investments.

Federal Subsidies to Business: Action by the House of Representatives
(in billions of dollars)

Programs that subsidize business:	Total 1996-2002
A. Cuts in spending programs:	
Called for in budget resolution	-60
Based on House action to date	-43
B. New or expanded tax breaks	+ 37
C. Total cuts in business subsidies (net):	
Called for in budget resolution	-23
Based on House action to date	-6

I. Existing Federal Subsidies for Businesses

The federal government provides billions of dollars in subsidies to businesses each year through both spending programs and the tax code. While studies vary in their definition of business subsidy and their estimates of the total cost of such subsidies, all place the annual cost at $100 billion or more.

A Cato Institute study estimated that business subsidies provided through spending programs alone will cost the federal government more than $80 billion in fiscal year 1995.[2] In addition, a recent Congressional Budget Office analysis concluded the federal government spends about $30 billion a year on spending and credit programs that have a stated goal of subsidizing business. Based on the CBO analysis, the federal government loses another $70 billion a year in revenue through

[2] Cato Institute, *Ending Corporate Welfare as We Know It*, by Stephen Moore and Dean Stansel, May 12, 1995. See also the Progressive Policy Institute's *Cut-and-Invest: A Budget Strategy for the New Economy*, by Robert Shapiro, March 1995, and Essential Information, *Aid for Dependent Corporations (AFDC)*, by Janice Shields, March 2, 1995.

business tax subsidies.[3] Using CBO's approach, programs with a stated goal of subsidizing business currently cost the federal government about $100 billion a year.

This Center analysis uses CBO's list of spending and credit programs that subsidize business. The CBO list of business subsidy programs is conservative. In comparing its list of business subsidy programs with the lists prepared by the Cato Institute, the Heritage Foundation, and the Progressive Policy Institute, CBO found that "generally, CBO's tally is the most conservative, mainly because it includes only programs with a stated business focus whereas the other studies include programs that may help business but have no such stated focus."[4]

Business Subsidies Provided Through the Tax Code

The CBO report finds that "tax expenditures account for the bulk of federal efforts to promote business."[5] Tax expenditures are essentially spending programs that operate through the tax code by selectively reducing the tax liability of particular taxpayers.

In testimony before the Bipartisan Commission on Entitlement and Tax Reform last year, Federal Reserve Board chair Alan Greenspan referred to tax expenditures as "tax entitlements." The Joint Tax Committee also has likened tax expenditures to entitlement programs, because there usually is no limit on the amount of revenue a tax expenditure may lose and because tax expenditures are generally available on an entitlement basis to anyone who meets the established statutory criteria for the tax subsidies they provide. Some business tax expenditures may serve legitimate public purposes. Others give preferential treatment to certain industries over others at taxpayer expense, or to certain types of business transactions over others, without producing a significant economic or social benefit.

---

[3] The figure of $70 billion in business subsidies granted by special provisions of the tax code starts with a figure of $68 billion based on the Congressional Budget Office publication, *Federal Financial Support of Business*, July 1995. The $68 billion figure is the sum of the tax expenditures, or tax subsidies, that the CBO study identifies as benefiting businesses. This total may somewhat overstate the total revenue loss because tax expenditures interact; the CBO study did not sum the tax expenditures. In addition to the $68 billion on CBO's list, this analysis includes $2 billion of estimated revenue losses associated with most items that Rep. Bill Archer, Chairman of the House Ways and Means Committee, identified as "Corporate and Other" in his tax proposals of Sept. 18, 1995. Most of the items on Chairman Archer's list are small or were already listed by CBO. (As explained on page 8, two items on Chairman Archer's list are not business tax subsidies — the tax treatment of expatriates and the taxation as business income of pension-plan assets that revert to corporations.)

[4] Op. cit., p. 4. CBO's list generally excludes five categories of policies or programs: macroeconomic policy, benefits to individuals, federal procurement and asset sales, nonindustrial research and development, and social and physical infrastructure.

[5] Op. cit., p. 17.

Table 1

Top Ten Federal Tax Expenditures That Support Business (fiscal year 1995 estimated revenue loss in billions of dollars)	
Depreciation of Capital Assets in Excess of Alternative Depreciation System By deferring taxes, effectively provides an interest-free loan to businesses that purchase assets	$32.2
Reduced Rates on the First $10 Million of Corporate Taxable Income Intended to promote small businesses	3.9
Tax Credit for Corporations with Income from U.S. Possessions (Section 936) Subsidizes corporations, especially pharmaceutical companies, in Puerto Rico	3.7
Exception to the Source Rule for the Sale of Inventory Property Reduces the U.S. tax liabilities of multinational firms that export	3.5
Tax Credit for Low-Income Housing Subsidizes construction or rehabilitation of low-income housing	2.2
Special Treatment of Life Insurance Companies' Reserves Subsidizes life insurance companies	2.1
Expensing of Research and Development Costs Subsidizes R&D by effectively providing an interest-free loan for R&D	2.0
Deduction of Unpaid Property Loss Reserves for Property and Casualty Insurance Companies Subsidizes certain insurance companies by allowing them to defer taxes	1.6
Expensing of up to $17,500 of Depreciable Business Property Intended to subsidize small businesses	1.5
Exclusion of Income of Foreign Sales Corporations Allows U.S. firms to avoid U.S. taxes on income from exports	1.4
Total for top ten tax expenditures:	**$54.1**

Source: Congressional Budget Office, *Federal Financial Support of Business*, July 1995. CBO based its analysis on the November 9, 1994, estimates of the Joint Committee on Taxation.

As noted, tax subsidies account for $70 billion of the $100 billion per year spent on programs with the stated goal of promoting business. Ten business tax expenditures — each with a cost of more than $1 billion a year — account for more than three-quarters of this $70 billion in revenue loss. (See Table 1.) The revenue

The Joint Tax Committee on Tax Expenditures

"Special income tax provisions are referred to as tax expenditures because they are considered to be analogous to direct outlay programs, and the two can be viewed as alternative means of accomplishing similar budget policy objectives. Tax expenditures are most similar to those direct spending programs that have no spending limits, and that are available as entitlements to those who meet the statutory criteria established for the programs."

Source: Joint Committee on Taxation, *Estimates of Federal Tax Expenditures for Fiscal Years 1995-1999*, November 9, 1994, p. 2.

loss from accelerated depreciation alone is estimated to be $32.2 billion in 1995; this is more than the federal cost of food stamps, AFDC, or the Earned Income Tax Credit (EITC).

Spending and Credit Programs That Provide Business Subsidies

Business subsidies provided through spending and credit programs are concentrated in several industries, most notably agriculture, utilities, and technology. CBO's list of agriculture, energy, and technology programs that are business subsidies is similar to the lists prepared by the Progressive Policy Institute, the Cato Institute, Essential Information, and the Heritage Foundation. (See Table 2 for the major programs on CBO's list.)

The agricultural sector receives the greatest support from business subsides provided through spending and credit programs, both in dollar terms and relative to its share of the U.S. economy. According to CBO, half of all business subsidy costs on the spending side of the budget — $14.7 billion a year — are found in programs that benefit the agricultural sector. In fact, federal business subsidies for agriculture equal roughly 11 percent of the agricultural sector's share of the U.S. economy.

Credit programs on the CBO list include both loan and loan guarantee programs. The CBO list includes credit programs operated by the Export-Import Bank, the Commodity Credit Corporation, the Small Business Administration, and the Rural Utilities Service (formerly known as the Rural Electrification Administration). According to CBO, credit programs with a stated purpose of supporting business activity cost a total of about $2 billion annually.[6]

---

[6] This is the administrative cost and subsidy value of the loans and guarantees expressed in terms of the discounted present value of the government's expected net losses. The volume of federal loans and loan guarantees to businesses is much larger. According to CBO, in fiscal year 1995, federal loans to businesses totaled $7.3 billion, and federal loan guarantees to businesses totaled $33.2 billion.

Table 2

Largest Spending Programs that Subsidize Business
(fiscal year 1995 estimated cost in billions of dollars)

Commodity Credit Corporation[7] Aids farmers through price supports and other activities	$7.9
National Institutes of Health (applied biomedical research only) Funds and conducts applied biomedical research and clinical development	3.7
Energy Department R&D[8] Funds technology development for new energy sources	3.4
Conservation Reserve Program Pays farmers to idle land and establish a protective cover crop	1.9
Cooperative State Research, Education, and Extension Service Funds agricultural research and education activities	0.9
Bureau of Reclamation Provides water for agriculture and electricity in western states	0.8
Agricultural Research Service Funds research in areas of interest to agricultural producers	0.8
Federal Crop Insurance Corporation[9] Sells government insurance against crop damage to farmers at subsidized rates	0.6
Total for these programs:	**$20.0**

Source: Congressional Budget Office, *Federal Financial Support of Business,* July 1995. These estimates of FY 1995 costs do not reflect legislation passed in 1995, such as the rescissions bill.

II. House Action on Business Tax Subsidies

Congressional action related to business subsidies has primarily occurred in four contexts this year — in the tax bill the House passed in April, in the Congressional budget resolution, in the appropriations bills now working their way

[7] Excludes salaries and expenses.

[8] Excludes DOE facilities and energy conservation grants.

[9] Excludes $68 million in salaries and expenses, which are in the consolidated Farm Service Agency.

through Congress, and in the reconciliation process also now underway.[10] On both the tax and spending sides of the budget, the House is much farther along. Accordingly, this analysis concentrates on House action in gauging the current direction of Congressional action.

The House Tax Bill

In April, the House of Representatives approved a tax bill that would reduce federal revenue by $354 billion over the seven-year period from 1996 through 2002. Treasury Department estimates show that the tax bill contains $74 billion over seven years in new business tax subsidies. The House tax bill would substantially enlarge the tax benefits of depreciation, already the single most costly business tax subsidy. The bill also would abolish the corporate Alternative Minimum Tax, which ensures that profitable corporations cannot use tax subsidies to escape paying any income tax. In addition, the bill would sharply reduce capital gains taxes for corporations[11] and increase the amount that small businesses can deduct from their income as expenses. The value of these new tax subsidies grows rapidly over time. The House tax bill would increase the annual level of business tax subsidies about 47 percent by fiscal year 2002.

The budget resolution that Congress adopted in June makes room for $245 billion in tax cuts over seven years, or 69 percent of the $354 billion in tax cuts contained in the House tax bill. The House Ways and Means Committee is expected to approve a reduction in all provisions of the House tax bill on a proportionate basis so the bill's cost is shaved to the $245 billion level allowed under the budget resolution.[12] If the House tax package is modified in this fashion, business tax subsidies still will expand by $51 billion over seven years. By fiscal year 2002, these corporate subsidies will have grown about 33 percent above the level they would have reached under current law.

In conference, the tax bill is likely to be redesigned so its provisions entail a $245 billion revenue loss over seven years without a proportionate reduction. It is

---

[10] The supplemental appropriations and rescissions bills also very modestly affected business subsidy programs. This analysis reflects actions taken in the rescissions bill by measuring reductions from pre-rescission fiscal year 1995 levels.

[11] CBO did not list the existing corporate capital gains feature of the tax code as a business subsidy on the grounds that the combined issues of rates, timing of payments, and the effects of inflation may produce effects that are largely offsetting overall relative to the taxation of other sources of corporate income. Under that reasoning, however, the House-passed reduction in the taxation of corporate capital gains *would* constitute a new business subsidy.

[12] Rep. Bill Archer, chair of the House Ways and Means Committee, has stated his intention to draft legislation that would require taxpayers to estimate their tax liability twice — once under current law and once under the House-passed tax bill. Taxpayers would then pay taxes equal to their tax liability under current law minus 245/354 of the difference between the two tax liabilities.

possible that the costly depreciation provision will be dropped at that time. If the depreciation provision is jettisoned (and the other business tax subsidies in the House bill remain as originally passed by the House), the increase in business tax subsidies would amount to $49 billion over seven years. Thus, both the proportionate reduction in the tax bill the Ways and Means Committee will shortly recommend and the alternative course of dropping the added depreciation benefits would produce an increase in business tax subsidies in the range of $50 billion.

The New Ways and Means Tax Provisions

On September 19, as part of the reconciliation process, the House Ways and Means Committee approved a series of additional tax changes that would decrease business tax subsidies about $14 billion over seven years.

In unveiling his proposed tax changes in mid-September, Rep. Bill Archer, chairman of the Ways and Means Committee, indicated they contained $30 billion over seven years in "corporate and other reforms." The Committee subsequently approved his proposals. The net reduction in business tax subsidies contained in these proposals, however, is much less than $30 billion.

More than $10 billion of the $30 billion in revenue-raising measures in this part of the Archer package comes from higher business tax payments that would result from allowing businesses easier access to pension fund assets. While businesses would have to pay taxes on the assets that revert to them, this provision is a large additional benefit to businesses, not a reduction in subsidies.

Another $1 billion of the $30 billion would come from increasing taxes on expatriates. This is an aspect of the individual income tax, not of business taxes.

The new Ways and Means tax changes also include $5 billion in added business tax subsidies from extending and modifying the research and development tax credit. This is one of the features of the tax code the Congressional Budget Office classifies as a business subsidy. This $5 billion additional subsidy partially offsets the decreases in business tax subsidies contained in the new Ways and Means package. The net result of the new Ways and Means legislation would be a reduction in business tax subsidies of $13.8 billion over seven years.

The Combined Tax Effect

If the new Ways and Means changes are enacted and the expansions in business subsidies contained in the House tax bill passed last spring are scaled back proportionately to meet budget resolution targets, the net result will be a $37 billion increase in business tax subsidies over the next seven years. (A similar analysis cannot be done at this time based on Senate action. Because the Senate budget resolution contained no assumptions about which taxes would be cut and the Senate has not yet passed a tax bill, it is not possible to assess the overall impact of Senate action on business tax subsidies.)

III. House Action on Spending Subsidies for Business

The Congressional budget resolution assumed significant reductions in some business subsidy spending programs. These programs were slated to be cut $60 billion over seven years, with the cuts coming from both entitlement and non-entitlement programs. Farm price supports, which are entitlements, were to be cut $13 billion over seven years in the "reconciliation bill." Non-entitlement (or discretionary) programs — those programs controlled by the annual appropriations process rather than by entitlement law — were targeted for $47 billion in cuts in appropriation bills over seven years.[13] (This analysis uses the assumptions for

---

[13] For entitlement programs such as farm price support programs, this analysis assumes that the reconciliation directive in the conference agreement on the budget resolution will be adhered to. The analysis measures reductions in entitlement programs relative to what these programs would cost under current law. This is the standard way of measuring such changes.

For discretionary programs, spending levels for programs that subsidize business are measured relative to the "capped baseline." CBO uses the capped baseline in projecting total government spending and deficits for future years. For discretionary programs as a whole, the capped baseline equals the statutory caps on discretionary spending through 1998, when these caps expire. For years after 1998, the capped baseline equals the 1998 cap, adjusted for inflation.

This analysis apportions the capped baseline between defense and non-defense spending as follows. Defense spending is assumed to equal the multi-year defense spending levels contained in the President's budget. Total non-defense discretionary spending is assumed to equal the total amount available for discretionary spending under CBO's capped baseline minus the amount assumed for defense spending.

In its recent analysis of business subsidies, CBO lists the costs of each business subsidy program in 1995, adjusted for inflation for each subsequent year. This reflects the costs of these programs under what is known as the "*un*capped" baseline. To determine the cost of these programs under the capped baseline, the following procedure is used. The percentage that the total amount available for non-defense discretionary spending under the capped baseline represents of the total amount available for such spending under the uncapped baseline is multiplied by CBO's uncapped baseline amounts for each business subsidy program. The result is the capped baseline amounts for these programs. A similar procedure is used to compute the amount available under the capped baseline for business subsidy programs in the defense budget. This analysis shows that the House budget resolution contemplates reductions in business subsidy discretionary programs totaling $47 billion over seven years.

If the reductions that the budget resolution assumes in discretionary business subsidy programs were measured relative to the 1995 spending levels for these programs rather than relative to the capped baseline (as some Republican Members of Congress argue that cuts generally should be measured), the cuts in business subsidy programs would appear to be smaller. If this methodology

(continued...)

discretionary programs in the House budget resolution. The report on the House budget resolution included considerable year-by-year, program-by-program detail on funding and spending levels for non-defense discretionary programs. The Senate budget resolution and the budget resolution that emerged from conference lacked similarly detailed spending reduction assumptions, although they contained levels for total non-defense discretionary spending almost identical to the levels in the House resolution.)

Representative Pat Roberts, chairman of the House Agriculture Committee, last month proposed $13 billion in farm price support reductions. While the Agriculture Committee did not adopt the chairman's proposal, the House Rules Committee is expected to add the $13 billion in farm price support cuts to the House reconciliation bill. This analysis assumes the House will approve $13 billion in price support reductions.

But the story regarding discretionary appropriations is different. The House has now passed all of the fiscal year 1996 appropriations bills except the District of Columbia bill. The Senate has passed a smaller number of appropriation bills.

In passing appropriations bills for fiscal year 1996, the House has abandoned or diminished many of the reductions in business subsidies that the House budget resolution assumed. The appropriations bills the House has approved would trim funding for business subsidy programs only $3.2 billion next year. This is $1.8 billion — or 36 percent — less than the $5 billion in cuts the House budget resolution assumed for fiscal year 1996 in business subsidy programs that are not entitlements.

A few examples illustrate how the House appropriations bills have cut business subsidies much less than the House budget resolution envisioned. The budget resolution called for reducing funding for the Bureau of Reclamation Construction by $120 million, or 28 percent, from 1995 to 1996. Instead, the House appropriations bill cut the program only $15 million, or three percent. Similarly, the budget resolution called for cutting fossil energy research and development by $292 million, or 66 percent; instead, it has been cut $62 million, less than a fourth as much.

If, over the course of seven years, appropriations actions to cut business subsidies continue to fall short of the assumptions in the budget resolution to the same degree they have fallen short so far this year, the seven-year savings of $47 billion that the budget resolution assumed would come from discretionary business subsidies would be reduced by $17 billion. As a result, total reductions in business

---

[13] (...continued)
were used, the result would be that the expansions in corporate tax subsidies over the next seven years would exceed the decreases in corporate spending subsidies, producing an overall increase in federal subsidies for corporations.

subsidy spending would fall from the $60 billion targeted in the budget resolution to $43 billion.

In part because House appropriations bills reduce fiscal year 1996 funding for business subsidy programs much less than the budget resolution envisioned, these bills reduce other non-defense discretionary programs that are not business subsidies $4.8 billion *more* than the budget resolution called for. The appropriations bills make unprecedented cuts in a number of programs, including various programs for low- and moderate-income children, families, and elderly people. For example, the House appropriations bills eliminate the summer employment program for low-income youth, as well as a program that helps poor families and elderly individuals pay their utility bills. The appropriations bills also cut Head Start and reduce by about $1 billion the funding provided to schools to help them educate children from disadvantaged backgrounds. The appropriations bills slice deeply into funding for job training, low-income housing assistance, legal aid for the poor, the Environmental Protection Agency, and many other programs.

The dollar reductions cited here in spending programs that subsidize business do not reflect the sizable economic benefits that would be conferred on many businesses by the plethora of special rules and exemptions the House has attached to appropriations bills. Many of these rules and exemptions would sharply reduce or eliminate costs of complying with environmental, food safety, labor protection, and workplace safety laws. The figures cited here also do not include the benefits many corporations would receive from the House Ways and Means Committee proposal to grant corporations greater access to pension assets.

IV. Combined Spending and Tax Changes

If Congress remains on its current course, the overall level of federal subsidies for business is likely to remain largely unchanged even while much of the rest of the budget is cut. As discussed in part II of this analysis, the House is on course to expand business tax subsidies by $37 billion over the next seven years. And as part III of this paper explains, business subsidy spending programs would be reduced by only a slightly larger amount — $43 billion over seven years — if House action on this year's appropriations bills foreshadows appropriations action over the rest of the 1996-2002 period.

Even if all of the business subsidy reductions assumed in the House budget resolution were enacted into law — which now appears highly unlikely — the net reduction in business subsidies would be just $23 billion over seven years. That would represent a net reduction in federal subsidies for business of only three percent.

This leads to the following observations:

Table 3

Changes in Business Subsidies Change in Cost over 7 Years (in billions of dollars)	Billions
Spending subsidies:	
Assumed in House budget resolution	$ -60
Current appropriations course	-43
Tax subsidies:	
House-passed tax bill	+74
69 percent of House-passed tax bill	+51
New Archer tax proposals	-14
69 percent of House-passed tax bill *and* new Archer tax plan	+37
Net spending and tax subsidies:	
assuming budget resolution and House-passed tax bill	+13
assuming budget resolution, 69 percent of House-passed tax bill, and new Archer tax plan	-23
assuming current appropriations course and 69 percent of House-passed tax bill and new Archer proposals	-6

- The maximum reduction in business subsidies would be three percent, a far smaller reduction that most other parts of the budget are facing. Under the budget resolution conference agreement, programs other than Social Security and defense would be cut *17 percent* over the seven-year period 1996-2002.[14]

- If business subsidies were to be cut at the same 17 percent rate as other spending is being cut, they would need to be reduced by $122 billion over the next seven years.

---

[14] While spending programs (other than defense and Social Security) would be cut 17 percent on average over the seven-year period, the cuts grow with each passing year, reaching 24 percent by 2002.

- If this year's House action on appropriations bills is an accurate foretaste of results for the seven-year period, business spending subsidies will be cut $43 billion rather than $60 billion. This cut would be offset almost entirely by the $37 billion increase in business tax subsidies. The result would be a net reduction of $6 billion — or less than one percent — in the $724 billion in federal business subsidies that are slated to be provided over the next seven years. There would be a shift of some of these subsidies from the spending side of the budget to the tax side but no significant change in the overall level of these subsidies.

Moreover, there is a chance that business subsidies could even *increase* as a result of this year's budget decisions. The business tax subsidy expansions in the reconciliation bill might end up larger than this paper assumes. In addition, reductions in farm price supports might not fully materialize.

Congressional action or inaction on business subsidies affects decisions made on other parts of the budget. If business subsidies were reduced their proportionate share — a reduction in the neighborhood of $122 billion over seven years instead of $6 billion to $23 billion — that would ease pressures to cut back on other programs that are facing the axe rather than the scalpel.

Congressional action to shield business subsidies while sharply reducing benefits for such groups as poor children and their families comes as a new study finds that poor children in the United States are poorer than their counterparts in 15 of 17 other industrialized nations and that the gap between rich and poor children is larger here than in any other nation examined in the study.[15] Protecting business subsidies while extracting large reductions from programs such as the Earned Income Tax Credit, Medicaid, food stamps, and cash assistance for low-income children can be expected to exacerbate this situation.

---

[15] Luxembourg Income Study, *Doing Poorly: The Real Income of American Children in a Comparative Perspective,* by Lee Rainwater and Timothy M. Smeeding, August 1995.

APPENDIX A. BUSINESS SUBSIDY PROPOSALS ASSUMED IN THE HOUSE BUDGET RESOLUTION

(in millions of dollars)

	7-year outlay savings measured from 1995 levels
Function 050 Defense	
Eliminate Technology Reinvestment Program	$2,769
Function 150 International Affairs	
Privatize OPIC; Charge risk-related fees for Export-Import Bank[1]	1,273
Function 250 Space, Science, and Technology	
NASA Science, Aeronautics, and Technology	732
Function 270 Energy	
Eliminate further funding for clean Coal Technology Program	1,440
Reduce Energy Supply R&D; Reduce Fossil Energy R&D	9,258
Reduce Energy Conservation R&D	2,845
President's funding for Uranium Supply and Enrichment	219
Function 300 Natural Resources and Environment	
Reduce Forest Service resources and management research and eliminate ecosystems research	301
Reform the Bureau of Reclamation by turning over more to beneficiaries and accept the President's request for the Lower Colorado River Basis Development Fund	472
Reduce the Bureau of Mines	405
Function 350 Agriculture	
Reduce funding for Foreign Agriculture Service	88
Reduce Agriculture Research and Extension Activities	1,837
Convert Farmers Home Administration direct loans to farmers to loan guarantees through the private sector	405
Reduce farm price supports, crop insurance and related programs[2]	13,386

---

[1] A precise estimate of the savings from these proposals is not available. This estimate assumes the Export-Import Bank fee proposal contained in CBO's *Reducing the Deficit: Spending and Revenue Options*, February 1995, and assumes that privatizing OPIC provides no significant budgetary savings.

[2] The figure for farm price support represents the cuts from current law agreed to by the conferees on the budget resolution. Measuring entitlement cuts from a current law baseline is consistent with measuring tax changes from a current law baseline.

Function 370 Commerce and Housing Credit	
Reduce the National Institute of Science and Technology	2,600
Make the SBA 7(a) loan program self-financing	1,624
Reduce the Export Administration, the U.S. Trade and Tourism Administration, and the International Trade Administration	1,599
Function 400 Transportation	
Terminate Essential Air Services	255
Eliminate the Maritime Administration (title XI loan guarantees)	175
Eliminate research and development for high-speed rail travel	155
Function 450 Community and Regional Development	
Eliminate funding for Economic Development Administration	2,039
Reduce Community Development Block Grants[3]	616
Create a rural development block grant (business grants only)	310
Function 550 Health	
Reduce National Institutes of Health (NIH) funding 5%[4]	$1,198
Total Business Subsidy Spending Cuts in discretionary programs from 1995 Levels	**$45,971**
Total Business Subsidy Spending Cuts from Capped Baseline	**$60,486**
Total Cost of Business Subsidy Spending Programs (using the Capped Baseline)	**$229,121**
Total Cost of Business Subsidy Spending and Tax Programs (using the Capped Baseline)	**$723,772**

This appendix was constructed using the list of business subsidy programs contained in CBO's August 1995 report *Federal Financial Support of Business.* The savings estimates are measured from the pre-rescission 1995 spending levels and generally come from *FY 1996 Budget Resolution Conference Background*, prepared by the majority staffs of the Senate and House Budget Committees in June 1995. The Center on Budget and Policy Priorities adjusted these figures to approximate the savings measured from CBO's capped baseline. (See footnote 13 for further explanation.) For discretionary programs, this baseline follows the discretionary spending caps until they expire in 1998 and then keeps pace with inflation.

---

[3] CBO counted as a business subsidy the 12 percent of CDBG funding that supports business. Accordingly, this analysis assumes 12 percent of the proposed reduction in CDBG funding is a reduction in business subsidies.

[4] CBO counted as a business subsidy the 33 percent of NIH funding that supports applied biomedical research and clinical development. This analysis assumes 33 percent of the proposed reduction NIH funding constitutes a reduction in business subsidies.

Working Paper No. 127

DOING POORLY: THE REAL INCOME OF AMERICAN CHILDREN IN A COMPARATIVE PERSPECTIVE

Lee Rainwater and Timothy M. Smeeding

Maxwell School of Citizenship and Public Affairs
Syracuse University
Syracuse, New York 13244-1090

August 1995

LIS is a division of the Center for the Study of Population, Poverty and Public Policy (CEPS)/International Networks for Studies in Technology, Environment, Alternatives, Development (INSTEAD) in Walferdange, Luxembourg.

COMMENTS APPRECIATED

DOING POORLY: THE REAL INCOME OF AMERICAN CHILDREN IN A COMPARATIVE PERSPECTIVE

Lee Rainwater
Harvard University
Luxembourg Income Study
(lre@isr.harvard.edu)

Timothy M. Smeeding
Syracuse University
Luxembourg Income Study
(tmsmeeding@maxwell.syr.edu)

August 1995

The research undertaken here was undertaken while Rainwater and Smeeding were fellows at the Center for Advanced Study in the Behavioral Sciences at Stanford University. The authors are grateful to Barbara Boyle Torrey for helpful comments, and to the National Science Foundation for support provided by SBR 90-22192 and SBR 93-21507, the Russell Sage Foundation which also provided financial support, and to the Luxembourg government and other national sponsors which make LIS possible. The authors alone retain responsibility for all errors of omission and comission..

Abstract

This paper investigates the real living standards and poverty status of United States children in the 1990s compared to the children in 17 other nations, including Europe, Scandinavia, Canada, and Australia. We find that American low-income children have lower real spendable income than do comparable children in almost every other nation studied. In contrast, high income United States children are far better off than are their counterparts in other nations. We also find persistently high child poverty rates in the United States compared with other nations. Demographic factors and the effectiveness of tax and transfer policies in reducing child poverty are also explored. The paper concludes with a discussion of results and their policy implications.

I. Introduction

Both poverty and inequality have increased in the United States since the late 1970s, particularly among families with children. By the official standard United States child poverty has risen steadily since the 1960s and has continued to rise to in the 1990s. The question is whether these most recent increases in child poverty have been endemic in the rest of the industrial economies or whether they are unique to the United States. Cross-national comparisons of economic well-being are useful for learning how one nation is alike or different from other comparable nations, because countries which face similar economic and demographic issues may use different policy instruments to address these issues and may have very different outcomes. We have visited this topic before (Smeeding and Torrey, 1988; Forster, 1994; Smeeding, 1992; Rainwater and Smeeding, 1994) and found that the United States has much higher child poverty rates than do other high-income countries. In this paper we extend this work and more generally address the real living standards of United States children in a comparative context from the 1970s to the 1990s.

This paper compares the economic well-being of children in the 1980s and 1990s in 18 countries: 14 in Europe (Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Sweden, Switzerland, and the United Kingdom) and four elsewhere (Australia, Canada, Israel and the United States). The analysis is based on the Luxembourg Income Study (LIS) database (Smeeding, Rainwater and O'Higgins, 1990; LIS Users Guide, 1995).

The plan of the paper is straightforward. We begin by identifying the terms and concepts that we use in the paper under the heading measurement issues. In the third section we examine cross-national differences in real living levels. Most people who want to know about child poverty are interested in children's "real incomes" (purchasing parity adjusted spendable income) as well as their relative poverty status. And so we consider the real standard of living of American children at high, middle and low income levels as compared to their counterparts in other countries.

In the fourth section of the paper we examine levels and trends in child poverty over the 1967-1993 time span. We also investigate the role of demographic forces in explaining the differences in poverty (children in two-parent and single-parent families), and the role of market income and income transfers in preventing child poverty. These analyses offer the first glimpse of child poverty in the 1990s as seen from the perspective of the Luxembourg Income Study database. The final section summarizes our results and their policy implications.

II. Measurement Issues

Economic well-being refers to the material resources available to households.[1] The concern with these resources is not with consumption per se but rather with the capabilities they give household members to participate in their societies (Sen, 1992). These capabilities are inputs to social activities and, participation in these activities produces a given level of well-being (Rainwater, 1990; Coleman and Rainwater, 1978).

All advanced industrial societies are highly stratified socially. Some individuals have more resources than others. The opportunities for social participation are vitally affected by the resources that the family disposes particularly in nations like the United States where there is heavy reliance on the market to purpose such social goods as health care, education and child care services (Rainwater, 1974). Money income is the central resource in these societies. But there are still other important kinds of resources such as social capital (Coleman, 1988) and noncash benefits.

---

[1]We use the terms household and family interchangeably. Our formal unit of aggregation is the household—all persons living together and sharing the same housing facilities—in almost all nations. In Sweden and Canada the "household" refers to a more narrow definition of the "family" unit.

In this paper, we are concerned only with disposable money income. Detailed comparable information exists on money income, on taxes paid and on certain kinds of transfers which have a cashlike character, for example housing allowances or fuel assistance or food stamps., for the 18 nations which we will investigate. Unfortunately we cannot take into account the major in-kind benefits which are available in most countries—for example, health care, day care and preschool, general subsidies to housing and the like. To the extent that the level and distribution of these resources is different in different countries our analysis of money income must be treated with some caution. However, they would be unlikely to change the conclusions reached in this paper. In fact, they may even exacerbate them. (See Smeeding, et al, 1993 for an analysis that includes these benefits.)

Income and Needs

Families differ not only in terms of resources but also in terms of their needs. We take the differing needs because of household size and the head's stage in the life course into account by adjusting income for family size using an equivalence scale. The adjustment for household size is designed to account for the different requirements families of different sizes have for participating in society at a given level. Different equivalence scales will yield different distributions of well-being. Several studies in Europe, the United States and Australia point to an equivalence scale which implies rather dramatic economies of scale in the conversion of money incomes to social participation among families with children (Buhmann, et al, 1988, Bradbury, 1989; Rainwater, 1990). Analysis of some of these surveys also suggests that there are important variations in need as a function of the head of the household's age.

Drawing on these studies we have used an equivalence scale which defines need as the product of the cube root of family size multiplied by a factor which sees need as increasing roughly

1 percent a year for head's age up to the mid forties and then decreasing at the same rate. Hence, we define equivalent income in the following way:

$$EI = Y / (S^{.33} * .99^{|A-45|})$$

That is, equivalent income (*EI*) is defined as an individual's family disposable income (Y) divided by the product of the cube root of the family's size (S) and .99 compounded by the number of years difference between the head's age (A) and 45. The reader should keep in mind that all money income estimates in the paper are based on adjusted or equivalent income calculated according to the above formula.

Having defined equivalent income in this way we determine the median of all individuals in each country. We then examine the distribution of incomes of households with children in relation to the median for all individuals. In this analysis we tabulate the percentage of children who have given characteristics, not the percentage of families with children. In technical terms, our calculations are weighted by the number of children in each family.

Real Incomes

We begin the analysis with an examination of the real incomes of children. Here we define children as persons under age 18. While we use a relative poverty line standard—50 percent of median equivalent disposable income—to calculate poverty rates, we are also concerned with absolute or real levels of child well-being. In order to investigate this issue, we have converted the median incomes of all persons in each country to units of equal purchasing power in the same year using information found in the Penn World table for that year (Summers and Heston, 1991). After converting all incomes to real incomes we analyze our national differences by expressing national amounts as a percent of the United States median for all persons in the year of the survey. This gives us the living standards for middle-income children—the 20 percent of children whose income are around the median (10 percent of them below and 10 percent above). We also present results for each country's median low-income child (the median of the 20 percent with the lowest income) and median high income child (the median of the 20 percent with the highest income).

Poverty Rates and Anti-Poverty Programs

Turning to poverty rates, we examine results for three groups—(a) all children, (b) children in two parent families and (3) children in families headed by a solo mother or lone parent. This group is defined as a family headed by a single mother who is not currently living as married—there may or may not be other adults in the family—but who has children under 18 living in the household. Our poverty measure is relative: the percent of children living in households with income below half of the national median in line with a well-established theoretical perspective on poverty (Sen, 1992; Townsend, 1979). Such a measure is now commonly calculated by the European Commission (Hagenaars et al., 1994), by the OECD (Förster, 1993) and by other international groups.

The official United States government poverty estimates differ from ours because they are based on gross (pre-tax but post-transfer) money income and on an absolute poverty measure developed in the early 1960s. The United States poverty line at that time was about half of median income, but fell to 40 percent of the median by the mid-1980s.[2] The method of counting income (disposable income including tax benefits from the Earned Income Tax Credit (EITC) or near cash benefits from food stamps) and poverty (relative to the national median) used in this paper are much closer to the recent National Academy of Sciences recommendations for income and poverty measurement (Citro and Michael, 1995) than is the current method used by the United States government..

---

[2]The United States measures can be found in U.S. Bureau of the Census (1995). Previous LIS-based research using a 40 percent of median cutoff and different equivalence scales, has resulted in the same results that are shown in Section IV (see Smeeding, 1992; Förster, 1993).

We also examine the impact of public taxes and transfers on child well-being. First, we estimate the percent of children with incomes below half of adjusted median disposable income based on their adjusted market incomes. Market incomes, or pre-government incomes, include all forms of earnings (wages and salaries and self-employment income) plus capital income, occupational pension benefits, and private transfers such as child support. In short, market incomes include everything but government transfers and taxes. Second, we make the same estimate based on their after-tax and transfer incomes (defined as post-government or disposable income). Such a comparison tells the reader how universal benefits, social insurance, and "welfare" programs—the social safety net—help prevent child poverty. It also tells us how the tax system, including negative taxes such as refundable child tax credits and the United States' EITC, help raise the incomes of some families relative to others.

Database

The database used to carry out this analysis is the *Luxembourg Income Study (LIS)* database which now contains information on child poverty for 25 nations in 65 databases covering the 1967 to 1993 period (LIS User Guide, 1995). Because of the recent addition of the 1990s data to LIS, and the addition of several new nations (e.g., Denmark, Finland) we are now able to analyze both the level and trend in poverty and low incomes for a considerable period. Appendix Table 1 gives the years of data available from LIS, with the nations and years used in this study given in bold. As LIS continues to add datasets an even more complete picture of the comparative well-being of United States children will emerge. For now, these data will give us the first glimpse at child poverty in the 1990s.

III. Real Levels of Living

Although we would argue that economic well-being (at least in developed countries) is most crucially a function of the individual's relative position in the distribution of income, real levels of living are also important in comparing income and well-being. Interest in real income goes beyond the situation of poor children—in comparative studies one also wants to know about the real standard of living of average and well-off children as well.

Comparisons of real gross domestic product and aggregate consumption often show that the United States has the "highest standard of living" among major modern nations. Thus, the question of whether this state of affairs extends to measures of after-tax adjusted disposable income arises. While the purchasing power parities (PPPs) used to make such adjustments are based on differences in consumption patterns among nations, they are designed to be used with macroeconomic concepts: aggregate output (GDP) and aggregate consumption as defined by national and international income accountants. Cross-national differences in types of "consumption" which are tax financed versus household expenditure financed are not taken into account. Because countries differ in the way that they finance such goods as health care and education, and because they differ in the extent to which specific types of consumption are tax subsidized, e.g., owned versus rented housing, the PPPs used here are less than ideal for adjusting disposable income for control over resources across countries. Yet they are the best tool we have to make such comparisons. The "real incomes" measures below should therefore be seen as measures of net spendable income rather than measures of total consumption for children, the largest difference between the two concepts being goods and services such as health care, day care, and education which are provided at different prices in different nations.

Figures 1, 2, and 3 address this issue (also see Table 1, columns 4, 5 and 6, on which Figures 1, 2 and 3, respectively, are based). We present here the results for the most recent LIS data point in each nation. We compare the real spendable (disposable) incomes of well-off, average and low income children in the United States with comparably situated children in 17 other nations. The average American child in a four person family in 1991 had a family income of $34,675.[3]

In fact, American children who are in families in the upper 20 precent of the income distribution do very well indeed (Figure 1). They have much higher standards of living as measured by real spendable income than do similarly situated children in all countries, with only Switzerland and Canada being within 20 percent of the United States level. Scandinavia—e.g., Denmark, Sweden—has high income children who live in families with three-quarters the income of the average American child. The only nations whose "rich" children live in households with incomes which are less than 60 percent of that found in the United States are Israeli and Irish children. Given that Israel and Ireland have, by far, the lowest overall real standards of living of the nations observed here, this is to be expected.

Focusing on children in the middle 20 percent (Figure 2) we find that only in Denmark and in Canada are children as well off as are American children, although Swedish and Swiss children are almost as well off. The average child in Belgium, Germany, Norway and Finland is only 90 percent as well off, and 80 percent or less as well off in countries like Austria, Italy, France. On the other hand, in only three countries is the average child less than three-quarters as well-off as in the United States—the United Kingdom at 72 percent, Israel at 52 percent and Ireland at 43 percent.

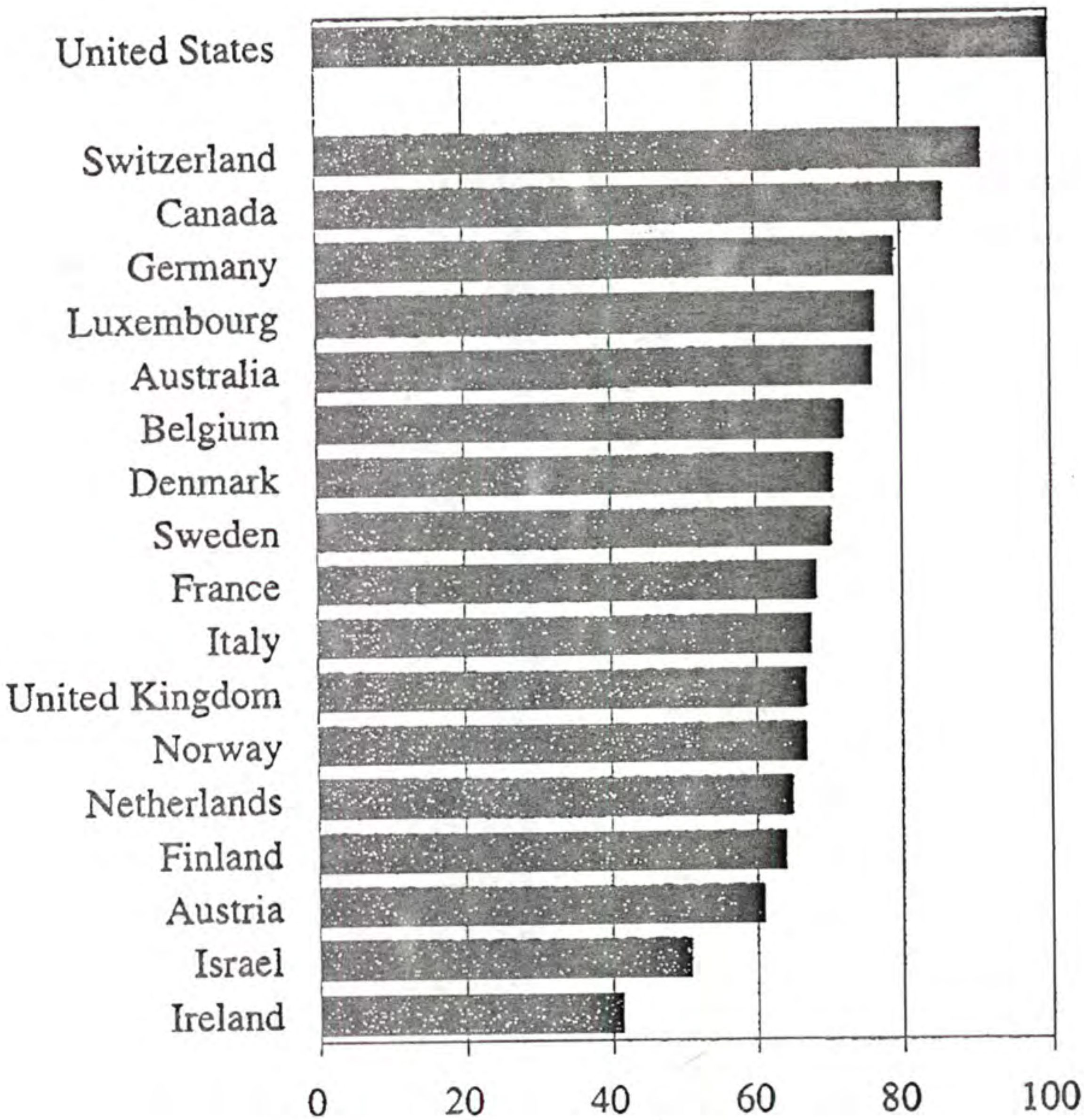
At the lower end of the distribution we find a very different and surprising picture. Both national (U.S. Bureau of the Census, 1995) and international (see next section) evidence suggests

---

[3]For the statistically inclined, we examine the lowest, middle and highest quintiles of children. We present the income of the average child in each group (that is the 10th, 50th and 90th percentile point) for each country—adjusted in real dollars for the year of the national survey using the Penn World tables—as a ratio to the comparable percentile point in the United States distribution. See notes to Table 1 for a more complete explanation of how the comparisons were made.

FIGURE 1

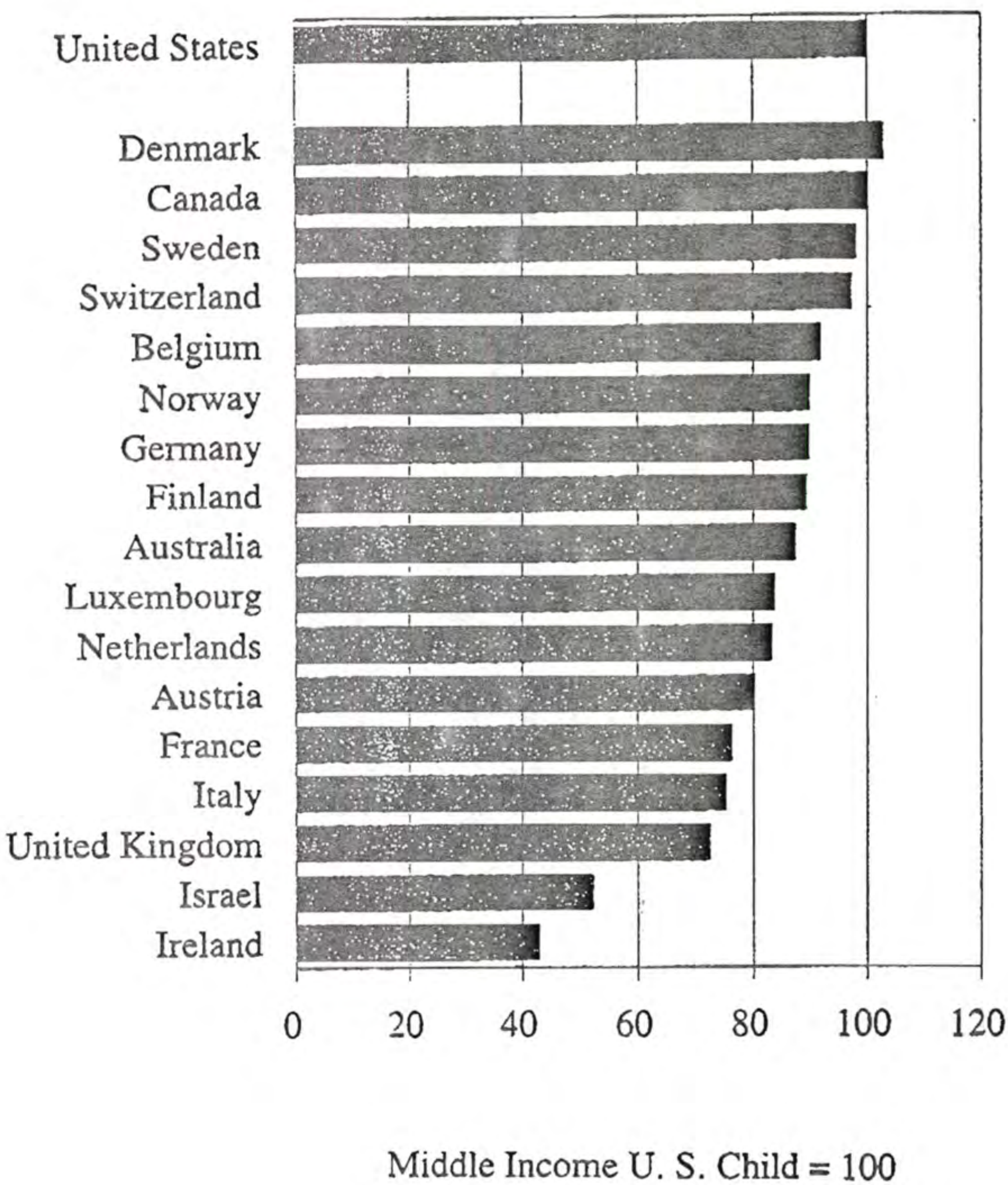
COMPARISONS OF REAL INCOME: CHILDREN IN THE HIGH INCOME HOUSEHOLDS



Notes: Based on Table 1, Column 6. See Note to Table 1 for explanation.
Source: Luxembourg Income Study.

FIGURE 2

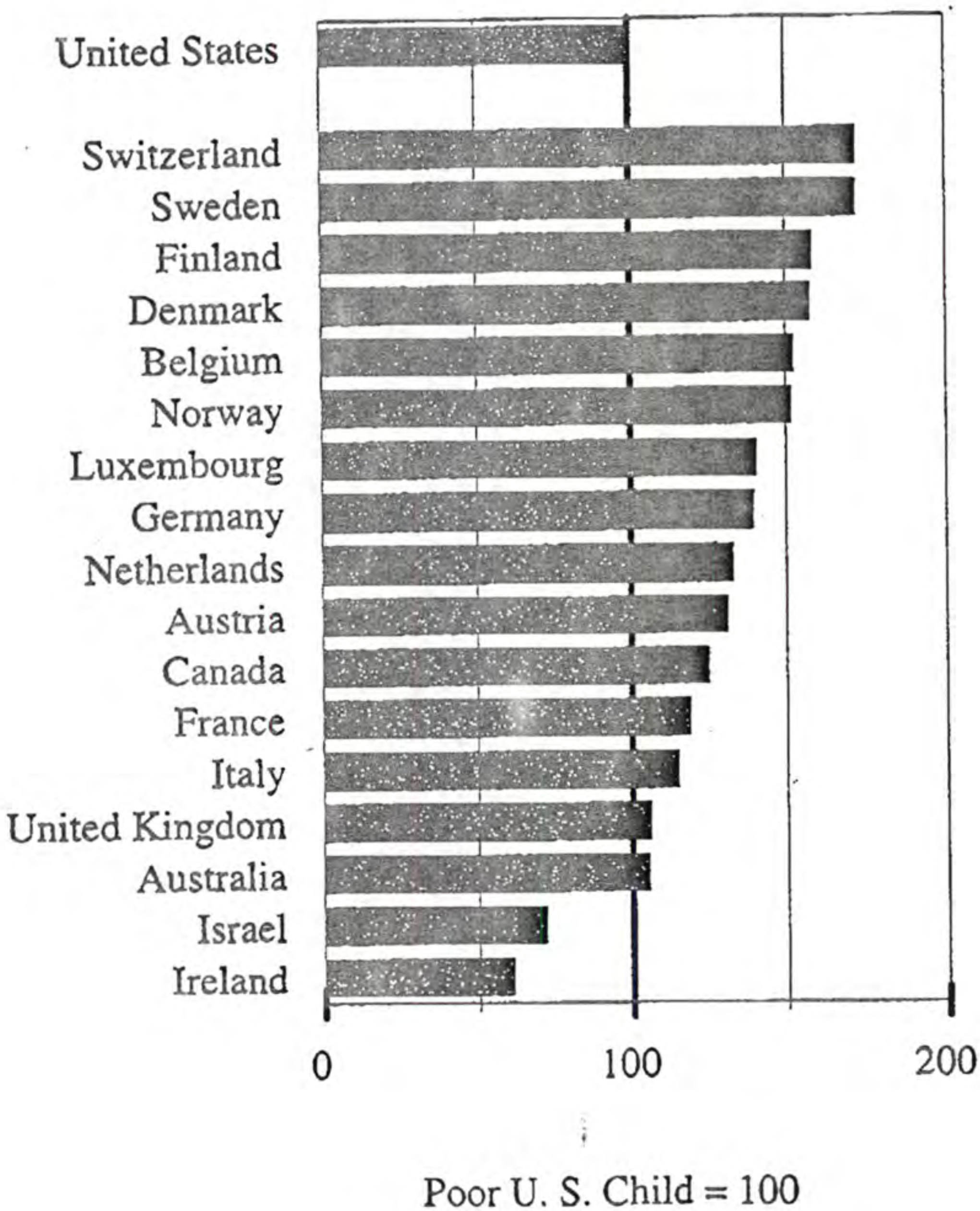
COMPARISONS OF REAL INCOME: CHILDREN IN THE MIDDLE-INCOME HOUSEHOLDS



Notes: Based on Table 1, Column 5. See note to Table 1 for explanation.
Source: Luxembourg Income Study.

FIGURE 3

COMPARISONS OF REAL INCOME: CHILDREN IN THE POOREST HOUSEHOLDS



Notes: Based on Table 1, Column 4. See note to Table 1 for explanation.
Source: Luxembourg Income Study.

TABLE 1. RATIO OF LOW, MIDDLE AND HIGH INCOME CHILDREN'S REAL INCOME TO UNITED STATES MEDIAN INCOME IN 1991

	Ratio to United States Median			Ratio to Comparable United States Children		
Country (Year)	Lowest 20 Percent (1)	Middle 20 Percent (2)	Highest 20 Percent (3)	Lowest 20 Percent (4)	Middle 20 Percent (5)	Highest 20 Percent (6)
United States (91)	31.5	88.2	189.0	100.0	100.0	100.0
Australia (90)	33.2	77.1	143.8	105.3	87.4	76.1
Austria (87)	41.3	70.7	115.1	131.0	80.2	60.9
Belgium (92)	48.1	81.0	136.3	152.5	91.8	72.1
Canada (91)	39.4	88.3	162.0	125.0	100.2	85.7
Denmark (91)	49.8	90.7	133.6	157.8	102.8	70.7
Finland (91)	49.9	78.8	121.1	158.2	89.4	64.1
France (84)	37.5	67.3	129.3	118.9	76.3	68.4
Germany (89)	44.0	79.2	149.6	139.6	89.8	79.2
Ireland (87)	19.3	37.9	78.4	61.1	43.0	41.5
Israel (86)	22.7	46.1	96.3	72.1	52.3	51.0
Italy (91)	36.2	66.3	127.7	114.9	75.2	67.6
Luxembourg (85)	44.4	73.8	144.4	140.6	83.7	76.4
The Netherlands (91)	41.9	73.5	122.9	132.8	83.3	65.0
Norway (91)	47.8	79.2	126.4	151.7	89.9	66.9
Sweden (92)	54.3	86.5	133.1	172.0	98.1	70.5
Switzerland (82)	54.3	85.7	171.6	172.1	97.2	90.8
Untied Kingdom (86)	33.4	63.8	126.7	105.8	72.3	67.0

Note: Table to be read as follows:

Columns 1-3: Given that in Australia the median real income of all persons is 82.7 percent of the United States median in 1991 and that the Australian child median is 93.0 percent of the overall Australian median and that the 10th percentile point (the middle child in the lower 20 percent) for children's income is 43.2 percent of the median of all Australian children, the average low income Australian child has a real spendable equivalent income equal to .827 * .930 * .432 of the United States overall median equivalent income—this amount is equal to 33.2 percent.

Columns 4-6: The ratio of low-income Australian children's equivalent income to that of low-income United States children is equal to 33.2/31.5—this is 105.3 percent.

The Penn World tables used to make these conversions automatically adjust for national changes in consumer prices, thus making all comparisons in terms of United States dollars in the year of the survey in each nation.

Source: Luxembourg Income Study.

that the poverty rate of United States children is in the neighborhood of 20 percent. We compare the real spendable incomes of the typical poor American child—the one at the median of the bottom 20 percent—with that of comparable low income children in other countries in Figure 3. We immediately see that in six countries low income children have real standards of living at least 50 percent higher that in the United States—Switzerland, Sweden, Finland, Denmark, Belgium and Norway. And in four other countries (Germany, Luxembourg, Netherlands, and Austria) low income children are at least 30 percent better off than in the United States. Only in Israel and Ireland—the two nations with the lowest GDP per capita of those studied—do low income children have a lower real standard of living than do children in the United States.

In other words, while the United States has a higher real level of income that most of our comparison countries it is the high and middle income children who reap the benefits (and much more the former than the latter). Low income American children suffer in both absolute and relative terms. The average low income child in the other 17 countries is at least one-third better off than is the average low-income American child (see also Table 1).

IV. Evidence on Child Poverty: Level and Trend

We shift now to measures of relative income within each country to examine both the level and trend in child poverty across the 18 developed nations for which we have data. In order to have really solid evidence on patterns of change in these measures it would be desirable to have multiple observations over several decades for a large number of nations. Unfortunately a database with data for several countries over long periods of time does not yet exist. However, LIS has made efforts to bring in earlier datasets from the later 1960s and 1970s, and also to pursue continual updating of datasets to the later 1980s and early 1990s to provide a better data base for determining trends as well as levels of poverty in advanced nations.

Table 2 provides multi-year data on child poverty rates, defined as children living in households with incomes below half of the median.[4] We have split the estimates into six periods: before 1971; 1972-1975; 1978-1981; 1982-1985; 1986-1988; and 1989 or later. For 14 nations, we have observations for child poverty at two or more points in time (although in some cases the time lapse is short). For eight of these countries we have observations at three points in time, and four or five points for a few. We must therefore interpret changes in a very tentative way. We have included the nations we have in three groupings: A: United States; B: Western Europe and C: Other Developed Nations.

Level of Poverty

Table 2 and Figure 4 summarize the most recent year for which child poverty estimates are available for each nation. Child poverty rates throughout Western Europe are below 10 percent, with the exception of 12.0 percent in Ireland, also the poorest nation in real terms, of the Western European nations observed here. And in the other Western nations, most recent child poverty rates range from 11.1 percent in Israel to 14.0 percent in Australia.. Clearly the United States rate of 21.5 percent stands out as the largest percentage of children in poverty among the nations observed here (Figure 1).[5]

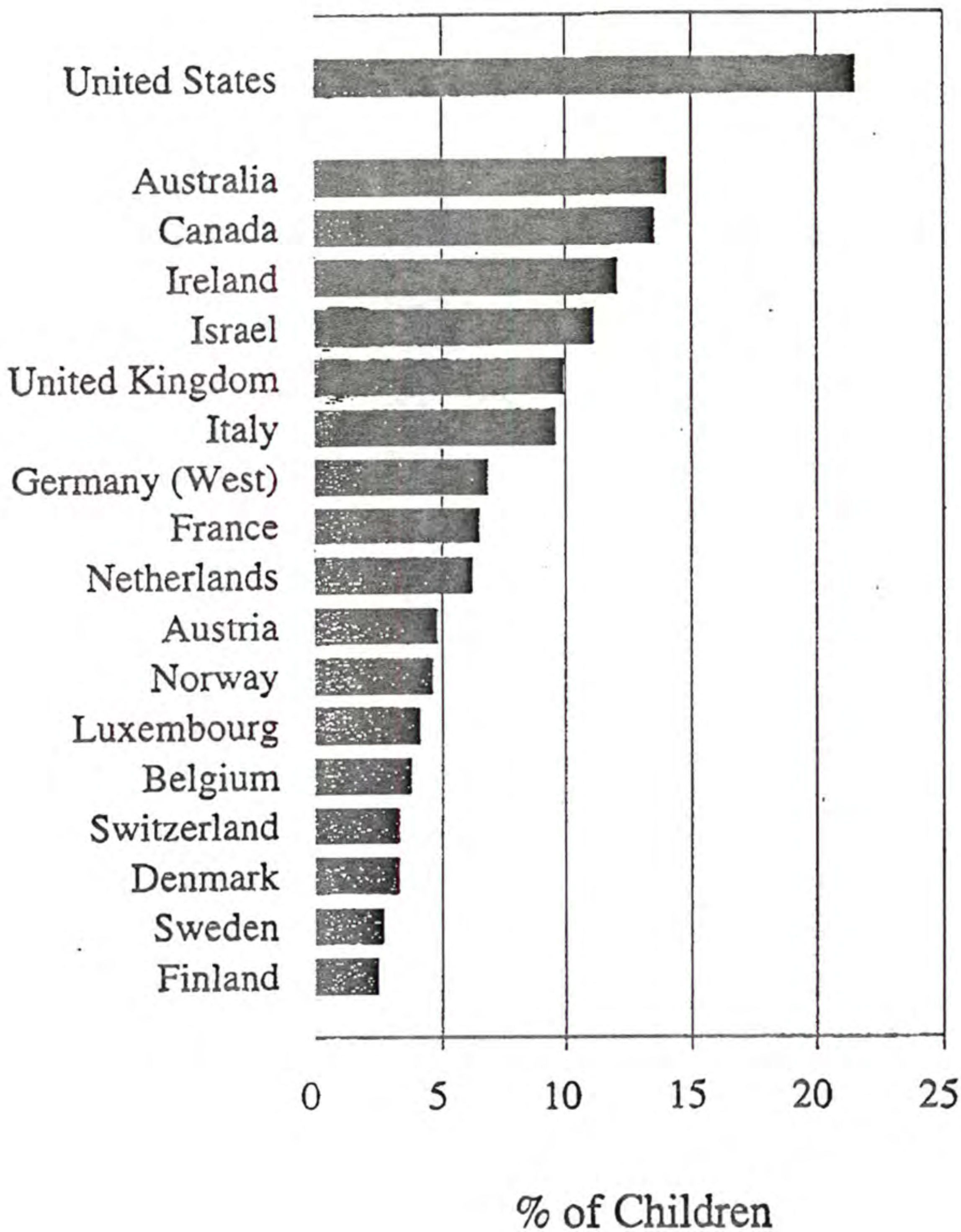
---

[4]While we have not performed sensitivity tests for poverty rates at 40, 50, or 60 percent of median or for different equivalence scales, previous LIS-based research has demonstrated the robustness of our child poverty results for a wide range of poverty measures and equivalence scales (Förster, 1994; Smeeding, 1992).

[5]LIS datasets not used in this comparison include those for Russia, a set of transition countries of Central Europe (Czech Republic, Hungary, Slovak Republic), and the Republic of China/Taiwan. All of these nations have child poverty rates below 15 percent of median income when child poverty is measured in this same way.

FIGURE 4

CHILD POVERTY RATES IN 18 COUNTRIES[a,b]



[a]Poverty is defined as percent of children living in families with adjusted disposable incomes less than 50 percent of adjusted median income for all persons. Income includes all transfers and tax benefits.
[b]Year for each estimate is most recent year in Table 1.

Trend

The 1980s was not a period in which the relative economic well-being of children in any of these countries was greatly improved. In two countries, there are hints of improvement from the 1970s through the 1980s to the 1990s (see Canada and Sweden in Table 2). But overall we have a picture of either stability or deterioration in the children's' economic well-being. In the United States, Israel, and the United Kingdom there is a clear trend toward a worsening situation for children, though the most recent poverty rate for the United States suggests a leveling off of the previous increases. The 1990s results for Israel and the United Kingdom are not yet available. Over an 18 year period, from 1969 to 1986, the child poverty rate increased from 5.3 percent to 9.9 percent in the United Kingdom and in the United States from 13.1 percent to 22.9 percent, before falling to 21.5 percent in 1991. In Israel, too, there was a deterioration during the first half of the 1980s. All of the Scandinavian countries have been able to have kept child poverty below five percent, and many other European nations keep it in the 5 to 6 percent range over the 1980s and into the 1990s.[6]

It needs to be emphasized that levels and trends in child poverty rates do not simply mirror levels and changes in overall income inequality in these nations. While the United States has the highest level of inequality among the nations observed here, Switzerland ranks third in overall inequality but very low in terms of child poverty (Gottschalk and Smeeding, 1995, Figure 3). And while patterns of increasing income inequality in the United States and in the United Kingdom are correlated with their rising child poverty rates over the longer term, the timing of increases in each nation are quite different. Inequality in the United States has continued to increase from the middle

[6]Note that in both Germany and the Netherlands the data sets used in earlier periods are different from those used in later periods. Thus, the observed trend to higher poverty rates in these nations may be attributed to different datasets, not to true increases in child poverty. Moreover, at he worst, both of these nations have child poverty rates in the six percent range.

TABLE 2. LEVEL AND TREND IN CHILD POVERTY RATES:[a] 1967-1992

Nation	Year of Survey	Period 1 < 1971	Period 2 1972-1975	Period 3 1976-1981	Period 4 1982-1985	Period 5 1986-1988	Period 6 1989+
A. United States	69, 74, 79, 86, 91	13.1	17.3	18.5		22.9	21.5
B. West Europe:							
Austria	87					4.8	
Belgium	85, 88, 92				3.4	3.1	3.8
Finland	87, 91					2.9	2.5
Denmark	87, 92					5.3	3.3
France	79, 84			6.3	6.5		
Germany (West)	73, 78, 83/84, 89[b]		4.0	3.2	4.8/6.4		6.8
Ireland	87					12.0	
Italy	86, 91					10.8	9.6
Luxembourg	85				4.1		
The Netherlands	83, 87/91[c]				2.5	3.6	/6.2
Norway	79, 86, 91			3.8		3.8	4.6
Sweden	67, 75, 81, 87, 92	3.5	1.9	3.9		3.0	2.7
Switzerland	82				3.3		
United Kingdom	69, 74, 79, 86	5.3	7.0	8.5		9.9	
C. Other:							
Australia	82, 86, 90			14.0	13.1		14.0
Canada	71, 75, 81, 87, 91	15.2	14.6	13.9		13.6	13.5
Israel	79, 86			8.2		11.1	

[a]Poverty is defined as percentage of children living in households with adjusted disposable minus less than 50 percent of median adjusted disposable income for all persons. Income includes all transfers and tax benefits.

[b]The slash (/) for Germany indicates that the German Survey for 1973-1983 is different from that for 1984 and 1989, hence one cannot derive overall trend estimates from 1973 through 1989 from these figures.

[c]The slash (/) for The Netherlands indicates that the survey for 1983 and 1987 differs from the 1991 survey, hence one cannot derive trend estimates for 1983-1991 from these figures.

Source: Luxembourg Income Study.

1980s through the 1990s while child poverty has remained constant or has fallen slightly by our measure over this same period. Many nations observed here have sustained large increases in income inequality during the 1980s with no change in poverty, e.g., Sweden and Australia (Gottschalk and Smeeding, 1995, Tables 5 and 6).

At the very least these multiple year observations suggest that the finding from the various LIS datasets are not artifacts of particular years of our samples. We find that the countries that have low poverty rates in our latest samples have low rates in the earlier periods as well. Those with middling rates are in the middle earlier and the higher rate countries are higher in early periods.

Differences Between Two-Parent and Solo-Mother Families

A child's chances of being poor in the United States differs dramatically depending on whether he or she lives in a one or two parent family (Table 3). A child in a two-parent United States family has only about a 11 percent chance of being poor as compared to a 60 percent chance if the child lives with a lone parent who is a mother. In fact, in all countries studied, one's chance of being poor in a one-parent mother family is much higher than in two parent families.

Because so few children in most countries live in solo mother families the difference across countries in the percent of children living in solo mother families has little to do with the difference in total child poverty rates. Only in the cases of Australia, Canada, and the United States would total poverty rates be noticeably lower if the proportion of solo mother families was the average for these 17 countries. In other counties with greater than 10 percent of children in solo mother families (Denmark, Norway, Sweden, United Kingdom), the poverty rates for single parent children are close enough to couples rates to not make a great deal of difference in the overall poverty rate. And demography is clearly not destiny; children in solo mother families in Denmark, Finland (7 percent poverty rate) and Sweden (5 percent poverty rate) do better than children in two parent families in many of the nations studied.

TABLE 3. POVERTY RATES FOR CHILDREN BY FAMILY TYPE[a]

Country (Year)	All Children	Children in Two-Parent Family[b]	Children in Single Parent/Solo Mother Family[c]	Percent of Children in Solo Mother Families[c,d]
United States (91)	21.5	11.1	59.5	21.2
Australia (90)	14.0	7.7	56.2	12.4
Belgium (92)	3.8	3.2	10.0	8.1
Canada (91)	13.5	7.4	50.2	13.4
Denmark (91)	3.3	2.5	7.3	14.3
Finland (91)	2.5	1.9	7.5	9.5
France (84)	6.5	5.4	22.6	6.5
Germany (89)	6.8	2.9	42.7	9.9
Ireland (87)	12.0	10.5	40.5	5.3
Israel (86)	11.1	10.3	27.5	5.1
Italy (91)	9.6	9.5	13.9	4.4
Luxembourg (85)	4.1	3.6	10.0	6.8
The Netherlands (91)	6.2	3.1	39.5	8.4
Norway (91)	4.6	1.9	18.4	15.4
Sweden (92)	2.7	2.2	5.2	14.6
Switzerland (82)	3.3	1.0	25.6	6.9
United Kingdom (86)	9.9	8.4	18.7	13.0

[a]Poverty is defined as in Table 2.

[b]Child poverty rates in two-parent families are for those children living in situations where there are only two adults who are married, or are living together as married.

[c]Single parent/solo mother families are children living in those situations where one female adult resides in the household. Other adults (e.g., older children) may also occupy the residence.

[d]Because some children live in other types of situations, e.g., in multiple family unit households or in lone father units, the weighted averages of children in solo mother and two-parent households do not add to the "all children" total.

Source: Luxembourg Income Study database.

Comparing the poverty rates of children in two parent families and in solo mother families we note a group of countries with very low rates for both types—Sweden, Finland, Belgium, Denmark, and Luxembourg. Another group has child poverty rates in solo mother families between roughly 20 and 40 percent but covers a wide range of rates in two parent families—Germany, Switzerland, and Norway have quite low two parent rates. France has a middling rate and Israel, Italy, and the United Kingdom higher rates for children in two-parent households.

The combination of difference in the poverty rates of children in two parent compared to solo mother families and the smaller differences in the percentage of children who live in solo mother families has an important effect on the family type composition of the poor.[7] In five countries more than half of poor children live in solo mother families—the United States, Australia, Germany, Switzerland, and Norway with Canada coming close at around 40 percent. At the other extreme, fewer than 15 percent of poor children are in solo mother families in the Netherlands, Belgium, Italy, and Israel. Children in solo mother families make up between 15 and 30 percent of the poor in Luxembourg, Ireland, France, the United Kingdom, and Sweden. Thus, the rate of feminization of poverty varies dramatically across these countries based on both the poverty rate for children in single parent units and on the percentage of children living in each type of unit.

In summary, 1 of every 8 American children is a poor child living with a solo mother. Fewer than 1 in 100 children are in the same situation in Sweden, the Netherlands, Luxembourg, Italy, Finland, and Belgium. In the United States 1 of every 10 children is a poor child living in a two parent family and this ratio is not too different in three other countries—Ireland, Israel, and Italy. In contrast, the ratio is about 1 in 50 in Finland, Germany, Norway, Sweden, and Switzerland.

---

[7]The figures on the demographic composition of poor children are not shown but are available from the authors.

The Role of Market Income and Income Transfers

What are the roles of market income and transfers in producing the wide range in child poverty? To what extent would children be poor in the absence of transfers? Figures 5 through 7 plot the pre-government (market) income poverty rates of children (that is, poverty rates based on income from earnings and assets and before taxes and transfers—including private transfers) against child poverty rates based on post-government (after tax and transfer or disposable) income. Figure 7 shows the figures for all children, but because the levels of poverty are so different for children living with two parents versus those living with a solo mother, the two patterns are shown separately in figures 5 and 6.[8] Because the all children figure disguises the separate impacts of one and two parent parents on child poverty, we turn to them first.

Two-Parent Units. For children in two parent families we find a wide range in pre-government income poverty rates which can be summarized as follows: below 5 percent: Germany, Norway, Switzerland; between 5 percent and 10 percent: Finland, Luxembourg, the Netherlands; between 10 percent and 20 percent: Australia, Belgium, Canada, Denmark, Italy, Sweden, United States; and over 20 percent: France, Ireland, Israel, and the United Kingdom.

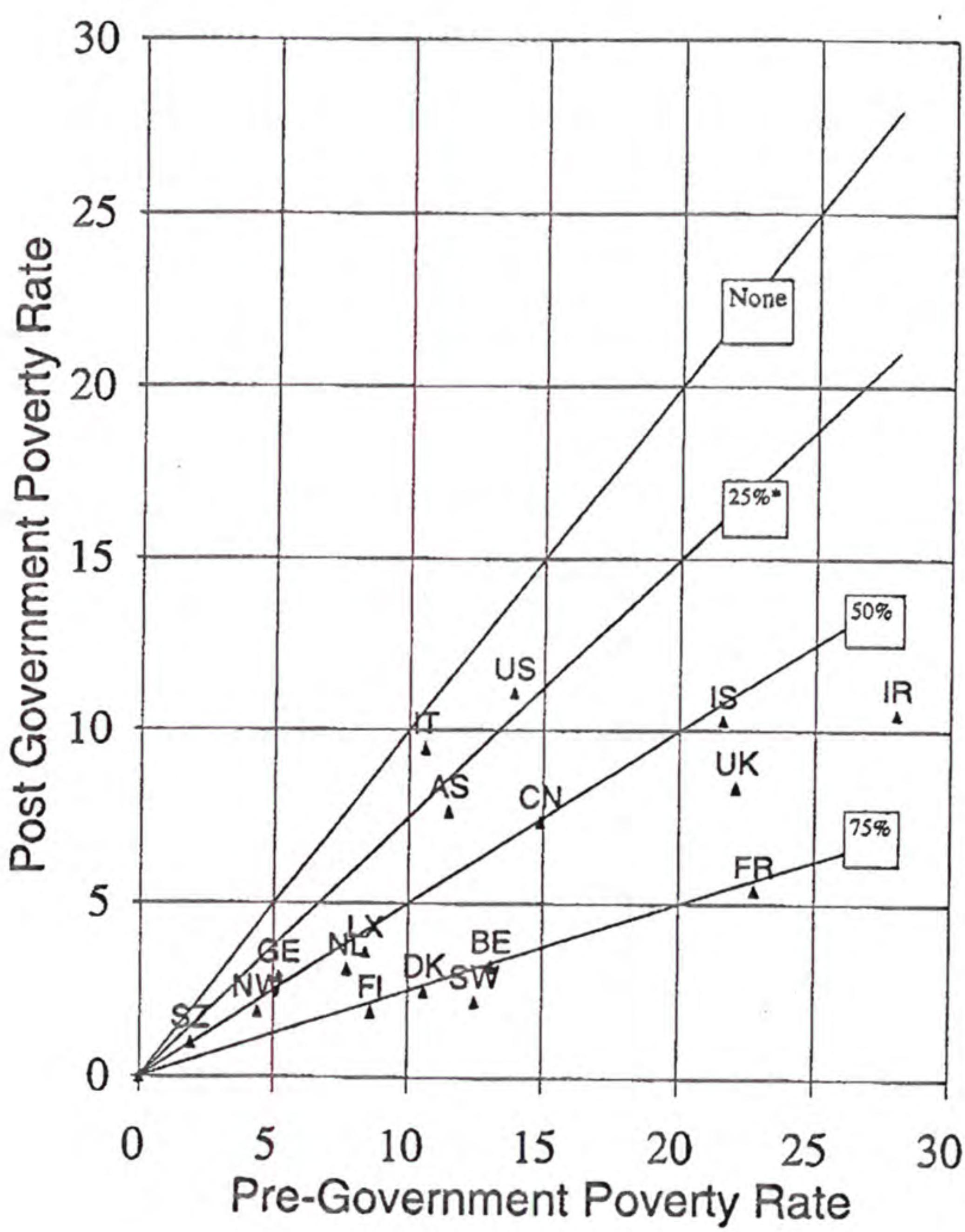
There is similarly a wide range in the degree to which market income poverty rates are reduced by transfers. The lines in the figure radiating from the origin indicate the extent of poverty reduction—(none, for no reduction) 25 percent, 50 percent, and 70 percent. In three countries transfers reduce the poverty of children in two-parent families by 10 percent to 33 percent—Australia, Italy, and the US. In nine countries, the reduction ranges from a little below half to not quite two-thirds. Finally, in five countries the reductions are three-quarter or more —Finland, Belgium, France, Sweden, and Denmark.

---

[8]The pre- and post-government poverty rates on which Figures 5, 6, and 7 are based are shown in Appendix Table A-2.

FIGURE 5

PRE- AND POST-GOVERNMENT POVERTY RATES: CHILDREN IN TWO-PARENT FAMILIES



Notes: See Appendix Table A-2 for numerical coordinates of each country point.
* = percentage reduction from pre-government poverty to post-government poverty.
Source: Luxembourg Income Study.

The result is that the extremely low market income based poverty rates for children in Norway and Switzerland are reduced to an even lower rates by government programs, and the three countries with 5 to 10 percent market income based poverty rates find their disposable income rates reduced to below 5 percent. For the rest of the countries there is an even greater deal of movement. Belgium has a higher market income poverty rate than the other countries in group C, but it transfers produce a very low disposable income rate of less than 5 percent. The shift for Canada is not as dramatic, but still considerable compared to the United States or Italy or Australia.

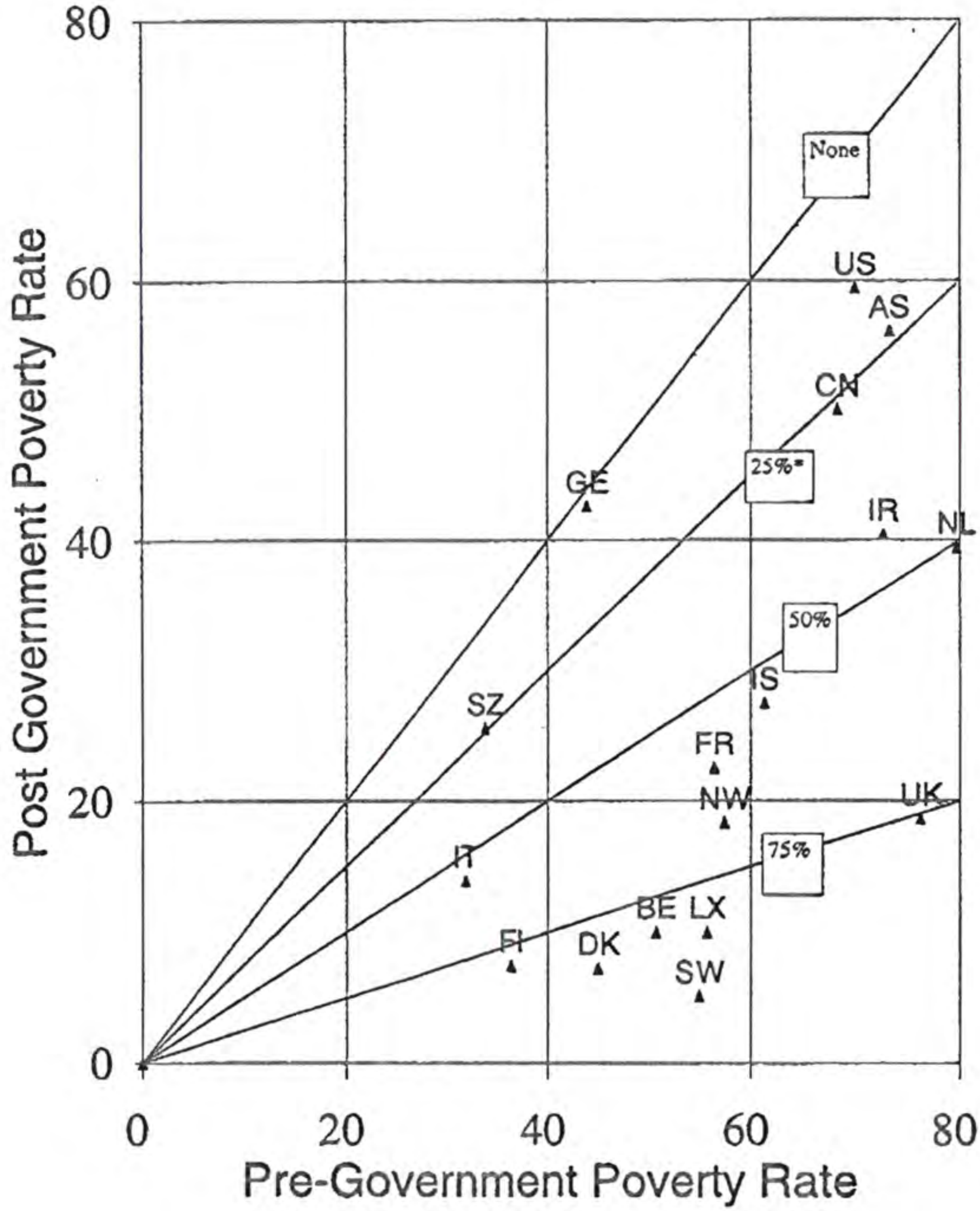
There are also differences in the disposable income poverty rates among the countries with the highest market rates (above 20 percent). French children in two-parent families improve their situation a great deal through transfers, and children in the United Kingdom and Ireland improve more than those in Israel.

Solo-Parent Units. Next, Figure 6 shows that the antipoverty affect of transfers for children in solo mother families is quite different from that of two-parent families. The pre-government poverty rates in all countries are very high. Only four have rates below 50 percent and two have rates close to 80 percent. Market income poverty rates for children in one-parent families are as follows: between 33 percent and 45 percent: Switzerland, Italy, Finland, Germany; between 55 percent and 62 percent: Luxembourg, Belgium, France, Denmark, Sweden, Norway, Germany, Israel; between 68 percent and 73 percent: Canada, United States, Australia; Ireland; and between 70 percent and 80 percent: Netherlands, United Kingdom.

The antipoverty effect of transfers varies more widely across the countries in this case than for children in two-parent units. While only three counties had reductions in two-parent poverty of 75 percent or more, we find that much reduction for solo mothers' children in six countries. However, there are also more countries with rates of poverty reduction around 25 percent or less for mother-only than for two-parent families.

FIGURE 6

PRE- AND POST-GOVERNMENT POVERTY RATES: CHILDREN IN SOLO MOTHER FAMILIES



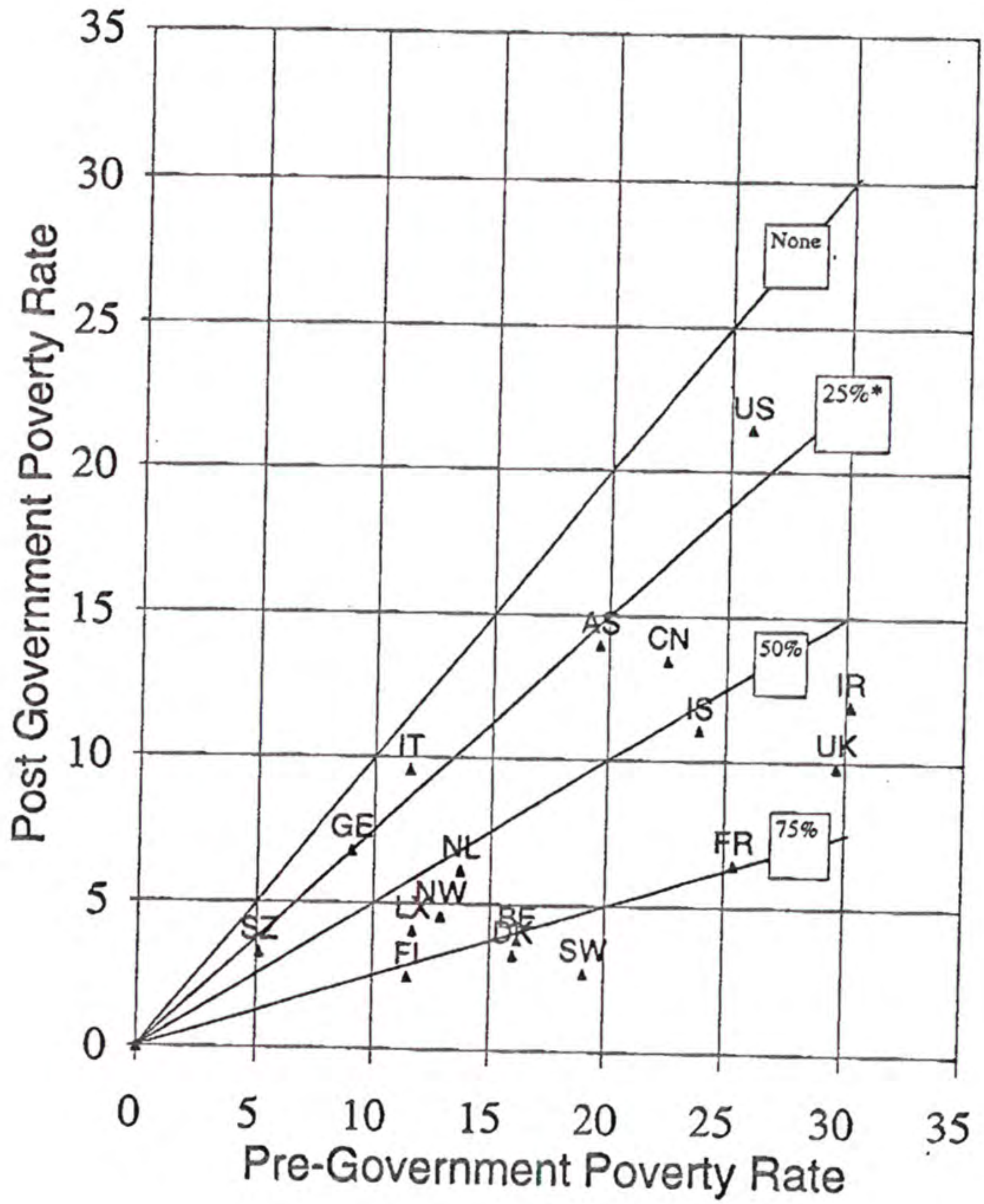
Notes: See Appendix Table A-2 for numerical coordinates of each country point.
* = percentage reduction from pre-government poverty to post-government poverty.
Source: Luxembourg Income Study.

The result of this diversity in the proportion of children moved out of poverty by transfers is a very wide range in post-government income poverty rates. The five countries with post-government rates under 10 percent ranged across a fairly narrow range of market income rates—see Finland, Denmark, Belgium, Luxembourg and Sweden. We find greater diversity in market rates for the six countries with disposable income rates ranging from 14 percent (Italy) to 27 percent (Israel). Switzerland and Italy are among the nations with the lowest market based rates, Norway, France, and Israel are in the middle, and the United Kingdom has a high pre-government income based poverty rate for children in solo mother families. Disposable income poverty for children in mother-only families tends to be highest in those countries where the antipoverty reduction is only around 25 percent. The correlation between market income based poverty and disposable income based poverty among children in solo mother families is only 0.40, much less than the 0.73 rate for children living with two parents.

All Children. The picture for all children combines the two groups, along with children living in other circumstances (e.g., multi-family households and single-parent units headed by a man). We immediately see that the range of pre-government poverty rates is much less for all children than for the two separate groups. Other than Switzerland and Germany, all nations have pre-government child poverty rates that range from 12 percent to 30 percent, indicating that broadly similar child poverty problems face most advanced national governments. What differs is national governments' abilities to address these problems. The rate of poverty reduction is only about 25 percent in the United States, Australia, Italy, Germany, and Switzerland. It is 75 percent or greater in France, Belgium, Denmark, Sweden, and Finland. Some nations with high child poverty rates based on market income are able to use taxes and transfers quite effectively to reduce child poverty. These include France, Ireland, and the United Kingdom. Australia, Canada, and Israel have middle-range child poverty rates in terms of market income and reasonable rates of decline from tax and

FIGURE 7

PRE- AND POST-GOVERNMENT POVERTY RATES: ALL CHILDREN



Notes: See Appendix Table A-2 for numerical coofdinates of each country point.
* = percentage reduction from pre-government poverty to post-government poverty.
Source: Luxembourg Income Study.

transfer programs. All other nations begin with market income based poverty rates below 20 percent and use tax-transfer policy to reduce those rates to 10 percent or lower.

Overall Spending Patterns

These findings correlate well with overall cash social expenditures on the nonaged as a percent of GDP in 1985 (or 1990/91) as shown in Figure 8. Low transfer societies (Australia, Italy, United States) produce lesser reductions in child poverty in any given year than do high transfer societies (Scandinavia, Northern Europe). Nations that have managed to produce a downward trend in child poverty are either those that spend a lot (e.g., Sweden) or those whose spending has increased through the 1980s (e.g., Canada).[9]

Transfer Income Packages

Insight into how poor families escape poverty will come from examining most particularly the income packages of families who are at highest risk of poverty. Because we define the poverty line as 50 percent of the equivalent median, by definition, half of families have equivalent incomes above twice the poverty line. We consider those individuals with disposable incomes below the median to be at risk of poverty. The income-packaging institutions of each country determine the share of this half of the population who in fact end up with incomes below the poverty line. Based on figures not shown here, transfers to two-parent families amount to more than 25 percent of median income (50 percent of the poverty line) in Sweden and Ireland, and to more than 20 percent in the United Kingdom, Belgium, Finland, and France.[10] At the other extreme, transfers amount to around 10 percent or less in Australia, Luxembourg, Norway, the US, Italy, and Switzerland. As Germany, Norway and Switzerland demonstrate, full employment at adequate wages can produce

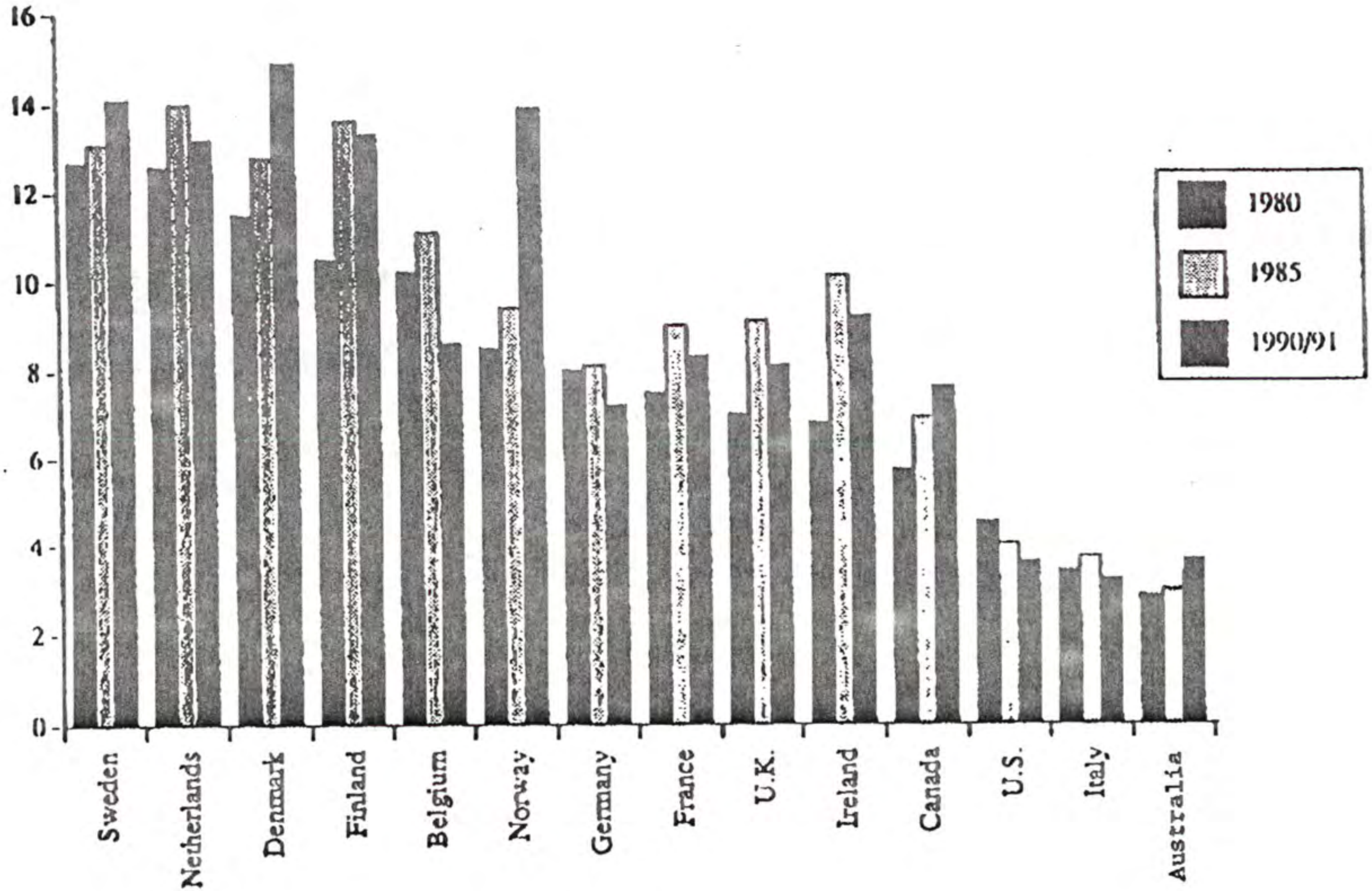
---

[9]Because they are not OECD countries, Switzerland and Israel are not shown in Figure 8. OECD information on Ireland and Austria was not available.

[10]These figures can be obtained from the authors.

FIGURE 8

SOCIAL PROTECTION AMONG THE NONAGED AS PERCENT OF GDP IN 1980, 1985, AND 1990/91



Note: These include cash benefits for disability and disability services, employment promotion benefits, unemployment compensation, family allowances, welfare benefits, and other miscellaneous items. Excludes all cash benefits to the aged and survivors, health benefits, and education benefits.

Source: OECD (1994), Tables 1b and 1c.

low child poverty rates due to market incomes thus lessening the percentage of incomes made up by transfers. However, in societies with higher nonemployment and low wages, tax and transfer benefits are needed to reduce child poverty to acceptable levels for two-parent families with children.

As one should expect, average transfers to solo-mother families at risk of poverty comprise a greater share of their disposable income than is the case for two-parent families. In four countries they amount to 40 percent or more of median equivalent income (or 80 percent of the poverty line)—the Netherlands, the United Kingdom, Sweden, and Luxembourg—and are almost that high in Ireland and Belgium. At the low end we find Switzerland, the United States, Italy, Finland, Germany, and Canada with less than 25 percent of disposable incomes for at risk solo parent families coming from transfers.

Summary

The estimates of market and disposable income poverty presented at the end of this section add factual evidence and explanation to the pattern of poverty rates found in the initial tables (2 and 3) in this section of the paper. Despite the wide variation in level and trend of child poverty across the 18 nations studied here, Almost all national governments face substantial numbers of children who would be poor without government tax and transfer policy intervention. Some mix market income and transfers more effectively than do others. And children living with single parents always do less well than children living with both parents. Most societies provide a mix of tax and transfer benefits that, when coupled with market earnings, reduce child poverty to very low levels. But not all nations do so well. In particular, the overall high rate of both pre- and post-government poverty in the United States is troubling.

V. Summary of Results, Policy Implications and Conclusions

The results of this paper are striking. United States low-income children have a lower real standard of living than do their counterparts in almost every other nation studied. This real income deficit is mirrored in our high relative poverty rates, and in our low and falling social expenditure levels (Figure 8). Because our measure of poverty is much closer to that recently recommended by the National Academy of Sciences than to the "official" United States poverty measures used by the federal government (e.g., U.S. Bureau of Census, 1995) we were able to chart the impacts of two of the most effective anti-poverty devices for children in the United States, food stamps and the EITC. Between 1986 and 1991, we observed a modest decline in relative child poverty in the United States from 22.9 percent to 21.5 percent, because of increases in spending for food stamps and the EITC over this period, and also because of the higher zero bracket amount and personal tax exemptions which emerged from the Tax Reform Act of 1986.[11] These findings emerged despite the overall decline in United States spending for social programs for the nonaged noted in Table 8, and widening overall income inequality in the United States over this same period.

In contrast to our low-income children, our high-income children are better off than their counterparts in every nation studied. The wide variance in child well-being found in the United States mirrors the high level of overall income inequality in our nation. This pattern is not found in other nations. While their inequality is less than in the United States, children living in families at the bottom of the distribution enjoy living standards which are significantly above those found for similar children in the United States, even in nations where overall income inequality has increased during the 1980s.

[11]In contrast, the official United States government figures, which do not count these programs, indicate child poverty rates of 20.5 percent in 1986 and 21.8 percent in 1991 (U.S. Bureau of the Census, 1995, Table D-5, page D-17).

Policy Implications

Common children's issues face all of the nations studied. The social, economic, and demographic forces which are propelling high United States child poverty are affecting the parents of children in each nation studied here to a greater or lesser extent. Divorce, out-of-wedlock births, and single-parent families are growing in every nation studied. Similarly, the labor force participation of women—both spouses and single parents—are rising rapidly in every nation studied here (Smeeding, Rainwater and Danziger, 1995). These forces may have important negative effects on children which can produce high market income based poverty rates and which need to be addressed by social policy.

What is uncommon about the United States is its relatively poor response to the problems which these social forces have produced. While social policy in Europe, Scandinavia, and even Canada, has worked hard to keep child poverty low, or to reduce it further (e.g., Blank and Hanratty, 1992; Commission of the European Community, 1993, 1994), the United States is sounding a social policy retreat. While there is widespread agreement that all parents with school-age children should work in the marketplace, and that welfare should be reformed, there is little or no agreement how to help parents find a good job and even less agreement on how to help them keep a job once they have found it. Unlike the other nations shown here, there is much less in the way of public support for both working and nonworking parents in the United States than is found in other nations. Two examples help illustrate this dilemma, child allowances and guaranteed child support for single parents.

Every nation studied here has some form of child or family allowance save the United States. While the U.S. House of Representatives has passed an additional $500 per child tax credit for "middle income" children, this will provide zero help to the one-third of United States children who live in families with little or no federal income tax liability. For about the same cost as the added

$500 per child credit, Congress could eliminate the federal personal income tax deduction for children and substitute a refundable $750 per child tax credit for all children, regardless of their parents' income level. Such a change could greatly benefit low income children.

Both divorce and single parenthood are high in the United States, and have been rising at an even more rapid pace in Europe than in the United States. While 23 percent of all United States families with children were headed by a single parent in 1990, as compared to 9 percent in 1960, these rates have grown from about the same 9 percent base in 1960 to 15 percent in Canada and the Netherlands, 13 percent in France and Sweden, and 14 percent in Germany, all by 1990 (McClanahan and Sandefur, 1994, Table 14). Many of these nations also face the same problem that the United States faces with respect to lack of payment of child support by the absent father. The European reaction has been to institute a minimum guaranteed level of child support to single mothers (and fathers) in cases where the absent parent cannot or will not pay child support. This guaranteed income allows a single parent to be able to go out and find a job, keep a job, pay for some portion of subsidized child care and otherwise substitute for the lack of a partner who can share work and child rearing responsibilities. Such programs as these are sometimes restricted to mothers who have legitimate child support orders but are not being paid, and are not terribly generous, e.g., guaranteeing annual support on the level of $1500 per child. But they do provide a reasonable minimum level of support for the children involved once combined with work and related programs (e.g., child allowances, food stamps, and the EITC). The cost of such a program in the United States has been estimated to be $10 to 15 billion, and much less if the program helps single mothers to go to work and to become independent of the welfare system (Kim, Garfinkel and Meyers, 1994). If we want low-income mothers to go to work, we must find ways to reward work and, for single mothers, ways to provide the support that the absent parent cannot, or will not, provide.

These two programs—child allowances and guaranteed child support—are only two examples of how the United States can learn from other nations. But there is no one single magic bullet by which every country handles the problem of child poverty. Moreover, other nations can learn from the United States as well. The EITC is a uniquely American invention which helps make work pay by targeting assistance to low wage families. Other nations such as the United Kingdom and Australia are enacting their own forms of the EITC. And food stamps are another uniquely American program which is effective and worthy of consideration by other nations. The point we are making is a simple one: every nation fights child poverty in its own way, America included. The difference is that every other nation has produced better results in fighting child poverty than has the United States.

Conclusion

All nations begin with the issue of preventing severe poverty and disadvantage for at-risk children. The major difference we note is that other nations are able to produce lower levels of child poverty than in the United States. It follows that child poverty is neither intractable nor intransigent. The United States had an elder poverty problem in 1970 which it markedly reduced through increased social security spending and greater efforts on the part of the aged to save and invest. It now has a child poverty problem which produces an intolerably low real standard of living for a large number of American children. Our high-income children do very well in real terms compared to similar children in other nations. No one wants to take away these advantages for which the parents of these children work long and hard. What is needed is a reasonable response to the real needs of low-income American children. And as other nations have shown, there is an answer that we can find if we have the national will to face up to the sobering facts presented in this paper.

References

Bradbury, B.. 1989. "Family Size Equivalence and Survey Evaluations of Income and Well-Being," *Journal of Social Policy*, v. 11, 3: 383-408.

Buhmann, B., L. Rainwater, G. Schmaus, and T. Smeeding. 1988. "Equivalence Scales, Well-Being, Inequality and Poverty," *Review of Income and Wealth*, June: 115-142.

Citro, C. and R.T. Michael (eds.) 1995. *Measuring Poverty: A New Approach*. Washington, DC: National Academy Press.

Coleman, J. 1988. "Social Capital in the Creation of Human Capital," *American Journal of Sociology*, 94: S95-S120.

Coleman, J. And L. Rainwater. 1978. *Social Standing in America*. New York: Basic Books.

Commission of the European Communities. 1994. "The Demographic Situation of the European Union," Report COM(94) 595 final. Brussels, Belgium, December.

________. 1993. *Social Protection in Europe, 1993*. Directorate General for Employment, Industrial Relations and Social Affairs, Brussels, Belgium

Förster, M. 1993. "Comparing Poverty in 13 OECD Countries: Traditional and Synthetic Approaches," *Studies in Social Policy #10*, Paris: OECD, October.

Gottschalk, P. and T. Smeeding. 1995. "Cross-National Comparisons of Levels and Trends in Inequality," LIS Working Paper #127, May 1995.

Hagenaars, A. K. DeVos and A. Zaidi. 1994. "Patterns of Poverty in Europe." Paper presented to the 23rd General Conference of the IARIW, St. Andrews, Canada, August.

Hanratty, M. and R. Blank. 1993. "Down and Out in North America: Recent Trends in Poverty Rates in the U.S. and Canada," *Quarterly Journal of Economics*, 10(February): 233-257.

LIS User Guide. 1995. "User's Guide to The Luxembourg Income Study," LIS Working Paper No. 7, July.

McLanahan, S. and G. Sandefur. 1994. *Growing Up with a Single Parent*. Cambridge: Howard University Press).

Organisation for Economic Co-operation and Development (OECD). 1994. "New Orientations for Social Policy," Social Policy Studies No. 12, Paris: OECD.

Rainwater, L. 1974. *What Money Buys*. New York: Basic Books.

Rainwater, L. 1990. "Poverty and Equivalence as Social Constructions," LIS Working Paper No. 91.

Rainwater, L. and T. Smeeding. 1994. "Le Bien-Être Économique des Enfants: Une Perspective Comparatif," *Population*. Vol. 6: 1438-1450.

Sen, A. 1992. *Inequality Reexamined*. Cambridge: Harvard University Press.

Smeeding, T. 1992. "U.S. Poverty and Income Security in a Cross-National Perspective: The War on Poverty: What Worked?" *Challenge*, January/February: 16-23.

Smeeding, T., editor. 1995. . *Poor Children in Rich Countries*. Syracuse, NY: Syracuse University and Russell Sage Foundation, mimeo.

Smeeding and Torrey. 1988. "Poor Children in Rich Countries," *Science*. Vol. 242: 873-877.

Smeeding, T., L. Rainwater, and M. O'Higgins, editors. 1990. *Poverty, Inequality and Income Distribution in Comparative Perspective: The Luxembourg Income Study*. London: Harvester Wheatsheaf, and Washington, DC: Urban Institute Press..

Smeeding, T. et al. 1993. "Noncash Income, Living Standards and Inequality: Evidence from the Luxembourg Income Study," *Review of Income and Wealth*, September: 229-256.

Smeeding, T., S. Danziger, and L. Rainwater. 1995. "The Western Welfare State in the 1990s: Toward a New Model of Anti-Poverty Policy for Families and Children." LIS Working Paper #126. Luxembourg Income Study, Luxembourg.

Summers, R. and A. Heston. 1991. "The Renn World Table (Mark 5): An Expanded Set of International Comparisons, 1950-1989," *Quarterly Journal of Economics*, May: 327-368.

Townsend, P. 1979. *Poverty in the United Kingdom*. Harmendsworth: Penguin Books.

U.S. Bureau of the Census. 1995. "Income Poverty and the Valuation of Noncash Benefits: 1993," *Current Population Reports*, Series P-60, No. 188. Washington, DC: U.S. Government Printing Office, February.

Yim, R., I. Garfinkel, and D. Meyer. 1994. "Interaction Effects of a Child Tax Credit, National Health Insurance, and Assured Child Support." Institute for Research on Poverty Discussion Paper #1047-94. Madison: University of Wisconsin.

APPENDIX TABLE A-1. LIS DATABASE LIST, COUNTRY AND YEAR[a]

(bold entries are included in this paper)

Country	Historical Databases		Wave I	Wave II	Wave III[a]
Australia			**1982**	**1986**	**1990**
Austria				**1987**	1991
Belgium				**1985**	**1988/1992**
Bulgaria					1991*/1993*
Canada	**1971**	**1975**	**1981**	**1987**	**1991**
Czech Republic				1988	1992
Denmark				**1987**	**1992**
Finland			1981*	**1987**	**1991**
France[b]			**1979**	**1984**	1989*/1990*
Germany[c]	**1973**	**1978**	1981/**83**	**1984**	**1989**/1992*
Hungary				1987*	1991
Ireland				**1987**	
Israel			**1979**	**1987**	1992*
Italy			1981*	**1986**	**1991**
Luxembourg				**1985**	1991*
The Netherlands			1981*/**1983**	**1987**	**1991**
Norway			**1979**	**1986**	**1991**
Poland				1986	1992
R.O.C.-Taiwan			1981	1986	1991
Russia					1992
Slovak Republic					1992
Spain			1980-81*		1990-91*
Sweden	**1968**	**1975**	**1981**	**1987**	**1992**
Switzerland			**1982**		1992*
United Kingdom	**1969**	**1974**	**1979**	**1986**	1991*/1993*
United States	**1971**	**1975**	**1979**	**1986**	**1991**

[a]We are also in negotiation with Korea (1993), Mexico (1990), Portugal (1980, 1989), and South Africa (1993). Japan and New Zealand are unable or unwilling to join at this time.

[b]France has an income survey (1979, 1984, 1990*) and a budget survey (1989*).

[c]Germany has three different databases: an income and expenditure survey (1973, 1978, 1983); a transfer income survey (1981); and three cross-sections from the socio-economic panel (1984, 1989*, 1991*).

*Will be available in 1995; year given is reference year, not necessarily the year that the data were collected.

Source: Luxembourg Income Study.

APPENDIX TABLE A-2

CHILD POVERTY RATES BEFORE AND AFTER GOVERNMENT PROGRAMS[a]

Nation	Pre-Government Child Poverty Rates[b]			Post-Government Child Poverty Rates		
	All Children	Two-Parent Households	Solo Mothers	All Children	Two-Parent Households	Solo Mothers
AS89	19.6	11.5	73.2	14.0	7.7	56.2
BE92	16.2	13.1	50.7	3.8	3.2	10.0
CN91	22.5	14.9	68.2	13.5	7.4	50.2
DK92	16.0	10.6	45.0	3.3	2.5	7.3
FI91	11.5	8.6	36.3	2.5	1.9	7.5
FR84	25.4	22.8	56.4	6.5	5.4	22.6
GE89	9.0	5.2	43.9	6.8	2.3	4.2
IR87	30.2	28.0	72.6	12.0	10.5	40.5
IS86	23.9	21.6	61.3	11.1	10.3	27.5
IT91	11.5	10.6	31.7	9.6	9.5	13.9
LX85	11.7	8.4	55.7	4.1	3.6	10.0
NL91	13.7	7.7	79.7	6.2	3.1	39.5
NW91	12.9	4.4	57.4	4.6	1.9	18.4
SW92	19.1	12.5	54.9	2.7	2.2	5.2
SZ82	5.1	1.9	33.7	3.3	1.0	25.6
UK86	29.6	22.1	76.2	9.9	8.4	18.7
US91	25.9	13.9	69.9	21.5	11.1	59.5

[a]Figures 5, 6, and 7 are based on these estimates.

[b]Government programs include income and payroll taxes and all types of government cash and nearcash transfers.

Source: Luxembourg Income Study estimates.

THE LUXEMBOURG INCOME STUDY
WORKING PAPERS
(a partial list of those most recently available)

70. "U.S. Poverty and Income Security Policy in a Cross National Perspective: The War on Poverty: What Worked?", by Timothy M. Smeeding, October 1991.

71. "A Comparison of Poverty Rate Estimates Using Expenditure and Income Data," by Panos Tsakloglou, December 1990.

72. "How Fair is the Distribution of Private Pension Benefits?", by Pierre Pestieau, March 1992.

73. "Income Inequality Trends in the 1980s: A Five Country Comparison," by Johan Fritzell, April 1992.

74. "Does the Welfare State Work? Evidence on Antipoverty Effects from the Luxembourg Income Study," by Markus Jantti and Sheldon Danziger, May 1992.

75. "Household Structure and the Measurement of Poverty", by Robert E. Wright, May 1992.

76. "Single-Mother Families in Eight Countries: Economic Status and Social Policy," by Yin-Lin Irene Wong, Irwin Garfinkel and Sara McLanahan, April 1992.

77. "Women's Roles and Women's Poverty in Eight Industrialized Countries," by Sara McLanahan, Lynne Casper and Annemette Sorensen, April 1992 (Revised November 1992).

78. "The Public/Private Mix in the Income Package of the Elderly: A Comparative Study," by Juergen K. Kohl, July 1992.

79. "Noncash Income, Living Standards, and Inequality: Evidence from the Luxembourg Income Study," by Timothy M. Smeeding, Peter Saunders, John Coder, Stephen Jenkins, Johan Fritzell, Aldi J.M. Hagenaars, Richard Hauser, and Michael Wolfson, July 1992.

80. "Poverty in American Eyes," by Lee Rainwater, June 1992.

81. "Old Age Security of Women in the Twelve EC Countries - To What Extent are Beveridge's Two Main Principles of Universality and Guaranteed Minimum Fulfilled?", by Diether Döring, Richard Hauser, Gabriele Rolf, and Frank Tibitanzl, July 1992.

82. "Women and Social Security in Retirement: A Comparative Analysis," by Sandra Hutton and Peter Whiteford, August 1992.

83. "Gender, Poverty and Intra-household Distribution of Resources," by Jeanette Findlay, Robert E. Wright, July 1992.

84. "Female Earnings and the Level and Distribution of Household Income in Developed Countries," by Maria Cancian and Robert Schoeni, September 1992.

85. "The Impact of Technological Change, Deindustrialization, and Internationalization of Trade on Earnings Inequality - An International Perspective," by Peter Gottschalk and Mary Joyce, January, 1993.

86. "Changes in Inequality of Family Income in Seven Industrialized Countries - Responses to Growing Earnings Inequality," by Peter Gottschalk, January 1993.

87. "Going to Extremes: An International Perspective on the Economic Status of the U.S. Aged," by Timothy M. Smeeding, Barbara B. Torrey and Lee Rainwater, February 1993.

88. "Income Inequality in Rich Countries during the 1980's," by Timothy M. Smeeding and John Coder, June 1993.

89. "The Social Wage in the Income Package of Working Parents," by Lee Rainwater, April 1993.

90. "Male Pre and Post Tax Wage Inequality: A Six Country Comparison," by Bruce Bradbury, March, 1993.

91. "Changing Inequality in Five Countries: The Role of Markets, Transfers and Taxes," by Markus Jantti, May, 1993.

92. "Canadian Child Benefits: Behavioural Consequences, Income Adequacy and Alternatives," by Shelley A. Phipps, April, 1993.

93. "The Redistributive Effect of Direct Taxes: An International Comparison of Six LIS Countries" by John A. Bishop, K. Victor Chow and John P. Formby, March 1993.

94. "Working but Poor - A Cross-National Comparison of Earnings Adequacy," by Inge O'Connor and Timothy M. Smeeding, June 1993.

95. "Poverty In An International Perspective: A Reexamination," by Lea Achdut and Orit Kristal, March, 1993.

96. "Women and Poverty in Industrialised Countries", by Robert E. Wright, March 1993.

97. "International Comparisons of Income Poverty and Extreme Income Poverty," by McKinley L. Blackburn, June 1993.

98. "Bargaining Models of Household Behavior: An Empirical Test Using the LIS," by Shelley A. Phipps and Peter S. Burton July 1993.

99. "Determinants of Women's Labour-Force Participation: An Econometric Analysis for Five Countries," by Shelley A. Phipps, June 1993.

100. "Comparing Poverty in 13 OECD Countries: Traditional and Synthetic Approaches," by Michael F. Förster, October 1993.

101. "International Labor Underpayment: A Stochastic Frontier Approach," by Kenneth G. McClure and Richard A. Hofler, August 1993.

102. "Combining Consistency With Simplicity When Estimating Tax Incidence: Alternative Assumptions and Findings for Three Countries," by Clive Bell and Christoph B. Rosenberg, September 1993.

103. "International Perspectives on Income Support for Families with Children," by Shelly A. Phipps, September 1993.

104. "Three Worlds of Old-Age Support Decommodification: A Comparative Analysis of Old-Age Support and Inequality," by Brian A. Gran, October 1993.

105. "Old Age Poverty in Selected Countries of the European Community - Are Women Disproportionally Affected?", by Heinz Stapf, February 1994.

106. "An International Comparison of Married Women's Labor Supply," by Christin Knudsen and H. Elizabeth Peters, January 1994.

107. "Retirement and Growing Old: Which Model of Protection?", by Berhard Delhausse, Sergio Perelman, and Pierre Pestieau, March 1994.

108. "Poverty and Labor Market Change: Canada in Comparative Perspective," by Shelley A. Phipps, April 1994.

109. "The Welfare State and Inequality: Still No Answers to the Big Questions," by Axel West Pedersen, March 1994

110. "Income Inequality Decomposition by Income Source and the Breakdown of Inequality Differences Between Two Population Subgroups," by Yves Fluckiger and Jacques Silber, May 1994.

111. "The Differential Impact of the Global Economy on Men and Women Employed in Selected Industrial Sectors Which Experience High Levels of International Competition: A Cross-National Comparison," by Russell L. Long, May 1994.

112. "The Gender Poverty Gap: What Can We Learn From Other Countries?" by Lynee M. Casper, Sara S. McLanahan, and Irwin Garfinkel, June 1994.

113. "A Cross-National Analysis of the Wages of Part-Time Workers: Evidence from the United States, United Kingdom, Canada and Australia" by Janet C. Gornick and Jerry A. Jacobs, June 1994.

114. "Family Poverty and the Labour Market - An International Comparison of Labour Market Participation and Working Time Arrangements Based on Analysis of Micordata from the Luxembourg Income Study" by Michael F. Förster, July 1994.

115. "The American Family in 1990: Growing Diversity and Inequality" by Sara McLanahan and Lynne Casper, July 1994.

116. "A Cross-National Comparison of Education and Earnings" by Inge O'Connor, July 1994.

117. "Relative Inequality and Poverty in Germany and the United States Using Alternative Equivalence Scales" by Richard Burkhauser, Timothy Smeeding, and Joachim Merz, November 1994.

118. "Changes in the Structure of Family Income Inequality in the United States and Other Industrialized Nations during the 1980s" by McKinley Blackburn and David Bloom, November 1994.

119. "Finnish Poverty: A Cross-National Comparison" by Veli-Matti Ritakallio, December 1994.

120. "Income Distribution in Advanced Economies: The Evidence from the Luxembourg Income Study" by Anthony Atkinson, Lee Rainwater, and Timothy Smeeding, May, 1995.

121. "Income Distribution in European Countries" by Anthony Atkinson, Lee Rainwater, and Timothy Smeeding, May, 1995.

122. "The Distribution of Welfare: Inequality, Earnings Capacity, and Household Production in a Comparative Perspective" by Peter Saunders, Inge O'Connor, and Timothy Smeeding, December 1994.

123. "Immigrants and the Distribution of Income: National and International Comparisons," by Peter Saunders, December 1994.

124. "Lorenz and Stochastic Dominence Comparisons of European Income Distributions" by John A. Bishop, John P. Formby, and Ryoichi Sakano, January 1995.

125. "Working But Poor: A Reassessment," by B. Delhausse, July 1995.

126. "Cross-National Comparisons of Levels and Trends in Inequality," by Peter Gottschalk and Timothy Smeeding, July 1995.

127. "Doing Poorly: The Real Income of American Children in a Comparative Perspective," by Lee Rainwater and Timothy M. Smeeding, August 1995.

128. "The Western Welfare State in the 1990's," by Timothy M. Smeeding, Sheldon Danziger, and Lee Rainwater, August 1995.

The basic charge per paper is $5.00 or 150 Belgian francs for each working paper which includes copying, mailing and handling costs.

A BALANCED BUDGET THAT PUTS CHILDREN FIRST
VS. A BUDGET THAT HURTS CHILDREN

:esident Clinton's Balanced Budget Puts Children First. The President's balanced oudget shows that we can balance the budget, lower the projected debt on our children, and still value our commitment to invest in their futures. The President's budget cuts overall discretionary spending by 22% in 2002 in non–priority areas, while still valuing our commitment to children by strengthening and protecting their health care, education, nutrition, drinking water, and the safety net for our poorest children.

The Republican Budget Hurts Children. Their budget seeks to pay for a large tax cut and balance the budget on the backs of our children. The GOP budget slashes important investments in our children, undermining our need to invest in a more productive America and our commitment to ensure that every child has a fair shot at the American dream.

- **Eliminates Medicaid coverage for as many as 4 million children in 2002.**
- **Denies 1 million women Healthy Start infant mortality services, affecting the births of 74,000 infants each year.**
- **Raises taxes on the families of more than 23 million children by an average of $415 in 2002.**
- **Denies Head Start to 180,000 children nationwide in 2002.**
- **Denies 1.1 million children basic and advanced skills in 1996.**
- **Denies more than 23 million students safer, drug free schools.**
- **Denies 50,000 young people the opportunity to serve their communities in 1996.**
- **Could force 32 million children to lose nutritional support in 2002.**
- **Leaves children exposed to hazardous waste** by slashing funds to clean hazardous waste sites nationwide by 36% in 2002.
- **Denies 404,000 children child care assistance in 2002.**
- **Cuts child protection for abused and neglected children by 19% in 2002.**
- **Eliminates home energy assistance for 6 million children.**
- **Denies assistance to more than 16,000 homeless children.**
- **Forces the families of 3.4 million children to pay more rent.**

Facts on Working Families and Child Poverty
November 7, 1995

- In 29% of two-parent families with children under 18, *both* parents worked year-round, full-time in 1993. In 1979, it was 19%.

  Source: Census Bureau, Current Population Survey.

- *Most* mothers with children under age 2 (55.1%) were in the workforce in March 1993. In March 1975, it was 31.5%.

  Source: Bureau of Labor Statistics, Current Population Survey.

- 23% of children under 18 -- 15.7 million children -- lived in poverty in 1993. In 1979, it was 15%, or 10.4 million children.

  Source: Bureau of Census, Current Population Survey.

CENTER ON BUDGET AND POLICY PRIORITIES

To: Alice Rivlin
Harold Ickes
Ron Klain
John Angell
Bruce Reed
Gene Sperling
Ken Apfel
Melanne Verveer

From: Bob Greenstein

Subject: The Emerging Governors' Welfare Package

Date: February 5, 1996

The enclosed memo concerns the very serious problems with the emerging governors' proposal on welfare. In many areas, the proposal is to the right of the Senate welfare bill and well to the right of the agreements that had began to be reached during the budget negotiations.

I think that the likely effects of such a proposal, were it to be enacted, would include: a very large increase in poverty among children and considerable anger among many Democratic Members of Congress where work would have been undercut and among many Democratic constituencies.

777 North Capitol Street, NE, Suite 705, Washington, DC 20002 Tel: 202-408-1080 Fax: 202-408-1056

February 5, 1996

THE EMERGING GOVERNORS' PROPOSAL ON WELFARE

On the Democratic side, the negotiations appear to have involved largely Gov. Tom Carper, with little involvement of other governors. Unfortunately, the Republicans, led by Engler, are stealing the Democrats' pants. In most (but not all) areas, the proposal is well to the right of the Senate welfare bill and of the tentative agreements reached in budget negotiations between the White House and Republican leaders.

- *The governors worked from the welfare conference agreement, not the Senate welfare bill.* In all areas where specific changes to the conference agreement aren't identified, the conference agreement would be ratified. Large numbers of objectionable provisions in the conference agreement would be swallowed whole.

- The one main improvement in the agreement is the addition of $4 billion for child care.

- In the other principal area where there is an improvement — more welfare "contingency" funding for states in which poverty increases — the improvement is a disappointment; it is smaller than the improvement the Administration and Democratic Congressional leaders would likely get in direct negotiations with Republican leaders of Congress. The governors' proposal increases the contingency fund from $1 billion (in the conference report) to $2 billion over five years. This is inadequate. In the recession of the early 1990s, federal AFDC funding rose nearly $6 billion in just three years.

In numerous other areas, the proposal is very unfortunate.

Food Stamps

- The conference report contains over $27 billion in food stamp cuts. The proposed agreement accepts all of them. The President has said he doesn't want more than $22 billion in cuts here.

- The proposal accepts in full the food stamp cut that hits hard at families with children which pay over half their income for rent and utilities. This cut would significantly increase child poverty. It wasn't in the Senate welfare bill. Gingrich and Dole agreed to drop most of this cut in a budget negotiations session with the President.

- The proposal accepts the conference proposal that throws unemployed adults who aren't raising minor children off of food stamps after four months *without offering them a work slot.* The President made clear to Gingrich and Dole we can't deny food stamps to indigent people who are willing to work without offering them a work slot. I'm told

Gingrich and Dole agreed the President was right about that. Democrats on the Hill — including the Coalition — have been firm all year on this issue. But Carper would give it away.

- Perhaps most serious of all in the food stamp area, it retains the state option for a food stamp block grant. Furthermore, there is a report that the governors agreed to substitute the Senate welfare bill provision in this area for the conference provision; this is one of the few areas where the Senate bill is much worse than the conference bill. The Senate block grant provision would effectively allow states taking the food stamp block grant to use federal food stamp money for various *non*-food stamp costs now borne by states. As a result, a majority of states indicated last fall they'd take the block grant if the Senate version prevailed.

  The food stamp program can't survive as a national program if half or more of the states take the block grant. If large numbers of states take the block grant, Members of Congress from block-grant states would have a "free vote" to cut the national food stamp eligibility and benefit structure anytime that mandatory budget savings are needed.

  The tentative agreement would mean that over time, the entitlement would largely be lost in *both* AFDC and food stamps. The effect on child poverty of losing both entitlements would likely be quite severe.

Legal Immigrants

- The proposal swallows all of the conference agreement cuts on legal immigrants except that it exempts some elderly and disabled legal immigrants who don't have "sponsors" (usually relatives) from loss of benefits.

- The proposal does nothing to prevent loss of any benefits for legal immigrant children, an issue the President mentioned to me he is concerned about.

- It includes Medicaid among the programs from which most legal immigrants would be barred for some period of time, thereby increasing the ranks of the uninsured and shifting costs. Cities would be hit hard by this cost shift. The Administration has always exempted Medicaid from its legal immigrant restrictions.

- It fails even to pick up the Senate welfare bill provision, dropped in conference, that exempts child nutrition programs and WIC from the immigrant restrictions. Many immigrant children attending school would be refused school lunches. Some poor pregnant women who are immigrants would be refused WIC, thereby increasing the likelihood that their children — who will be U.S. citizens — will be born at a low birthweight or with a disability.

Welfare

- The proposal maintains the very weak conference provisions on "maintenance-of-effort" that allow states to cut state funding by 25 percent, allowing states to withdraw $28 billion in state funds over seven years, compared to current law. The Senate welfare bill was inadequate here, too, but was a bit stronger than the conference agreement.

- The proposal does not fix the conference provision that allows states to transfer up to 30 percent of welfare block grant funds to various other programs, including services for the elderly (a more powerful constituency). A likely result is deeper benefit cuts for children and inadequate resources for work programs.

- The proposal maintains the more restrictive conference version, rather than the Senate version, regarding the number of families to whom states are allowed to grant a hardship exemption from the five-year lifetime time-limit. Here, also, the certain result is more poverty.

EITC

The proposal agreement calls for $10 billion in EITC cuts. This is outrageous; EITC cuts aren't a part of the Senate or House welfare bills or of the welfare conference report. Moreover, governors don't administer the EITC; it's part of federal tax law. EITC cuts shouldn't be here.

It's one thing to include $10 billion in EITC cuts as part of an overall budget package that gets you all the way to budget balance, that contains a child tax credit which offsets the EITC cuts so low-income working families do not face a tax increase, and that contains $10 billion in EITC cuts *in return for* lessening other cuts affecting poor families with children. But this is not what the governors' proposed agreement would do. The governors propose to cut the EITC as part of a stand-alone welfare agreement that does *not* get to budget balance and that asks for no sacrifice from anyone else.

Under this proposal, millions of low-income working families would have their taxes raised. Yet no other revenue-raising provisions that have been proposed by the White House and Congress — such as proposals to close some egregious corporate loopholes — would be included. Only the working poor would have their taxes increased.

SSI

- The tentative agreement fails to fix a provision of the conference agreement that, over time, raises the age at which the elderly poor can qualify for SSI from 65 to 67. This provision would primarily affect poor elderly women who live alone, effectively cutting a hole in the safety net insofar as they are concerned. This provision would disadvantage states; many of these poor elderly women would undoubtedly turn to their states for help.

  Republican Congressional negotiators agreed to drop this provision in the budget negotiations. But it apparently has not been dropped in the proposed governors package.

Child Nutrition

- The conference agreement is left unchanged here. It contains more onerous cuts in several child nutrition programs than the Senate welfare bill did, including the program that provides nutrition assistance for children in child care. The Senate welfare saved as much in this area as the conference report but did so with less harm to children. Various Senate Republicans have indicated they would like to see changes made in this area as a result of negotiations with Democrats.

Medicaid Coverage for Children

Left unresolved is whether poor children and families who would be eligible for AFDC under current law will be assured of health care coverage through Medicaid. Both the Senate and House welfare bills maintained coverage for these families. By contrast, the conference report allowed states to drop coverage. The document indicates the governors have not yet resolved this issue.

Conclusion

If approved by governors on a bipartisan basis, the proposed agreement would represent a master strategic stroke by Republicans, as they would have enlisted Democratic governors in supporting a proposal to the right of the Senate welfare bill in numerous areas and even farther to the right of the agreements that had began to be worked out by the White House and Congressional leaders during the budget negotiations.

file Kids/TV

PBS

August 14, 1996

Ervin S. Duggan
President &
Chief Executive Officer

President Bill Clinton
The White House
Washington, DC 20500

Dear Mr. President:

Congratulations on the successful children's television summit culminating in the FCC action last Thursday. Reaching an agreement with all the disparate players in this arena is truly remarkable, and the commitment to more children's programming should yield great benefits to Americans of all ages. We noted--- as did Lawrie Mifflin of the *The New York Times* in the attached article--- your consistent citation of PBS programs, producers, and talent to illustrate the best that children's television has to offer. In light of PBS's historic leadership on these issues, we offer a few observations about how your Administration could further advance the debate during the implementation period of the FCC rule.

Now that the three-hour standard has been adopted by the FCC, establishing a strong working definition of "educational" becomes the key to ensuring the integrity of the agreement. As you know, programs airing on PBS meet strict educational criteria that help children learn as they are entertained. Educators are involved from the very beginning of the creative process, and the shows are designed to achieve a variety of educational goals. A number of studies, including one released last month by the Markle Foundation and cited at the White House conference, verify that PBS programs have a positive and measurable educational impact.

Public Broadcasting Service
1320 Braddock Place Alexandria, VA 22314-1698 (703)739-5015 FAX (703)739-7500

It is critical that programs qualifying as "educational" under the new agreement truly educate young viewers. Many programs on commercial television today would meet that criterion, from *Beakman's World* on CBS to *Nick News* on Nickelodeon. Other programs cited in post-summit news briefings would not. We filed comments in the FCC children's television supporting a definition of "educational" proposed by the Children's Television Workshop, and have suggested even more specific criteria in the educational icon ratings initiative which the Vice President has endorsed. **The Administration would help raise the bar for broadcasters and the FCC if it embraced a strong definition of "educational" in its public statements on this issue.**

I have attached for your information two news clippings which illustrate how PBS successfully creates programs that are both educational and highly entertaining—in particular, the new wildlife adventure show, *Kratts' Creatures*. If you aren't familiar with the program, I would be happy to send you some tapes. It exemplifies how valuable children's programs can be if the television industry aspires to excellence.

Airing more educational programs for children will not be truly effective unless parents and children know where to find them. As you know, we have suggested the creation of a graphic icon signaling programs of special educational value, and using the symbol in television listings, on-air promotion, and other advertising. **Since the Vice President has already endorsed the concept, we encourage you and other Administration leaders to also speak out in support of such an icon.**

Finally, I add a word of caution regarding the editorial involvement of advertisers in the creation of educational children's programs. You are probably aware that PBS's program selection process is carefully insulated from the influence of our underwriters. This process guarantees that the educational needs of children come first, not a program's revenue potential.

We recognize that it is important and sometimes difficult to motivate advertisers to support educational children's programs, and we applaud the administration's efforts to reach out to the advertising industry. In fact, last month PBS hosted events to encourage the advertising communities in New York and Los Angeles to sponsor our programs. We also embrace the creation of ancillary products for educational children's programs, and seek to do so for our properties. Nonetheless, **we are wary of recent news reports suggesting that advertisers would like to sit on a council to define quality children's programs. If that were to happen, it would significantly undermine all your fine efforts to promote better programming for children.**

Congratulations again on bringing a positive resolution to this long-standing dispute and advancing the interests of children and parents alike.

Best regards,

Ervin S. Duggan
President and
Chief Executive Officer

Enclosures

cc: Vice President Al Gore
Mr. Gregory Simon
Mr. John Emerson
✓ Ms. Melanne Verveer
Ms. Skila Harris
Mr. Bill Curry

TV GUIDE

July 6, 1996

Beasty Boys

The wildest animals in the jungle are the Kratt brothers, hosts of an exuberant new nature series for kids By James Kaplan

They run, they jump, they swing from vines. They ride mountain bikes, soar in hang gliders, and buzz around in helicopters. They dart from continent to continent, rainforest to savanna, sneaking up on animals to have a look, and sometimes getting chased for their efforts. They're the Kratt brothers, 27-year-old Chris and 30-year-old Martin, and their manic, magic new nature series on PBS, *Kratts' Creatures*, is the freshest breeze to blow through kids' TV—heck, through TV in general—in a long time.

Kratts' Creatures is brilliantly innovative television and sheer, infectious, exhilarating fun. Its stars and co-creators are magnetic performers. Borrowing the visual language of MTV, they get right in the camera's face, widening their expressive eyes as they contemplate the animals, worry about the animals, *become* the animals. They're boy-men who've retained enough of their own childlike wonder to understand a great truth: Children aren't just interested in creatures, they often identify with them.

In their trademark khakis and hiking boots, the Kratts sat down to talk the other day, happily out of place in a chic restaurant in the wilds of downtown New York City. Vivacious and athletic, they carry themselves with a sweet combination of confidence and goofiness. Chris and Martin, who've done some surfing as well, exude a certain cowabunga-dude sunniness. As a result, *Kratts' Creatures* has been likened to a combination of *Wild Kingdom* and "Bill & Ted's Excellent Adventure."

The brothers, however, come from suburban New Jersey, not California, and actually gained their love of nature in northern Vermont. "Our parents bought some land out in the middle of nowhere," Martin explains. "As kids we'd go up every summer with a pop-up trailer. We'd literally spend the entire summer living out in the middle of nowhere. We'd just wander around. Our exciting days were finding—"

"A porcupine," Chris says. They tend to finish each other's sentences.

Martin nods enthusiastically. "We'd find where the porcupine lived in the hollow in the tree and check it out. And our Saint Bernard would always get porcupine quills—every summer we'd have to take her to the vet like three times. She never learned."

But the brothers did. Martin wound up a zoology major at Duke, and Chris studied biology at Carleton College in Minnesota. Still, what would they do with their lives? "We were considering research, veterinary medicine," Martin says. "We were always driven to help endangered species. When I graduated, I got a job with a professor studying howler monkeys in Costa Rica. And there were so many great animals down there—I wanted to explore some more."

That's when they jointly determined to shake up the static world of the nature documentary. "The wildlife footage was excellent, but [the films] were all the same," Martin says. "Same format, same style of presenter. And nobody was talking directly to the group of people who like animals the most, and that's kids. So Chris grabbed a video camera, and joined me down in Costa Rica." →

ERIC J. ROBERTSON/MPT

Cool cats: **Martin** (left) and **Chris Kratt** pair off with meerkats.

It was this tape that particularly grabbed Eaton—or, more precisely, grabbed his 4-year-old son. "He kept saying, 'Can I see it again?'" Eaton recalls. "I thought, anything that appeals to a kid that way is going to work."

At that point, the Kratt brothers were on their way to the Amazon. Buoyed by Eaton's encouragement, they came back with 40 hours of tape, which was distilled into a lively, anarchic half hour that went on to win the Best Children's Film award at the Jackson Hole Wildlife Film Festival.

With an 8mm camera, a tripod, surfboards, and backpacks—and absolutely zero filmmaking experience—they were forced to improvise. For tracking shots, they would shoot, stop the tape, move the tripod, and shoot again.

"We filmed whatever animals we found," Martin says. "And we came up with what we thought were fun ideas like 'Slowly Goes the Sloth,' where Chris turns into a sloth and eats in slow motion."

After more trips to tape the unique fauna of Madagascar and the ponies of Assateague, the brothers started showing their videos at elementary schools to get kids' reactions. They also sent tapes to every TV outlet they could think of, but were met mainly with rejection and disappointment.

Then, separately and almost simultaneously at the end of 1992, the tapes caught the eye of Jerry Krieg, a CNN producer starting a show called *Real News for Kids*, and Leo Eaton, a documentary producer for Maryland Public Television. "It was great stuff," Krieg says. "Kids love environmental pieces and animals. Here were two guys who not only reported but *got in there* with the animals. If a bird lived on the side of a cliff, there they were with mud all over their faces, crawling to get near. For the Assateague tape, they dressed up in a horse costume."

Even as the brothers' work was starting to appear sporadically on CNN and the networks as three-minute "Earth Creatures Reports," Eaton took the Amazon tape to Alice Cahn, director of children's programming for PBS, whose reaction was instant and passionate. "She said, 'I love it, but I don't want a weekly series—I want a daily show,'" Eaton says. And she got it.

Having secured enough financing for a 50-show season, the brothers have spent the past year traveling to Australia, Africa, Indonesia, and points in between with a film crew of five. The resulting footage was shaped into kinetic episodes by the Kratts and a talented team headed by writer and producer Wilson Coneybeare, formerly of *Shining Time Station*.

If *Kratts' Creatures* takes off—and if Kratt books, videos, games, and toys sell—the two nature-loving guys from New Jersey may just find themselves at the center of an empire. They seem ambivalent about the prospect. "We're not in this for celebrity or money," Martin says. "We're in this because this is what we love to do. We get to learn while introducing a generation of kids to the animals we share the planet with." ■

TIME

August 5, 1996

Dudes, Animals Are Totally Cool!

A wildlife series with attitude, *Kratts' Creatures* shows that educational TV for kids can be fun

By GINIA BELLAFANTE

THE SHUFFLING HARMONICA SOUNDS like it could be background music for *Hee Haw,* and host Martin Kratt is all got up in cowboy boots and a bandanna just like the country show's star, Roy Clark. This episode, Kratt explains in a humorously fake Western accent, will focus on bovines, "the *puurtiest* darn cows I've ever seen." But he's not talking about barnyard animals, and his brother and co-host Chris waddles onto the scene to set things straight. The show is actually about sea cows. What are sea cows? Ah, that's the fun on *Kratts' Creatures*—finding such things out.

Hailing not from the wilds of Big Sky Country but rather from the suburbs of New Jersey, Chris and Martin Kratt have added the element perennially missing from TV wildlife shows: wit. At the same time, they have deleted other elements usually all too evident: the funereal music, the somber voice of an offscreen narrator, and the snooty self-importance. Airing weekdays on PBS, the half-an-hour series is aimed at six-to-11-year-olds, but the hosts' offbeat affability and unpatronizing tone have made it a favorite among grownups too. In many areas ratings for *Kratts' Creatures* have doubled since its debut in June, fan mail for the brothers swarms into PBS offices daily, and CBS and Fox are already hankering to steal the show away.

This week network executives were scheduled to meet with the President at the White House to discuss ways to improve educational TV shows for children. Series like *Kratts' Creatures* and the equally inventive *Bill Nye the Science Guy* on PBS stand out as models of the stylishly energetic kind of programming TV ought to be aiming for.

Each episode of *Kratts'* lands the brothers in a different part of the world—the Caribbean, South Africa, the Everglades—to study local animal life. Study is the wrong word, really; what the Kratts do best is hang out. They strap on diving gear and swim with manatees (they're the sea cows), giggling as they scratch the animals, because manatees, we learn, love to be scratched. In another episode, the brothers roll around in the mud with hyenas. When the Kratts travel to Australia's Great Barrier Reef, which they describe as "the world's greatest construction site", we watch as a sea cucumber (an animal, actually) eats its lunch. Interspersed throughout the episodes are amusing bits of animation like "Stupid Things Not to Do with Animals" (example: "Never wear a poisonous snake as a necktie").

But what makes the show so appealing is the Kratts' ironic manner, which suggests Keanu Reeves auditioning for a role as Marlin Perkins. The brothers' commentary is full of "whoas!" and "awrights!" but their breeziness never belies their smarts.

Chris, 27, studied biology at Carleton College in Minnesota; Martin, 30, majored in zoology at Duke. Seven years ago, the brothers took a semester off from college, packed a Hi8 camera and traveled to Costa Rica to record wildlife adventures. After graduation, Chris received a prestigious Thomas J. Watson Fellowship for study abroad and expanded the project. Eventually the brothers took their footage to Leo Eaton, a producer at Maryland Public Television, who knew the Kratts were series worthy when his four-year-old son asked to watch their grainy, homemade films over and over.

The Kratts have a gift for talking to kids on their own level. "Children think the Kratts are their own age," says Eaton, who recently witnessed an eight-year-old girl asking them if they had to get permission from their "mommy" to play in the mud with hyenas. "Kids are smart," says Chris, "and we really try to respect their intelligence."

A. BANNISTER (3); G. CARR-BRIDGERS (1)

MONKEY BUSINESS: Hip, laid-back hosts Chris and Martin Kratt

So, will the presence of living, breathing, endearing animal life make children forget the TV realm's reigning king of beasts, Barney? Perhaps not, but the Kratts may soon be as ubiquitous in the marketplace. Videos, CD-ROMS, and a book set based on the series are due to begin rolling out in October. Moreover, Paragon Entertainment, a TV and feature-film production company and a partner in the production of *Kratts' Creatures,* intends to spin the show into a product line of shoes, knapsacks and other paraphernalia.

Meanwhile, the Kratts are taking a break from continent hopping to make a tour of five U.S. zoos, bringing their brand of slacker science to children across the country. Eventually, says Chris, they would like "to do prime-time programs for families and show them how cool the animals are that we share the planet with. We want kids to make decisions that will keep animals around." Groovy ■

The New York Times

July 31, 1996

TV Notes | Lawrie Mifflin

■ Little credit goes to a veteran of children's programming ■ 'Sesame Street' imparts smarts.

A Bit More Credit for PBS?

After listening to more than two hours of discussion in the White House on Monday about how television influences children and why television stations have so much trouble putting high-quality children's programs on the air, President Clinton offered a few concluding observations.

One was that his own daughter's television viewing had influenced him. "I had a pretty good education," Mr. Clinton said, "but I learned a lot because Chelsea had seen 'Sesame Street' and 'Where in the World Is Carmen San Diego?' When I met the co-leaders of San Marino, at the Olympics, I knew where it was, because of Carmen San Diego."

The comment reinforced the curious sense that ghosts were hovering over the President's conference table.

"Sesame Street" and the geography-centered program "Where in the World Is Carmen San Diego," widely acclaimed for being both educational and entertaining, come from PBS. By one observer's tally, 8 of the 10 programs directly praised during the President's conference were PBS programs.

And of the 56 people at the big table, more than half of whom spoke, only four actually perform in children's programs. They were Linda Ellerbee, the host of "Nick News" (on cable's Nickelodeon network and in syndication), and three stars of PBS: Fred Rogers of "Mr. Rogers' Neighborhood," Bill Nye of "Bill Nye the Science Guy" (also syndicated on many commercial stations) and LeVar Burton, host of "Reading Rainbow."

Yet no explicit mention was made at the conference of PBS's value as a role model in discovering and underwriting the producers who create these educational programs.

Admittedly, the Monday morning discussion was overshadowed by the announcement that the White House had brokered an accord between children's television advocates and the broadcast industry: the industry agreed to accept a Federal regulation requiring stations to show three hours a week of educational programs.

Ervin S. Duggan, the president of PBS, pointed out at the conference that PBS feeds its stations between 7 and 10 hours of children's programming *per day*.

As he sat at the table, Mr. Duggan said, he thought of the story of the prodigal son. "The prodigal son goes away, behaves rather badly, comes home and is welcomed with open arms," he said. "Meanwhile the good brother has been home doing his job the whole time, but no one pays any attention to him. We are the good brother in this drama."

After the conference, Geraldine B. Laybourne, head of Disney/ABC Cable Networks and former president of Nickelodeon, said that while she opposed Government regulation of educational programming, pressure to meet the three-hour requirement might "open a new field of opportunities" for PBS. "I'd expect to see some new partnerships between PBS and broadcasters, " she said.

'Sesame Street' Smarts

Also at President Clinton's children's television summit meeting on Monday, Aletha C. Huston presented a study she and other researchers had done showing that by the time they reach high school, children who watched preschool educational programs in early childhood are getting better grades than children who did not.

In the early 1980's, Ms. Huston and John C. Wright, professors at the University of Kansas, and Daniel R. Anderson of the University of Massachusetts studied preschool children who regularly watched "Sesame Street" and "Mister Rogers' Neighborhood" and similar children who watched them rarely or not at all. They found the former group did better on standardized tests of math, vocabulary and school readiness in the elementary grades.

In 1994, the same professors tracked down 570 of the 655 children in the original studies, interviewed them again and checked their high school transcripts in English, science and math courses. They found those who had watched preschool education programs not only had better grades, but also put a higher value on doing well in school than those from the other group.

Many studies have shown that watching such programs helps children succeed in the first years of school. "Now we know that these early educational experiences pay off at least through high school," said Lloyd N. Morrisett, president of the Markle Foundation, which financed the new study, "and that they work for children whose parents have little education as well as for children of college grads."

Clinton Presidential Records
Digital Records Marker

file

Project Children quarterly

Volume One ◆ Issue Three

March 1996

The Project Children March Dinner —Another Wonderful Irish Evening—

We seek peace most of all for the children. And while the setbacks of recent days have angered and saddened us, one only has to look at the promise of the future written on the faces of the children of Northern Ireland for the inspiration, will, and courage to move ahead in the peace process.... Twenty-one years ago, with a prayer to St. Patrick, Project Children was established by Denis Mulcahy, and it became one more shining link in the chain of peace. Eleven thousand children have already participated. In a province of 1-1/2 million people, I would say that you already have had an important impact on the hearts and minds of Northern Ireland.... We look forward to the day when Catholic and Protestant children will have the freedom to play together in streets cleared of barriers called 'Dragons' Teeth' and armored personnel carriers called 'Pigs'.... In order to build peace we must change ideas and values and dare ourselves to think differently.

(See page five for more on the dinner)

—First Lady Hillary Rodham Clinton, speaking at the Project Children Annual Dinner March 7, 1996

file kids health

CHILD HEALTH DAY '97 SPANS THE NATION
AMERICAN HEALTH FOUNDATION UPDATE

Millions Reached In 30 States

This year, the American Health Foundation's (AHF) National Child Health Day efforts reached millions of families with educational materials and activities centered around the theme, **"Healthy Practices for Children and Families."**

The foundation's goals using this annually proclaimed day as a platform are to draw the nation's attention to the status of children's health in the U.S. and the importance of comprehensive school health education for children in PreK - 6 grades.

Recognizing the daily challenges Americans face trying to meet the health needs of their families and themselves, AHF developed a simple and fun tool to help them engage in healthy practices all year long. The **"Healthy Practices Pledge"** and activities focused on 5 key health messages;

1) **Have a Healthy Breakfast**
2) **Stop Smoking**
3) **Engage in Physical Activities**
4) **Live & Play Safely**
5) **Take Care of Your Teeth**

Families were encouraged to pick pledge captains on a weekly basis to lead their healthy activities.

Joined by the ***American Academy of Pediatrics, Maternal and Child Health Bureau HRSA, DHHS, the National Institute of Child Health and Human Development, NIH, DHHS*** and 81 of the nation's leading organizations serving children and families, AHF's CHD initiative extended into schools, communities, the Internet and homes in nearly every state. Celebrations reached as far away as Puerto Rico , Alaska and the Marshall Islands.

CHD PARTNERS TAKE ACTION

CHD '97 would not have been possible without the support of our partners, **Allstate Life Insurance, Johnson & Johnson, Kellogg's, Schering-Plough, and Sunny Delight** (a Procter and Gamble product). Their commitment strengthened CHD messages and enabled AHF to reach more than 60 million consumers with valuable information they need to make healthy practices a priority.

Kellogg's and Sunny Delight included AHF's messages in television billboards, print advertisements and on their web sites. Prior to CHD, Kellogg's used AHF pledge messages in an FSI (Free Standing Insert) which ran in million newspapers across the country. On CHD, both Kellogg's and Schering-Plough offered employees thirty minutes off to have breakfast with their families.

AHF developed a Teacher/Parent Pack" in association with Scholastic, Inc. Adapted from the foundation's school health curriculum for grades K - 6, "Know Your Body", this piece was filled with interactive classroom and take-home activities to support healthy practices. 15,000 educators and nearly half a million families in 22 states received this pack. Additionally, through CHD's supporting organizations AHF distributed three thousand turn-key, reproducible "Action Packs" including community and home based activities and CHD celebration How To's.

Hillary Rodham Clinton, CHD '97 Honorary Chair Addresses Audience at CHD White House Breakfast

Monday - Oct. 6, 1997

School Violence Expert Biographies

1 **James Fox** is Dean of the College of Criminal Justice at Northeastern University in Boston. He has published 12 books, including *Mass Murder*, *Overkill* and *Killer on Campus*. He has also published dozens of journal and magazine articles and newspaper columns, primarily in the areas of multiple murder, juvenile crime, workplace violence and capital punishment.

2 **Dr. Deborah Prothrow-Stith** is Associate Dean for Faculty Development as well as Director and Professor in the Division of Public Health Practice at the Harvard School of Public Health. Dr. Prothrow-Stith's interest in violence prevention was stimulated by her work as a resident at Boston City Hospital. The typical "stitch them up, send them out" medical response to patients injured by violence led to her examination of violence as a societal "disease" that could be prevented through public health strategies. She developed and wrote the first violence prevention curriculum for schools and communities, entitled *Violence Prevention Curriculum for Adolescents* and co-wrote *Deadly Consequences*, the first book to present the public health perspective on violence to a mass audience.

7 **Kate Stetzner** is the Principal of Margaret Leary Elementary School in Butte, Montana. She led her school and community back to health after an 11-year-old was murdered by a 10-year-old on her school campus in 1994.

9 **Dr. Scott Poland** is Director of Psychological Services for the Cypress-Fairbanks Independent School District in Houston, Texas. Dr. Poland is a nationally recognized expert on school crisis. He served as team leader and spokesman for the National Organization for Victim Assistance teams sent to West Paducah, Kentucky, and to Jonesboro, Arkansas, after the school shootings in those locations.

10 **James C. Backstrom** has been the County Attorney in Dakota County, Minnesota, since 1987. He previously served as an Assistant Dakota County Attorney for nine years, during which he served as head of the Office's Civil Division for five years. He is a member of the Board of Directors and past President of the Minnesota County Attorneys Association. He is also a Vice-President of the National District Attorney Association and currently co-chairs the Juvenile Justice Advisory Committee of this Association.

14 **Rev. Dr. James Forbes, Jr.** is the Senior Minister of The Riverside Church in New York City. Dr. Forbes is the first African-American to serve as the Senior Minister of one of the largest multicultural congregations in the nation. He has preached and lectured around the world and is recognized as one of the most effective preachers in the English-speaking world.

13 **Frank Sanchez, Jr.,** is the Director of Delinquency Prevention for the Boys and Girls Clubs of North America. He manages the Targeted Outreach youth gang prevention and intervention initiative. Mr. Sanchez travels nationwide, providing training and technical assistance to local Boys & Girls Clubs involved in gang prevention/intervention and violence prevention programs. He also directs the annual Youth Gang Symposium, a forum for exploring successful gang intervention and prevention strategies.

file juvenile justice

(3) **Antonio Sanford** is a 17-year-old junior at Martin Luther King Law and Public Service Magnet High School in Cleveland, Ohio. He serves as a trainer and mediator for the Winning Against Violent Environments Conflict Resolution Program.

(8) **Azim Khamisa** is the founder and President of the Tariq Khamisa Foundation, the mission of which is to create safer communities, stop youth violence, foster non-violent choices, and cultivate personal responsibility. Mr. Khamisa founded the Foundation in the wake of the handgun murder of his son, Tariq Khamisa, by a 14-year-old gang member during a robbery. The Foundation provides educational outreach programs, called Violence Impact Forums, in partnership with San Diego City Schools. Mr. Khamisa is a domestic and international investment banker.

(15) **Dennis Kenney** is Associate Director and the Director of Research for the Police Executive Research Forum. He has been both a police officer and university professor. He is the author or co-author of numerous articles and books including *Crime in the Schools*. He is currently replicating his student problem-solving approach to address crime, fear and disorder in schools across the Nation.

(11) **Edna Povich** is Vice President of the Center for Dispute Settlement. She acts as a mediator, facilitator, trainer, program director and systems designer in a broad variety of contexts. The Center for Dispute Settlement, an organization dedicated to using mediation and conflict resolution to eliminate violence in schools and neighborhoods, manages a peer mediation program in D.C. public schools, where it teaches students, teachers, and other school staff the valuable techniques of mediation.

(6) **Dr. Steven Marans** is a professor of child psychoanalysis at the Child Study Center, Yale University School of Medicine. He sees children, adolescents and adults in psychotherapy and psychoanalysis; teaches and supervises clinical assessment and treatment; and is the Director of the Child Development—Community Policing Program. This program is a collaborative effort developed by the Child Study Center and the New Haven Department of Police Service to address the needs of victims, witnesses and perpetrators of violent crime as well as investigating acute and long-term effects of violent traumatization as well as clinical and policing interventions.

(4) **Ruben Ortega** is the Chief of Police for Salt Lake City, Utah. He also serves as the Chairman of the Major City Chiefs Association. Chief Ortega has implemented Community Oriented Policing as the operational philosophy of the Police Department. Among other programs, Chief Ortega has introduced police/citizen anti-gang and drug suppression programs. He has also started a Citizen's Police Academy and Youth Police Academy. Prior to becoming Chief of Police in Salt Lake City, Chief Ortega served 31 years with the Phoenix, Arizona, Police Department, the last 11 as Chief.

(5) **Dr. Mark Rosenberg** is Director, National Center for Injury Prevention and Control at the Centers for Disease Control and Prevention. The Center aims to reduce the morbidity and mortality associated with intentional injuries—resulting from suicide and interpersonal

violence—as well as unintentional injuries. Dr. Rosenberg is board certified in both psychiatry and internal medicine, with training in public policy. He has been interested in both interpersonal violence and suicide and edited *Violence in America: A Public Health Approach.* He also co-wrote the article entitled "Preventing Firearm Violence in and Around Schools."

Stephen Teret, J.D., M.P.H., is Professor of Health and Public Policy in the Johns Hopkins School of Public Health. He is the Director of the Johns Hopkins Center for Gun Policy and Research, and the Co-Director of the Johns Hopkins Joint Degree Program in Law and Public Health. Currently, Professor Teret's work focuses on the understanding and prevention of violence, with an emphasis on gun policy.

12

Shay Bilchik is the Administrator of the Office of Juvenile Justice and Delinquency Prevention in the U.S. Department of Justice. As Administrator, Mr. Bilchik is responsible for the agency congressionally mandated to lead the effort to address the public safety issues of juvenile crime and youth victimization. Mr. Bilchik has served on numerous task forces and advisory committees dealing with juvenile delinquency and drug abuse issues. He was also involved in the drafting of a number of juvenile justice and child abuse legislative proposals in the State of Florida.

William Modzeleski is the Director of the U.S. Department of Education's Safe and Drug-Free Schools Program. This Program is the Federal government's primary vehicle for reducing drug, alcohol and tobacco use, and violence, through education and prevention activities, in our Nation's schools.

Prepared by: CHARLES SIMON 514-3465

POTUS Questions for Experts

1. Elicit Data on School/Youth Violence

Professor Fox, as one who has committed great energy and expertise to understanding available data on school violence, and youth violence more generally, what can you tell us about the data? What are the statistical trends? What do these trends suggest?

2. Elicit Definition of the Problem

Dr. Prothrow-Stith, what can you tell us about common features of the Jonesboro, West Paducah and Pearl tragedies? Do these features apply exclusively to the three tragedies which have brought us together today? Or, do they inform our understanding of the broader problem of youth and violence?

3. Elicit Various Proposed Solutions to the Problem

The Educator's Perspective: Ms. Stetzner, you experienced a student homicide in the Montana elementary school where you serve as principal. Were you adequately prepared to deal with the shooting and its aftermath? What should we be doing to better prepare our educators to prevent and cope with these types of events?

Coping after Tragedies: Dr. Poland, as an expert on crisis intervention and the team leader for the victims assistance teams sent to West Paducah and Jonesboro, tell us what is being done to address the psychological needs of students, families and educators who have witnessed or been the victims of these tragedies? What else should we be doing?

The Prosecutor's Perspective: Mr. Backstrom, as a long-time local prosecutor and co-chair of the National District Attorney Association's Juvenile Justice Advisory Committee, I would be interested in your thoughts on how we can and should balance prevention and early intervention strategies with the need to prosecute youths and hold them accountable for their crimes? What more should we be doing to make sure that prosecution of juvenile offenders serves not just the goal of punishment but that of rehabilitation as well?

The Clergy's Perspective: Reverend Forbes, as the leader of a church with a reputation for wonderful and creative efforts to provide positive programs for urban youth, I would very much like to hear your thoughts on what sorts of strategies we should consider in our efforts to reduce youth violence in America's cities?

Intervention/Prevention: Mr. Sanchez, your violence prevention and intervention initiatives at the Boys and Girls Club have proven quite effective. What can you tell us about those prevention and intervention programs? How can we apply your successes on a broader scale?

The Student's Perspective: Mr. Sanford (Antonio), your participation today is welcome and crucial, for you bring the young person's perspective to bear. What do you think could be done to reduce violence among young people? How does the conflict resolution program in which you participate reduce disputes and violence?

Victim's Parent Perspective: Mr. Khamisa, you are the parent of a child who was killed by another child. I am so proud of the difficult choice you have made to turn your personal tragedy into a force for positive change. Please tell us about your Violence Impact Forum. What does this program do to teach young people to make non-violent positive choices to deal with conflicts?

Student-Based Problem Solving: Mr. Kenney, as a former police officer and university professor and as the current director of research for the Police Executive Research forum, you bring a broad perspective to the table. What do you thinks works to make our schools safe? Why does your model of student-based problem solving work better than metal detectors or attempts at individual behavior modification?

Mediation: Ms. Povich, as a mediator, you help to manage a peer mediation program right here in Washington, D.C. Does your program work to reduce youth violence? How does it work? Are students enthusiastic about participating?

Child Development/Community Policing: Dr. Marans, you are the director of a fascinating program which brings together clinical and policing interventions. How does your program work? How do you build the necessary relationships between police and doctors?

Police Perspective: Chief Ortega, as the Chief of Police in Salt Lake City, you are a strong believer in community policing. How can community policing help us to address the issues of youth violence which confront us? Are there steps we can take to improve on community policing?

Guns: (A) Dr. Rosenberg, as the Director of the National Center for Injury Prevention and Control, you are well schooled in violence prevention. You have also authored a paper entitled "Preventing Firearm Violence in and Around Schools." What conclusions have you drawn? How should we limit the access of youth to guns?

(B) Professor Teret, you maintain that the essential strategy for preventing the sorts of fatal shootings which we're talking about today is to make firearms unavailable to, or inoperable by, children? Why do you believe that's true? How can we bring that about?

The Role of the Federal Government: Mr. Bilchik and Mr. Modzeleski, as the leaders of the Office of Juvenile Justice and Delinquency Prevention and the Safe and Drug Free Schools Program, respectively, please tell us what your offices are already doing to reduce violence among youths? How can the Federal Government improve on its current efforts based on the wealth of information we have gathered today.

File —
Youth /
Crime
Prevention

TO: The First Lady, Melanne Verveer

FROM: Jen Klein, Neera Tanden

DATE: April 9, 1998

RE: Youth Crime and Prevention

Recent events, legislation on the Hill, and innovative research findings all present an opportunity for you to engage in the current discourse on juvenile crime and prevention in a number of ways. We are providing information on the following areas, each of which offers you a different prism through which to examine this issue:

1. After Jonesboro: Immediate actions you can take in light of the recent tragedy to help find solutions to this tragedy as well as the problem of school violence overall.

2. S. 10: The progress of the legislation and concerns it raises.

3. Longer term agenda for at-risk issues: Models for crime prevention as well as event ideas to highlight these models.

TO: The First Lady, Melanne Verveer

FROM: Jen Klein, Neera Tanden

DATE: April 9, 1998

RE: After Jonesboro

In light of the Jonesboro tragedy, national attention has been focused on violence committed by children. This memo outlines possible steps you can take to highlight efforts to deal with causes and consequences of this tragedy and youth violence in general.

In addition to your column for the week of April 6th, there are three forms of action you may take:

1. Participate in Justice Department Expert Panel on School Federal Action: The President recently directed Attorney General Reno to bring together experts on school violence to analyze these incidents to determine what they have in common and whether there are further steps the federal government can take to reduce the likelihood they will recur. This Justice Department expert panel provides an opportunity for you to engage in on-going discussion of the Jonesboro tragedy and help highlight the problem of school violence. The Justice Department is now selecting the panel of experts and hopes to convene the first meeting on April 24th, a day on which your schedule is more flexible.

2. Focus on approaches that work:

A. Educational Efforts: You could focus attention on particular efforts to educate young people about gun violence, such as STAR, an initiative promoted by Handgun Control, Inc. STAR, which stands for Straight Talk About Risks, is a gun violence prevention program for school-aged youth and their families. STAR is a primary prevention program, premised on the belief that all U.S. children and teens are at risk of gun injury or deaths. STAR is designed to help youth develop victim prevention skills and to rehearse behaviors needed to manage problems, such as conflict and peer pressure, non-violently without guns. STAR is currently being used by selected schools in over 70 municipalities nationwide, including the nation's largest school systems: New York City, Los Angeles, Chicago and Dade County. STAR has also been effectively implemented as police-led crime prevention initiatives, and in conjunction with recreation and health education programs. STAR materials include: skill building activities for grade pre-K through 12; awareness materials designed to promote parent and community involvement; video presentations; and in-service training materials among other things.

B. Crime-Prevention Strategies: You could focus attention on community-based crime prevention initiatives that work to reduce violence and tensions at schools and in the community. Such initiatives include strong partnerships between police and youth organizations that reach out to at-risk youth by giving first-time minor offenders recreational and skill-building opportunities.

These local efforts are taking place all over the country as law enforcement increasingly recognizes that prevention strategies work. Some of these initiatives are highlighted in a new report titled Kids, Cops and Communities, which the Justice Department will release in late April.

3. **Address Deeper Cultural Challenges**: Continue your efforts to confront the elements of national culture that celebrate violence in speeches and other forums. Such an effort can also include specific challenges to gun manufacturers to stop targeting our children. According to articles in the Washington Post and Wall Street Journal, both gun manufacturers and the NRA are targeting children in an effort to make guns more attractive to them. This is part of an overall strategy to ensure demand for guns into the future because the adult gun market is becoming saturated.

TO: The First Lady, Melanne Verveer

FROM: Neera Tanden

DATE: April 9, 1998

RE: Juvenile Justice Legislation

This memo is meant to provide background on the juvenile justice legislation by detailing the status of negotiations and the interest groups' concerns about this legislation. I have also attached a memo from the Attorney General outlining her concerns. Of course, you may want to have a longer, more detailed conversation regarding this legislation and the concerns it raises.

JUVENILE JUSTICE LEGISLATION ON THE HILL

In February of 1997, the President announced his Anti-Gang and Youth Violence Strategy, an important component of which was anti-gang and youth violence legislation. The overall strategy included crime prevention funding, gun violence measures as well as anti-juvenile crime legislation that amends federal criminal law. In response, Republicans in Congress have pushed their own measures. The House has already passed two juvenile justice bills -- H.R. 3 and H.R. 1818. Although both bills are titled "The Juvenile Crime Control and Delinquency Prevention Act of 1997," H.R. 3 is an accountability bill and H.R. 1818 is a prevention and intervention bill. H.R. 3, which was introduced by Rep. McCollum (R-FL) and passed the House on May 8, 1997, authorizes a $1.5 billion block grant over three years for post-conviction or -adjudication activity only. Of this $1.5 billion, no prevention spending is permitted, much less required. H.R. 1818, which was introduced by Rep. Riggs (R-CA) and passed the House on July 15, 1997, creates a block grant for prevention and intervention, although no money has been specified in the bill. The Administration strongly supports H.R. 1818 and opposes H.R. 3. Both bills await conference.

The Senate has before it S. 10, the "Violent and Repeat Juvenile Offender Act of 1997," which was introduced by Senators Orrin Hatch (R-UT) and Jeff Sessions (R-AL), and reported out of the Senate Judiciary Committee on July 24, 1997. In terms of spending provisions, S.10 provides a $3.25 billion block grant over 5 years for a range of purposes, but, currently does not contain guaranteed prevention money -- despite a guarantee that 60% of funds will be used for juvenile facilities, sanctions, drug testing, and record-keeping. After the Jonesboro incident, Majority Leader Lott stated publicly that they may bring up S. 10 some time in the next few months, although he has made no commitment to do so soon.

STATUS OF NEGOTIATIONS

Most of the focus of energy and attention is now on S.10 because it can still be amended or defeated on the floor. The White House and Justice Department are not opposing S. 10, although both see serious flaws in it. This has helped create a pervasive sense on the Hill that the President is likely to sign a juvenile crime bill regardless of the harmful provisions that it contains. They believe this view is due to signals sent by the President's senior advisers, specifically Rahm Emanuel. Of course, the pervasiveness of this view makes it all the more difficult to amend S.10 for the better, a situation which is particularly frustrating to the Justice Department. It is because of this frustration that they are contacting you.

At the same time, Justice is concerned about the fact that many progressive interest groups, including the Children's Defense Fund, the NAACP, and the ACLU, are taking affirmative steps to block passage of S. 10. These groups believe that its objectionable provisions far outweigh the good that it might produce and that the various legislative proposals under consideration in this area abandon the rehabilitative approach to juvenile justice in favor of pure punishment. More specifically, they are concerned about provisions in both H.R. 3 and S.10 which increase prosecutions of juveniles as adults, expand access to juvenile records, and erode the "core requirements" (a.k.a. "fundamental protections") -- especially the requirement of separation of delinquents from adults in state custody. The groups' opposition is apparently persuading some Senate Democrats, who are content to seek prevention funds through the appropriation process and abandon S.10. The progressive groups are asking us to at least threaten to veto the bill.

We have rejected this approach, choosing instead to try to modify or eliminate the most objectionable parts of S.10., while retaining the crime-fighting provisions we believe it already contains. Our view has been that the bill's reforms to the federal juvenile system, including increased prosecutorial discretion and greater protections for victims and witnesses, are very important. Many of its amendments to federal criminal law that will make it easier for prosecutors to combat gangs, guns, and drugs came straight out of the Administration's bill. Consequently, the Administration has been working to effect critical changes to S. 10, primarily dedicated prevention funds, preservation of the core mandates, judicial safeguards for juveniles in the federal system, and far greater flexibility for states in the administration of their own juvenile justice systems.

As the attached memo from the Attorney General indicates, the Department of Justice would like any juvenile justice legislation to contain the following three provisions: statutory authorization of at least $95 million for prevention programs administered by the Department of Justice; statutory authorization of at least $100 million for state and local prosecutors and courts; and preservation of the four "fundamental protections" addressing the incarceration of juveniles. While the White House shares these concerns about S. 10, we have not been vocal in our demands for their inclusion in any final bill. And in regards to the prevention funding, there are many different vehicles for such funding -- while the Attorney General's goal is prevention money administered by the Department of Justice, our attempts to secure such funding have not been successful in past appropriation processes. In fact, the White House has been content in the past to secure either block grant funding to the states or funding in other streams, such as the Department of Education.

Precisely because the groups feel that we are not realistically likely to improve the legislation, they are mobilizing forces to oppose it. Indeed, the opposition of groups from all sides of the political spectrum has meant that until recently, there was very little pressure to move the bill. Only after the Jonesboro incident have some Senate Republican leaders started to clamor for a floor vote. However, many believe the bill is still in trouble and may not move onto the floor until the summer.

<u>PROGRESSIVE GROUPS' CONCERNS</u>

While the groups have raised many issues in regards to S. 10, the following are of greatest concern to them:

1. Erosion of federal protections for juvenile delinquents in state custody (especially housing juveniles with adults)
2. Prosecuting juveniles as adults
3. Increased mandatory minimums
4. Expanded access to juvenile records

<u>1. Erosion of Federal Protections for Juveniles in State Custody (especially housing juveniles with adults)</u>

The groups are very upset that S.10 might permit the housing of juvenile delinquents with adults in state custody. They fear a return to the levels of abuse and suicide that prompted the separation requirements in the first place. Current law requires states to satisfy the following conditions, popularly understood as the core requirements or fundamental protections, in order to obtain the formula grant money administered by the Office of Juvenile Justice Delinquency Programs: 1) separation of juveniles from adults by sight and sound separation in all institutions while in state custody; 2) removal of juveniles from adult jails and lock-ups; 3) deinstitutionalization of status offenders; and 4) disproportionate minority confinement. S. 10 would greatly weaken the separation requirement, eliminate the removal requirement, provide large exceptions to the requirement to deinstitutionalize status offenders, and virtually eliminate the requirement to avoid disproportionate minority confinement. We share the groups' vehement objection to these provisions in S.10 which essentially gut these requirements.

<u>2. Prosecuting Juveniles as Adults</u>

The groups are distressed that the new bills expand the list of offenses for which a juvenile may be tried as an adult in the federal system, and give U.S. Attorneys the discretion to charge juveniles as adults. They think these changes give prosecutors too much power and unnecessarily "federalize" juvenile crime. The Administration's bill also proposed expanding the list of offenses for which a juvenile could be tried as an adult in the federal system, and gave U.S. Attorneys the discretion to charge juveniles as adults -- although we provided for judicial review of this decision in all but the most serious cases. The Administration's position is that increased prosecutorial discretion is critical because the current process for determining whether a juvenile may be tried as an adult is often highly unpredictable and fraught with delay.

The groups are even more upset that the new bills would require, as a condition of receipt of new federal juvenile justice money, that States prosecute more juveniles as adults. S. 10 makes it a condition that juveniles 14 and older may be prosecuted under State law as adults for an act that would be a serious violent felony if committed by an adult. H.R. 3's condition is even stricter: States must provide that juveniles 15 or older charged with serious violent crimes can be tried as adults either as a matter of law or prosecutorial discretion.

3. Mandatory Minimum Sentences:

The groups oppose mandatory minimums in general, and are particularly upset that: 1) more juveniles will be subject to existing ones if tried as adults, and 2) S.10 increases certain existing mandatory minimums as well as creates several entirely new ones.

The Administration's bill proposed only one new mandatory minimum: 3 years for the transfer of a handgun to a juvenile knowing it will be used to commit a crime of violence. The Administration's bill also raised existing mandatory minimums (from 1 to 3 years) for the most egregious forms of drug trafficking: selling drugs to children, using children to sell drugs, and selling drugs near schools. While S. 10 includes versions of both of those provisions, it also includes several new mandatories, such as 5 years for a "pattern" of criminal gang activity, and 25 years for a second offense under the new "pattern of gang activity" statute. We have stated from the outset our concerns about these attempts to crack down on gangs.

4. Expanding Access to Juvenile Records

The groups are angry that the new bills drastically increase access to juvenile records, especially state records. They argue, correctly, that most juvenile offenders never return to the justice system, and youthful indiscretion should not follow them forever. Specifically, many of them see this as one more unnecessary obstacle many young black men will face in trying to seek employment.

The Administration's legislation proposes incentive grants to help states modernize their juvenile record keeping systems. However, S. 10 and H.R. 3 go much further, imposing a requirement on States to fingerprint and photograph juveniles, keep most juvenile records in a manner equivalent to adult records, send juvenile records to the FBI and, under the Senate bill, dramatically expand access to those records by schools, courts, and law enforcement of any jurisdiction. The Administration is strenuously opposing this condition because it is extraordinarily intrusive and expensive; it is one area on which S. 10's lead authors, Hatch and DeWine, have signaled flexibility.

TO: The First Lady, Melanne Verveer

FROM: Jen Klein, Neera Tanden

DATE: April 9, 1998

RE: Models of Crime Prevention

We now know of two different types of models -- the Boston Gun Project, which is a successful strategy of juvenile crime prevention, and the Project on Human Development in Chicago Neighborhoods, which is a longer-term analysis of the causes of crime that also illuminates effective strategies to prevent all types of crime. This memo outlines the findings of these two research efforts and suggests events to highlight both their findings as well as the overall issue of prevention.

I. Two kinds of models

A. <u>The Project on Human Development in Chicago Neighborhoods (which is often referred to as the Chicago Study)</u>:

The Chicago Project is a long-term, on-going study, which began in 1990, that will examine the factors that could potentially contribute to criminal behavior -- the community, family, peers, as well as individual characteristics. In fact, it is made up of two forms of study -- a comparison of neighborhoods and a longitudinal study of individuals. The study brings together data from the census, police and a citywide survey of more than 8,000 Chicago residents and 80 Chicago communities in a coordinated effort to investigate why neighborhoods vary greatly in levels of criminal victimization and homicides. The longitudinal study of individuals is monitoring children and adolescents as they grow up in order to understand the impact on their behavior of factors such as changes in family structure, social services and characteristics of the neighborhood.

The Project's comparison of neighborhoods has already yielded some results. Preliminary findings published last August showed that lower rates of violence occur in urban neighborhoods characterized by "collective efficacy." The investigators found that "collective efficacy," or the willingness to monitor children's play groups, help neighbors, and intervene in preventing acts such as juvenile truancy or street-corner loitering, is the key indicator as to whether a neighborhood will or will not experience crime problems. Although previous studies have cited a relationship between race, poverty and crime, this study shows that, after controlling for social composition, collective efficacy is a strong predictor of the violence level in the neighborhood. These findings clearly supports your view that community involvement is critical to the welfare of our children.

In particular, the published findings show that collective expectations for intervening on behalf of neighborhood children is a crucial dimension of the public life of neighborhoods. Interestingly, some of the Chicago neighborhoods with the highest levels of this type of collective efficacy are African-American, middle-class and stable. In this sense, the findings imply that achieving stable and safe neighborhoods is possible, although not necessarily easy, in all areas whether they be rich or poor, black or white.

While this study has been contrasted in media reports with the work of academics such as William Julius Wilson, who argue that economic factors are the key indicators of crime rates, this is a false dichotomy to a great extent. The study found that while collective efficacy is the most important variable in determining whether crime and general anti-social behavior will take place, both concentrated poverty and residential instability can undermine collective efficacy.

The study's analysis is expected to inform the design of effective violence prevention strategies in communities and schools. The Chicago Study is a multi-faceted, multi-year analysis that will have several new research offshoots, many of which touch on issues you have worked on:

<u>New Report:</u> The Chicago Project published a study last year on the relationship between collective efficacy and crime, which was based on interviews with individual residents. In the next month, they will release a new study based both on physical landscape and on actual observance of the neighborhoods that confirms their previous findings that collective efficacy is critical to stopping crime.

<u>Child Care</u>: The study is examining systems of child care support and monitoring their impact on families. Researchers are studying the quality of the arrangements families are choosing, many of which are informal because of the particular needs of the families, and will be tracking any effects on children in the longitudinal study.

<u>Birth weight</u>: The researchers are also examining whether birth weight is affected by neighborhood social support systems. According to a report that will be issued in the next three months, the researchers found that neighborhoods with high levels of collective efficacy have higher birth weight rates than those communities that lack collective efficacy.

<u>School sites</u>: Researchers are also visiting schools in neighborhoods and examining school-community interactions, and trying to determine whether strong neighborhood relationships to schools increase school performance. They posit that how and whether we view schools as embedded in neighborhoods will affect school performance.

As each report comes forward, they offer an opportunity for you to help communicate the importance of previous findings as well.

<u>B. Boston Gun Project</u>

The Boston Gun Project, also known as Operation Cease Fire, is a research and action project aimed at reducing serious youth violence in Boston. The three-year project has assembled a large interagency group, including local, state and federal officials, to tackle both the cause of youth violence in Boston and prevention strategies. The strategy combines a tough but smart approach to crime prevention, encapsulating three particular efforts:

1) Cracking down on illicit gun trafficking: Gun Project researchers, Bureau of Alcohol, Tobacco and Firearms agents, and Boston Police Department investigators are systematically tracing crime guns, and taking illegal guns off the streets in order to de-escalate the cycle of violence. The Treasury Department and Justice Department Youth Crime Gun Interdiction Initiative has extended this aspect of the initiative to 16 other cities since July 1996.

2) Focusing on violent gang members: Gun Project research showed that the problem of youth homicide was concentrated among a small number of serially offending gang-involved youth. Only about 1300 gang members -- less than 1% of their age group city-wide -- were responsible for from 60% to 80% of all the youth homicide in the city. The agencies involved in the Cease Fire strategy have been communicating systematically with gang members that violence will not be tolerated in Boston, and that gang members are under particular scrutiny. At the same time, gang members are also made aware of alternatives to crime and violence, such as summer jobs and recreational opportunities provides by local government, corporate and community groups.

3) Cracking down on all illegal activity by gang members: When gang violence occurs, Cease Fire cracks down on all illegal activity by violent gang members with special prosecutorial attention, from minor violations like driving unregistered cars to more serious crimes like drug dealing. At the same time, gang outreach specialists are deployed and other social services mobilized who communicate that services will be revoked if the violence continues. The key characteristics of this response is that it is predictable, immediate and involves the application of control and sanctions very quickly. As a result, Boston's juvenile homicide rate has dramatically declined; until a recent murder, not a single juvenile had been killed with a gun in over two years.

II. Events to highlight these models

Interestingly, while these models have the power to alter our understanding of crime and crime prevention, they are both only at the very nascent stages of affecting the current discourse on the subject. Therefore, they could both benefit from efforts to educate a larger audience on their findings. In addition, highlighting these models could form part of a larger discussion of what works.

1. Round table on violence prevention strategies in Boston: Boston has been recognized as a national model and other cities, like Minneapolis, are starting to adopt its strategies. You could more formally highlight Boston's strategy through a round table discussion in Boston or here with experts and leaders in the field.

2. Round table with Chicago Study researchers and others with the release of new studies: Because the project releases findings on a regular basis, you could hold a round table or panel discussion to highlight some of the more interesting findings as they are released, as well as the overall project.

3. Release of New Report: The Department of Justice will issue a report titled Kids, Cops and

Communities, in late April which focuses on exemplary partnerships between the police and other community organizations to reduce juvenile crime and delinquency in Connecticut, Washington and Texas. It will also contain suggestions for police chiefs and officers to promote and support efforts to provide positive alternatives for children when they are not in school. We could use this as an opportunity to highlight a range of effective models.

4. After-school event: We have submitted a request for you and the President to participate in the announcement of the first grants in the 21st Century Learning Center Program and to release a report on the effectiveness of after-school programs for youth by the Departments of Education and Justice.

Gun Sellers Look to Future—Children

A1

By Sharon Walsh
Washington Post Staff Writer

Despite growing concern in recent years about children shooting children, gun manufacturers and enthusiasts are focusing more of their marketing resources on teenagers and younger children, according to groups that have studied gun violence and gun makers themselves.

Evidence of this marketing approach, prompted by a slumping market for firearms, is found in catalogues, gun club literature and in the statements of lobbyists for gun groups.

"Kids are the future of the sports we all love," declares the 1998 catalogue for New England Firearms, a gun maker. "Kids can make shooting and hunting come alive again."

Similarly, the National Shooting Sports Foundation distributes a pamphlet saying that "age is not the major yardstick. Some youngsters are ready to start at 10." It suggests a child is ready to deal with guns if the answer is "yes" to questions such as, "Would you leave him alone in the house for two or three hours? Would you send him to the grocery store with a list and a $20 bill?"

While federal law prohibits children from buying guns and rifles, the purpose of the campaigns is to introduce children to the notion of owning

See GUNS, A12, Col. 4

GUNS, From A1

a firearm—and to then have their parents buy the gun. Gun manufacturers argue that it makes good business sense to attract the next generation of gun buyers, but some anti-gun groups say the practice should receive new scrutiny in the wake of incidents like this week's tragic shooting at a middle school in Jonesboro, Ark.

Gun production has declined in the United States in recent years, to 3.8 million guns in 1996 from 4.4 million guns in 1989, according to the Bureau of Alcohol, Tobacco and Firearms. Officials say their primary market—white males—is saturated. Manufacturers tried, unsuccessfully, to market to women. And with hunting and gun hobbies apparently on the wane, gun enthusiasts and manufacturers see children as the future.

"The future of the shooting sports and our Second Amendment will rest on the shoulders of our grandchildren—and theirs," said National Rifle Association President Marion Hammer, pictured in an NRA ad with her rifle and her young grandson. "That's why, as NRA president, my major priorities are to reach out to America's youth."

The Jonesboro case is under investigation and there is no evidence that marketing guns to younger children is the reason for the shooting deaths of five people. The two boys in Jonesboro stole the guns after breaking into a gun cabinet of a grandfather. But children in city centers and rural areas alike are exposed to a culture of guns that exists on television, in movies and in magazines and newspapers.

The NRA, the powerful gun lobbying and membership group, declined to talk about its efforts to bring young people into gun sports.

"This tragedy is so shocking to everyone in America, so startling," said Bill Powers, an NRA spokesman. "It's inconceivable that an 11-year-old and a 13-year-old child could execute a plan . . . to murder their classmates. It extends beyond any political debate and it would be inappropriate to comment right now."

"The NRA wants the image of a healthy, bonding experience to surround guns," said Kristen Rand, director of federal policy for the Violence Policy Center, a nonprofit group that researches firearms and violence and has studied the new marketing efforts. "But the motivation behind the programs is to make kids feel comfortable with guns."

Andrew Molchan, president of the National Association of Federally Licensed Firearms Dealers, said there is no point in blaming makers and sellers of guns.

"Firearms programs for children have been around for 100 years," Molchan said. "Why weren't children murdering children 100 years ago?. . . . It serves no purpose whatsoever to rake up these old, left-wing chestnuts. A gun is just a tool."

Even people in the town of Jonesboro point out it is difficult for those who have never lived in a rural town, never hunted with their father or a favorite uncle or cousin, to understand how people there feel about guns. Many families there have guns and their children never use them for violence.

David Rees, an attorney in Jonesboro, yesterday attended the funeral of Paige Ann Herring, 12, whose mother worked in his office for six years. "I'm just so full of emotion," Rees said afterward. "It was so bad. . . . It's easy to say it's the guns. . . . But that is so simplistic. Everybody wants a quick fix. There isn't one.

"Here, hunting is a bonding experience," Rees said. "I grew up hunting with my father and grandfather. My Dad was duck hunting when he was 8 years old. . . . I still enjoy the sport of hunting. Duck. Quail. Dove."

Arkansas has one of the highest death rates from guns of any state in the country, according to the Violence Policy Center. For children younger than 15 in the state, there are four deaths per 100,000 children. The national figure is 1.5 deaths per 100,000 children.

Guns are seen by many as part of the bonding experience throughout the country. The Boy Scouts of America, for example, offers merit badges for rifle and shotgun shooting, involving both marksmanship and gun safety.

Some parents said their children's interest in guns is so high they end up caving in to pressure. "Before my kids were born, I thought they would never own guns," said Knowles Harper, the mother of Jake Harper, 10, of McLean. "Then you realize they are biting their peanut butter sandwiches into the shapes of guns and so I thought, 'Well it is something they are interested in.' . . . I guess I gave in," she said of the BB gun Jake has owned for less than a year.

The gun industry's efforts to interest children in firearms takes many forms, including an NRA mascot called Eddie Eagle, gun camps for children and ads by manufacturers.

A catalogue entry by gun maker Smith & Wesson, for example, shows a young child who appears to be about 12 aiming a hand gun with his father beside him: "Seems like only yesterday that your father brought you here for the first time," the ad says. "Those sure were the good times—just you, dad and his Smith & Wesson."

The NRA also promotes camps and shooting contests for junior NRA members. It has a magazine just for teenagers. In June, actor Charlton Heston will likely become the new president of the NRA. He publicly has pledged to raise $100 million over three years to promote guns to children like his 6-year-old grandson and to elect a pro-gun president and Congress.

Eddie Eagle, the NRA's big bird mascot, appears at schools, shopping malls, Wal-Marts and in a cartoon video to tell young children not to touch a gun if they find one. He, who does a little dance in the video, has his picture on school lunch boxes, backpacks and posters. Eddie Eagle is not pictured holding a gun.

In her 1995 address before the American Legion, the NRA's Hammer described the Eddie Eagle program this way: "Youngsters learn safety but they also learn respect for guns."

Gun adversaries say Eddie Eagle's real purpose is similar to that of the now-gone Joe Camel, not to provide safety lessons about guns, but to make children want guns.

"In some ways, it's like the alcohol and tobacco industries," said Kim Wade, assistant general counsel of the Children's Defense League. "It's very seductive. Some of it is aimed at parents, showing a gun on the bedside table and saying that a gun in your home keeps your children safe. . . . All the facts show that guns in homes are dangerous to kids."

Groups such as the Violence Policy Center and the American Academy of Pediatrics say gun-safety programs don't work for curious youngsters, who often are impulsive and whose imaginations are fed by gun violence on television. The answer, they say, is fewer guns and guns that are safely locked away.

"The image that keeps coming to me is a Tom Sawyer picture," said Katherine Kaufer Christoffel, a pediatrician and medical director of the Handgun Epidemic-Lowering Plan Network, describing the Jonesboro incident. "If [the boys] had had rocks or a sling shot, maybe these girls wouldn't have died."

Staff writer Devon Spurgeon and staff researcher Richard Drezen contributed to this report.

file – youth crime prevention

The Washington Post
Saturday, March 28, 1998