



DEC 5 1999

NOTE TO MARIA ECHAVESTE

*Maria*

Attached is a memorandum to the President from Secretary Shalala presenting the President's Legacy for Children: 1993-2001. The Secretary is recommending three initiatives to be considered in the development of the State of the Union Address. They include:

1. A proposal for voluntary universal child care. No family that chooses to work should go without the resources or quality child care.
2. A proposal to complete our efforts for comprehensive health care for every child.
3. A comprehensive billion dollar investment for two childhood diseases: Juvenile Diabetes and Asthma.

For further information, please contact me at 202/690-7431.

*Mary Beth Donahue*

Mary Beth Donahue

Attachment

cc: Thurgood Marshall, Jr.  
Bruce Reed  
Chris Jennings  
Gene Sperling  
Melanne Verveer  
David Beier  
Audrey Haynes



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

DEC 14 1999

MEMORANDUM TO THE PRESIDENT

FROM:

DONNA E. SHALALA

SUBJECT: THE NEW MARSHALL PLAN

Fact 1: Capricia Marshall, White House Social Secretary, will deliver a baby boy Marshall at the beginning of the new century. (His first opportunity to run for the President will be 2036.)

Fact 2: The number of Americans over 65 will double by 2036.

Conclusion: The changing demographics demand that every American born in the new century be a healthy and productive member of our workforce.

Therefore your entire 2000 State of the Union Address ought to focus on:

The U.S. investment in the health, education and welfare of Baby Marshall and his generation. It must be substantial, consistent, equitable, outcomes oriented and unprecedented in its quality and scope.

The context for this investment must be a world at peace and a robust economy.

Finally, I am enclosing a summary of your Legacy for Children so far - it is impressive, but I urge you to be totally unsatisfied. We need your NEW MARSHALL PLAN for the new century.

I recommend three bold initiatives:

1. A proposal for voluntary universal child care. No family that chooses to work should go without the resources for quality child care.

2. A proposal to complete our efforts for comprehensive health care for every child.

3. A comprehensive billion dollar investment for two childhood diseases: Juvenile Diabetes and Asthma.

Attachment

DRAFT

THE CLINTON LEGACY: CHILDREN 1993-2001

DONNA E. SHALALA

SECRETARY OF HEALTH AND HUMAN SERVICES

DECEMBER 10, 1999

DRAFT

## **Legacy: Children 1993-2001**

### **INTRODUCTION**

#### **Pages**

#### **I. AMERICA'S CHILDREN ARE HEALTHIER**

|                                                                      |    |
|----------------------------------------------------------------------|----|
| a. Reduction in Childhood Diseases/Increased Immunization            | 4  |
| b. Sudden Infant Death Syndrome (SIDS) Reduction                     | 6  |
| c. Infant Mortality Reduction                                        | 7  |
| d. Pediatric Aids                                                    | 9  |
| e. Childhood Asthma and Protection from Environmental Health Threats | 9  |
| f. Mental Health                                                     | 12 |
| g. Eliminating Disparities                                           | 15 |
| h. New Tools to Understand and Improve Children's Health             | 16 |

#### **II. AMERICA'S CHILDREN ARE LEARNING HEALTHIER ATTITUDES, BEHAVIORS, AND LIFESTYLES**

|                                         |    |
|-----------------------------------------|----|
| a. Youth Tobacco                        | 17 |
| b. Youth Drug Use                       | 19 |
| c. Injury and Youth Mortality Reduction | 19 |
| d. Youth Violence and Youth Crime       | 21 |
| e. Physical Activity                    | 23 |

#### **III. AMERICA'S CHILDREN ARE BETTER PREPARED FOR SCHOOL AND WORK**

|                                                                         |    |
|-------------------------------------------------------------------------|----|
| a. Increasing Effectiveness of Early Childhood Education and Head Start | 24 |
|-------------------------------------------------------------------------|----|

|                                                                 |    |
|-----------------------------------------------------------------|----|
| b. Building Child Care Capacity and Quality                     | 27 |
| c. Strengthening Elementary and Secondary Education             | 29 |
| d. School Safety                                                | 31 |
| e. Education for Children with Special Needs                    | 32 |
| f. Making the Internet Widely Available for Children            | 33 |
| g. Advancing Aspirations and Ability to Afford College and Work | 34 |
| h. Community Service by Youth                                   | 36 |
| i. Increasing Opportunities to Participate in the Arts          | 36 |

#### **IV. MORE AMERICAN CHILDREN ARE ECONOMICALLY SECURE**

|                                               |    |
|-----------------------------------------------|----|
| a. Income and Poverty                         | 38 |
| b. Work Incentives                            | 39 |
| c. State Experimentation with Work Incentives | 40 |
| d. Child Support and Paternity                | 41 |
| e. Child Health Insurance                     | 43 |
| f. Child Care for Working Families            | 44 |

#### **V. AMERICA'S CHILDREN HAVE MORE STABLE AND SECURE FAMILIES**

|                                                |    |
|------------------------------------------------|----|
| a. Adoption and Permanent Families             | 47 |
| b. Teen Pregnancy/Births/Attitudes towards Sex | 50 |
| c. Focus on Fathers                            | 53 |
| d. Family Violence Reduction                   | 54 |
| e. Family and Medical Leave                    | 55 |

## **VI. STRENGTHENING KNOWLEDGE AND INFORMATION**

- a. Child Development Research 55
- b. Improving Statistical Data about Children and Families 57
- c. Pediatric Labeling for Drugs 58

## **CONCLUSION 58**

## **CHARTS**

US Immunization Coverage at 19-35 Months of Age, 1991-98 (After Page 5)

US Immunization Coverage at 19-35 Months of Age with Antigens  
Recommended After 1990

Vaccination Coverage Levels Among Children Aged 19-35 Months by  
Selected Vaccines: 1997-98

SIDS Rates, 1985-1997 (After Page 6)

Position Placed to Sleep

Infant Mortality Rates by Race and Hispanic Origin of Mother,  
United States, 1990-98 (After Page 8)

Improvements in Behavioral and Emotional Functioning among Children  
with Serious Emotional Disturbance (After Page 14)

Teen Smoking Declines (After Page 18)

The Juvenile Violent Crime Index arrest rate in 1998 was at its  
lowest level in 10 years - 30% below the peak year of 1994 (After Page 22)

The U.S. Murder Rate in 1998 was the lowest since 1967

Fewer Teens Involved in Serious Crimes

Moving Toward One Million Head Start Children in 2002 (After Page 26)

Total Child Support Collections (After Page 42)

Number of Child Support Enforcement Cases for Which a Collection  
was Made

Paternities Established

Total Childcare Funding (After Page 46)

Children Adopted from Public Child Welfare Agencies (After Page 49)

Birth Rates for Teenagers 15-19 Years by Race and Hispanic  
Origin, 1990-98 (After Page 51)

## Legacy: Children 1993-2001

### INTRODUCTION

Throughout its tenure, the Clinton Administration has been driven by the simple yet profound recognition that "our children are our future." This insight has led to an unwavering commitment, motivating the Administration to advance a series of far-reaching strategies to improve every aspect of childhood, from infancy through adolescence and young adulthood. The core of this commitment has been the recognition that the federal government retains a central role in helping families achieve positive results for their children. At the same time, in order to accomplish its goals, the Administration has sought to mobilize and share responsibility with other sectors, including other levels of government, employers, and families and young people themselves.

Opportunities - for health and development, safety and security, education and citizenship -- ought to be a fundamental part of childhood. The Administration embraced the idea that opportunities also involve the right to have dreams and to nurture those dreams. But income or race or the circumstances of birth should not limit the scope of a child's dreams. During the past seven years, the Administration has steadfastly developed means and ways to allow children and families to have realizable dreams about their future.

The leadership has held a strong belief that the entire federal enterprise has a contribution to make in assisting families and communities gain essential information, resources, support and stability. The effort, consequently, has not been limited to one program, one agency or one department, but has brought to bear the network of governmental functions to tackle every aspect of improving the life chances of children at every point during their childhood. Policy and research, training and resources, information, technology and media, personnel and program, and where necessary, litigation, have been deployed in a manner and scope never before exercised. The Administration's approach has permeated every facet of government, every department, scientific venue and delivery system to strengthen the likelihood that children will grow up healthy, educated and secure as well as productive, informed and contributing members of their families, communities and the nation.

At the same time, it was understood that, where the federal government cannot or should not undertake the action or activity, government could, nevertheless, stimulate, encourage, provide incentives and collaborate with others to get the job done. This involved reinvigorating, and in some cases, renegotiating, partnerships among the federal, state and local governments. It has also meant mobilizing and engaging non-governmental sectors in this vision and mission. Whether to augment the power and reach of the message, strengthen understanding and build public will, or extend and improve the delivery of services, the Administration has reached out strategically and

repeatedly. Business and labor, universities and educators and scientists, the faith community, voluntary and community-based organizations and philanthropy, media and entertainment, and families and young people have provided critical leadership, expertise and resources in the overarching objective of bettering the lives of children.

These values -- of public and private sector engagement, individual and collective action, and entrepreneurial and collaborative initiatives -- stimulated strong expectations that progress for children is possible and that positive results are achievable, especially if every government agency, singly and collaboratively, deploys its expertise and leverage to this end. The Administration has promulgated important new policies and programs, generated new resources, and been a catalyst for significant shifts in attitudes and behaviors that affect the needs of children and promote their healthy development.

With its partners and this comprehensive strategy, the Administration has changed the environment, altered expectations and enhanced participation. All these changes have led to measurable positive results. Babies are healthier, teenagers are delaying sexual activity and early childbearing has declined. Health insurance is increasingly available for children at all income levels. Children are better prepared to enter school, and are afforded pathways to the education, training and work experiences that are critical to ensuring a productive future. Wages have increased, 20 million new jobs have been created bringing unemployment to its lowest point in three decades, and new supports have been developed to enable parents to carry out the dual responsibilities of raising their children and achieving economic sustenance for their families.

Importantly, in several instances, the frameworks and the financing have been put in place so that positive impacts will be increasingly apparent over time. Already, more than 1 million children have received new health insurance coverage and the Head Start program enrolls more than 255,000 more children than in 1992. A new program, Early Head Start, was created to provide the youngest children and their families a comprehensive set of supports and services to maximize opportunities for healthy development. Child support collections, a crucial support for children in single parent families, have increased 80 percent since 1992 to an historic 14.4 billion dollars. Over a three-year period, the number of children adopted from the public foster care system nationwide increased 29 percent. Millions of children have access to Internet technology through their schools and libraries. Four hundred thousand children and youth are benefitting from new constructive educational and enrichment programs in their non-school hours rather than going home to an empty house or hanging out on the street corner only to get lured into risky, often dangerous ventures.

The medicines used in routine health care must also be proven safe for children as well as adults. Families can take time to care for a new or adopted baby or an ailing child without risking loss of employment or health insurance. And the financial responsibility for raising a child is more squarely shouldered by both parents through tougher policies to enforce child support obligations.

States have extraordinary new opportunities to extend coverage of physical and mental health care to millions of children whom they enroll in the Children's Health Insurance Program. The Administration has committed 24 billion dollars in Federal matching funds over five years, the largest investment in children's health care since 1965, to help states offer health insurance for children whose families do not qualify for private insurance. Funding for pre-school and early childhood programs more than doubled. Federal child care resources alone have increased by more than 80 percent and additional funds specifically directed for new opportunities to participate in after school activities have also doubled.

Communication has been an essential tool in the Administration's efforts and certain messages are now clear. First, the Administration has sent the message that improving children's well being makes a difference to individuals and families, communities and the nation. Now regardless of income or geography, race or religion, there is a chorus of agreement that the early years of childhood matter. Further, it has become accepted that there are all kinds of caring adults who in many different ways help children grow up in sound environments and assist the family in making such help possible.

The second message the Administration has sent by its actions conveys that families are critical to children's development. Families matter in the financial support they can provide, in the emotional care they offer, and in the capacity they have to ensure sound development. Investment, incentives, and increased expectations for responsible parenting are approaches the Administration has used to demonstrate that family formation should not be entered into cavalierly, and once formed, the partners in making a family have continuing obligations to the children involved. Initiatives have addressed ensuring children the support they are due from an absent parent, preventing pregnancy by teenagers too young to shoulder the responsibilities of parenthood, and reconnecting fathers to their children. Other strategies have involved creating incentives for young parents to stay in school and live at home, and promoting efforts to find adoptive homes for children who need them. Through these efforts, the Administration has contributed to a new climate of respect for the roles and responsibilities of parents - both fathers and mothers -- and a powerful recognition that children need families to raise them.

Third, the Administration has sent a clear message that being poor in America should not limit opportunities. There is a recognition that hard work and sacrifices may be necessary, but that on balance, no one in the nation should have to settle for being poor, and government policies should make it possible to achieve this goal. Making participation in the workforce a mainstream expectation, providing investment in welfare reform, the community-focused welfare to work program, and the public-private partnerships prompted as a result, indicate that all individuals who are poor matter to the nation and that others beside government should invest in them too.

Poor people work every day and raise families. The Administration has conveyed a fourth message - that these families need investment too. Serious investments in raising wages, expanding the Earned Income Tax Credit, and supporting other incentives to make

the rewards of work economically meaningful, as well as the supports such as child care that families need to sustain their participation in the workforce, signify renewed dedication to working families. While it is still too early to determine the outcome of welfare reform for children, shifts in expectations and new patterns of work help parents dream of and build a better future for their children, and promote higher aspirations for this and future generations.

Reaching for these goals has also involved helping communities become well positioned to help families raise their children in positive and protected environments. With creativity and flexibility, the Administration has persisted in its efforts to build a continuum of high quality supports and high expectations for children and to provide states, communities and families the tools and capacity needed to sustain them.

In this paper we review how children's prospects for the future have brightened as a result of the Clinton Administration's powerful persistence, creativity and abiding commitment. What will emerge is that the Administration has not only stimulated early visible results, but that actions have been taken and investments made to ensure that these changes go beyond the life of one administration. Each part of this review seeks to illustrate actions taken by government, activity conducted by non-governmental partners and work undertaken to sustain the gains and the promise of continued progress. The first section focuses on children's improved health, and the second section on their changing attitudes, behaviors and lifestyles. Progress in children's preparation for school and work is the centerpiece of the third section. Sections four and five outline the ways in which children are realizing greater family stability and economic security, advances which surely have been aided by the nation's sustained economic growth since the outset of the Administration. Finally, a sixth section points out the concerted efforts to expand scientific knowledge and understanding and translate that new learning to improved policy and practice on behalf of children.

## **I. AMERICA'S CHILDREN ARE HEALTHIER**

Health is a fundamental element of children's development, and a key marker of their overall well being. Without the basic aspects of good health, children's ability to learn and lead an active life may be compromised. From infant mortality reduction, to dramatic increases in vaccinations for children and prevention of childhood diseases, the Administration has made improving the health of children a priority. From the earliest days of 1993, both governmental and non-governmental sectors were enlisted in this fundamental and enduring endeavor.

### *Reduction in Childhood Diseases/ Increased Immunization Rates*

The Administration has achieved great success in dramatically lowering the risk of preventable childhood illnesses. Recognizing the promise of this tested public health strategy, one of the Administration's earliest efforts made immunization for all children a

matter of considerable urgency. The Childhood Immunization Initiative, responding to the disturbing gaps in immunization rates for young children, has resulted in complete immunization of a record percentage of young children throughout the nation. The Initiative worked to improve immunization services for needy families, and to make free services available for children who are uninsured, Medicaid-eligible, American Indian or Alaska Natives, or under-insured for immunizations.

For children under the age of three, the most vulnerable age group, immunization rates for those receiving the most critical doses of most of the routinely recommended vaccines have reached 91 to 94 percent, a record high level. Childhood immunization rates for the basic series of vaccinations are at an all-time high of 81 percent. Efforts by the CDC, including the Vaccines for Children program, to make vaccines more affordable, accompanied by many vigorous and creative public education campaigns conducted by public agencies, private agencies and public-private partnerships, have made possible greater availability of immunizations to millions of very young children.

Obstacles to immunization of children include both parents who are unaware of the need to immunize, as well as those who fear immunization. In addition to making vaccines affordable, the Administration has made efforts to inform parents of the benefits of immunization and the risks of adverse effects from vaccines.

Coupling public education strategies, outreach and further research has contributed to striking progress in preventing specific pediatric illnesses. In 1996, reported levels of infectious disease were at, or near, record low and three diseases, tetanus, polio, and mumps, reached the disease reduction goals. Measles has almost disappeared, moving from epidemic status to about 100 cases per year, most of which are imported from outside the U.S. *Haemophilus influenzae* which causes often-fatal meningitis which can result in mental retardation and deafness, has been reduced by 99 percent. Getting an improved vaccine for pertussis, commonly known as whooping cough, to market in 1996 has reduced the deleterious side effects that were experienced by children vaccinated with the previously used DTP (diphtheria/tetanus/pertussis) vaccine. This change has increased parents' willingness to have their children immunized against DTP, and has reduced claims on the vaccine fund.

For the most critical childhood vaccines, vaccination levels were nearly the same for preschool children of all racial and ethnic groups, narrowing a gap that was estimated to be as wide as 26 percentage points a generation ago. However, minority children still lag behind white children when overall vaccination rates are compared. long racial and ethnic lines persist among children. And while childhood immunization rates for the basic series of vaccinations have risen to record levels, about 1 million children under age 2 still have not received all of their immunizations. Efforts are underway to eradicate these small disparities and achieve our overall goals.

### *Sudden Infant Death Syndrome (SIDS) Reduction*

Sudden Infant Death Syndrome, which affects very young children, has confounded scientists for many years. In the last several years, however, significant advances have been made in understanding and stemming infant deaths due to SIDS.

The SIDS rate has declined 42.3% since 1992, declining 12% in 1997 alone. A vigorous Back to Sleep Campaign, with leadership from Mrs. Gore in partnership with the American Academy of Pediatrics, was launched in 1994 to let parents know they should put their infants to sleep on their backs, not on their stomachs. The campaign has worked to heighten awareness among parents and health care providers by producing and distributing brochures, posters, print public service announcements, and informational videos urging that babies be placed on their backs to sleep. Further, the campaign spurred the development of state SIDS campaigns, developed a Back to Sleep Internet web site, and established a toll-free phone number to enable the public to order campaign materials.

About one-fourth of the decline in mortality among infants is accounted for by the significant decline in deaths as a result of SIDS.

## *Infant Mortality Reduction*

Infant mortality is one key indicator of the health of children and families. It is an important measure of the well being of infants, children, and pregnant women because it is associated with a variety of factors, such as maternal health, quality and access to medical care, socioeconomic conditions, and public health practices.

The Administration made infant mortality reduction an early emphasis, seeking to meet the established goal of reducing the national infant mortality rate to 7 per 1000 live births by the year 2000. Building on steady progress during the previous decades, the nation is very close to reaching its goal. We have succeeded in reducing the approximately 38,000 infant deaths annually in 1990 to 27-28,000 infant deaths a year in 1997, as a result of several critical research-based changes in practice.

As noted above, about one-fourth of the decline in mortality among infants is accounted for by the significant decline in deaths as a result of SIDS.

New ways of addressing the consequences of premature births have also contributed to the decline in infant mortality, especially with regard to respiratory distress syndrome (RDS). First, prenatal corticosteroids are now given to a mother prior to a premature birth, and a surfactant is given postnatally to the premature baby after delivery. A 1993 Consensus Conference held by the National Institute of Child Health and Human Development changed medical practices, leading physicians to use the new medications to prevent RDS.

One of the leading causes of infant mortality in the United States is birth defects. Researchers and scientists throughout HHS discovered that by using the B Vitamin folic acid certain birth defects can be prevented. The FDA is now fortifying the food supply with folic acid to assist women in reaching the recommended level of consumption. The CDC has begun a national campaign, with public and private partners, to encourage women of child-bearing age to consume 400 micrograms per day of folic acid.

Access to prenatal care early in pregnancy has long been understood to improve birth outcomes. The likelihood of delivering a very low birthweight infant is 40 percent higher among women who receive late or no prenatal care. In 1997, the proportion of pregnant women who received prenatal care in their first trimester rose for the sixth straight year to 82.5 percent, an increase from about 76 percent in the early 1990s. This improvement has been true for women in all racial and ethnic groups. When women receive late or no prenatal care, the risk of negative health consequences for both them and their infants increases.

Increasing the number of women who receive early and comprehensive prenatal care has been a primary area of focus across a series of policies and programs. In addition to its continuing attention in initiatives of Maternal and Child Health programs, it is among the salient goals of the new Early Head Start program, which serves low-income families with infants and toddlers. The Administration consistently sought expansion of the

Supplemental Feeding Program for Women, Infants and Children (WIC), which provides nutritional foods and links to pre-natal health care for low-income pregnant women and their children. Despite legislative efforts to the contrary, the Administration stood firm in maintaining the Medicaid entitlement and made it possible for states to expand the health insurance program's reach to more low income mothers and children as they entered the workforce in the context of welfare reform. These actions have resulted in the highest percentage of women receiving prenatal care on record. And through a renewed emphasis on reaching the most vulnerable pregnant women, the proportion of pregnant women who receive late or no prenatal care continues to decline, contributing to the birth of healthier infants.

Despite these impressive gains, the U.S. continues to have persistent disparities across some racial groups and high infant mortality rates overall, compared to other industrialized nations. In 1997, the infant mortality rate among black infants was 13.7 per 1000 live births, and 8.7 for American Indians compared to 6 per 1000 live births among white and Hispanic babies. As of 1995, the U.S. still ranked 24th in infant mortality rates compared to other industrialized countries.

## *Pediatric AIDS*

The major source of new pediatric infections in the U.S. has been the transmission of HIV from infected pregnant women to their offspring. In 1994, an NIH-sponsored study group reported a clinical trial which demonstrated that zidovudine (ZDV or AZT) administered to the mother during pregnancy, labor and delivery and to the infant in the first weeks of life can reduce the risk of mother to child transmission of this infection from 25 to 8 percent. In both 1995 and 1998, a Public Health Service Task Force published recommendations that are the major basis for the use of this drug to prevent perinatally-transmitted HIV infection. Since then, doctors have found that prenatal use of AZT can actually reduce the risk of perinatal transmission to as low as 3 percent. In addition, the U.S. Public Health Service recommends universal HIV counseling and voluntary tests for all pregnant women in the United States.

Drug treatment of HIV-infected pregnant women has been highly successful in preventing transmission of the virus. *The Journal of the American Medical Association* reported recently that the number of babies who contracted AIDS from their mothers dropped by two-thirds between 1992 and 1997. Researchers found that the number of babies who developed AIDS after being infected with HIV before or during birth peaked at 907 in 1992, then declined over the next five years to 297 in 1997. While only 32 states collect information on HIV infection in newborns, the CDC estimates that 1,650 babies were born with HIV infection in 1991. By 1996, that number had dropped 71 percent to 480.

A two percent perinatal HIV transmission rate was a goal set by the private Pediatric AIDS Foundation a number of years ago and some researchers, at that time, believed this to be an unreachable goal. However, as a result of NIH-sponsored research, public health service clinical guidance and substantial public health efforts to reach out to women and their providers to facilitate early access to prenatal care and to encourage other key measures related specifically to AIDS prevention, this nation is on the way to eradicating mother-to-child transmitted pediatric AIDS.

## *Childhood Asthma and Protection From Environmental Health Threats*

Children's health is directly and uniquely affected by our environment. The Clinton Administration worked to improve our understanding of how children are often at increased risk from many environmental threats, compared to adults. Children's systems are still developing, and they eat proportionately more food, drink more fluids, and breathe more air per pound of body weight. Children today face significant health hazards, from asthma-inducing air pollution, and lead-based paint in older homes, to treatment-reducing microbes in drinking water and persistent industrial chemicals.

Asthma, a chronic inflammatory disease of the air passageways, is the most common chronic disease of childhood and one of the leading causes of school absenteeism, accounting for over 10 million missed school days annually. Posing a significant risk to children's health and educational progress, both the incidence of asthma and the mortality

rate from the disease are increasing. Between 1980 and 1994, the percentage of Americans with asthma increased 75 percent, and the percentage of pre-school age children with asthma increased 160 percent. However, the causes of asthma and of the asthma epidemic are not well understood. In April 1997, President Clinton created the Interagency Task Force on Children's Environmental Health and Safety, which identified asthma as a primary area of attention. In January 1999, this committee released a strategy for protecting children from asthma in conjunction with the Administration's \$68 million initiative to fight childhood asthma through school-based programs, research, and a national public information campaign.

To address the burgeoning incidence of asthma, HHS has initiated a significant collaboration across its agencies. In FY 1999, the Department of Health and Human Services invested nearly \$125 million in asthma research and prevention. Also, HUD and HHS are developing new information through a national allergen survey in public housing. HHS has also joined with the EPA to create new children's health centers, which will have a concentrated focus on asthma.

Federally supported studies have documented that certain allergens, including house dust mites, molds and cockroaches, often play an important role in childhood asthma. Additional research has demonstrated that reducing exposure to these allergens, coupled with educational approaches to improving self-management skills, are effective in reducing asthma-based hospitalizations in inner-city children. Based on this information, the task force is initiating a national public information campaign to reduce children's exposure to allergens and other asthma triggers such as environmental tobacco smoke.

ZAP Asthma is another innovation CDC has undertaken to combat this disease. Its initial test, in Atlanta, Georgia, seeks to show that a comprehensive approach to controlling asthma, including access to medical care, patient and practitioner education, and reductions in allergens, will reduce the number of asthma hospitalizations for children. The program includes surveillance to identify local disease trends and evaluation of prevention efforts; statewide education of practitioners, patients and community organizations; community asthma prevention interventions; and applied research. A unique feature of the project is the extensive public and private partnerships - with universities, health insurance companies, municipal government, and professional organizations - to carry out the project and the hiring of local community health workers.

Development of new medications to treat and prevent the symptoms of asthma, based on new insights into the cellular mechanisms of inflammation, will offer options to tailor therapy to the individual patient and minimize possibilities of side effects. While there have not yet been significant changes in the treatments available for children with asthma, NIH-sponsored studies have made progress in teaching individuals afflicted with asthma how and when to self-administer medications for maximum benefit, thereby also reducing hospitalization.

In its strides to protect children, the Administration has also issued new policy ensuring consideration of special environmental threats to children in the development of risk assessments, and has developed a research agenda focusing on food pesticides and other exposures unique to children, all using the most cutting-edge scientific technologies.

Directly responding to issues raised by the National Academy of Sciences 1993 report "Pesticides in the Diets of Infants and Children," the Administration took unprecedented steps to protect the health of children from the risks posed by pesticides in their food. The Environmental Protection Agency has intensified efforts to reduce the use of high-risk pesticides, increase research and testing, and establish new standards to protect children and infants from dietary health risks posed by pesticides.

Children's tolerance levels for chemical residues on food vary significantly from those of adults. Yet for many years, tolerance levels for food safety, pesticide residues on food, and enforcement of those tolerance levels were set without regard to differences between children and adults. The Food Quality Protection Act of 1996 not only recognizes this important principle, but requires use of an additional 10-fold factor to ensure protection of children when setting an acceptable level for a pesticide residue in food.

Further, under the Administration's Food Safety Initiative, three agencies -- HHS, EPA and USDA -- work with communities, farmers, businesses, consumer protection groups and all levels of government to improve food safety. While not specifically targeted at any age group, this initiative has particularly benefitted children who are at high risk for bacterial food borne illness.

Some aspects of the Administration's efforts to improve food safety and strengthen information about healthy food choices have focused on children. Extensive market research has shown that children exert the greatest impact on family food purchases. Building on this data, the Food and Drug Administration engaged the children's book character, Curious George, to help children understand new food labels. FDA launched a public service advertising campaign aimed at making the food label real and relevant to children ages 4 to 10. By making children more aware of the nutrition facts label and encouraging them to share their knowledge with their whole family, this campaign seeks to help improve the food choices made by people of all ages.

Lead poisoning is another top environmental health hazard for children, affecting nearly 1 million children age 5 and under. Although lead-based house paint has long since been taken off the market, children living in older homes are at risk. More than 80 percent of U.S. homes built before 1978 - some 64 million - contain lead paint. Lead poisoning in children causes IQ deficiencies, reading and learning disabilities, impaired hearing, reduced attention spans, hyperactivity, antisocial behavior, and other difficulties.

Recent findings indicate that the expanded efforts of the Administration have aided in a distinct decline of blood lead levels in every segment of the U.S. population. Efforts in past decades prompting the removal of lead from gasoline, and other sources such as household paint, food and drink cans and plumbing systems have led to these results. Continuing the Administration's "right-to-know" efforts, EPA and HUD recently required

sellers and landlords of dwellings built before 1978 to disclose any known lead-based paint hazards. Average blood lead levels in children ages 1-5 decreased from 15.0 to 2.7 micrograms per deciliter according to a National Health and Nutrition Examination Survey performed between 1976-1980 and 1991-1994. However, there are still close to one million children who continue to have blood lead levels greater than or equal to 10 micrograms per deciliter, including more than one-fifth of non-Hispanic black children living in older homes.

### *Mental Health*

Every year, more than 63 million Americans experience diagnosable mental disorders. Of them, more than 6.7 million are disabled by severe mental illnesses, including as many as 4 million children and adolescents. Major depression, schizophrenia, bipolar illness, eating disorders, anxiety disorders, and other mental illnesses frequently impair normal daily activities. Yet only one-third of children and adolescents who need mental health services receive them.

In 1996, the President advocated for and signed into law the Mental Health Parity Act (MHPA) to take steps towards ending discrimination in health insurance on the basis of mental illness. Beginning in January 1998, health plans must begin to provide the same annual and lifetime spending caps for mental health benefits as they do for medical and surgical benefits. Consistent with the principles of the MHPA, the Children's Health Insurance Program (CHIP), discussed more fully in a subsequent section, further advanced states' options for providing mental health care for children. While not mandatory, CHIP provides the framework for including mental health benefits in the package of benefits each state may establish for its program. In addition, based on a directive from the President, the federal government will seek to achieve parity for mental health and substance abuse coverage in the Federal Employees Health Benefits Program by 2001. Early progress has been made in the past few years through the Office of Personnel Management's collaboration with health plans to eliminate lifetime and annual maximums for mental health care, and to move away from contractual day and visit limitations and high out-of-pocket costs for mental health care. In addition, medical visits and testing to monitor drug treatment for mental conditions can now be covered as pharmaceutical disease management. As the largest employer-sponsored health insurance program in the nation, with 285 participating health plans, changes in the federal program have the potential to advance access to mental health services for millions of children and families.

In June 1999, the Administration hosted the first ever White House Conference on Mental Health to give nationwide visibility to this long-neglected arena which affects millions of American children and families. The conference provided the launching pad for an innovative campaign to lift the veil of mystery and stigma that shrouds mental disorders and the individuals affected by them, and to utilize modern developments in science and further research to aid those, including millions of children, suffering from mental diseases. A key element of this initiative is the first-ever Surgeon General's Report on Mental Health, which takes a life cycle perspective and provides an up-to-date, comprehensive review of the scientific advances in the study of mental health and mental

illness, including mental health of children and teenagers. The report and an outreach campaign to advance its messages stress that mental health and mental illness are part of the mainstream of health and are important concerns at all ages, from infancy through adulthood.

Another critical component of the initiative to overcome stigma will expand "Caring for Every Child's Mental Health: Communities Together Campaign," a national public education initiative to reduce the stigma of mental health disorders by highlighting the special mental health needs of children.

The child-focused campaign complements significant expansion over the past five years of pioneering comprehensive community-based systems of care for treating children with serious emotional disturbances. This approach recognizes the importance of treating the family unit and strives to ensure that children with special health care needs and their families obtain appropriate and sufficient mental health and substance abuse health care. Emerging evidence suggests that this system-of-care approach reduces behavioral problems and improves school performance as well as social functioning at home, school and the community. The approach also promises greater stability in living arrangements for these youngsters, fewer contacts with law enforcement, and fewer missed days of school.

For younger children, HHS in conjunction with the private-sector Casey Family Program has established the Starting Early, Starting Smart program to address the needs of children who have at least one parent who suffers from serious mental illness and/or substance abuse. Research has shown that these children experience increased emotional, behavioral, and relationship problems. This program seeks to test the effectiveness of integrating behavioral health services within primary care and early childhood service settings for children age 0 to 7. Realizing the importance of the earliest years, this public-private partnership seeks to reach children at their most critical time for mental and physical development.

Social and emotional well-being is a crucial component of success in school and later life. In another important partnership, Head Start and NIMH have joined forces to sponsor a consortium of researchers focused on promoting mental health and well-being for young children and their families. By focusing on prevention, prompt identification and treatment, the Head Start Mental Health Research Consortium is building on the longstanding tradition of Head Start as a national laboratory to refine interventions for children in poverty.

One of the most tragic complications of mental illness is suicide, which remains a serious problem among young people. While the suicide rate has generally declined over the last several decades, reported rates of suicide among teenagers and young adults grew threefold between 1952-1996. For adolescents ages 15-19, rates increased by 14 percent between 1980-1996, while the increase for 10-14 year olds was 100 percent during that same time period, placing suicide as the third and fourth leading cause of death for these age groups respectively. In response to this dramatic increase, the World Health Organization issued guidelines and urged its member countries to address suicide

prevention. The United States followed suit by developing a public private partnership comprised of many agencies within HHS, and the grassroots Suicide Prevention Advocacy Network. These entities collaborated to develop a national strategy to prevent suicide in the United States, with special focus on youth, culminating in the Surgeon General's Call to Action to Prevent Suicide.

## *Eliminating Disparities*

Despite gains and improvements for children overall, disparities in health status among children of various racial and ethnic minority populations plague our country. Blacks, Hispanics, American Indians and Alaska Natives, and Pacific Islanders experience continued disparities in health status as compared to the population as a whole. Infant mortality rates, for example, are more than twice as high for black infants compared to white infants. Minority children lag slightly behind white children in overall immunization rates. The President has committed the nation to an ambitious goal to eliminate the disparities for six indicators of health status by the year 2010. Improving the health of minority populations while sustaining the improvements of the overall health of the American people is a key component of the President's Initiative on Race.

In 1998, the President and the Department of Health and Human Services announced the Eliminating Racial and Ethnic Disparities in Health Initiative. The initiative focuses on six selected areas to achieve the President's vision of eliminating the gaps in health status: infant mortality, cancer screening and management, cardiovascular disease, diabetes, HIV infection/AIDS and immunization.

The Initiative includes funding as well as a campaign to reach out to local communities and community-based programs to improve education and outreach efforts. Racial and Ethnic Approaches to Community Health (REACH 2010) grants are two-phase projects to designed to encourage community mobilization and leverage more effective use of existing resources to develop effective and sustainable programs to eliminate health disparities of racial and ethnic minorities. The communities served by REACH will include all those identified for the Race Initiative. CDC has funded thirty-two local coalitions in 18 states to begin the planning for this critical task and in a partnership with the California Endowment, an additional three community coalitions will be funded.

To eliminate the disparity in infant mortality rates, the Administration is focusing on prenatal care, premature births, and Sudden Infant Death Syndrome (SIDS) rates among minority groups. Racial and ethnic disparities are greatest in pre-term births and low birthweight, among the leading causes of death for infants. In 1996, 84 percent of white women began their prenatal care in the first trimester, compared to 71 percent of black women. The incidence of pre-term births among black mothers (17.7 percent) is much higher than among white mothers (9.7 percent). The Administration is working towards eliminating the financial, educational, social, and logistical barriers to care that are creating these disparities as well as supporting research to identify and correct other causes for these disparities.

During the past several years, childhood immunizations have reached an all-time high. While immunization rates for minorities are slightly lower compared with the white population, minority rates of immunization have been increasing at a more rapid rate, diminishing the disparities. To sustain the improvement and close the gaps, a new public awareness campaign has been mounted to underscore for parents and caregivers the importance of all children receiving a full course of recommended vaccinations by age 2. Current efforts must be sustained in order to achieve the President's goal.

*New Tools to Understand and Improve Children's Health*

At its best, the United States has an excellent health care system, and its children are well cared for. However, in recent years, the health care system has identified numerous problems with the quality of health care that is delivered, including health care for children. To ameliorate these problems, the Administration has been actively identifying quality challenges in children's health care and developing strategies for quality improvement.

For example, children were identified as a vulnerable population in the report of the President's Advisory Commission on Consumer Protection and Quality in the Health Care Industry. As a result of recommendations in that report, HHS' Agency for Health Care Policy and Research is supporting research to develop measures of clinical quality of care for the most vulnerable children, such as very low birthweight babies and children with chronic illnesses. Working with its private sector partners, including the Foundation for Accountability (FACCT) and the National Committee for quality Assurance, HHS is developing measures for children with asthma and other chronic conditions, for teens who may have sexually transmitted diseases, and for all children who would benefit from preventive services such as well-child care and immunizations, if these services are provided.

Clear statements of the evidence on what works in prevention and treatment for children provide the backbone of quality measures development and quality improvement efforts. To this end, HHS has synthesized and disseminated the most rigorous evidence on treatment of attention deficit hyperactivity disorder (ADHD), otitis media, and a broad range of preventive services.

A major initiative to use distance learning is dramatically scaling up the reach of training for public health professionals, especially those addressing children's health. Through Internet-based accredited courses, facilitated discussion groups and information transfer, training in quantitative techniques and analytical methods for needs assessment, policy development and evaluation of interventions is now reaching 2000 local and state maternal and child health staff annually.

Finally, considerable effort has been made to covert health related data into useful and readily accessible information for program planning and assessment at the state and local levels. This innovative approach draws on the experience of states that have developed integrated web-based data systems and involve linked data sets supported by multiple agencies in a state. Integrated information systems provide a comprehensive view of health, particularly for children and mothers, to determine their health status, related risk factors, population characteristics and services delivered and needed such as health care system attributes and performance. With these integrated systems, local and state public health and health services agencies can significantly improve their use of information to strengthen health care for families and children.

## II. AMERICA'S CHILDREN ARE LEARNING HEALTHIER ATTITUDES, BEHAVIORS, AND LIFESTYLES

While all efforts must be made to give children the best opportunities for a healthy start, especially in the critical early years, children also must be given education and encouragement to make decisions that further their healthy development. Children's health and well being are placed in jeopardy by the inherent dangers of tobacco and drug use, as well as the dangers posed by safety hazards that cause unintentional injuries. The Administration has made it a priority to protect children from these preventable health risks, while encouraging children to take up healthy habits, like physical activity and good nutrition.

### *Youth Tobacco*

Research has shown that some children begin experimenting with tobacco as early as ages 10-13. All too often, they become addicted at age 14-16, and once addicted, risk becoming tobacco industry customers for life. Each year another million teenagers become regular smokers. To break this cycle, the Administration set a goal of reducing the smoking rate among young people by 50 percent by 2003, curbing unnecessary disease, disability and death in adulthood.

The insight that tobacco use is a pediatric disease persuaded the Administration to open a comprehensive campaign in the war against smoking. First, the Administration used its regulatory powers in a FDA rule that prohibits young people's access to tobacco and curtails its visibility and appeal to youth by limiting the industry's marketing tools, such as advertising, billboards, giveaways and sponsorship of events and other products. The Supreme Court recently granted a writ of *certiorari* in a case challenging this rule. Despite the legal challenges, the President has remained strong in his support of the FDA regulation.

Second, the Administration has cracked down on vendors who sell tobacco to minors. States are now required to conduct random unannounced inspections of a sample of tobacco vendors to assess their compliance with laws prohibiting tobacco sales to underage individuals. States failing to meet their goal of reducing vendor sales-to-minors violation rates to less than 20 percent risk losing a percentage of their federal funds for substance abuse prevention and treatment. Youth themselves are participating in enforcement inspections to ensure that retailers are obeying the law.

Third, HHS reinvigorated a special Office on Smoking and Health at the CDC, set up a clearinghouse to assist states with effective practices, established a public health research program to demonstrate and evaluate state-based programs, and created new strategies to address the effects of secondary smoke and other tobacco-related environmental issues. Today several states have programs of counter-advertising, community coalitions, and policies on the environmental effects of tobacco use.

Fourth, the Administration expanded the surveillance tools available to track tobacco use. The "Youth Risk Behavior Survey" and "Monitoring the Future" provide important national information and trends about teens' health behaviors and attitudes towards drug use, and in 1998, Monitoring the Future began collecting data on cigarette brands used by children. By 2001 a household survey administered by SAMHSA will provide smoking-related data not only by brand but also by state. This will advance markedly the ability to target specific geographic areas and specific company practices in order to reduce teen smoking.

Finally, There have also been considerable public awareness and education efforts to reduce youth use of tobacco and to promote health and fitness through partnerships among the Department of Health and Human Services, the U.S. Women's National Soccer Team, and US Soccer. The "Smoke-Free Kids" campaign is a multi-media approach to encourage children to get involved in soccer, and not cigarettes.

There is little question that the social climate in the country has changed as a result of the Administration's willingness to confront the life-threatening nature of tobacco use. No longer are public health professionals the only ones calling to "take the billboards down." It is now widely accepted and politically safe for individuals to talk about the hazards of smoking and the impact of smoking on the environment and for communities to take measures to countervail the vast advertising and marketing by the tobacco industry. Several states and localities have banned not only indoor smoking, but outdoor smoking as well. Cities such as Baltimore have prohibited billboard advertising.

More importantly, these efforts are affecting the smoking habits of millions of Americans. Massachusetts' aggressive set of activities against tobacco use has returned a 31 percent drop in consumption between 1992 and early 1997. Nationwide, during the same period, smoking declined among pregnant women. Smoking reduction in this group is especially important because women who smoke are more than twice as likely to deliver a low birthweight baby, and about 20 percent more likely to deliver prematurely, both circumstances that increase risks to the infant's health.

The recent "Monitoring the Future" survey administered in 1998 noted that most adolescents reported a greater awareness of the risks associated with drug-related activities. However, the increasing incidence of teen smoking - CDC reports that the number of teenagers taking up smoking as a daily habit has increased 73 percent between 1988 and 1996 - reinforces the importance of holding steadfast to this concerted and comprehensive campaign.

## *Youth Drug Use*

The Clinton Administration has also made curbing the use of drugs and illicit substances an important priority. The main emphasis of the President's 1997 National Drug Control Strategy is to motivate our kids to reject the use of illegal drugs. In 1997, the Administration launched a \$195 million National Youth Anti-Drug Media Campaign, which uses the power of the mass media to educate young people, parents, teachers, and mentors about the dangers of drugs. The President expanded the Drug-Free Schools Act into the Safe and Drug-Free Schools Act of 1994, making violence prevention a key part of this program. The program requires schools to adopt rigorous, comprehensive school safety plans that include tough, but fair discipline policies, as well as effective drug policies, and annual school drug use report cards. The Safe and Drug Free Schools Program provides support for violence and drug prevention programs to 97% of the nation's school districts, which use these funds to prevent drug and alcohol abuse as well as violence.

Despite the alarming increase of drug use throughout the early 1990s, the 1998 National Household Survey on Drug Abuse (NHSDA) found that illicit drug use declined among young people age 12-17 from 1997 to 1998. The percentage of youths reporting current illicit drug use declined significantly from 11.4 percent to 9.9 percent. Teen use of inhalants also decreased significantly from 2.0 percent in 1997 to 1.1 percent in 1998. The rate of youth reporting that they tried marijuana for the first time decreased. Another indication that the trends are moving, albeit slowly, in the right direction is that the average age of first-time marijuana use went up.

The NHSDA study found that illicit drug use among the overall population remained flat. In another study, HHS sponsored "Monitoring the Future" which monitors trends in drug use and attitudes in high school 8th, 10th, and 12th grade students, noted that most adolescents reported a greater awareness of the risks associated with drug related activities. Past year illicit drug use among 10th graders decreased slightly from 38.5 percent in 1997 to 35 percent in 1998. Past year use among 8th graders also decreased from 23.6 percent in 1996 to 21 percent in 1998. While drug use levels are still higher than they were a decade ago, halt in rising drug use over the past two years provides hope that the efforts to reverse the trend of drug use are beginning to work.

## *Injury and Youth Mortality Reduction*

Both unintentional and intentional injury have diminished markedly in the past several years. Nevertheless, unintentional injury still remains the leading cause of death among children ages 14 and under in the United States. The unintentional injury death rate among children ages 14 and under declined 30 percent from 1987 to 1996. However, in 1996, nearly 6,300 children age 1 to 14 died from unintentional injuries, and each year nearly 120,000 children are permanently disabled. Overall, youth death rates have continued on a downward trend, with a rate of 38.3 per 100,000 in 1996, down from 47.5 in 1991.

Unintentional injury-related death is often a result of motor vehicle injuries, which include children as occupants, pedestrians and bicyclists. Safety has been the highest transportation priority for the Administration, resulting in efforts to encourage Americans to use seat belts and to encourage parents to buckle up their children. According to the National Highway Traffic Safety Administration, child safety seats each year save the lives of more than 300 children under five years old, and seat belts save more than 10,000 lives in America each year.

The President set a goal of increasing national seat belt use to 90 percent and reducing child occupant fatalities by 25 percent by the year 2005. To reach this goal, the Administration implemented an extensive national strategy including Operation ABC Mobilization: America Buckles Up Children, as well as a national billboard campaign reminding adults to be role models when it comes to restraints, which have persuaded more motorists to buckle up and use child safety seats. In conjunction with The National Safe Kids Campaign, Safe Kids Buckle Up is a multi-media public service campaign launched in 1997, that enlists the help of health and education organizations, as well as the private sector, such as car dealerships, to distribute information. The Air Bag and Seat Belt Safety Campaign, and a continued call for tough laws and strict visible enforcement have resulted in historic levels of seat belt use. It is estimated that 19 million more Americans started buckling up in 1998, bringing the nation's seat belt usage to a record high level. The National Highway Traffic Safety Administration reports that restraint use among toddlers aged 1-4 increased dramatically from 60.1 percent in 1996 to 87 percent in 1998. Restraint use for infants less than one year old increased from 85.2 percent in 1996 to 97.2 percent in 1998. The 1998 National Occupant Protection Survey also showed that restraint use among youngsters ages 5-15 increased 64.6 percent in 1996 to 68.7 percent in 1998, and among young adults ages 16-24 increased from 62.4 percent in 1996 to 66.8 percent in 1998.

Recent surveys conducted by NHTSA showed disparities among traffic deaths by ethnicity. Native Americans die in car crashes at rates 2-3 times that of other racial and ethnic groups, and motor vehicle crashes are the leading cause of death for Hispanics through age 24 and for African-Americans ages 1 to 14. One survey also showed that 42 percent of minority children are at greater risk because they are improperly placed in child safety seats, while only 15 percent of white infants are improperly placed. Seeking to eliminate these disparities, the Administration called on the National Diversity Forum to create life-saving solutions and propose recommendations while addressing different minority groups' concerns.

For children ages 5 and older, homicide joins unintentional injuries as one of the three leading causes of death. And for teenagers, injury, including both unintentional injuries, homicide and suicide, continue to account for four out of five deaths. From 1994 to 1996, both the firearm homicide and firearm suicide rates have fallen by about one-fourth for adolescents ages 15-19. A more extensive discussion of youth violence rates and the Administration's efforts toward preventing youth violence follows in the next section.

## *Youth Violence and Youth Crime*

Just as juvenile violent victimization has declined in the past few years, so has the commission of crimes, both violent and nonviolent, by young people. In fact, despite recent high visibility student killings, juvenile violent crime fell to its lowest level since 1987, based on the FBI's Uniform Crime Reports data, and has declined 30 percent from 1994 to 1998 alone. Sharp decreases have been recorded for every category of violent crime committed by young people. The juvenile murder arrest rate dropped by 50

percent and the arrest rate for weapons law violations by 33 percent between 1993 and 1998. Arrests for forcible rape were down by 25 percent from 1991 to 1998 and assaults declined 20 percent from 1994 to 1998.

The Administration has been committed to addressing the issue of youth violence in a comprehensive manner. The Justice Department's Comprehensive Strategy for Serious, Violent and Chronic Juvenile Offenders has provided a strong framework of strategic responses at the community, city, State and national levels. The strategy calls on all sectors of society to work together to address the full continuum of needs from prevention programs that target all youth, to graduated sanctions that seek to habilitate delinquent youth. The comprehensive strategy engages the community in planning for young people both to support their healthy development and to hold them accountable for their offenses.

As the media and particularly the Internet, become increasingly present in the daily lives of children, the Administration has realized the need to ensure that the messages being sent to children are appropriate. It is estimated that children spend about 25 hours a week watching TV, more time each year than they spend in the classroom. By the time they complete elementary school, children have witnessed about 8,000 murders and 100,000 acts of violence. The President has directed and made various efforts to monitor and curb the violent and explicit content that is inappropriate for children's viewing.

In 1998, the Federal Communications Commission adopted rules requiring all television sets with picture screens 33 centimeters or larger to be equipped with features to block the display of television programming based upon its rating. This technology, known as the "V-Chip", allows parents to control what programs their children view. To expand parents' tools to block or select programming on a more informed basis, the Telecommunications Act of 1996 gave the broadcasting industry the first opportunity to establish voluntary ratings for programming containing sexual, violent, or other material parents may deem inappropriate. The Administration obtained voluntary commitment from the industry to broadcast signals containing these ratings.

In 1999, the President announced a nationwide movie ratings education and enforcement effort created in conjunction with the National Association of Theater Owners. Movie theater owners will require photo identification from young people seeking admission to

"R"-rated films, an educational outreach program is being devised for parents about the ratings system and new ID-check policy, and theater owners gave their support for a national study on the causes of violence.

Finally, the President enlisted the entertainment industry to marshal an anti-violence campaign across the airwaves. A coalition of broadcast and cable networks, in collaboration with the Advertising Council and the Kaiser Family Foundation, will promote a new public education advertising series aimed at adults, called "Talking with Kids about Violence." In addition to a vast array of network and cable channels, the campaign will also include a website and a booklet for parents. In addition, an independent and nonpartisan National Campaign Against Youth Violence will serve as a clearinghouse on programs that work, gain commitments across many sectors of society to address violence, and develop more supports for parents to help them protect their children.

Finally, because the most highly publicized and shocking acts of youth violence have occurred in schools, the Administration has placed high priority on comprehensive strategies aimed at preventing future acts of school-based violence. These initiatives are more fully described in the section entitled School Safety.

## *Physical Activity*

The need for physical activity among today's youth is of increasing concern. Overweight adolescents are at greater risk of being overweight as adults, and adults who are overweight are at higher risk of numerous health problems. Overall, the percentage of children ages 6 through 17 who are overweight has increased more than twofold since the 1960s, with the largest increases seen since 1980. The percentage of overweight children was 13.6 during 1988-1994, rising from 7.6 in 1976-1980. With this continued increase, physical activity has become an important public health issue.

The Administration has made efforts to encourage and highlight the positive benefits of physical activity. In 1996, the Surgeon General produced a landmark report on physical activity and health. The report served both as a summary of the positive relationship between physical activity and health status, and as a national call to action to improve the health of the nation by continuing our commitment to healthy physical activity. In 1997, CDC issued Guidelines for School and Community Programs to Promote Lifelong Physical Activity Among Young People. These guidelines are based on an in-depth review of research, theory, current practice in physical education, exercise science, health education and public health. Finally, various physical activity and fitness objectives are included in the Healthy People 2000 goals and these objectives will continue to be benchmarks in the Healthy People 2010 Initiative.

Especially among girls, physical activity and participation in sports has been linked to various positive outcomes, such as increased self-esteem and a positive body image. The President's Council on Physical Fitness and Sports concluded that physical activity has an increasingly important role in the lives of girls, both because of its physical health and emotional benefits. Yet, of the major decrease in physical activity that occurs during grades 9-12, the decrease is more profound for girls than for boys. Therefore, strategies to increase the amount of physical activity will need to be tailored to the specific and varying needs of boys and girls. The Administration, led by the Department of Health and Human Services, has made encouraging girls' physical activity a top priority. Secretary Donna Shalala's Girl Power! initiative seeks to reinforce and sustain the positive views of their health that girls demonstrate at age 8 or 9, which research shows begin to deteriorate through age 14. A vital component of the Girl Power! campaign is to promote healthy physical activity among girls.

### **III. AMERICA'S CHILDREN ARE BETTER PREPARED FOR SCHOOL AND WORK**

Education, from preschool through higher education, has a lasting impact on the life of a child and makes a critical contribution to social and economic success. However, in order to benefit from schooling, children must be ready to learn. Their health, home and child care environments, especially in their earliest years, can play a critical role in their ability to perform successfully at school, and later on at work. Schools must also be prepared to serve their students. Teachers must be well qualified, materials and resources must be

current, and schools should have access to the latest technological advancements. Schools must also provide safe learning environments, and after-school activities are a proven way of enriching children's learning, while keeping them off the streets during those vulnerable after-school hours. Educational opportunities at all levels, from quality child care, to top-notch colleges and universities, must be accessible and affordable. Most importantly, schools must prepare children for life after graduation to help them become productive and active adults. For these reasons, the Administration has placed enormous emphasis on strengthening early childhood education, child care, education at all levels and high performance standards.

### *Increasing Effectiveness of Early Childhood Education and Head Start*

Working with many partners in the public and private sector, the Administration has infused into all levels of government, and across communities of every type, the legitimacy of public investment in early childhood development. It is now commonly accepted and recognized that children need the right start in life and that parents, neighbors, and a wide range of public and private sector agencies and organizations play a significant role in making that start a positive one. In this section we address the Administration's extensive efforts to strengthen the quality of educational and developmental programming for young children. In a later section on supports for working families (see page ), we also address the scale of investment as well as policy initiatives designed to enable early childhood programs to meet the changing needs of parents.

Knitting together various publicly-supported programs, such as Head Start and child care, and stimulating State investment in Head Start, pre-kindergarten and child care, the Administration has significantly advanced the goal of a universal system of developmental opportunities for young children. When children reach school age, the Administration has assured that new resources will also be available for them, promoting the notion that readiness for school and learning in the early grades require an educational continuum.

The President and the First Lady recognized the importance and potential of the new knowledge emerging from neuroscience about brain development in infants. The White House is invested in ensuring that children achieve the critical developmental milestones in the earliest stages of life. Failure to do so compromises children's social, emotional and cognitive competencies and impairs their school readiness. Hosting an unprecedented White House Conference on Early Learning and Brain Development exposed the public to these scientific understandings, and gave credibility to their importance for parental and other adult influences on babies and young children.

One of the National Education Goals for the year 2000 is that "all children will start school ready to learn." The Administration has built on the increasingly strong evidence that children benefit from having access to high quality and developmentally appropriate preschool programs that help prepare children for school. In 1996, enrollment rates

continued to increase, and over half (53%) of all pre-kindergarten children ages 3 to 4 were enrolled in preschool and early childhood center-based programs, including day care centers, Head Start programs, preschools, pre-kindergartens. African-American children three to four years old have the highest enrollments in early childhood programs. In 1996, 63 percent of African-American children were enrolled, compared to 54 percent of whites, and 37 percent of Hispanic children. African-American children have shown the largest increase in recent years, increasing 10 percentage points between 1996 and 1997 from 45 percent to 55 percent in 1997. Preschool attendance increased among children living in poverty, from 34 percent in 1996 to 40 percent in 1997.

The President set a goal of strengthening program quality, while enrolling one million children in Head Start by the year 2002. Since taking office, the Clinton Administration has more than doubled funding for Head Start and increased the number of children and families served by 41 percent, from 621,078 in 1992 to about 877,000 in 1999. The President fought for and won a funding increase of \$313 million for FY 1999, ensuring that Head Start will continue to expand and stay on track to reach its year 2002 goal.

In June of 1993, the Advisory Committee on Head Start Quality and Expansion was formed to make recommendations for a renewed Head Start program. Based on these recommendations, within a month bipartisan legislation to reauthorize and strengthen the Head Start Program was introduced, moved through Congress quickly and was signed by the President in 1994. The Human Services Reauthorization Act of 1998 passed by Congress at the President's urging again enhanced Head Start. This bipartisan legislation builds on the President's commitment to improve and expand the Head Start program.

The 1994 legislation charged HHS with developing revised Head Start Program Performance Standards, in consultation with Head Start and early childhood program practitioners and a range of other experts. For the first time since the 1970s, HHS published revised performance standards in 1996. These revised, user-friendly standards remove rigid and prescriptive requirements, integrate standards for infants and toddlers, and promote collaboration with other community programs. Since their issuance, HHS has monitored Head Start programs against these standards and closed approximately 100 programs unable to meet them, while turning around more than twice that many programs through intensive training and technical assistance. Annual teachers salaries have also risen to over \$19,000 from only \$17,000 a few years ago. Further, there is a nationwide effort to assure that at least half of all Head Start teachers have degrees in Early Childhood Education by September 2003. Head Start's own research efforts have underscored the importance of teachers' educational background to classroom quality, and this initiative to improve teacher training and qualifications will yield richer learning environments for preschool children.

Another strategy taken to strengthen the quality of early childhood development options involves an innovative collaboration by the Head Start and Child Care Bureaus jointly to fund and manage a national training and technical assistance project, called "Quality in Linking Together: Early Education Partnerships" (QUILT). QUILT is engaging states to

develop strategic approaches to partnerships across Head Start, pre-kindergarten and child care by disseminating information on successful partnership models and providing on-site technical assistance for the full range of early education providers. Technical assistance is also promoting partnerships among Head Start, child care, and federally supported education programs such as the Even Start family literacy effort, and programs for infants, toddlers and young children with disabilities.

In 1997, the Administration implemented the Family and Child Experiences Survey (FACES) which is providing valuable data on the quality in Head Start classrooms. The FACES study represents the first time that there has been a regular look at quality and both family and children's outcomes in a nationally selected random sample of Head Start classrooms. Early results from this pioneering assessment indicate that the quality in most Head Start classrooms is good and no classrooms scored below the minimal quality range, underscoring the importance of standards and monitoring. Other promising findings indicate that Head Start four-year-olds perform above the levels expected for children from low-income families who have not attended center based programs, and that children who attended two years of Head Start performed better than children attending only one year.

Head Start's customer satisfaction rating is the highest of any program in the federal government. FACES results indicated that for a nationally representative sample of parents, over 96 percent were satisfied with their child's preparation for kindergarten, with 85 percent "very satisfied." When asked who had been most helpful in raising their child over the past year, parents indicated Head Start staff, even more often than relatives, indicating confidence and trust in these professional caregivers. These findings confirm those reported in the recent American Customer Satisfaction Index. For example, parents in both studies demonstrate a high degree of satisfaction with Head Start's support for their child's growth and development, openness to their own cultural backgrounds, ideas, and active participation in the program, and fostering of their role in the wider community.

Recognizing the critical importance of reaching children in their earliest years of life, in less than five years, the Administration has created a landmark program for young children. The Head Start Amendments of 1994 established Early Head Start, a new initiative to extend Head Start to low-income children ages 0-3 and pregnant women. Drawing on the advice of top experts, the National Advisory Committee on Services for Families with Infants and Toddlers designed a program that reflects the best science and experience. The 1998 reauthorization adopted the President's proposal to double the percentage of Head Start funds directed to Early Head Start by 2002. In 1999, Early Head Start will be able to extend child development and health services to nearly 39,000 children, and funding will total nearly \$350 million.

## *Building Child Care Capacity and Quality*

Participation in quality child care also has the potential to strengthen children's preparation for school. Recent estimates indicate that approximately 68 percent of 3-year-olds, 78 percent of 4-year olds, and 84 percent of 5-year-olds are receiving some type of child care on a regular basis. That translates to 6.8 million preschoolers in child care. Expanding and improving safe, affordable, quality child care opportunities have been a complementary strategy to strengthening and expanding Head Start.

For the first time ever, in 1995, the federal government created an office focused solely on child care. The Child Care Bureau at the Department of Health and Human Services has brought greater attention in this key area and streamlined child care program operations, so that parents and providers could on achieving and obtaining the best care possible for their children. In addition, HHS launched the National Child Care Information Center to disseminate child care information, publications and resources to help parents, researchers and policy makers. The President and the First Lady hosted the first-ever White House Conference on Child Care in 1997. In this highly visible setting, experts brought national attention to the need for child care for working families, the impact of child care on children, and creative community-based strategies to augment the supply of care, improve the training and compensation of child care workers, and upgrade the quality of care.

To emphasize the importance of bolstering the quality of child care, the President directed federal agencies to increase civilian and military child care programs in compliance with standards set by national organizations that conduct voluntary accreditation programs. While there are several national accreditation systems for early care and education, at least three of these show numbers of accredited programs on the rise since 1992. As of September 1998, there are 6107 programs serving more than half a million children accredited through the National Association for the Education of Young Children and the National Early Childhood Program Accreditation Commission, nearly triple the number in 1992. The National Association for Family Child Care has also nearly doubled the number of accredited family child care homes and centers to 922 serving nearly 6,000 children. Since 1991, the number of accredited centers in the military has also risen dramatically: as of 1998, of the 435 military child care centers, 386 are accredited, up from 50 in 1991.

The Department of Defense child care system has become a model of employer-sponsored child care and after-school programming, serving 2000,000 children daily at over 300 locations worldwide. In 1997, the President asked DOD to share its expertise and lessons learned with the civilian child care community. Months later, the DOD produced a report with recommendations, suggestion and details about their child development program. DOD formed partnerships to foster the exchange of ideas, information and materials. Military Services has shared its expertise with civilian child care providers by mentoring local centers pursuing accreditation, opening parent and

family workshops to the civilian community, and offering internships in DOD programs to broaden the base of quality child care in communities surrounding military installations.

Several steps have been taken as well to improve the health and nutrition of children in child care settings. First, consistent with the Administration's efforts to ensure young children get life saving and illness-reducing vaccinations, new rules require that all children receiving federal child care assistance receive the recommended immunizations against childhood diseases. Second, the federal government, in collaboration with leading organizations of health professionals such as the American Academy of Pediatrics (AAP) and the American Public Health Association, facilitated new partnerships between health and mental health professionals at the state and local level and child care programs. The Healthy Child Care America Campaign was launched in 1995 by the Child Care Bureau and the Maternal and Child Health Bureau. In 1996, the AAP assumed coordination of the campaign, with the support of several federal health and human services agencies. Now, more than 60 states and territories have received support to implement Community Integrated Service Systems/Health Systems Development in Child Care Projects and to improve the quality of care and to enroll children in CHIP and Medicaid. These new partnerships between health professionals and child care providers are designed to ensure that children in child care are in safe and healthy environments and that they get the health care they need. Third, the President maintained the commitment to providing quality nutrition in the USDA-administered Child and Adult Care Food Program, which provides healthy meals and snacks in child care facilities. In 1998, the program provided meals to about 2.5 million children in approximately 36,500 child care and after-school centers.

Parents now have access to reliable consumer information that can assist them in selecting the best child care options for their children. Building on NIH-sponsored research regarding the quality of child care, it is now possible to reassure parents that they are not hurting their children by placing them in quality care. The NIH study, which is the largest, longest, and most rigorous child care study to date, highlights the elements of good child care that lead to optimal child development. Findings from the study offer parents help in choosing child care and the specific markers of quality. In addition to aiding parents, the study also provides guidance for policymakers about what good care should be and how to regulate it.

Without subsidies, many families are forced to rely on whatever child care they can afford which often means leaving children unsupervised or leaving them in inadequate and unsafe care. We discuss affordability in more depth in the section on Child Care for Working Families, however it is worth noting here that federal funding for child care has increased 80 percent since 1993. The \$4 billion in additional funds over six years added through welfare reform. The earlier patchwork of child care funding has been streamlined in a way that will enable states to design comprehensive, integrated child care delivery systems to meet the needs of working families. Each budget the President has submitted to Congress has included increased funding for child care. The most recent

five-year \$20 billion proposal provides for wise and prudent investments in subsidies, tax credits, and resources to states and communities to improve the quality of child care programs.

### *Strengthening Elementary and Secondary Education*

There has been no more crucial component of the Administration's focus on children than its emphasis on education. Beginning in 1993 and throughout the subsequent years, several targeted strategies generated new attention to and new investment in elementary, secondary and higher education, as well as to the linkage between schooling and employment opportunities.

Ensuring children's progress in the early grades became a critical first step. Through the reauthorization of the Elementary and Secondary Education Act (ESEA), the Improving America's Schools Act of 1994, Educational Excellence for All Children Act of 1999, and the Goals 2000: Educate America Act, the Clinton Administration took a number of historic steps towards preparing all of America's students to meet high academic standards and to transform the Federal role in education.

Research has shown instruction linked to high standards can produce significant gains to student performance in reading and math. The 1994 laws were built around the standards-based approach to reform: leveraging federal resources to encourage and assist states in developing and implementing challenging state standards for all children and in using those standards to improve learning through a coherent and aligned system of curricula and assessments. With federal leadership and support, 48 states, Puerto Rico and the District of Columbia have completed development of state content standards for children, and two other states have promoted challenging standards on the local level.

According to the General Accounting Office, state officials believe that Goals 2000 is helping states meet their own education reform goals. Goals 2000 and ESEA are spurring standards-based reform in local schools and communities. More than 80 percent of school districts with high concentrations of low-income children, and almost half of all districts nationwide, reported that Title I is "driving standards-based reform in the district as a whole."

The Educational Excellence for All Children Act of 1999 is President Clinton's proposal for reauthorizing the Elementary and Secondary Education Act (ESEA). His proposal continues this Administration's commitment to education in the 1994 reauthorization as well as Goals 2000, by building on the promise of getting high expectations, academic standards and well-prepared teachers into every classroom through incentives and stronger accountability to ensure that such reforms take hold. In addition, building on the evidence that student-teacher interaction is promoted by reduced class size, \$1.2 billion has been allocated to provide funds to hire and train more than 30,000 additional qualified teachers for the 1999-2000 school year.

Improvements in achievement provide evidence that the Administration's reforms and initiatives are making a difference. Data from the National Assessment of Educational Progress (NAEP) and two international assessments provide clear indication that these changes are working in certain subject areas. The percentage of those performing above or at the basic achievement level has improved for most grade levels in reading and mathematics. There have been significant increases in math scores at the 4th, 8th, and 12th grades. The National Education Goals Panel reported that between 1990 and 1996, 27 States significantly increased the percentage of 8th graders scoring at either the proficient or the advanced level on the NAEP math test.

Another of the President's education challenges is that all children will read well and independently by the end of the third grade. Through the America Reads Challenge, the President enlisted over 1000 colleges and universities to sign up for the Federal Work-Study program, sending their work study students into schools and communities to tutor children in reading to help meet the challenge. Over 3000 tutor coordinators from colleges and universities as well as schools and community organizations have been trained, and consortia of reading collaboratives have new funds to train directly up to 10,000 reading tutors. In September of 1998, an additional \$3 million was awarded to sixty-one partnerships across the country to provide resources for early literacy initiatives. Strengthening efforts to promote children's literacy, The Reading Excellence Act was passed in October 1998, in response to the President's challenge to all Americans to help children learn to read. This Act provides \$260 million that will serve more than half a million children in pre-kindergarten through third grade.

## *School Safety*

In spite of the well-publicized shootings, like the youth crime rate outside of school, the overall school crime rate between 1993 and 1996 declined. The Department of Education reports the rate dropping slightly from about 164 school-related crimes for every 1,000 students ages 12 to 18 in 1993 to about 128 such crimes in 1996.

In addition, serious violent crime constitutes a small percentage of the total amount of school crime, and homicide is extremely rare. Fewer than 1 percent of the more than 7,000 children who were murdered in 1992 and 1993 combined were killed at school. In the 1992-93 and 1993-94 school years combined, 63 students ages 5 through 19 were murdered at school and 13 committed suicide.

However, even these deaths were too many and, in fact, the number of multiple-victim homicide events at schools increased, from two in the 1992-93 school year to six in 1997-1998. The number of victims in these events also increased (from four in 1992-1993 to 16 in 1997-98). It was these highly publicized series of multiple student killings that sensitized the nation to the need to pay much greater attention to young people. Strategies that the Clinton Administration had been pressing for some time, such as early detection of student's learning and emotional problems, adult mentoring, constructive activities for children when they are not in school, and more effective controls on the safety and availability of guns became not only acceptable but sought after solutions by the public.

In October 1998, the President convened the first-ever White House Conference on School Safety, and outlined the Safe Schools/Healthy Students Initiative to target youth with comprehensive services to prevent violence and promote healthy development. This program, a ground-breaking collaboration across the Departments of Justice, Education and Health and Human Services, was funded initially in FY 1999. It is designed to enable school districts to develop safer learning environments and help kids avoid the dangers of violence, drugs and other destructive behaviors.

Building on the systems-of-care approach, the \$100 million Safe Schools/Healthy Students program requires school districts to form partnerships with local mental health and law enforcement authorities to promote healthy child development. Fifty-four urban, suburban, rural and tribal school districts in the first wave of this violence prevention strategy are galvanizing their communities around five areas of focus: safe school environments and policies, alcohol, drug and violence prevention and intervention programs, school and community mental health preventive and treatment services, early childhood social and emotional development programs, and school reform. These communities seek to improve the mental health of children through school-based programs designed to significantly strengthen the ability of schools, communities and families to recognize early warning signs of distress, and provide support and safety for children.

The Safe and Drug-Free Schools national programs were also redesigned to reinforce the President's commitment to school safety. Violence prevention joined drug abuse prevention as a key emphasis. The program provides funding to support the National Resource Center for Safe Schools. This center, funded in collaboration with Department of Justice (DOJ), and the Department of Education, has been established to offer training and technical assistance that will enable schools and communities to create safe school environments. The program also awards grants to districts and communities to improve the effectiveness of prevention programming. To ensure broad reach for its joint training efforts, the three departments also developed Partnerships for Preventing Violence, six national facilitated satellite broadcasts. Already, nearly 10,000 health, education, juvenile and criminal justice professionals and other community leaders have been trained to address violence using a multi-disciplinary approach.

### *Education for Children with Special Needs*

The Administration has made significant efforts to improve and increase opportunities available to children with disabilities. The percent of children served by public school programs for children with disabilities has increased in recent years and the Administration has aided in improving and expanding the programs that serve disabled children. Currently, more than 5.8 million children and youth with disabilities receive special education services under the Individuals with Disabilities Education Act.

The President signed the Individuals with Disabilities Education Act in 1997, reaffirming the commitment to provide all our children with the opportunity for quality education. Since IDEA's original enactment in 1975, three times as many disabled young people are enrolled in colleges and universities, and twice as many Americans with disabilities in their twenties are in the workplace. However, children and youth with disabilities were often excluded from the mainstream curricula and assessments used with non-disabled classmates. In addition, many children with disabilities still present alarming statistics. Twice as many children with disabilities drop out of school and girls who leave school before graduating become young, unwed mothers at a much higher rate than do their non-disabled peers.

The Administration worked to expand IDEA '97 to strengthen academic expectations for disabled students and to eliminate the discrepancy between what disabled students are expected to learn in comparison with their non-disabled peers. The law now ensures that children with disabilities can be included in extracurricular events and clubs, as well as regular classroom activities. It also ensures that children with disabilities have the same curricula and the same assessments, and it seeks to help teachers get the full range of skills needed to best serve children with disabilities.

Many childhood mental disorders and cognitive disabilities go unnoticed, but children suffering from Attention Deficit Hyperactivity Disorder (ADHD) often cause great concern to parents and teachers. It is estimated that ADHD affects 3 to 5 percent of school age children. HHS has taken a proactive approach, sponsoring studies to advance

the mental health science and knowledge of ADHD. Recent NIMH supported research has contributed further evidence that stimulant medications are more effective than behavioral therapies in controlling the core symptoms of ADHD. But the addition of behavioral treatments result in improved functioning in terms of better social skills and higher academic achievement.

Learning disabilities (LD) affect 10 million children in the U.S., or one in every five school children. The majority of children with learning disabilities are diagnosed with reading disabilities. The NICHD has initiated a collaborative research network of LD Research Centers to conduct long-term, prospective, longitudinal, multi-disciplinary research related to the causes, neurobiological correlates, developmental course, and cognitive and biological characteristics of learning disabilities. The LDRCs have made significant advances in identifying which teaching and intervention methods are most effective for LD children and have shown that early interventions yield significantly better reading skills.

Research through these institutes is providing new insights into appropriate treatments for children with special learning and behavior issues. In addition, as children gain strategies for concentration and achieve higher social functioning, they are better able to advance academically. These are critical studies that support the President's goal to get all American children reading by the third grade.

In addition to strengthening the education children with physical and cognitive disabilities receive, considerable advances have been made in enabling their parents to balance the demands of work and raising a child with a disability. The first piece of legislation the President signed, the Family and Medical Leave Act (FMLA), makes workplaces more accommodating for many families that include a child or adult with a disability. By permitting employees to take time off to care for a newborn or ill child, without risking loss of a job or health insurance, these families now have greater flexibility to navigate the challenges that children with special needs often face.

### *Making the Internet Widely Available for Children*

With the extraordinary explosion of information technology, it is essential that students have access to it if they are to gain the skills and knowledge necessary to function in the next century. The Clinton Administration has recognized the growing importance of technology in the lives of children. In 1996, the President challenged the nation's parents, teachers, government, community and business leaders to work together to ensure that all American children are technologically literate by the 21st century. The President outlined goals including connecting every school and classroom in America to the Internet and providing training and support to enable teachers and students to use technology to enhance education. \$257 million was allocated in FY 1997 to launch the Technology Literacy Challenge. With support from some of the nation's largest telecommunications companies, as well as the newly created Tech Corps, a national organization of private

sector volunteers with technological expertise, the Administration is making strides towards reaching the goal of technological literacy for America's youth.

The Administration also advanced the ambitious goal of connecting libraries and hundreds of thousands of classrooms in schools to the Internet. To achieve this goal, the Federal Communications Commission established a special discount rate (the Education or "e" rate) to make this electronic communications and knowledge base available to the poorest and most isolated rural schools. The e-rate provides a 20 to 90 percent discount on telecommunication services, Internet access and internal connections to public and private schools and libraries. In 1998, the first year that the education rate was available, \$1.7 billion in e-rate discounts went to over 80,000 urban and rural schools and libraries. Thousands more schools and libraries will be wired to the Internet in the coming years as a result of this discounted rate, with the potential of reaching schools that teach 40 million American children.

### *Advancing Aspirations and Ability to Afford College and Work*

For too many children, educational opportunities and decent jobs beyond high school have seemed unattainable. Yet the Administration believed strongly that making these opportunities available is vital to young people's success in a more technologically advanced society where a global marketplace is reshaping the quantity and quality of employment and careers. Strengthening children's information about and direct experience with the vast array of career possibilities, their knowledge of potential financial aid, and their familiarity with adults who participate in the labor force could contribute to building higher aspirations and planning the educational and work experiences necessary to reach these aspirations. In addition, making college more affordable through a range of improved and expanded grants, loans and scholarships for higher education would ease the financial burden on students and parents and overcome one of the biggest barriers to higher learning.

Consequently, the Administration initiated several streams of activity. The School to Work Opportunities Act of 1994 fostered a systemic reform strategy to develop rigorous preparation of students for post-secondary education regardless of whether they were oriented toward vocational or academic advancement. States and local communities have begun new partnerships among employers, educators, labor representatives and students to shape what schools teach about what it takes to succeed in the real world of work, increase work-site educational opportunities, and link work-based and school-based learning. By 1998, every state was participating in School to Work programs, and communities were instituting strategies such as career majors by the 11th grade, work-based learning, employer partners for schools and students, and stepped up school-based activities to help students learn about career options and formulate goals for themselves. New school-to-work reforms also reach elementary and middle schools in order to touch youngsters as early as possible with work-related experiences and information about the vast array of potential occupations. In local communities across the country, thousands of employers are now engaged in working with schools.

Linking earning and learning has also been the principle behind the Administration's efforts to help students obtain summer jobs with complementary educational activities. To combat the slippage in skills and knowledge which often occurs during the summer months, significant effort has been made to increase the number of young people who participate in some form of education as well as work during their summer vacations.

Young people aging out of foster care also need special attention to help them become successful adults. The Administration has proposed expansion of the Independent Living program for foster youth to help them complete high school, and gain more education or vocational training.

Students increasingly are dependent on financial resources if they are to achieve access to higher education or other pathways to employment after completing high school. Yet there is evidence that some families are unaware, or learn too late, of financial aid that is available to enable their children to plan to attend college, and that many other families and students need additional financial help in order to be able to pay for higher education.

The new High Hopes for College program, approved in the Higher Education Act Amendments of 1998, promotes new partnerships between colleges and high-poverty middle schools to inspire more young teenagers to have high expectations, stay in school and go on to college. The initiative is designed to inform middle schools and families as early as possible about financial aid available for education after high school and to bolster that information with mentors and tutors for middle grades students.

To respond to the need to make higher education more affordable, the Administration took a variety of actions to expand the availability of financial aid through grants, loans, scholarships and work-study. New permanent low interest rates for student loans will save about \$700 for the typical college student with loans, and as much as \$11 billion for students over the next five years. It is projected that in 1998, more than 3 million students will receive Ford Direct Loans averaging \$11,000, illustrating the rapidity with which the Department of Education has implemented this loan program since its initial phase-in during 1993. Both the number of students receiving Pell Grants and the amount of the grant have also increased since 1993, as have the numbers of students participating in the Federal Work-Study program. The 1998 Higher Education Amendments again increased the amount of assistance a student receives through Pell Grants to \$4,500, a 50 percent increase.

A record number of young people enrolled in college in the fall of 1998. In addition to the help provided by the expanded loan and grant programs, college will be more affordable when the "HOPE Scholarship" tax credit for students starting college and the Lifetime Learning tax credit for upper level college, graduate and professional degree students and adults are fully phased in. Approximately 13.1 million students are expected to benefit from this new tax credit, which comprises the largest investment in higher education since the G.I. Bill fifty years ago.

### *Community Service by Youth*

The Administration has promoted the value of community service, both for its positive outcomes for the community, and also for the individual performing the work. The tremendous satisfaction of contributing to one's community is coupled with the unique experiences and opportunities to interact and work with people from as close as your neighborhood, or from around the world.

Recognizing this, the Administration created AmeriCorps in 1993, a federal program whose nearly 40,000 participants each year volunteer to do community work. In exchange for completion of a year's intensive service, AmeriCorp members are eligible for an award of \$4,725 for college or training and possible forbearance on student loans.

Continuing to highlight the importance of community service, in 1997 the President hosted the Presidents' Summit for America's Future. Chaired by General Colin Powell, the Summit brought together President Clinton, former Presidents Bush, Ford, and Carter, and Mrs. Reagan to strengthen and expand volunteering and service programs to meet the needs of America's youth.

A total of 150,000 individuals have served in AmeriCorps since 1994, working on service projects in 4,000 communities throughout the country. Corps members join with some of the nation's largest voluntary and nonprofit organizations, from Habitat for Humanity to the American Red Cross, Boys and Girls Clubs and the YMCA to carry out their missions of service to children and families with a wide range of needs. Members of AmeriCorps have tutored and mentored more than 4 million children, developed after-school programs for more than one million young people, helped build 11,000 homes, and recruited more than 2 million volunteers. Other AmeriCorps volunteers have immunized children, cleared trails, painted schools and helped victims of natural disasters.

### *Increasing Opportunities to Participate in the Arts*

For the first time, promoting students' competencies in the arts, along with math and science, was included in the national education goals listed in Goals 2000. After this legislation, the Department of Education and the National Endowment for the Arts developed a blueprint to achieve this goal. In 1995, their efforts were formalized as the Goals 2000 Arts Education Partnership. This partnership has focused over 100 national organizations on the following priority areas: arts assessment, advocacy, standards, arts in early child care, and research. Together with the Department of Education's National Center for Education Statistics, the partnership conducted the first national assessment on children's exposure and proficiency in the arts. The first study of its kind conducted in over twenty years, the NAEP Report Card provided evidence of the need to strengthen arts education in schools. A similar assessment is scheduled for 2007, which will allow results of recent efforts to be evaluated.

Various other reports and studies have evaluated the promising practices of arts programs in schools. The President's Committee on the Arts and Humanities, along with the Arts Education Partnership, produced a report entitled "Gaining the Arts Advantage" which examined the literacy and competency of arts in various school districts.

In September of 1994, the President challenged his Committee on the Arts and Humanities to explore ways to enhance the availability of the arts and the humanities to children. By strengthening arts education, and using arts as an innovative approach to help youth at risk, the Administration has greatly furthered appreciation of art among youth. Artistic expression and pursuits have also been given legitimacy and importance as a strategy to give kids in high risk neighborhoods with particular personal challenges a way to find success and build skills and self-confidence.

In addition to increasing traditional arts education, the Administration has promoted an innovative approach to reaching children at risk through the use of the arts. Responding to President's Clinton challenge, an unprecedented emphasis was placed on programs designed to prevent violence and risky behavior. The Youth Arts Development Project was a three-year program aimed at youth offenders with a strong evaluation component, sponsored by the Department of Justice's Office of Juvenile Justice and Delinquency Prevention. Results are showing that participants have a more favorable attitude, and are less likely to offend.

The "Partnership for Conflict Resolution Education in the Arts" is a unique program that provides conflict resolution training through the arts to juvenile offenders in detention and correction sites. The "Arts and At Risk Youth" programs look to providing job skills and training conflict resolution during after-school hours. "Art Works!" is a partnership of the National Endowment for the Arts and the Center for Substance Abuse Prevention (CSAP), U.S. Department of Health and Human Services, that was designed to encourage prevention partnerships between arts organizations and community groups that work with youth at risk of substance abuse.

"Coming Up Taller: Arts and Humanities Programs for Children and Youth at Risk" is an award program developed by the President's Committee for the Arts and Humanities, the National Endowments and Humanities and significant corporate support. These prizes highlight the vibrancy and effectiveness of programs throughout the country that offer opportunities for children and teenagers to learn new skills, expand their experience, modes of expression and vision, and develop a sense of self, well-being and belonging.

The Administration's unprecedented support for the continued development of arts education as well as for using arts as a tool to help at-risk children will have a lasting impact. But in addition to starting various inventive programs, one of the most far-reaching accomplishments involves the partnerships that have been initiated and created to coordinate these programs. Bringing various federal agencies together to use arts as a catalyst provides a solid foundation to ensure that arts play a significant and fulfilling role in the lives of children.

## IV. MORE AMERICAN CHILDREN ARE ECONOMICALLY SECURE

### *Income and Poverty*

Too many families work hard and still struggle to support their children. This concern drove the Administration to pursue a comprehensive and long-term agenda to make work pay. As more families are lifted out of poverty, more children gain the benefits that come with increased economic security, including better health, increased educational success, decreased likelihood of early child bearing, and better opportunities for future employment and earnings. By tackling the social and economic problems inhibiting the healthy development of low income families, children, and communities, the Administration has put the nation on the path to a brighter future.

Average family income is one important marker of resources available to children. Between 1975 and 1992, mean income of families with children grew only slightly, from \$42,916 to \$45,747 (in constant 1995 dollars). Since 1992, however, mean family income has grown more rapidly, with an average annual growth rate of 3.1 percent compared to the earlier rate of 0.4 percent. Both married couple families with children and female-headed families with children experienced acceleration in income growth. Household income has also shown strong gains for all regions of the country and for all groups.

Sustained economic growth, reduction in unemployment and increasing employment opportunities and policy changes including expansion of the Earned Income Tax Credit, and increases in the minimum wage together have also contributed to the first reductions in child poverty in many years. Since 1981, poverty rates for children have clung stubbornly at or slightly above 20 percent. However, between 1993 and 1998, the number of children in poverty (by the official measure) declined more than in any five year period in the last 30 years. In 1993, 15.7 million children under 18 years of age were below the poverty line, about 22.7 percent of the child population. By 1998, poverty had fallen to approximately 13.5 million children, or 18.9 percent of the child population. Between 1997 and 1998 alone, the poverty rate for children dropped from 19.9 to 18.9 percent, a significant shift. The number of related children under age 6 below poverty has also decreased from 6.1 million in 1993 to 4.8 million in 1998, a 21 percent decline. Though there is still much work to be done to lift the remaining millions of children above the poverty threshold, the trend is moving in the right direction.

The percentage of welfare recipients working has tripled since 1992, and an estimated 1.5 million people who were on welfare in 1997 were working in 1998. There is also evidence that, on average, a family's earnings increase when a family member gets a job. The Earned Income Tax Credit (EITC), which the Administration fought hard to expand in 1993, is a major factor in improving the rewards of work, and for parents who choose it, to get part of this tax credit in their regular pay check.

## *Work Incentives*

One crucial strategy for strengthening families' resources has involved rewarding work so that families who participate in the labor force gain sufficient resources to raise a family. The Administration's vigorous efforts to expand the Earned Income Tax Credit have made a substantial impact on family income. The EITC gives low-income working families a rebate on their federal taxes which they can take annually in a lump sum or as part of their regular pay check. In 1993, the EITC just offset the negative impact of federal income and payroll taxes on poverty. By 1996, the EITC offset the impact of taxes for 1.2 million children and lifted an additional 1.2 million children out of poverty. In 1997 alone, the EITC reduced the number of children living in poverty by 2.2 million, according to the Council of Economic Advisors. In a more recent analysis, the Council of Economic Advisors found that between 1993 and 1997, over half the decline in child poverty was attributable to changes in taxes, especially the EITC.

The Clinton Administration expansion of the EITC has significantly increased the numbers of families receiving the credit (from 15.1 million in 1993 to 19.7 million families projected for 1998) as well as the average credit per family (which rose 66.5 percent between 1993-98, from \$1028 to \$1547). In the 1998 tax year, about 16.5 million of those who claim the EITC are expected to be working families with children who will receive a credit averaging \$1807. This progress is projected to continue, bringing the number of families who will benefit to approximately 19.2 million in 2001.

The EITC has provided important work incentives for single women with children. For nearly two decades, work participation by single mothers was stagnant at about 74 percent. Between 1992 and 1997, however, according to the CEA, single women with children increased their participation in the labor force from 73.7 percent to 84.2 percent. Increased attachment to the workforce by this vulnerable group is attributed in significant measure to the incentive effects of the expanded EITC.

The Administration recognized that wage levels were also particularly critical work incentives for low-income workers. In 1995, based on the Administration's proposal, Congress enacted a long overdue increase in the minimum wage, the first in five years. During that period, the real value of the minimum wage had decreased by 15 percent.

The successive minimum wage increases in 1996 and 1997 raised the wages of workers in 1.4 million poor families and 649,000 near poor families. Full-time work at the minimum wage (\$4.72 an hour in 1993 and \$5.15 an hour in 1997) for a family with one earner and one child increased their income by 14 percent or \$1402 as a result of the combined EITC expansion and minimum wage increases. For a family with one earner and two children, the increase in income reached \$2761, or 27 percent higher than without these policy changes.

### *State Experimentation with Work Incentives*

Beginning in 1993, the Administration fostered state experimentation with work incentives for low-income families. Under waivers granted by the Department of Health and Human Services to test ways to make work more rewarding than welfare, more than 30 states enabled families to keep more of their earnings. About 40 states have continued or expanded these work incentives under the Temporary Assistance for Needy Families program created under welfare reform. Through the waiver mechanism, many states also increased the amount of assets and resources that a family could have and still be eligible to receive public assistance and a few states pioneered the use of Individual Development Accounts to encourage families to save money for investments in education or housing. Under TANF, the vast majority of states have changed their asset and resource limitations and now 28 states permit families to establish IDAs.

While many of these state efforts are still under intensive study and outcomes will not be fully known for some time, there is evidence that suggests these approaches show promise in boosting family income. Preliminary findings from a six month period in the Los Angeles County's Jobs First GAIN program, now operated under TANF, showed that 43 percent of the participants were employed after six months in the program, compared to 32 percent for the control group. Earnings of the Jobs First GAIN participants exceeded those of the control group by 46 percent (\$1,286 compared to \$879) during the same six month period. Other studies of families leaving welfare also indicate that earnings increase when a family member on welfare gets a job.

In addition to making work pay for families, the Clinton Administration has revolutionized welfare by turning public assistance into a work-based system. No longer are families entitled to federal assistance, but instead they are subject to work requirements and limits on the duration of federal assistance. The reconceptualization of the welfare system is intended to promote work. The expectation is that children will benefit from the new welfare requirements if their parents leave welfare and enter the workforce. Research findings support the notion that children raised in homes in which parents rely on public aid instead of earned income are socially isolated from the mainstream. Children who have an employed adult in the home learn about the world of work and are more likely to understand the value of work and to develop the skills necessary to become a successful participant in the workforce. Also, children exposed to working adults tend to develop higher aspirations that they will one day be able to support themselves through work rather than welfare.

The Department of Health and Human Services has focused on monitoring the impact of welfare reform on children and families. While initial findings indicate that welfare reform has been successful in moving people from welfare to work, it remains too early to assess adequately the full impact of welfare reform or to address whether families leaving assistance remain poor. However, HHS has in place a wide range of research projects and activities, in collaboration with states, universities and private foundations,

to determine the effects of these complex and far-reaching changes on child well-being. The Administration places a high value on evaluating the ways in which welfare reform affects children.

### *Child Support and Paternity*

With the changing structure of the labor market over the past several decades, it has become increasingly clear that it generally takes the income of two parents to support a family. Children need the financial and emotional support of both parents, whether or not they are living in the same household. Child support has become a critical source of support for the nearly 3 out of every 10 children living in single parent families.

From the outset, the Administration sought ways to provide more children with the child support owed them, and to ensure both the emotional and financial responsibility of both parents for their children. The Personal Responsibility and Work Opportunities Reconciliation Act of 1996 gave states new tools to ensure children receive this support. Included among these new enforcement mechanisms are: an expanded Federal Parent Locator System, a computer matching system that locates noncustodial parents who owe child support, tough new penalties for non-payment, such as passport and driver's license revocation, computerized statewide collections, uniform interstate child support laws, and authority for the IRS to seize tax refunds. Using the tax refund offset, a record \$1.1 billion for tax year 1997 was collected, a 64% increase since 1992, benefitting 1.3 million families.

With vigorous efforts to raise the visibility of child support enforcement, new enforcement tools, and collaboration across a wide number of government agencies, progress has been considerable. Collections of child support have risen nearly 80 percent since 1992 to a record \$14.4 billion in FY '98. The number of cases with child support collections also rose significantly to 4.5 million, a 59 percent increase from the 2.8 million cases in 1992.

Close to a third of child support cases are interstate in nature, and billions of dollars in support is owed to children whose parents cross state lines to avoid paying. Under the Child Support Recovery Act, the Justice Department is investigating and prosecuting such cases. Under President Clinton's direction, the Justice Department submitted legislation that would make it a felony offense to cross state lines to evade paying child support if the obligation is of a minimum amount or has been due for a minimum amount of time. The President signed the bill, the Deadbeat Parents Punishment Act, into law in 1998.

By the early part of this decade, it was clear that a key tool to encourage both parents' financial participation in the support of their children was to increase establishment of paternity. Legal establishment of paternity is required to enforce a child support order, provide children with access to health care under their father's health care plan, provide rights of inheritance to social security benefits, and to establish a father's access and

visitation rights. In 1994, the Clinton Administration made it easier for fathers to establish paternity voluntarily in the hospital at the time of a child's birth. In FY 1998, an estimated 1.5 million paternities were established and acknowledged by parents, an all time high, creating more family arrangements in which both parents are positioned to provide financial and emotional support to their children. This represented a 12% increase in one year alone, and three times as many paternities established as in 1992. Of these, nearly 40 percent, or 614,000, were in-hospital paternities, voluntarily acknowledged. Since the inception of the voluntary program, acknowledgments have grown nearly six-fold. The number of paternities established in 1997 exceeded the number of out-of-wedlock births during the year, meaning paternities are being established for children born in earlier years. In 1992, paternity was established for just 40 percent of children born out of wedlock.

## *Children's Health Insurance*

For millions of working families, modest disposable income means making difficult tradeoffs among their children's most basic needs: health and child care and housing costs, to name a few. Yet the availability of affordable care for children often makes the difference in their health, safety and development.

In 1993, more than ten million children had no health insurance. Uninsured children are three times as likely to have unmet health needs as their insured counterparts, and much less likely to have seen a doctor in the previous year. Some of these children are eligible for but not enrolled in Medicaid, the federal-state health insurance program serving low-income families; for others, their parents' employer either provides no health benefits at all, provides benefits which do not extend to dependents, or provides health insurance which parents forego because it is unaffordable.

The 1997 Children's Health Insurance Program (CHIP), initially proposed by President Clinton, will enable up to five million children 0-18 up to 200 percent of poverty to acquire health insurance. CHIP provides \$24 billion over five years in federal resources, matching state funds, to provide health insurance coverage for children in families with too much income to be eligible for Medicaid, but not enough to afford employer-sponsored health coverage. This is the largest investment in health care for low-income children since Medicaid was created in 1965, and paves the way for millions more children to be connected to a regular source of health care.

Since the beginning of CHIP implementation in October 1997, HHS has approved plans for all states and territories that will extend health insurance to over 2.5 million children within three years. Enrolling more than one million children in 1998, states are well on their way to reaching this target.

The program offers comprehensive benefits programs, the majority of which offer dental and mental health coverage. One of CHIP's greatest strengths is the flexibility it offers states. According to the National Governor's Association, 26 states have opted for strategies such as "continuous eligibility" and 12 states use "presumptive eligibility," both of which are included in the Balanced Budget Act of 1997 to increase traditional Medicaid enrollment. Presumptive eligibility allows coverage to begin immediately on a temporary basis while formal applications are processed. Additionally, families that apply for CHIP but whose children are eligible for the traditional Medicaid will have their children covered through Medicaid.

In concert with states and school districts across the country, HHS has initiated an extensive education and outreach initiative to reach families with children who may be eligible for existing or new child health insurance programs. Given the unique opportunity to link millions of currently uninsured children to a regular source of medical care, a vast array of federal agencies is reaching out to every grantee, advocacy and professional network to send the message of the importance of health care for children.

The Administration has also engaged the private sector in a nationwide "Insure Kids Now" Outreach Campaign. Public service announcements and distribution of information in a wide range of languages have been employed to educate families about Medicaid and CHIP. A toll-free Insure Kids Now hotline was created, and has received more than 100,000 calls. Efforts to enroll children include commitments from the private sector to print the Insure Kids Now hotline number on products, as well as government collaboration to recruit families through other programs such as the school lunch program and low income housing projects to take advantage of its benefits, recognize its value and enroll. In addition, many states, including Connecticut, Vermont, Arkansas, Wisconsin and New York, have also taken critical steps to remove the stigma of Medicaid so that more eligible families and children will enroll.

Finally, the Administration has continued to provide guidance and examples of how to streamline the application and enrollment process, making it easier to enroll. Also, sites at which children can be determined eligible for Medicaid and their state's CHIP program have been expanded.

### *Child Care for Working Families*

With 13 million preschoolers - including 6 million infants and toddlers, in child care, giving parents access to affordable, safe child care programs is a priority of the Administration. Child care is often unaffordable for many families, and the lack of high quality child care not only inhibits children from entering school ready to learn, but also compromises the efforts of their parents to be productive workers.

The Administration has taken crucial first steps in strengthening the Federal contribution to finance child care. The newly established Child Care and Development Fund (CCDF) made available in 1998 \$3.5 billion in federal funds alone to States and tribes. This program, authorized by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, assists with the child care expenses of low and moderate income families and families making the transition from welfare so they can work or attend education or training programs. CCDF, for the first time, brings together four Federal child care subsidy programs and allows States to design a comprehensive, integrated service delivery system.

Maintaining consistent support for child care, in 1998, the President announced a major Child Care Initiative to strengthen quality and improve affordability and access to child care. The President's initiative includes approximately \$20 billion over five years for child care, putting the nation on track to double the number of children receiving child care subsidies to more than three million in the year 2003.

Federal funding for child care has increased by 80% since 1993. The National Governors Association also reports that state spending on child care has increased by more than half. And the additional child care funds that the President fought for in conjunction with welfare reform have provided affordable child care choices to hundreds of thousands of

families while they work. Now federal child care programs serve nearly 1.5 million low and moderate income children and families.

The President has also made it a goal to make child care accessible to under-served rural, and urban communities. The Agriculture Department's Rural Housing Service's Community Facilities program is working to meet the need for quality child care in rural areas. Thirty-one child care centers were created under this program in FY 1997, and the program is continuing to expand. The Rural Housing Service has also been forming partnerships with other federal programs, like Head Start, and with the private sector to help extend child care opportunities in rural America. HUD is also supporting working families and those moving to work. Community Development Block Grants are now being used to fund initiatives that include on-site after-school child care and construction of child care and youth centers.

Transportation is also critical to aid parents with young children reach both jobs and child care. As part of the Transportation Department's Livable Communities Initiative, the Federal Transit Administration has provided opportunities for on-site community services - Head Start facilities, a health clinic, and child care centers - at transit facilities across the country to help parents obtain child care for their children on their commuting routes to work or training.

Child care, Head Start and after-school care are increasingly meeting the new realities of working families by providing support, supervision and developmental opportunities for children during hours that parents work. For the first time, Head Start funds are being used in partnership with pre-kindergarten and child care providers and resources to offer full-day and full-year services, which can, in turn, help parents obtain full-time employment. In the last three years, Head Start has invested \$340 million in expansion to more full-day, full year program services in partnership with child care resources, and now provides such services to 50,000 more children.

Through a series of federal initiatives, an increasing number of school-age children have safe, supervised activities and creative learning opportunities after school while their parents work. In addition to the child care resources states use for school-age children, thousands more schools have established or expanded opportunities for children in their out-of-school time through the 21<sup>st</sup> Century Community Learning Centers program. Between 1997 and 1999 alone, 1600 schools in 468 school districts have been developing after-school learning centers. At the Administration's urging, \$450 million will be devoted to this initiative in FY 2000, more than double the previous year, enabling an estimated 1000 school districts and 4000 schools and community-based agencies to provide constructive and educational activities for approximately one million students after the end of the school day.

To augment the increasing funding base, the Department of Education has forged creative partnerships with the Charles Stewart Mott Foundation to strengthen the quality of after-school programming and training for adults in these enterprises. Seventeen federal

agencies, coordinated through the National Partnership for Reinventing Government, also collaborated in launching Afterschool.gov, a new web site designed to make available information about the vast array of federal facilities, expertise and resources across the country that could provide venues, academic and cultural experiences and expertise, mentoring, and funding to enhance activities for young people during their non-school hours.

But despite increases in the Child Care and Development Fund included in the Personal Responsibility Act, use of TANF funds for child care, and the burgeoning after-school support, inadequate public support prevents millions of children in low-income working families from being able to get the quality care they need in safe and affordable environments.

## V. AMERICA'S CHILDREN HAVE MORE STABLE AND SECURE FAMILIES

One of the most consistent Administration themes has involved promoting more stable families for children. Several strategies have been mounted to address this goal. For example, reducing the number of teenagers having babies before they are emotionally or financially ready is an essential target for improving the stability of young families. The Administration has also placed emphasis on the role of the father in families, and worked to eliminate family violence. Also, landmark legislation and efforts by the President have enabled parents to take Family and Medical leave after the birth of a child or to take care of personal medical emergencies. The Adoption and Safe Families Act has also been designed to place foster children in permanent families faster. Using all of these means, the Administration has sought to create a loving, caring environment for every child, affording them the protection and opportunities all children need to thrive.

### *Adoption and Permanent Families*

For some children, finding a stable and loving home requires public intervention. As a result of placing intense focus since 1993 on advancing the goal of getting children into permanent families, many positive results are already evident.

Since 1993, the number of children with special needs who have been adopted with the help of Title IV-E Adoption Assistance funds has increased by 60 percent. Children with special needs are those children who traditionally have lingered in foster care instead of being adopted by families who are able to make lifelong commitments to them. Adoption Assistance funding is essential to the effort to find families who can adopt children who have special needs, including children with disabilities, seriously emotionally disturbed children, and older children. Between 1996 and 1998, the numbers of children reported adopted from the public foster care system nationwide increased 29 percent - from 28,000 to 36,000 - well on the way to meeting, and possibly exceeding, the President's goal of 56,000 adoptions in 2002. Setting goals state by state, and providing financial incentives to meet the outcomes, resulted in 35 states making sufficient advances toward their adoption goals to receive adoption incentive bonus awards in FY 1999.

As early as 1993, the Administration successfully advanced and secured funding for the Family Preservation and Support Program. This program was specifically designed to help states, local governments, and service providers develop effective programs to serve children and families at risk, and in hopes of preventing children from entering foster care at all.

Dismayed by the numbers of children needing families who were waiting in the foster care system, the Administration resolved that, by the year 2002, the number of children adopted or placed in guardianship each year would be doubled. In 1997, the President signed the Adoption and Safe Families Act, which, among other things, challenged the states to meet the goal of doubling adoptions.

Building on challenges the President had set with his Adoption 2002 Initiative, this legislation represents an important landmark in federal child welfare law, establishing national goals of safety, permanency and well-being for children in foster care. The new law provided incentives to states to increase the number of children who are adopted from the foster care system each year, in hopes of reaching the target established in Adoption 2002. New adoption tax credits make adoption more feasible for thousands of families. The Multiethnic Placement Act makes explicit that states must eliminate barriers to trans-racial adoption, ensuring that love and stability, and not race and culture, are the sole basis for adoption. The Administration has also encouraged the use of recent technology to aid the adoption process, developing a plan to use the Internet to share information about children who are legally free for adoption, thereby removing geographic barriers and shortening the time needed to find them adoptive families.

Finally, the Administration forged partnerships with States to launch child welfare waiver demonstration projects, in order to test and evaluate new methods of moving children quickly into safe, permanent homes. Since 1997, the Department has granted waivers to 26 states, providing them with flexibility around certain provisions of title IV-E of the Social Security Act to pursue innovative child welfare service delivery and financing strategies. Collectively, the demonstration projects are aimed at reducing the number of children in foster care, the length of time in foster care, the use of more restrictive and costly placement settings, re-allegations of abuse and neglect and re-entry to foster care. Most notably, ten states are undertaking demonstrations that specifically focus on assisted guardianship/kinship permanence or adoption. All demonstration states will rigorously evaluate the impact of these promising models so that child welfare policy at the Federal and state levels can benefit from new knowledge about promoting permanence for children.

The legislation also enforces the Administration's top priority of safety, by specifying that safety should be a priority in the court's determination of whether or not a foster child should return home. While clarifying the concept of "reasonable efforts" that states must take to keep a child with his or her family, the law continues to recognize the importance of preserving and unifying families. These revisions emphasize the need to ensure children's safety in all such decisions and clarify that states need not make all efforts to keep children with their parents if their parent has been convicted of murdering another child, or if the child has been subjected to other aggravated circumstances.

The Administration's efforts to promote adoption, including passage of the Adoption and Safe Families Act, have spurred a remarkable increase in the number of children adopted. However, still thousands of foster youth are never adopted and never return home. These children are raised in the foster care system, and each year over 20,000 foster youth must leave the system and forge out on their own when they turn 18. Without the emotional, social, and financial support that families provide, many of these young people are not adequately prepared to become entirely self-sufficient. The Administration recognizes that it is the nation's responsibility to help these foster youth when their own families are unwilling or unavailable to do so.

The President and the First Lady have promoted stability for foster children who are never adopted and remain in foster care until the age of majority. The President proposed and Congress enacted expanded activity and doubling of the new resources for the Independent Living Program, which provides money for states to help foster children become successful young adults when they leave foster care. These significant investments will provide foster youth with access to health care and to help them earn a high school diploma, further their education or vocational training, and learn daily living skills such as budgeting, career planning and securing housing and employment.

### *Teen Pregnancy/Births/Attitudes toward Sex*

Teen pregnancy has been a persistent and significant problem in this country. Most teen pregnancies are unintended, and each year more than 900,000 pregnancies occur among American teenagers aged 15 to 19. Teens are more likely to deliver a low birth weight infant compared to women in their twenties and thirties, and have disproportionately high infant mortality rates. Children born to teenagers are also far more likely to be poor. About 80 percent of children born to unmarried teenagers who dropped out of high school are poor.

For the first time in decades, a confluence of active governmental leadership, renewed private sector engagement, and repeated public messages, in addition to policy actions and economic growth have led to changed trend lines in adolescent births. The birth rate for teens age 15-19 has declined steadily for seven years, from 1992 to 1998, after a substantial increase between 1986 and 1991. In addition, the pregnancy rate for teenagers 15-to-19 years old fell 15 percent. Coupled with recent declines in both birth and abortion rates, teen pregnancy is continuing to fall. These trends are particularly encouraging because they cross all fifty states, and all ethnic and racial groups. The birth rate for black teens reached the lowest recorded rate for this group in 1998, and showed a greater decrease than any other group between 1991 and 1998.

While all the factors contributing to this positive turnabout are not entirely understood, the number of sexually experienced high school students declined from 54.1 percent to 48.4 percent between 1991 and 1997, the first substantial decline in the past two decades. This means that fewer teenagers are engaging in sexual behavior that places them at risk for HIV infection, other sexually transmitted diseases and pregnancy.

Strong messages about the consequences of teen pregnancy and early parenting, increased use of condoms largely in response to the HIV/AIDS epidemic, and halting the decline in the age of initial sexual activity have contributed to the 18 percent decline in the birth rate among teenagers ages 15-19 during these years. These teens are a particularly important group since they are still in school, and reducing their birth rate will strengthen their likelihood of graduating from high school and continuing post-secondary education or gaining employment.

Efforts to provide teenage mothers with the information and resources they need to postpone their childbearing in favor of personal growth and maturity also helped contribute to a dramatic decline in the birth rate for mothers who were teens when their first child was born. The rate of second births was down by 21 percent between 1991 and 1997.

The Administration has put forth a national strategy sending the strongest possible message to all teens that postponing sexual activity, staying in school, and preparing to work are the right things to do. It has strengthened ongoing efforts across the nation by increasing opportunities through welfare reform, supporting promising approaches,

building partnerships, improving data collection, research and evaluation, and disseminating information on innovative and effective practices. And it has reached out to the private sector and helped launch a comprehensive and far-reaching prevention campaign. These actions have contributed to measurable change.

Important inroads on this persistent problem have also been affected by concerted efforts, jointly by the government and the private sector, to mobilize public opinion and send messages that too early childbearing has negative consequences for both teen parents and their babies. The Administration has promoted programs that provide support and services to teens at risk of pregnancy, and the President called for a national, private sector campaign to prevent teen pregnancy. Incorporating an approach proposed by the President in 1994, the new welfare law required unmarried minor parents to stay in school and live at home or in an adult-supervised setting, in order to receive assistance. The welfare law also provides states \$50 million a year for five years in new funding for abstinence education programs, and every state has put these funds to use.

### *Focus on Fathers*

More than a quarter of American children, nearly 17 million, do not live with their father. Girls without a father in their life are two and a half times more likely to get pregnant and 52 percent more likely to commit suicide. Boys without a father in their life are 63 percent more likely to run away and 37 percent more likely to abuse drugs. Both boys and girls are twice as likely to drop out of high school, twice as likely to end up in jail, and more than twice as likely to live in poverty.

The Administration has placed an emphasis on the role of the father in a young child and adolescent's life and sought to support the role of fathers in families by launching a Fatherhood Initiative. In 1995, the President directed all federal agencies to ensure that federal programs and policies strengthen the role of fathers in families. In January of 1996, the Federal Interagency Forum on Child and Family Statistics reviewed the adequacy of research on fathers, and in 1998 released a landmark report "Nurturing Fatherhood: Improving Data and Research on Male Fertility, Family Formation and Fatherhood." With research results confirming the positive effects of fathers' involvement with their children, the Administration, with the leadership of the Vice President, has encouraged initiatives and programs that ensure the father's role in the lives of their children. A nationwide public service campaign, stressing the importance of fathers by showing the consequences for children when fathers do not play a positive role, was launched in 1999 as a partnership between the Advertising Council and the Administration for Children and Families.

Already the Welfare-to-Work program administered by the Department of Labor has invested approximately \$100 million in State, local, community and faith-based initiatives to help increase the employment of non-custodial fathers of children receiving welfare. In addition, new support under welfare reform for access and visitation programs stimulated a host of activities across all states to support noncustodial parents engagement with their children in safe environments. These activities range from mediation, counseling, education, and the development of parenting plans to monitored and supervised visitation, neutral drop-off and pick-up points for children and the development of guidelines for visitation and alternative custody arrangements.

The Department of Health and Human Services has further deepened this focus in several of its programs. For example, the design of the Early Head Start program specifically encourages maximum involvement of the important men in very young children's lives. A special "Fathers Studies" component has been included as part of the Early Head Start research and evaluation program.

## *Family Violence Reduction*

Mounting evidence suggests that negative outcomes often emerge for children growing up in violent environments. For many, these environments can include witnessing violence in their homes or in other cases, children are direct victims of abuse by a parent or guardian. Recognizing the need to give children at risk a better chance for a safe and nurturing home environment, the Administration has made reducing child abuse and violence against women an arena for expanding attention.

The Administration is committed to supporting innovative community efforts to give children at risk a better chance for a safe and nurturing permanent home, as well as to encourage efforts to recognize the connection between substance abuse and child abuse and neglect. The President has also made efforts to protect children from sexual violence. The Jacob Wetterling Crimes Against Children and Sexually Violent Offender Registration Act, enacted as part of the Crime Act, was amended by the federal Megan's Law, signed by the President on May 17, 1996 and by the Pam Lynchner Act in October 1996. Under these statutes, sex offenders and child molesters must register information about their whereabouts with appropriate state law enforcement agencies for ten years after release from prison and state prison officials must notify local law enforcement when they are released, or if they move.

For the fourth straight year, in 1997, substantiated reports of child abuse and neglect continued to decline to slightly under one million children. However, while state reports capture a considerable portion of actual child abuse and neglect, other studies have found that the number of victims may be higher. Parents and relatives still comprise the majority of perpetrators of maltreatment.

Recent research has shown that the safety of the children is closely related to the safety of the mother. The cornerstone of federal efforts to stop domestic violence and violence against women is the Violence Against Women Act, included at the President's urging in the Violent Crime Control and Law Enforcement Act of 1994. Under the law, the federal government combined tough new penalties with investment in state and community programs to aid women who are victims of violence, providing a comprehensive approach to fighting domestic violence. This law enabled the federal government to become a substantial partner with grassroots shelters, coalitions of survivors and voluntary organizations across the country in the drive to stem violence against women.

Both the Departments of Health and Human Services and Justice have played integral roles in advancing the Administration's goals. HHS launched a toll-free, national domestic violence hotline, tripled resources for battered women's shelters, and worked to raise awareness of domestic violence in the workplace and among health care providers. Since the inception of the hotline in 1996, it has received over 340,000 calls, mostly from individuals who have never before reached out for assistance.

With the assistance of the Department of Justice, police, prosecutors and the courts have

substantially enhanced and redesigned their approaches to domestic violence cases. They are establishing specialized units within their law enforcement jurisdictions, stepping up training, and reaching out to work collaboratively with domestic violence service providers and others in the community that can help stem this violence.

The comprehensive law stimulated the convening of an Advisory Council on Violence against Women in July 1995. Co-chaired by Attorney General Janet Reno and Secretary of Health and Human Services Donna Shalala, the Council of 47 experts from diverse fields is developing an Agenda for the Nation to provide a 21st Century blueprint for the reduction of violence against women.

On October 3, 1996, President Clinton urged all states to implement the Family Violence Option included in the welfare bill he signed in August 1996. As a result of these provisions, states can elect to screen TANF recipients for domestic abuse; refer them to counseling and services; and temporarily waive program requirements that would prevent recipients from escaping violence or would unfairly penalize them. These measures are important to provide safety and protection for low income abused women and to ensure that welfare reform does not keep children in violent homes for strictly economic reasons. At least half the states have taken the Family Violence Option, and most others have, for the first time, begun to address the special circumstances and needs of battered low-income women.

#### *Family and Medical Leave*

The Family and Medical Leave Act, the first law signed by President Clinton, has protected approximately 20 million Americans as they took time off during family and medical emergencies or for the birth or adoption of a child. Employees are allowed up to 12 unpaid weeks a year to care for seriously ill family members, the birth or adoption of a child, or their own serious health problems, without risking their job. The legislation applies to businesses with 50 or more employees, and covers 89 million workers. The Commission on FMLA found that, during an 18 month period in 1994-95, about 60 percent of FMLA-protected leave was taken for the employee's own health problems. Another 17 percent of family leave was taken for maternity/paternity reasons and the birth or adoption of a child, and approximately 20 percent was used to care for an ill child, spouse or parent. About 58 percent of FMLA-protected leave was used by women, 42 percent by men.

The Commission on FMLA also found that lost pay posed the most significant barrier to parents taking advantage of unpaid leaves after the birth or adoption of a child. In response to this finding, at the President's direction, Department of Labor has proposed new rules that enable states to experiment with paid employment leave for families. These rules will allow states, on a voluntary basis, to develop innovative ways of using the unemployment insurance system to support parents on leave following the birth or adoption of a child.

The Administration has also proposed continued efforts to expand the FMLA, by covering workers in businesses with 25 or more workers, which would cover an additional 10 million workers. The President is also calling for the legislation to allow eligible workers to take up to 24 hours of additional leave each year to meet specified family obligations, including routine doctors appointments and parent-teacher conferences.

## **VI. STRENGTHENING KNOWLEDGE AND INFORMATION**

### *Child Development Research*

While understanding based on scientific study about child development has increased significantly in the past few decades, study of the environments in which children spend a large portion of their time, such as child care and Head Start, has been much less frequent. As more children participate in early childhood programs out of their homes, it is important to strengthen evaluation and research about these settings to understand how to create environments that contribute optimally to children's healthy development, social competence and learning.

To that end, the Administration established major research activities to enhance knowledge about Head Start and child care. Head Start Quality Research Centers were established at four major academic institutions around the country. A major effort to develop performance measures and look long term at Head Start children's outcomes was initiated through FACES - the Head Start Family and Child Experiences Survey. This longitudinal initiative is designed to learn more about the families that Head Start serves, as well as to find out how Head Start programs are performing and how they can be improved. In addition, Head Start is increasing investment in research that follows children and families over time, which will provide a critical window into the development of young low-income children. Finally, the Secretary established an Advisory Committee on Head Start Research and Evaluation to help shape national comprehensive studies of the Head Start program's impact.

Similar scientific study has accompanied the development of the new Early Head Start program. The Early Head Start Research and Evaluation Project is providing both a rigorous impact evaluation using an experimental design, and a dynamic, continuous program improvement oriented implementation study that feeds information to new waves of programs. The research initiative will incorporate knowledge from locally based researchers regarding the pathways to program quality and outcomes in their own communities.

In addition, Early Head Start is spearheading partnerships among federal agencies and the private sector. Under the auspices of the Administration's Fatherhood Initiative, Early Head Start has partnered with the National Institute of Child Health and Human

Development (NICHD) and the Ford Foundation for studies of low-income fathers and their involvement both with their very young children and in programs designed to better their lives.

Important interagency partnerships around large-scale national studies can provide more timely and accurate information about children to inform policy. The Department of Education's Early Childhood Longitudinal Study - Birth Cohort 2000, a nationally representative sample of children born in the year 2000, is providing an opportunity for investment and innovation across several HHS components, the Department of Agriculture and a variety of other agencies. Such partnerships provide valuable public use data sets for research and program purposes and demonstrate creative and wise use of federal research resources.

The Administration has developed other significant efforts to enhance the knowledge base about early childhood. In 1995, HHS launched the Child Care Policy Research Consortium, which brings together five university, state agency and resource and referral agency partnerships. Each partnership is charged with developing a research program to address needs, opportunities, barriers, patterns of utilization, and outcomes for children and families using child care, as well as other systemic issues affecting subsidized child care. With funds appropriated at the Administration's initiative, HHS is also establishing a new research and evaluation program to address issues about the nation's child care arrangements, especially their impact on low-income families.

The Administration has also invested in the continuation and enhancement of the well-regarded Study of Early Child Care, which continues to produce convincing findings on the importance of child care quality to good outcomes for children. The NICHD-sponsored multi-site prospective longitudinal study will now follow children from birth into middle childhood, looking at the roles of family and caregiving environments on multiple aspects of development. Among recent findings released were those from a portion of the study examining the quality of early child care, based on guidelines established by the American Public Health Association and the American Academy of Pediatrics. This study informed the continuing need to emphasize quality child care, finding that most of the child care centers in that study did not meet all recommended standards.

Expanding the knowledge base about children's well-being, and having the mechanisms to monitor children's status on a regular basis, have been critical concerns of the Administration. The Office of Science and Technology Policy undertook a review across the government of research activities focused on children and released a report entitled, *Investing in Our Future: A National Research Initiative for America's Children for the 21<sup>st</sup> Century*.

### *Improving Statistical Data about Children and Families*

In addition, an Interagency Forum on Child and Family Statistics was established to analyze and disseminate information about the well-being of children and develop better measures of children's outcomes. Seeking to foster coordination and collaboration, this forum is comprised of all the federal statistical agencies that regularly track issues affecting children. As directed by the President in 1997, the Forum has released an annual monitoring report "America's Children: Key National Indicators of Well-Being" in each of the past three years. During FY 1998, the Forum's Data Collection Committee also undertook two major initiatives. The first involved mobilizing the capability of the federal statistical and research agencies to improve our information base regarding fathers, in response to President Clinton's 1996 fatherhood initiative. The second focused on improving the way the federal government collects information on marriage, divorce and cohabitation.

The Forum's Reporting Committee, in addition to producing "America's Children," stimulated numerous improvements in the federal statistical system which have resulted in better indicators. The committee is looking to develop indicators of disability among children and will sponsor a meeting of experts in the field and commission research on measuring disabilities.

The National Center for Health Statistics in CDC has made important strides as well in the release of timely data on key indicators of infant health. Since the early 1990's, NCHS has inaugurated a new statistical series, based on a more timely approach to collecting, compiling, and publishing birth and death data. This system builds on advances in computer and communications technology, as well as NCHS' longstanding collaboration with state vital statistics offices. Now NCHS is releasing data about a year earlier than would have been the case without these efforts. Data for 1995 through 1998 have been published in the new statistical series. We have seen that this improvement in timeliness has made these data of far greater use in monitoring key health and human services concerns.

In anticipation of future data needs, there has also been close collaboration with the states on the next generation of electronically-based vital statistics data. NCHS has provided the leadership and initiative for revising the model certificates used to record birth and death statistics, and working with the states, has laid the groundwork for even greater improvements, developing consensus standards for electronically-based reporting systems. These efforts will ensure a capacity of vastly improved statistical systems for the next generation, with ongoing emphasis on usability, quality and timeliness of data affecting children's health.

## *Pediatric Labeling for Drugs*

The Administration set in motion the capacity to develop critical information about the impact of drugs given to children. Differences in metabolism, volume of bodily fluids and elimination of a drug from a child's system can cause drug levels and responses in children that are different from those in adults. Yet eighty percent of the drugs prescribed for children have never been tested in children. Further, these drugs are not labeled with recommendations for proper dosage for children, leaving medical and health professionals to use their best guesses as to the appropriate treatment regimen.

In 1994, the Food and Drug Administration simplified the type of information needed to demonstrate the safety and effectiveness of drugs in children. This action encouraged drug manufacturers voluntarily to submit pediatric data for review. While these voluntary efforts were helpful, there were still a large number of drugs and products without adequate pediatric labeling. Regulations that became effective in 1999 require pediatric studies of certain new drugs and biological products that are therapeutically important for children, or commonly used by children. This will help address the lack of labeling information on safe pediatric use by requiring that manufacturers of these products provide sufficient data and information to support their proposed use for children.

To continue the Administration's efforts to make drugs safer for children, the FDA promulgated the new rule requiring drug companies to test on children drugs that are likely to be used for children, though every effort is being made to ensure that the pediatric testing does not delay approval of drugs for adults. To facilitate research on children, the NICHD pediatric pharmacology network will offer its sites for testing drugs on children. In addition, the patent time for drug companies that do the necessary testing to obtain approval for use of a drug in children has been extended by six months. Savings on reduced health costs as a result of better drug treatments for children are estimated at \$100 million a year. Lastly, beginning October 1, 1998, NIH began to require investigators to include children in all clinical research. These actions strengthen the Administration's efforts to better children's health by improving the knowledge base about available drugs, preventing the distribution of harmful drugs, and also expanding all research to include children.

## **CONCLUSION**

The Clinton Administration has redefined the federal commitment to improving children's lives and brightening their prospects for adulthood. It has outlined a powerful and compelling role for government, not just as a rulemaker or program developer, but also as an entrepreneur to promote partnerships and participation. The government's role as communicator has also been reinvigorated, not only to transmit messages audience by audience but to raise the consciousness of the nation.

Making kids winners - that has been the abiding goal. And progress has been palpable. After decades of disappointment, many conditions and trends affecting children and young people are moving in the right direction. A child born today has different life chances than a child born 10 years ago. And a child born a decade - or a century - from now, will surely see her life chances change significantly as well.

But everyone, with the President's voice in the lead, recognizes that the job is not done. While we have noted the promise that has been realized for most children and their families, that promise remains untapped for some. The Administration has been deliberate in developing a framework for the future. Sustained commitment is now essential to achieve positive results for all of America's children.

THE WHITE HOUSE  
WASHINGTON

TO: Maria 12/28/99

FROM: TERRY EDMONDS  
ASSISTANT TO THE PRESIDENT AND  
DIRECTOR OF SPEECHWRITING

Fyi- from our  
meeting with AG-Reno  
today.

Terry

Draft 12/28

**U.S. Department of Justice  
State of the Union Suggestions  
December 28, 1999**

The Department of Justice recommends that the President address the following key policy issues in his State of the Union Address:

**1. Protecting our Children from Gun Violence and Keeping Guns out of the Hands of Criminals**

- **Pass the Senate-passed gun legislation:** The Administration is pressing Congress to adopt Senate-passed gun provisions to close the gun show loophole, require handgun safety devices, and close the loophole in the assault weapons ban.
- **Propose tough new gun legislation:** The Administration is developing a proposal to extend the Brady Law to all private firearm sales, establish an independent firearms safety board, provide law enforcement with new tools to investigate and prosecute illegal gun traffickers, and require gun owners to be trained and certified in gun use and storage.
- **Enhanced Federal Gun Enforcement:** The Administration will ask Congress for \$204 million to target gun criminals.

**2. Managing Offender Reentry and Breaking the Cycle of Crime and Drugs**

- **Reentry Programs and Reentry Courts for Offenders:** The Administration will propose \$35 million each year, for five years for the Department of Justice to help communities manage the reentry of 500,000 offenders a year into American communities. The Department of Labor has committed \$75 million to support jobs and transitional aid in FY 2001 budget.
- **Breaking the Cycle of Drugs and Crime:** The Administration will propose new funding for drug treatment and drug testing for offenders. Offenders should be offered treatment, and face certain and severe sanctions for failure to stay off drugs or away from crime.

**3. Community Law Enforcement**

- **Community Policing:** The Administration has set a goal of helping communities hire and redeploy an additional 50,000 officers over the coming five years. With funding in FY 2000, and proposed funding in FY 2001, the Administration is on track to meet this goal. The Administration will also ask for \$350 million to help law enforcement agencies improve police communications, use crime mapping and computers, and have access to the latest crime laboratory techniques and materials.
- **Community Prosecution:** The Administration will propose \$250 million to expand community prosecution. \$50 million will be used to hire 400 new all-purpose community prosecutors, \$150 million for 1,000 community prosecutors specifically in high gun crime areas, and \$50 million to hire community investigators.

#### **4. Raising our Children in Healthy and Safe Environments**

- **Limiting Children's Exposure to Violence:** The White House Council on Youth Violence will work with the National Campaign Against Youth Violence to engage the private sector in programs and activities for our children and youth. The Administration will also continue to expand the Safe Schools/Healthy Students initiative.
- **Protecting Children from Environmental and other Safety Hazards:** Children face many environmental, and health and safety hazards, such as lead poisoning, poor access to health care, exposure to insecticides and other toxins, food and water contamination, and household accidents. The federal government has a strategy to move forward on the problem of lead. The Safe Schools/Healthy Students program is a model for interagency cooperation and outreach on safety and environmental issues.

#### **5. International Crime**

- **Strengthening International Crime Laws:** The Administration has proposed legislation to provide the FBI with authority to investigate crimes committed against Americans abroad, to deny safe haven to international criminals, and to strengthen laws against drug trafficking, terrorism, and other international crimes. There are also than 30 crime-fighting international treaties submitted by the President that would deny international criminals safe haven abroad in the countries with which those treaties were negotiated.

#### **6. Crime on the Internet**

- **Cybercrime Laws:** The Administration will propose new laws to combat computer and other high-tech crime. The Administration should also consider a Cybercorps program to bring computer and technology experts into the government in exchange for educational assistance.

#### **7. Violence Against Women**

- **VAWA Legislation:** The Administration will have to press for the reauthorization of the Violence Against Women Act this year and will work with Congress to address the growing problem of cyberstalking.

#### **8. Civil Rights Enforcement**

- **Hate Crimes:** The Administration's proposed Hate Crimes Prevention Act is pending in Congress. This bill would eliminate existing hurdles that prevent federal prosecution, and extend coverage to crimes motivated by sexual orientation, gender, and disability.
- **Americans with Disabilities:** The year 2000 marks the 10<sup>th</sup> anniversary of the enactment of the Americans with Disabilities Act. The Administration will ask Congress for \$2.4 million in FY 2001 to ensure that persons with disabilities have access to community and government services in urban and rural areas.

## **9. Protecting American Consumers**

- **Antitrust Enforcement:** The Administration has vigilantly enforced the antitrust laws and advocated competition and free markets. Most notably, the Department of Justice succeeded after trial in obtaining findings from the court that support claims that Microsoft Corporation violated America's antitrust laws.

## **10. Protecting America's Environment**

- **Clean Water Act Enforcement:** The President can support Department of Justice enforcement efforts by directing federal agencies to redouble their enforcement efforts to target those who are polluting our Nation's rivers, lakes, and oceans, and destroying our wetlands.

Draft  
12/28

**U.S. DEPARTMENT OF JUSTICE**  
**State of the Union Suggestions**  
**December 28, 1999**

In January 2000, President Clinton will give his final State of the Union address to the American people and the first State of the Union address of the new Millennium. The Department of Justice recommends that the President discuss certain key policy issues including **gun violence and gun safety measures**; our next steps in building a strong **community law enforcement program**; the need to manage the **reentry** of offenders into the community; the need to create a **healthy and safe environment for children**; the importance of taking a firm stand against **hate crimes**; and the need to crack down on **high-technology** and **trans-national criminal enterprises**.

**I. The Clinton Administration's Crime-Control Strategy**

Over the course of the past 7 years, the Clinton Administration has transformed the way our nation fights crime. The federal government is providing unprecedented levels of assistance to state, local and tribal law enforcement. From FY 1993 to FY 2000, assistance to state and local governments increased by 295 percent from almost \$1 billion to close to \$ 4 billion. As part of this effort, this Administration has funded more than 100,000 new police officers through the landmark COPS initiative. We secured passage of the Brady Law, which has kept more than 470,000 guns away from felons, fugitives and others who should not have them. And, in cooperation with our state and local partners, we have steadily increased the number of nationwide gun prosecutions. Since 1992, the number of gun criminals going to federal and state prisons combined has risen more than 22 percent.

Crime has dropped every year for the past seven years, and it is now at its lowest level since 1973. Since 1992, the murder rate has fallen to its lowest level in 31 years. Violent crime dropped 24 percent between 1993 and 1998 alone, and preliminary figures for 1999 show that there were 10% fewer serious crimes reported in the first half of this year than during the same period in 1998. And in the last year alone, murder was down a total of 13%.

This historic drop in crime tells us that we are doing the right things and that we must keep at it. Today, with the wind of economic prosperity at our backs, we have both an opportunity and a responsibility to address the most vexing and fundamental problems of crime that plague us. In particular, we should focus our attention on the devastating problem of gun violence in our society, the widespread availability of illegal guns and drugs, the revolving door of offenders in our communities, the problem of youth violence and the dangers that plague our children, the unacceptably high levels of violence against women, and crimes motivated by hate or prejudice. We must also address the new challenges to our safety and security that come with changes in technology and in the world around us. We must aggressively attack the problem of crime on the Internet, the potential for domestic bioterrorism, and the dangers of crimes that cross our nation's and other nation's borders. This is our crime agenda as we enter a new century.

A. **Protecting our Children from Gun Violence and Keeping Guns out of the Hands of Criminals**

**Background:** Gun violence is a major threat to the health and safety of all Americans. Every day, 89 people – including 12 children – are shot and killed in America. (3,012 children will have died from the time the Senate passed the recent gun legislation up through the 1/27/00 State of the Union Address.) In 1997, 32,436 people died of gun shot wounds and, for every fatal shooting, there are at least three non-fatal firearms injuries. Almost all of these deaths and injuries are avoidable.

**Administration Record:** Over the past 7 years, we have taken aggressive steps to control gun violence. We passed the Brady Law and have kept more than 470,000 guns from criminals and other prohibited persons. We outlawed deadly assault weapons that have absolutely no legitimate civilian use. We have developed locally-based gun violence reduction plans in coordination with state and local law enforcement agencies. We have sought to vigorously prosecute and imprison those who illegally use or possess firearms, and those who supply firearms to criminals, unauthorized juveniles and other prohibited persons. Through our combined federal, state and local efforts, we have increased overall prosecutions of gun-related crimes by 22 percent since 1992, and we have reduced gun-related homicides by 36 percent between 1993 and 1998.

But the number of firearms-related deaths and injuries is still alarmingly high. In 1998 alone, over 300,000 violent crimes were committed with firearms. And the firearms homicide rate for children under 15 years of age is 16 times higher in the United States than in the 25 other industrialized countries combined.

**Next Steps/Proposed Action:** Together with the Department of the Treasury, we have developed a national strategy to prevent gun violence. Our strategy has three parts: we need to do all that we can to stop gun violence before it occurs; we need to break the cycle of gun violence by showing our youth and other potential offenders that gun crimes carry serious consequences; and we need to ensure that firearms criminals receive swift and sure punishments.

Last year, President Clinton proposed legislation to close the dangerous gun show loophole that allows criminals to buy guns at gun shows, to require safety devices to be sold with every new handgun, and to close the loophole in the assault weapons ban to stop imports of ammunition clips that hold more than 10 rounds.

We need to go further. We believe the President should call on Congress to pass badly needed firearm legislation and announce new steps to control gun violence. In particular, the President should:

1. Call on Congress to pass legislation that:
  - Extends the Brady Law to all private firearm sales by requiring that all guns be

sold through licensed firearms dealers who will perform Brady background checks and who will keep information about the gun so that law enforcement can trace guns used in crimes;

- Establishes an independent firearms safety board that will recommend mandatory safety and marketing standards for firearms;
- Gives law enforcement the tools it needs to investigate and prosecute illegal gun traffickers; and
- Requires gun owners to be trained and certified in safe, responsible gun use and storage.

2. Call on the House and Senate Conference Committee on the Juvenile Justice bill to meet and send the President a strong bill that includes the Senate-passed gun provisions.

3. Announce the Administration's plan to fund additional federal, state and local law enforcement officers and prosecutors to target gun criminals, and ask Congress to appropriate the necessary \$204 million to enhance gun enforcement efforts.

**B. Managing Offender Reentry and Breaking the Cycle of Crime and Drugs**

**Background:** This year, nearly 500,000 individuals will be released from state and federal prison and return to communities across the nation. They will return primarily to cities, and in disproportionate numbers to economically-distressed neighborhoods. These returning offenders pose significant risks to public safety in communities across the country. Nearly two-thirds of all prisoners are rearrested for new offenses within three years of release. Approximately 70% of state prisoners have a history of drug abuse, and rates of mental illness among incarcerated offenders are at least double the comparable rates in the general population. Both drug dependence and mental illness compound the problems offenders face when they return to the community. The Clinton Administration is committed to the vigorous enforcement of drug and other criminal laws. However, we cannot continue to send people to prison and return them to the community still addicted to drugs, only to recycle them again through the criminal justice system.

**Next Steps/Proposed Action:** The Clinton Administration is proposing to build on existing federal, state and local efforts to break the cycle of crime and drugs and to strengthen efforts to turn offenders into productive members of their communities when they leave prison.

**Project Reentry:** The Department of Justice has developed a new program, Project Reentry, to help communities improve reentry supervision and support systems in order to protect public safety and reduce crime. The program aims to establish effective systems to ensure that offenders secure and hold a job, pay obligations to victims and family members, stay drug free, and stay clear of criminal activity. Through Project Reentry, the Administration will

work to bring law enforcement; the courts; and community leaders, including businesses, faith-based organizations, as well as the public, together to oversee the return of offenders to the community. We will also establish special courts for returning offenders. The judges in the courts will ensure that offenders receive services, and meet obligations. The judges will also have authority to send offenders back to prison if they do not meet their obligations to stay drug free, pay necessary obligations, and meet other conditions of their release.

The President will ask Congress to appropriate between \$35 million each year, for five years for the Department of Justice to build reentry partnerships and establish reentry courts. In addition, the Department of Labor has committed to provide \$75 million to support jobs and transitional aid in Project Reentry communities as part of its FY 2001 budget. The Administration will also ask Congress to fund an important new effort to improve the response of the criminal justice system to offenders who are mentally ill.

**Breaking the Cycle of Drugs and Crime:** The President will also ask Congress to appropriate funds for drug treatment and drug testing for offenders on probation, while in prison or jail, and after they have returned to the community. Our goal should be to make drug treatment available to offenders at all stages of the criminal justice system – beginning with an appearance in drug court or other proceeding, through conviction, any prison term, and following release. However, if offenders fail to take advantage of treatment, they should face certain and severe sanctions – including serving time in prison.

### **C. Community Law Enforcement**

**Background/Administration Record:** The Clinton Administration launched an unprecedented effort to help America's communities fight crime. We are working closely with law enforcement and courts at all levels to build a criminal justice system that works in tandem with the community, and addresses the needs and problems in the community -- including gun violence, illegal drug trafficking and abuse, and domestic violence. Central to this effort has been President Clinton's Community Oriented Policing Program. Over the past 7 years, the Administration has awarded \$6 billion in grants to fund the addition of more than 100,000 officers in 11,300 communities nationwide. Today, more than 55,000 of those officers are on the beat.

#### **Next Steps/Proposed Action:**

**Community Policing:** The Administration has set a goal of helping communities hire and redeploy an additional 50,000 officers over the coming five years. Congress approved the Administration's request for over \$350 million in FY 2000, and the President should announce his intent to ask Congress for additional funding in FY 2001 to advance this goal. The Administration is further committed to providing local law enforcement agencies with the latest crime-fighting and crime-solving technologies – from improved police communications, crime mapping and computers to the latest crime laboratory techniques and materials. The Administration will ask Congress for \$350 million for this effort.

**Community Prosecution:** Now, it is time to do for prosecutors what we have done for police. The Administration has already funded community prosecution programs in 31 jurisdictions. The President's proposed budget will include \$250 million to expand this program nationwide. This funding will include \$50 million to help communities across the country to hire 400 new all-purpose community prosecutors, \$150 million to hire 1,000 community prosecutors specifically in high gun crime areas, and \$50 million to hire community investigators – as part of a partnership between police and prosecutors.

**Community Courts:** The Clinton Administration is helping to spur the creation of localized, issue- and neighborhood- specific courts, including drug and alcohol courts, mental health courts, reentry courts, and neighborhood-based courts. With proposed funding in FY 2001, the Administration will continue to promote this approach to better integrate the community and the court system. The judges, probation and parole officers, and other personnel in these courts work closely with the community, as counterparts to community police officers and community prosecutors.

#### **D. Drug Enforcement**

**Background/Administration Record:** Today, 6.4 percent of Americans use illegal drugs, down more than 50 percent from 17.5 percent of the population in 1979. However, drugs continue to be a major factor in the commission of violent crimes, and a burden on our healthcare system. We need to take a comprehensive approach to the scourge of illegal drugs. This includes the aggressive enforcement of our drug trafficking laws. The Department's drug strategy is to target and prosecute significant drug traffickers and highly structured drug organizations such as violent drug organizations, organized gangs, money laundering organizations, and corrupt public officials. Since 1993, the Department of Justice has prosecuted a total of 171,589 drug defendants. Drug cases brought during FY 1999 comprised 34 percent of all criminal cases brought by the Department.

#### **E. Raising our Children in Healthy and Safe Environments**

We need to invest in children – ensure that all children have a healthy start in life; do all we can to limit and perhaps even end their exposure to violence at home, at school, and on the street; provide quality education and after school programs; and offer job training so that our youth can learn to be productive members of the community as they grow up. We also have to address the many environmental and safety hazards that children face – from lead poisoning in their homes, to community-wide health problems.

##### **1. Limiting Children's Exposure to Violence**

**Background:** Our children are the key to safe communities for the future. Yet, millions of them are exposed to violence each year. Of the 22.3 million children between the ages of 12 and 17, 1.8 million have been the victim of a serious sexual assault, 3.9 million have been the

victim of a serious physical assault, and 9 million have witnessed serious violence. Young people under the age of 19 make up about 33 percent of crime victims.

Children who are victims of crime are more at risk to become offenders themselves. Abused or neglected children, for example, are 53 percent more likely than others to be arrested for a violent crime as a juvenile, and 38 percent more likely as adults. Children who are exposed to violence – either as victims or as witnesses – also suffer greater rates of depression, and alcohol and drug abuse than others do, and they have significantly lower academic achievement.

**Administration Record/Next Steps:** The Clinton Administration has worked hard over the past 7 years to target youth violence, and juvenile violent crime arrests dropped 8 percent between 1997 and 1998. But clearly, we must do more. In 1999, the President announced nearly \$100 million in grants to 54 communities around the country under the unique Safe Schools/Healthy Students Initiative. Co-sponsored by the Departments of Justice, Education, and Health and Human Services, the initiative will expand to 16 to 20 sites in FY 2000. The President will ask the Congress for additional funding for this initiative in FY 2001.

In addition, the White House Council on Youth Violence, which the President created to coordinate all federal program resources and activities as they relate to youth violence, will be working with the National Campaign Against Youth Violence to engage the private sector in programs and activities for our children and youth.

## **2. Protecting Children from Environmental and other Safety Hazards**

**Background:** The National League of Cities issued a report in November 1999 identifying childhood lead poisoning as one of 10 critical threats to America's children. Lead is particularly hazardous to children under six because their bodies are still developing, and their normal hand-to-mouth activities increase their contact with lead in paint chips, dust and soil. Lead can impair a child's central nervous system, reduce intelligence, cause reading and learning disabilities, and, at higher levels, cause coma and death. There are currently 890,000 children in the United States under six with levels of lead in their blood above the threshold established by CDC. The problem is especially acute in low-income and minority children living in older housing. For example, 21% of African-American children under six living in older housing have levels above the CDC threshold.

**Next Steps/Proposed Action:** The President's Task Force on Environmental Health Risks and Safety Risks to Children has proposed a 10-year strategy to eliminate childhood lead poisoning from lead-based paint. For the first time in the 100-year struggle with this disease, this strategy presents a framework for action and a clear deadline. The strategy identifies a number of necessary steps to eliminate lead poisoning by 2010, including increased enforcement of federal lead paint laws, expanding public education to enable parents to protect their children, and increasing blood-lead screening for children, especially Medicaid-eligible kids.

There are many other environmental, and health and safety hazards that children in our

communities face, such as poor access to health care, exposure to insecticides and other toxins, asbestos poisoning, food and water contamination, and household and other accidents. The federal government should work in a coordinated fashion to identify the hazards and systematically address the problems. The Safe Schools/Healthy Students program is a model for interagency cooperation and outreach which may be applied to the protection of our children from environmental and other safety hazards.

#### **F. International Crime**

**Background/Administration Record:** Over the past seven years, the Administration has taken important steps to ensure that the United States has a law enforcement presence around the globe to assist American victims of overseas attacks and to bring the perpetrators to justice as swiftly as possible. In 1996, the President signed the toughest anti-terrorism law in our nation's history. We have negotiated new international treaties and agreements to deny safe haven to international criminals, authorize the seizure of drug proceeds and other ill-gotten profits, and facilitate the investigation and prosecution of international criminals.

**Next Steps/Proposed Action:** The growing threat of international crime requires that we do more to protect U.S. citizens and interests, both here at home and abroad. The President has already called on Congress to pass legislation that includes new authority for the FBI to investigate crimes committed against Americans abroad, to deny safe haven to international criminals, and to combat drug trafficking, terrorism, and other international crimes. We need this legislation, and we need the Senate to approve more than 30 crime-fighting international treaties submitted by the President that would deny international criminals safe haven abroad in the countries with which those treaties were negotiated.

#### **G. Crime on the Internet**

**Background/Administration Record:** The Clinton Administration has responded aggressively to crime on the Internet. The President signed laws making it easier to prosecute online predators and to increase penalties for online sexual exploitation of children. We have established Internet Crimes Against Children task forces in 20 jurisdictions across the country. We have successfully targeted international child exploitation rings for prosecution. We have provided a national network of computer crime experts and established computer crime squads in the largest cities around the country. Internationally, we have spearheaded a network of computer- crime fighting law enforcement officials in more than 10 countries. Through this network, we have begun to fight back against cyberterrorism and other forms of computer crime.

**Next Steps/Proposed Action:** The Administration will propose new laws to combat computer and other high-tech crime, and to enhance law enforcement's ability to protect public safety as the Internet becomes integrated into daily life. The President, in the State of the Union, should urge Congress to work with us to enact legislation and to ensure that cyber-criminals are brought to justice. The Administration should also consider developing a Cybercorps program – modeled on the ROTC – to bring experts in computers and technology into the federal

government in exchange for educational assistance.

## **H. Violence Against Women**

**Background/Administration Record:** At the beginning of the Clinton Administration, Congress passed the first comprehensive federal law to combat violence against women. The Clinton Administration has awarded \$1.5 billion in Violence Against Women Act (VAWA) grants since 1994. The funds have reached across the nation to help communities respond to domestic violence, sexual assault and stalking. But VAWA funding is only authorized until the end of FY 2000. This year, Congress must reauthorize VAWA. The Administration has also enforced new federal domestic violence and stalking laws contained in VAWA that supplement the efforts of state and local law enforcement. To date, the Department has brought over 200 indictments under VAWA.

**Next Steps/Proposed Action:** In the past seven years, the Administration has learned a great deal about violence against women and developed new programs and proposals to address the identified problems.

First, we have learned that in 30 to 60 percent of domestic violence cases, battered women's children are also being abused – often times by the same person who batters the mother. The Department of Justice and the Department of Health and Human Services will begin working with foundations (the David and Lucile Packard Foundation, the Edna McConnell Clark Foundation, and the Annie E. Casey Foundation) to help families victimized by both domestic violence and child abuse. Through this initiative, we will make sure that child protection services and domestic violence agencies work together.

Second, we have to protect domestic violence victims from firearms. Nearly a third of all women murdered in the U.S. are killed by a current or former spouse or intimate partner. Firearms are used in about 60 percent of all domestic violence homicides. In 1998, over 1,000 victims of domestic violence were killed by guns. New laws have helped to take guns out of the hands of batterers before they use the weapons to harm and sometimes kill their intimate partner. The Brady Law background check system has already blocked more than 12,000 firearms sales to abusers and we must resist any efforts to weaken these laws.

Third, we have to address the growing problem of cyberstalking. We will work with Congress on legislation to provide law enforcement with the tools to end threats and harassment online.

## **I. Civil Rights Enforcement**

### **1. Hate Crimes**

**Background:** In 1998, over 7,000 hate crimes were reported – including the brutal killings of James Byrd and Matthew Shepard, the shooting of Won Joon Yoon and Ricky

Birdsong, and the attack on children at a Jewish day care center. But, statistics on hate crimes are not accurate. Many victims do not report hate crimes, and many police departments do not collect hate crime data.

**Administration Record:** This Administration has responded aggressively to hate crimes.

First, we convened the first ever White House conference on hate crimes to call attention to the national problem.

Second, we launched new federal initiatives to identify and prevent these crimes. In partnership with state and local governments, we have established working groups across the country to assess the hate crime problem in their communities and develop specific strategies for response.

Third, we have developed a model hate crimes curriculum to train local law enforcement. To prevent future hate crimes, we have encouraged educators throughout the country to create and adopt programs administered within the schools to teach children not to hate.

**Next Steps/Proposed Action:** The Administration will propose \$20 million in funding in FY 2001 to support police integrity and hate crimes training.

In addition, we have proposed legislation to assure that hate crimes are prosecuted to the full extent of the law. The proposed Hate Crimes Prevention Act would eliminate existing hurdles that prevent federal prosecution; extend coverage to crimes motivated by sexual orientation, gender, and disability; and preserve federalism by directing that federal prosecution would only occur when necessary to achieve justice in a particular case.

Congress has not acted on this legislation. The State of the Union offers an opportunity for the President to urge prompt Congressional action to prevent future hate crimes from going unpunished.

## **2. Americans with Disabilities**

**Background:** The year 2000 marks the 10<sup>th</sup> anniversary of the enactment of the Americans with Disabilities Act. The ADA charged the Civil Rights Division with the responsibility to open the mainstream of American life to over 50 million disabled Americans. The first decade of ADA implementation has opened opportunities for millions of Americans. For the first time, many hotel chains, restaurants, public transportation systems, and large government agencies are accessible to people with disabilities.

**Next Steps/Proposed Action:** Too many people with disabilities continue to be denied ready access to community programs and basic public accommodations. The Administration

will ask Congress for \$2.4 million in FY 2001 to improve access to basic communication systems, public transportation systems and other community services, train law enforcement on how to identify and handle appropriately persons with mental disabilities, and improve compliance with the ADA in under served populations, such as small towns and businesses in rural areas, people with limited English proficiency, and minority populations in urban centers.

## **II. Protecting American Consumers**

The Administration has vigilantly enforced the antitrust laws and advocated competition and free markets both in traditional industries and in the high-technology and communication sectors of the economy. Most notably, the Department of Justice succeeded after trial in obtaining findings from the court that support claims that Microsoft Corporation violated America's antitrust laws. And, in the midst of a merger wave of historic proportions, with a record \$3 trillion in transactions during 1999, the Department of Justice and the Federal Trade Commission have increased enforcement efforts and taken measured but substantial action to keep markets competitive in the telecommunications, airline, defense, high-tech, agriculture, banking, energy and other sectors. The Department has blocked multi-billion dollar deals, and required parties to divest billion of dollars in assets, when necessary to keep markets competitive.

Also, over the past two years, as part of a major crackdown on global price-fixing cartels, the Department has obtained over \$1.4 billion in criminal fines, mostly from foreign companies, and sent numerous price fixers to jail. These enforcement actions benefit consumers of everyday products like vitamins, milk, and cereal

## **III. Protecting America's Environment**

**Background/Administration Record:** The Department of Justice has a strong record of enforcement of our environmental laws. A significant issue for the Department today is the enforcement of the Clean Water Act. Almost thirty years after passage of the Clean Water Act, there is still too much toxic waste entering our rivers, lakes and oceans. Last year, over one-third of our coastal beaches had to be closed or were subject to health advisories issued concerning them because of pollution. We are losing from 70 to 90 thousand acres of wetlands each year. The Department of Justice has worked closely with state, tribal, federal, and local governments to ensure that all of American's waters can be "fishable and swimmable" as directed in the Clean Water Act. Overall, between 1993 and 1998, we brought more than 350 civil Clean Air Act cases and 240 civil Clean Water Act cases, imposing more than \$286 million in penalties.

**Next Steps/Proposed Action:** The President can support this effort by directing federal agencies to redouble their enforcement efforts to target those who are polluting our Nation's rivers, lakes, and oceans, and destroying our wetlands.



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C.

December 23, 1999

SECRETARY OF THE TREASURY

**MEMORANDUM FOR THE PRESIDENT**

**FROM:** Lawrence H. Summers   
**SUBJECT:** Thoughts on the State of the Union

Apart from its programmatic content, the upcoming State of the Union Address offers one of your final opportunities to frame for an enormous audience the basic themes and principles that have guided you as you have led the country to a period of unprecedented prosperity. You do this better than any of us. But let me suggest five rhetorical/analytical thrusts that I think you might consider in the context of the State of the Union.

**1. American Exceptionalism**

Few aspects of our current situation are as remarkable as the fact that we are now at least as strong as a country as we were in what was then thought to be the unique global environment immediately following World War II. We have no real rival. Indeed, it is almost certainly the case that in the last five hundred years no country has been as strong relative to the second strongest power – either militarily or in terms of its gross purchasing power – than we are today.

This is something we can take pride in; that we must use wisely, both domestically and internationally, if we are to maintain the force of our example, and about which we must not be complacent. It is equally something that was in no way expected when you became president, and which any Republican would be wrapping himself completely in. While this thought needs to be balanced to avoid hubris, it is important to state in framing year 2000 election choices.

**2. Global Economic Integration**

I think we have made an over-mercantilist case for trade and open markets. Our emphasis on exports leaves us vulnerable to the popular animism surrounding imports, and ultimately, the kind of backlash that we saw in Seattle. There is a deeper, more enduring case for open markets:

- That trade promotes prosperity and by promoting prosperity, promotes peace. There may never have been so radical a change in the balance of global economic strength as there has been in the past 25 years – especially, in Asia. That this has taken place without major conflict is in no small part a tribute to the integration of nations through trade. By supporting liberalization abroad, we invest in our future security and in the spread of our core values.

- That trade affords all of our citizens a wider choice of consumer goods, at lower prices, and our producers a wider choice of inputs and lower costs, making them more competitive and able to hire more workers and raise their wages.
- That it provides more competition as a spur to productivity and new ideas – and as a result, lower inflation and lower costs of capital. It is no accident that possibly the world's most open economy is an economy almost 9 years into an expansion, with rapid growth, almost no inflation and long-term interest rates that are 2 percentage points lower than at the start.

Difficult though it has been to persuade the American public on these points, they need to be emphasized at the beginning of what will be a crucial period for global economic integration. And the arguments need to be made within a framework that recognizes that the worst labor practices in the developing world have little or nothing to do with exports or foreign investment.

### **3. The New Economic Case for Inclusion**

It is vital to stress that the new economy is built on old virtues – such as budget surpluses, and high savings and investment. But it is equally important to stress, as you did so powerfully at the signing of the Work Incentives Improvement Act, that this is a moment to make sure that all of the economy's resources are fully employed, and to stress that increased inclusion in the productive enterprise of America benefits not just those who are newly included but all of us – in the form of higher incomes and reduced inflationary threats. Quite, simply, in an environment of high and continued demand the economy needs all the supply it can get.

This idea of harnessing all of our productive resources can unite diverse themes, ranging from new markets, to education, to welfare reform to child and dependent care and the EITC. I have found it helpful as a way to describe the benefits of a high-pressure economy to describe the economy as now being one in which jobs look for people as much as people look for jobs.

### **4. Core Public Investments**

It is important to take advantage of an era of budget surplus – one that has crowded in so much private investment just as the years of deficits used to crowd that investment out – to highlight other crucial areas of investment. In this millennium moment, basic research seems to me to be a priority, both because of its value to the economy and because we know that it will be underprovided by the market. At a time of falling rather than rising government debt, we also can and should defend balanced increases in what the government invests in schools and in the development of more and more effective environment-protecting technologies.

### **5. Managing the Modern Economy**

You have quite literally established a new paradigm for public policy in the 1990s: one based on supporting not supplanting the market; on maximizing the benefits of innovation while managing the risks. This was the guiding principle for the liberalization of telecommunications in your first Administration. And it has underpinned our approach to financial modernization, where we must

continue to enable the American financial services industry take advantage of new market opportunities but not in a way that leaves community investment or personal privacy behind.

We need to remind Americans of this basic mission and to underline important areas where the right kind of market-supporting framework has not yet been established: notably, the need to build a stronger international financial architecture that can prevent and certainly respond more effectively to the kind of crises we saw in Asia; and the need for a flexible yet durable approach to the regulation of electronic commerce.

to: \_\_\_\_\_  
room: \_\_\_\_\_ date: 12/21/99

Department  
of the Treasury  
Office of the  
Chief of Staff

TO: Maria Echaveste  
Terry Edmonds  
Tom Friedman

SUBJECT: Sheryl Sandberg  
Phone: (202) 622-1906  
Fax: (202) 622-0073

Following up on our conversation yesterday, attached please find the speeches Larry has given recently on the economy, the U.S. financial system, and U.S. globalization.

Please let me know if we can be of any assistance.

room 3408 MT  
phone 622-1906



## TREASURY NEWS

---

### FROM THE OFFICE OF PUBLIC AFFAIRS

FOR IMMEDIATE RELEASE

October 28, 1999

LS-179

#### **"Economic Engagement: The Risks of Malign Neglect"**

**Remarks by Lawrence H. Summers,**

**Secretary of the Treasury**

**Brookings Institution,**

**Washington, DC**

**October 28, 1999**

I would like to talk today about the crucial issue of how the United States engages with the rest of the global economy at the dawn of a new century.

Let me focus my remarks on four issues:

- First, the national security and economic case for support for open markets around the world.
- Second the case for supporting global economic development more directly, including through our support for the international financial institutions (IFIs).
- Third, the generalized decline in support for global engagement in the United States, and the implications for both the quantity and the quality of our global leadership.
- Fourth, some of the reasons for this generalized decline - and how these need to be addressed.

Let me begin, however, with a few words about the broader context.

#### **I. A Special Time for the United States**

It is, in many ways, a critical moment in our nation's history. America is the world's largest economy and strongest nation with no single, dominant competitor. At the same time, Americans are growing wary of global entanglements. Market ideas are in ascendancy; there is high regard for business and the rights of capital; but while successful investors are heroes, those at the bottom of the ladder still feel insecure. Internationally, the breakdown of empires and the absence of large power balances have made the world ripe for ethnic and nationalist conflicts.

I suppose I could be describing the latter part of the 1990s. I am actually describing the late 1920s. That was a time of high optimism, a time when continued peace and stability was widely foreseen; yet over the next 15 years the world system would spiral out of control, first economically and then politically. The period of depression and World War that followed are perhaps the darkest two decades of this century and, arguably, among the darkest of this millennium.

History does not repeat itself. Any historical analogy between the world of today and the world of the 1920s is surely imperfect. But it does remind us that there have been other times in our history when the United States' reluctance to engage fully with other nations and to help manage changes in the balance of global economic power has had major consequences.

A generation of post-war leaders was determined that we would not make that mistake again. They helped to shape a global vision of an America committed to create an ever-widening circle of ever more

prosperous, ever more international economies. This is a vision that has been at the center of US foreign and economic policy - during Republican and Democrat Administrations alike - for the bulk of our postwar history. And it is a vision that has served our country extraordinarily well.

In many ways, the United States in the final decade of the 20<sup>th</sup> century is the most successful economy that there has ever been. And yet, at another critical time in our history, the fundamental choice for this country - to be a force for the right kind of global integration - is under threat in a way that it has not been in 50 years.

- That threat does not spring from a single party or agenda - although partisanship and the particular interest have played their role.
- That threat does not clothe itself in the language of protection or nationalistic retreat - although these surely have their proponents.
- And it does not come in a single battle that will be won or lost - although some of the decisions that we make in the coming days will be very important to the long-term result

The risk we face at this special time is more diffuse than any of these - but no less dangerous. It is the risk of what one might call the malign neglect of our global standing: the risk that little by little, in countless different ways for countless different reasons, we will wear away at our capacity to lead the world in a direction that will support our deepest long-term national interests and values - and in a manner that can inspire ever-increasing global support.

## **II. The National Security and Economic Case for Strong Support for Open Markets**

There are two sets of reasons why the United States needs to continue to be a vigorous proponent of open markets policies.

*First, it is an investment in our future security*

The crucial link between closer economic integration and our national security is this: we are much less likely as a nation to be drawn into conflict if nations of the world are strong, confident, and forging ever-closer connections than if they are financially unstable and disconnected. In short, trade promotes prosperity, and by promoting prosperity, promotes peace.

Fifty years ago, the challenge the world faced was the economic reconstruction of war-ravaged Europe and Japan - and ensuring that the mistakes of the inter-war years would not be repeated. Today we face a very different challenge: the challenge of integrating the five billion people of the developing world into the global economy that is being born out of the embers of the Cold War. But the right course for the United States is the same as it was in 1945.

There may never have been so radical a change in the balance of global economic power as there has been in the emerging markets of the world, particular in Asia, in the past 25 years. The fact that it has taken place without major conflict is in no small part a tribute to increased integration of the world's economies and support for cooperative institutions to cement that integration.

By supporting liberalization in these countries, we invest in our future security and we invest in the spread of our core values. Examples such as Korea, Taiwan and Argentina illustrate that economic development and openness bring democratization in its wake, and there is no better way to spur this process than by integrating these economies into the global marketplace

*Second, as an investment in our future prosperity*

But even if there were no strategic or broader national security case for open markets and interchange between nations, I believe that there would be a compelling economic case for integration, rooted in our standard of living. Perhaps you will pardon me the slightly academic approach of making this point through an analogy.

Imagine a country all of whose harbors were filled with rocks so that ships and goods could not come in, though some could go out. And imagine that it was proposed to remove the rocks from the harbors. Many people would say that this would be a good thing to do:

- It would provide citizens with a wider choice of consumer goods, at lower prices.
- It would provide producers with a wider choice of inputs, and lower costs, making them more competitive and able to hire more workers and raise their wages.
- It would provide more competition as a spur to productivity and new ideas - and as a result, lower inflation and lower costs of capital.

To be sure, the removal of those rocks would bring about change in the economy. But every day and in every way our market economy - by bringing about improvements in technology, communications and transportation - is bringing down natural barriers and making communication and trade that much easier. The question is whether we should respond differently to man-made barriers to trade.

It bears emphasis that this is not even a symmetrical argument - because we start out more open, so liberalization agreements with other countries always tends to reduce their trade barriers more than it reduces ours. To take just one example, the tariff reductions achieved in NAFTA with Mexico were five times as large in Mexico as in the US.

In other words, an open markets approach is not just good economic policy; it's good even from a mercantilist standpoint as well. And it is especially good policy for the United States because of our strategic position, because of the diversity of our population, and because of the size and strength of our economy. We stand at the hub of a world trading system. And the bigger that world trading system is, the more open it is, the more we will benefit from our position at its hub.

Whatever our broader trade policy might dictate, it cannot be right that the richest country in the world, the richest country that there has ever been, is unable to provide preferential access to its markets to a countries in Africa where 500 million people live, nearly half on incomes of less than one dollar a day. That is why the African Growth and Opportunity Act - which has had strong supporters on both sides of the Congressional aisle - is such a crucial piece of legislation. We hoped it would pass last year. It needs to pass this year.

What is true in Africa is also true much closer to home, in the Caribbean. NAFTA was a very important step, but it had the consequence of hurting some of our other neighbors who did not benefit from the preferences that were provided to Mexican goods. The right trade preferences for the Caribbean - as reflected in the strengthened version of the Caribbean Basin Initiative now before Congress - will help make their economies much stronger and our economy safer.

### **III. The Case for Sustained Support for the International Financial Institutions**

We always - and rightly - tend to respond to and focus on the problems that one can locate on a map, in places such as Kosovo or East Timor. What we may focus on too little are the things that can help prevent such problems occurring in the future. That is why our support for global development institutions, our support for open markets; and our support for strong policy are so important.

Ten years ago, when the Berlin Wall came tumbling down the United States defense budget was \$107 billion higher in real terms than it is today. Reasonable people can debate how much of this ought to be invested in forward defense of our core interests through support for the IFIs and other foreign operations. But it would be hard to make the case that the right answer is to spend a good deal less on these things than we did before.

The Foreign Operations bill that the President vetoed last week appropriated only \$12.7 billion for these kinds of investments. That is nearly \$7 billion, or 35 percent less than the \$19.4 billion average that was spent under President Reagan and President Bush. To take just one crucial piece of this: in 1991, President Bush requested a \$1.8 billion contribution to the IFIs. For 2000, President Clinton requested just \$1.4 billion. But Congress cut that request to just \$895 million - or less than half the level of

spending in 1991.

The President's International Affairs request for these and other international priorities is not large by historical standards - and it is barely one percent of the total federal budget. It represents high return investments in America's core interests and its global leadership - investments that for more than 50 years have enjoyed strong bipartisan support.

Every dollar we contribute to the multilateral development banks leverages more than \$45 in official lending, to countries where more than three-quarters of the world's people live. Quite simply, they are the most effective tools we have for investing in the markets of tomorrow.

These programs help to promote changes that reflect core American values: such as freer markets, greater transparency and public participation strengthened property rights and open borders. And they are at the cutting edge of global efforts to combat major new threats such as AIDS, which is already devastating Africa and now threatens to erase twenty years of economic development in Asia.

- Not so long ago, the United States annual commitment to the IFIs came to \$1.9 billion. Today that has been cut to \$1.2 billion. Yet the Congressional bill would prevent us from meeting even this reduced obligation.
- Not so long ago, United States arrears to these institutions that we were so central to creating were \$1.5 billion. Today that debt has been reduced to \$335 million. The Congressional bill would reverse that progress, and our arrears next year would rise to more than \$665 million.

The same bill would also fatally undermine a global effort to reduce the debt of the poorest countries. Yet writing off debts owed by countries that will never be able to repay them is sound financial accounting. It is also a moral imperative at a time when a new generation of African leaders is trying to throw off the legacies of the Cold War and open up their economies. That is what the Heavily Indebted Poor Country initiative is about. It will not write off the debts of countries that are not working to reform. It will help build future markets in countries that are committed to helping themselves.

At a time when the wars that the world faces are more likely to be born of ethnic divisions and poor governance within countries than ideological power struggles between them - and when conflicts in Africa have killed more people in the 1990s than in every other region combined - investing a tiny fraction of our budget in programs that can help these countries build a better future is not an investment that a nine trillion dollar economy should find it difficult to make.

#### **IV. The Broader Costs of Reduced Support for Engagement**

I have spoken of the aspects of our global engagement that Treasury is most involved with. But of course the generalized domestic distrust of global involvement shows up in other ways:

- In visible rejections of multilateral policies and institutions: including the widespread opposition we have seen to the World Trade Organization; the sixty-plus times that the US has imposed unilateral economic sanctions since 1993; and the failure to pay our dues to the United Nations which may soon cause us to lose our seat in the General Assembly.
- And, no less clearly, we see it in the rising demands that we make on other countries as conditions for United States support. Each of these, considered individually, may be wise - but cumulatively, they risk the erosion over time of broader global support.

It is a striking irony of this time that the economy that has gained most from rising global integration and cooperation seems to need ever-greater assurance that these things are in its interest - and will invest an ever-decreasing amount in their support. And that irony, we can be sure, is not lost on other nations.

All of these ways, the United States' reduced faith in the benefits of global engagement threatens to reduce the world's faith in us, and so to undermine our global authority.

Of course, in our support for global institutions and agreements we must always ensure that core American interests and values are protected. But the stock of global goodwill is not infinite. When we

choose to deplete it in a given instance - the consequences for the next time we need that goodwill must always be taken into account.

We want to have an opportunity to shape the right kind of global economy - one that supports our interests and values and where there are common rules that enable it to work for all - we have to be part of the process. And we have to be seen to be participating constructively and in good faith.

## V. The Roots of Malign Neglect

I have tried to reflect on why, when the security benefits are so compelling and the economic benefits so clear, it is so difficult to make the case for open trade and broader economic integration in America today. Three reasons stand out:

The first is the natural human tendency to internalize the good news and externalize the bad. How many people working hard at a badly managed firm, with out-dated technology, pin the blame for their layoff on foreign competition? How many people, when offered a raise or promotion in a labor-short industry following a surge of export demand, assign the credit to open international markets, rather than considering it to be a deserved reward to their own skill?

It is the nature of the trading process that when there are costs, those costs are apparent and attributed to trade, even when the main cause is something else - and when there are benefits, the link with trade is seldom if ever made. That makes the case for integration that much more difficult to make.

The second reason why we have a hard time making a compelling case for global integration is that the compelling geopolitical rationale that the Cold War provided is no more. Historians have written at length about the oscillations of the United States between isolationism and global engagement. It greatly simplifies, but perhaps does not distort, that work to say that our global engagement has typically been in response to a dire threat.

Today's threats - of rising disorder and impoverishment overseas - do not have the emergency character that the threats of an earlier time have had. Yet we saw in the inter-war years what could happen when the United States shunned cooperation and turned inward, at a time of great national strength. That is the danger we must work to avoid today, just as those visionary leaders did after 1945.

The third reason is that trade - and integration more generally - tend to become the lens through which all kinds of concerns about a changing world are projected. Whether the root concern is new technology, or deregulation - all of the economic insecurities that this new economy can produce tend to come together when the subject is trade.

That is why it is so essential that we work to equip workers with the education and skills to manage the transition process and to seize the opportunities that come with it. If we compare our time to that postwar period of remarkable American internationalism, the absence of a single, major threat is one major difference. A different kind of political process is another. I doubt anyone ever focus-grouped the Marshall Plan - and I am not sure how well it would have done if they had. But that postwar period was also a time when opportunity and protection was being given to the American middle class.

To a degree that historians have perhaps under-emphasized, the GI Bill of Rights was an integral part of the strategy behind the Marshall Plan - just as our interstate highway system was partly the result of an effort to marshal our Cold War defenses. President Clinton had a clear understanding of these issues at the start of this Administration when he decided to establish the National Economic Council - a body that stands for the recognition that our domestic and our international economic policies will always be intertwined.

For all of these reasons, the case for vigorous United States engagement with the world and support for open markets is surely more difficult to make today than it was forty or fifty years ago. But the risks for our future capacity to lead the world - and to bequeath a safe and prosperous global economy to our children and their children - are every bit as great as they were then. Thank you.



## TREASURY NEWS

### FROM THE OFFICE OF PUBLIC AFFAIRS

FOR IMMEDIATE RELEASE

October 14, 1999

LS-154

### **"GLOBALIZATION THAT WORKS FOR PEOPLE" TREASURY SECRETARY LAWRENCE H. SUMMERS REMARKS TO THE DEMOCRATIC LEADERSHIP ANNUAL CONFERENCE WASHINGTON, DC**

The United States is the world's largest, richest and strongest economy. If leadership in building a truly global trading system is going to come, it is likely to have to come from our country. And now, when our economy stands so strong, is a propitious time for action. Yet even at this time of unprecedented economic strength, the questions of what our trade policy ought to be - and our approach to global integration more generally - continue to be difficult and vexing ones for our country.

I would like today to share some reflections on four aspects of this debate that I think do not always receive the emphasis they deserve.

- First, the political and national security case for America's open markets policy.
- Second, the direct economic case for open markets in terms of the living standards of the American people.
- Third, the difficult question of how to make sure that integration works for people.
- Fourth, the political challenge of maintaining support for global integration in our country.

#### **The Political and Strategic Case for Support for Open Markets**

The crucial link between closer economic integration and our national security is this: we are much less likely as a nation to be drawn into conflict if nations of the world are strong, and are forging ever closer connections, than if they are financially unstable and disconnected.

In short, trade promotes prosperity and by promoting prosperity, promotes peace.

Fifty years ago, in the wake of World War II, the primary concern the world faced was the economic reconstruction of war-ravaged Europe and Japan. A generation of visionary leaders responded by supporting a successful strategy of rapid economic rebuilding as essential to normalization and prosperity, and increased economic integration, so people stood more to gain from shared peace than from divisive conflict.

Today, the challenge is to integrate the 5 billion people of the developing world - hundreds of millions of who are now glimpsing the benefits that a global economy can offer - into a strong and truly global market system. And our answer to that challenge should be the same as it has been since 1945. By supporting liberalization in these countries we invest in our future security and we invest in the spread of our core values.

Examples such as Korea, Taiwan and Argentina illustrate that economic development tends to bring democratization in its wake. And there is no better way to spur this process than by integrating them into the global marketplace.

Let these countries trade in today's global economy and you provide one of the strongest catalysts for reforms that promote our deepest interests. In a 21<sup>st</sup> century global economy, competition and integration will make them more market-based; more protective of personal and commercial freedoms, more open to the free flow of information and ideas; and ultimately, less prone to conflict with other nations.

Trade, then, is the pursuit of peace by other means. But we should never forget that it is also the pursuit of higher living standards for Americans. To put it bluntly: even if closer integration did not help to make America a safer nation, we would still want to support it because it helps make us a more prosperous one.

### **The Economic Case for Open Markets**

Let me now suggest a more academic way of thinking about the economic case for trade that is a little different than usual. Imagine there was a country whose ports were all filled with rocks - to be sure, a very special kind of rocks - that blocked all incoming ships but not outgoing ones. Ask yourselves, if those rocks could be removed at no cost, would that be a good thing for that country?

Many people would say that it would be a good thing:

- It would provide citizens with a wider choice of consumer goods, at lower prices.
- It would provide producers with a wider choice of inputs, and lower costs, making them more competitive and able to hire more workers and raise their wages.
- It would provide more competition as a spur to productivity and new ideas - and as a result, lower inflation and lower costs of capital.

To be sure, the removal of those rocks would bring about change in the economy. But looking around, we can see that every day and in every way our market economy - by bringing about improvements in technology, communications and transportation - is bringing down natural barriers and making communication and trade much easier.

This, too, brings enormous changes as well as benefits in its wake. Indeed, nearly all the academic evidence in this area suggests that technological change has had a much larger impact on workers than increased trade - and that trade liberalization has tended to raise the wages of skilled workers rather than reduce the wages of the unskilled. Shutting ourselves off from the new global economy would not help these people - any more than it would help them for us to turn our back on new technologies.

The question is whether we should respond differently to man-made barriers to trade than we do to those natural barriers that new technologies are now eroding. And should our response be any different if other countries have bigger rocks in their harbors? Would that be a reason to keep the rocks piled high in our own?

The success of the United States in the 1990s is a testament to the benefits that openness can bring:

- Exports have created millions of new jobs - jobs that on average pay 13 to 16 percent above the average wage.
- And our openness to imports has fueled competition and innovation and helped to sustain our growth with almost no inflation and long-term interest rates that even now, after 8.5 years of expansion, are around 2 percentage points lower than they were at its start.

But actually I have so far understated the case for open markets, because no one is suggesting that the United States unilaterally lower our own trade barriers without reciprocal steps by others. What is at issue - in the debates we have had about ratifying the Uruguay Round of the General Agreement on

Tariffs and Trade and Fast Track, or that we will have about the new round of negotiations within the World Trade Organization - is whether we should be involved in a broad project of removing the rocks from our harbors and from other countries' harbors.

It bears emphasis that this is not even a symmetrical debate - since we already have by far the lowest trade barriers in the world. If we look at the trade agreements we have negotiated in recent years, the reductions in our own trade barriers are a fraction of the reductions that other signatories have undertaken.

To take just one example: in 1993, United States goods faced an average tariff at the Mexican border of about 10 percent, around 2 and a half times greater than United States tariff on Mexican goods. Thanks to NAFTA, as of July 1999, Mexico's average tariff has already fallen to about 2 percent. Indeed, two-thirds of U.S. exports to Mexico now enter duty-free. Overall, our exports to our NAFTA partners grew by more than two-thirds, or \$93 billion, in the five years after the agreement was signed.

Looking forward, the gains from future trade liberalization could only be greater, at a time when the major Latin American and Asian economies with whom we are most likely to negotiate new trade agreements have average tariff rates three times higher than our own.

Considering the question this way, the inescapable conclusion is that the pursuit of further trade liberalization around the world is not merely good economics - but good mercantilism. Of course, it is important to ensure in our bilateral and multilateral trade negotiations that our commercial interests are protected, and that our trade laws are vigorously enforced. But to seek to keep our harbors closed off to foreign competition is to see our long-term core interests precisely backwards.

No country has a greater commercial and broader economic stake in encouraging ever-closer global economic integration. Because of the diversity of our population and the centrality of our location, our ties to any given region in the world are stronger than its ties to any other region. And time and again, when developing countries reduce their trade barriers they grow faster, their wages rise - and their demand for sophisticated American products grows with them.

### **III. Making Integration Work for People**

At the same time, we all have to recognize that trade and integration will not work for America unless it works for every American. To a degree that historians have perhaps under-emphasized, the GI Bill of Rights was an integral part of the strategy behind the Marshall Plan - just as our interstate highway system was partly the result of an effort to marshal our Cold War defenses.

The lesson of that time is very clear: internationalism cannot be a goal pursued by the elite for its own sake. We need to find ways make real and more apparent to Americans the strong link between security and prosperity abroad - and the security and prosperity of every American.

As the President has said, "working people will only assume the risks of a free international market if they have the confidence that the system will work for them." As we move to more truly global and integrated economy, and as capital becomes so much more mobile than labor there are legitimate concerns that companies will exploit that greater mobility by playing off competing jurisdictions against one another. The fear is that we will find ourselves in a race to the bottom - a bottom in which governments cannot promote fair taxes, uphold fair labor standards, protect the environment or promote other key American values.

That is not the world we want to build. And it not the world that we are building. Just as national regulations and standards evolved in the United States in the last century in response to the consequences of inter-state competition - so international agreements and institutions will be needed to provide an enduring basis for integration at the international level. As the President has said: "a legal framework of mutual responsibility and social safety is not destructive to the market; it is essential to its success."

- That is why we are working with other countries to promote global cooperation against corporate and legal tax havens and we are working actively in the OECD on the issue of tax competition.
- That is why I think that the WTO should commit to collaborating more closely with the International Labor Organization, which has worked so hard to protect human rights and to ban abusive child labor.
- And that is why, among other things, at the WTO ministerial in Seattle we will be calling for the creation of a WTO Working Group on Trade and Living Standards and a thorough review of the environmental impact of the Seattle round.

If we are there working with developing countries, to achieve strong agreements which open global markets to them and to us, we can simultaneously promote labor and environmental priorities and other issues that are important to us. What is more, we can offer their workers the most reliable route to higher wages, namely access to global markets and expertise. Without our involvement, neither outcome can be guaranteed.

Let me just add that however these issues play out in context of our broad trade relations, the richest nation on earth can surely afford to open its markets in a limited way to countries in Sub-Saharan Africa and the Caribbean whose per capita income is a fraction of our own. The African Growth and Opportunity Act and the enhanced Caribbean Basin Initiative each represent modest but important steps toward expanding our partnership with these countries - and promoting the broad economic reform and accelerated growth that they desperately need. These are not steps that a nearly nine trillion dollar economy should find it difficult to make.

### **The Challenge of Maintaining Support for Outward-Looking Policies in the United States**

These and the other broader arguments for open markets should not be difficult to make. But increasingly, they are. I have tried to reflect on why that should be so: why, when the security benefits are so compelling and the economic benefits so clear, it is so difficult to make the case for open trade and broader economic integration in America today.

Three reasons stand out.

The first is the natural human tendency to internalize the good news and externalize the bad. How many people working hard at a badly managed firm, with out-dated technology, pin the blame for their layoff on foreign competition? How many people, when offered a raise or promotion in a labor-short industry following a surge of export demand, assign the credit to open international markets, rather than considering it to be a deserved reward to their own skill?

The second reason is that the United States is a large country that has traditionally looked inward. Historians have written at length of our oscillations between isolationism and global engagement. In the 1920s and early 1930s we swung, disastrously, in the first direction. In the post-war period we moved decisively toward support for integration.

Today the motivating force of the Communist threat has evaporated, and been replaced by the less salient but no less real threat of foreign economic storms blowing onto our shores. And international economic policy has become more subject to popular influences. I doubt that anyone focus-grouped the Marshall Plan; or that it would have fared well if they had.

The third reason is that trade tends to become the lens upon which all kinds of concerns about a changing world are projected. If Americans are to be able to support and feel comfortable with change, we need to equip workers with the education and skills to manage the transition process and seize the opportunities that come with it.

In the end, a globally integrated America that leaves large chunks of its people behind will not travel far. As we move from an industrial to an information age - pregnant with possibility but also full of new

challenges for ordinary people - a progressive agenda that seeks to widen the circle of opportunity and prepare people for a global economy is as important as it has ever been.

## Conclusion

If we are literal about the definitions and define the current century as ending on January 1, 2001, there is much about the 21<sup>st</sup> century that this century will still shape. The decisions that we and others make on crucial issues of the world trading system:

- About whether the United States, which has aided Africa and the Caribbean for so long, will pursue policies that recognize that trade, not aid, is the best way to help these countries prosper;
- Whether China, the home to one fifth of mankind, will carve its place in a open and rule-based global trading system;
- Whether we will find the momentum on key regional trade initiatives in Latin America and Asia;
- And above all, about whether the global trading system will continue moving forward, at the Seattle meeting and beyond.

The decisions that we and others make on these and other questions will in a very real sense set the frontiers of global economic advancement for many years to come. The President has called it "the challenge of the millennial generation...to create a world trading system, attuned both to the pace and scope of a new global economy and to the enduring values which give direction and meaning to our lives." America has an enormous stake in helping to build such a global system in the months ahead - and a great deal to lose if we take now as the time to turn our backs.

---

[Search](#) | [Email](#) | [Treasury Home Page](#) | [Sitemap](#)



## TREASURY NEWS

### FROM THE OFFICE OF PUBLIC AFFAIRS

FOR IMMEDIATE RELEASE

October 5, 1999

LS-141

**"TOWARD A 21<sup>st</sup> CENTURY FINANCIAL REGULATORY SYSTEM"  
TREASURY SECRETARY LAWRENCE H. SUMMERS  
REMARKS BEFORE THE WOMEN IN HOUSING AND FINANCE  
WASHINGTON, DC**

Let me start by congratulating Women in Housing and Finance on reaching its 20th anniversary. I gather that this was celebrated with quite a magnificent gala two weeks ago. I was also pleased to see that among the outstanding women honored were Ellen Seidman and Julie Williams from Treasury. Your organization has contributed to making accomplishments like theirs possible.

I would like to take the opportunity today to talk about legislation that, if it is done right, could make an important contribution to strengthening our financial system for the 21<sup>st</sup> century.

The American financial system is today stronger and more competitive than it has ever been and our financial institutions the most sophisticated and advanced in the world. The financial system serves like the central nervous system of the human body, ensuring that all the other parts of the system respond appropriately. We are fortunate that ours is functioning well.

There is, however, no cause for complacency. And as policymakers, we must keep our laws in sync with rapid changes occurring in the financial services industry: notably, the emergence of new instruments and new market actors; increasing globalization; and the growing trend toward greater consolidation, both within the financial services sector and across borders.

As we have watched financial trends at work around the world, we have learned the difficult balance that governments must strike in regulating their financial services system:

- We have learned that financial systems work best when they are competitive and where market forces are channeled to produce greater choice and lower costs for consumers.
- And they work least well when market participants are encouraged to maximize their access to governmental benefits, at the expense of their business and their customers.

Our challenge is much the same as that which other nations face. We must allow competition to work. In the context of the current legislative debate, that primarily means allowing common ownership of banking, securities and insurance firms.

The greatest benefit of the financial modernization bill now in conference would be the repeal of archaic restrictions in our current laws that prevent this and thereby prevent any one financial services firm from offering a full range of products. The walls created by these restrictions were sustainable when the banking, securities, and insurance industries were more static. In today's more fluid environment, those walls need to come down for financial services firms to serve their customers efficiently.

If it can be done without compromising other critical objectives, repeal of the common ownership restrictions of current law would be an important boost to our financial system. Our leadership of the world's financial markets would be enhanced. And consumers would see the benefits in the form of

greater innovation and lower prices. For example, we estimate that every one percentage point decline in the costs of financial intermediation could save consumers \$3.5 billion per year.

That is why we want a financial modernization bill to pass. But it must be the right bill. This will be the primary focus of my remarks today.

## **I. Key Aspects of the Current Financial Modernization Bills**

We are at an important juncture in the life of financial modernization legislation. On the one hand, our experience with the House bill has taught us that by working together in a bipartisan manner, Congressional Democrats and Republicans and the Administration can produce legislation. On the other hand, the conference procedure announced last week -- with the bill to be written by three Committee chairmen and amended only with bicameral committee approval -- appears likely to lead to partisanship and division.

While we share the leadership's desire to see this legislation move forward, we think that any partisan approach will not ultimately serve our shared interest in passing a bill. We stand ready to work with all interested parties, as we have been doing with great vigor for some time. But we must all recognize that this highly complex legislation which many before us have tried and failed to achieve requires the participation of *all* the interested parties if it is to survive.

I want a financial modernization bill that the President can sign - and I believe such a bill can be produced only on a bipartisan basis. I remain hopeful that we can achieve such a bill -- and achieve it this year. That said, the President has made clear that there are some principles that he will not sacrifice in order to pass legislation.

In particular, he has stated that he would veto a bill that:

- Prohibits banking organizations from choosing the structure that is right for them.
- Erodes the relevance of the Community Reinvestment Act.
- Fails to include adequate protections for consumers.
- Or breaks down the walls separating banking and commerce.

Let me consider each of these four principles in greater detail.

### **1. Organizational Choice**

We have learned over the years that drawing arbitrary lines hurts competition. We have also learned that once those lines are drawn, it takes decades to redraw them. That is why we believe that banks should have the flexibility to establish a subsidiary to engage in new financial activities. They should not be forced to divert business opportunities to an affiliate, reduce capital by funding the new activity through dividends, and lose the earnings from their own innovation and customer base.

At the same time, we believe that a modernized financial system should retain some separation between banking and other financial activities. The alternative, universal banking, is popular around the world, but I believe is the wrong choice for this country at this time. Thus, although the House bill allows common ownership of banking, securities, and insurance firms through subsidiaries or affiliates, both bills still require those activities to be conducted separately within an organization, subject to functional regulation and funding limitations.

With symmetric restrictions in place, we believe that the House bill strikes an appropriate balance between organizational choice, on the one hand, and providing adequate protections of taxpayers on the other. And so, too do the FDIC and many independent analysts and economists: from the American Enterprise Institute to the Brookings Institution.

This is an important issue, and one that we will continue to pursue and I hope resolve. As most of you already know, we have been asked by the Congressional leadership to discuss this issue with the Federal Reserve Board, and those discussions are ongoing.

## **2. Effective Protection for Communities**

We have made clear from the start of these debates that a bill dedicated to expanding bank powers must also ensure that all communities reap the benefits: and, more specifically, that as we create a new financial system, we preserve the relevance of the Community Reinvestment Act (CRA).

As with any law, regulators should always be vigilant in ensuring that the law is applied effectively and burdens are minimized to the greatest extent possible. But CRA is working.

In 1998 alone, banks and thrifts made more than \$33 billion in small business loans in low and moderate-income areas, and more than \$16 billion in other community development loans. Home Mortgage Disclosure Act data shows that from 1993 to 1998, home loans to low and moderate income borrowers by 64 percent, well above the rate of growth of the total market.

As we work to modernize our financial system, we need to make sure that CRA keeps working for our communities. That is why we have insisted that:

Modernization legislation include a provision that banks and thrifts have and maintain an adequate CRA record in order to engage in newly authorized financial activities.

There should be no weakening of existing CRA provisions in the bill.

The Senate bill not only fails to include a requirement with respect to newly authorized activities, but also contains provisions that would seriously weaken the CRA. The House bill meets this test and preserves CRA's relevance for the future.

## **3. Protections for Consumers**

Financial privacy has gained much greater prominence as an issue since the last Congress. Much of the benefit of financial modernization is synergy, and part of that synergy is derived from the sharing of information B from developing innovative products to relieving customers of the burden of reintroducing themselves to an institution each time they do business.

Nonetheless, revelations about financial service industry practices have come as a shock to policy makers and many consumers, who thought that financial services firms preserved the confidentiality of personal customer information. Our challenge is to protect the privacy of consumers while preserving the benefits of competition and innovation.

Americans should have the opportunity to participate in the modern means of electronic payments and receipts without subjecting themselves to behavioral profiling. Just as they would not expect a letter carrier to read their mail or record their correspondence, they do not expect a bank processing a check to record, store and evaluate their personal behavior. Consumers applying for mortgage loans should not have to worry that their bank is mining their checks to determine how many are written out to doctors or pharmacies.

Providing consumers with notice and choice on the use of their financial information represents an important counterbalance to the increased breadth of financial institutions permitted under the bills. Consumer privacy safeguards should apply to sharing or sale of information both outside and within financial organizations.

## **4. A Bright Line Between Commerce and Banking**

As I noted earlier, both bills allow common ownership of all types of financial firms, albeit in functionally regulated units. We believe that when it comes to *non-financial* firms, even greater separation is appropriate, and that common ownership should be prohibited. One of the lessons of the Asian experience of the past few years is that financial institutions tend to make bad decisions when it comes to lending to their corporate owners or siblings. The synergy gains of combining financial and non-financial firms are not great and the potential downside is considerable.

Thus, I believe that the United States economy has been well served by preserving a clear separation between those who allocate capital and the majority of those competing for it. That is why we oppose provisions in the Senate bill that would allow banking and commerce to be mixed together under the guise of merchant banking. And it is why we oppose a provision in the House bill that would allow the transfer of unitary thrifts to non-financial firms. Surely, this is an area where we need to move cautiously, at least until we gain experience with the effects of broader financial firms.

The issues I have just discussed are particularly critical to the Administration. But there are a number of other provisions in the bill that will have an important impact on the success of our financial regulatory system in the next millennium. For a bill to redeem the promise of the many years that we have waited, it must reach reasonable outcomes on issues such as Federal Home Loan Bank reform, securities regulation, and insurance sales, among other issues.

## II. Continuing Financial Modernization

Passing the right legislation is important for our financial system and for the American people. But modernization is an ongoing process, not a single event or a journey with a single destination. This legislation would not address all of the issues that are involved in building a modern financial system. Even in the near term, many important further questions remain:

*How do we protect the system as a whole from the failure of one institution, and make sure that all, in the public and private sectors, understand that no institution is too big to fail?*

With respect to banking, Congress and regulators have taken significant steps to reduce creditors' expectations that the government would protect them from loss, but new measures need to be studied. More broadly, the President's Working Group on Financial Markets has now supported new requirements that public companies include in their financial statements their exposure to highly leveraged institutions, including banks and hedge funds. Debates about systemic risk should also now include government-sponsored enterprises, which are large and growing rapidly. For all types of institution, we need to explore further ways to enhance transparency and market discipline and reduce systemic risk.

*How do we build a system of capital regulation that is as modern as the markets?*

The system of capital standards upon which our supervisory system increasingly relies needs to be able to capture market risk, credit risk, liquidity risks, and other forms of risk if it is to serve the purpose for which it was intended. Value-at-risk models represent an important step toward capturing some of these. But they lead to further questions as to how best to capture the model risk that is inherent in such techniques. With the leadership of Bill McDonough the Basle Committee has proposed significant changes to the capital regulations applied to banks around the world. This debate is as an important one, and I urge you all to be part of it.

*How do we ensure that the benefits of modern financial services are more widely felt?*

The new technologies that are revolutionizing the financial services industry have the potential to create a so-called digital divide, but they also have the potential to make banking more accessible for consumers currently outside the system. In establishing the electronic transfer accounts and implementing EFT 1999, the Treasury has taken some first steps toward this. But we can and must think of ways to go further.

*How can we ensure that our consumer protection laws keep up with the growth of electronic commerce and electronic banking?*

The President took an important first step in this area when in May he announced a series of initiatives on financial consumer protection. We need to pursue those initiatives. We also need to make certain that the disclosures required by our consumer protection laws have the same meaning and force when contracting on line that they do when the contract is more traditional. And we must do more to prevent fraud and abusive practices from spreading through electronic commerce.

*How do we best respond to the greater risk to the insurance funds posed by a much more consolidated banking industry?*

A recent FDIC study found that banking industry consolidation has increased the insolvency risk of the insurance fund by tying its health more than ever to that of the largest banking organizations. Better, more market-based, supervisory tools would help reduce this risk. And so would merging the thrifts and bank deposit insurance funds, since this would eliminate the needless harm to public confidence that would result when funds were available in one, but could not be used to support the other.

### **III. Concluding Remarks**

Let me end my remarks where I began: our financial industry is stronger and more competitive than ever. To help ensure that it remains competitive, we want a financial modernization bill -- but we want the right bill. After so many years of waiting, we now have an historic opportunity for lasting and important reform. But that same long wait also gives us a responsibility to do it right. Thank you.

---

[Search](#) | [Email](#) | [Treasury Home Page](#) | [Sitemap](#)



## TREASURY NEWS

### FROM THE OFFICE OF PUBLIC AFFAIRS

FOR IMMEDIATE RELEASE  
September 23, 1999  
LS-116

### **THE GLOBAL ECONOMIC AGENDA; TREASURY SECRETARY LAWRENCE H. SUMMERS REMARKS TO THE WORLD ECONOMIC AND DEVELOPMENT CONGRESS WASHINGTON, DC**

Thank you. Looking around today, we can take some satisfaction from the fact that conditions in global markets are better than they were a year ago.

The marked change in the global outlook is a tribute to the strong domestic policy responses that we have seen in many of the economies hit by crisis, and the international support that we were able to mobilize to support those responses. It is also in part a reflection of the somewhat more balanced growth that has been achieved among the major industrial economies, where developments have hinted at the possibility that the United States can cease to be the single main engine of global economic growth.

What is most important now is that we not take this recovery in global confidence for granted:

- All of the major industrial economies need to focus policies on balanced growth.
- Progress in some emerging market economies has been significant. But the pattern of recovery remains uneven, and all must press ahead to assure lasting growth.
- Much has been achieved in the reform of global financial architecture, but crucial priorities for protecting long-term stability and growth remain.
- Countries in Sub-Saharan Africa that account for a large share of the global population still cannot provide the most basic standard of living for their people.
- And the threat of corruption looms large, both within countries and internationally.

I would like to address these five core global priorities today.

#### **I. Achieving balanced and sustainable growth in the major industrial economies:**

The United States' economic performance has continued to be exceptional - as we approach a tenth year of expansion. But all of us should guard against the assumption that the good times will continue indefinitely. That means private lenders and borrowers planning prudently; it means households putting aside savings based on their future needs and not the continuation of recent rates of return. Most importantly, it means reserving a lion's share of projected budget surpluses to pay down the national debt, and avoiding inappropriate and economically unwise tax cuts of the kind that President Clinton vetoed today.

Crucial to a sustained and balanced United States expansion will be greater balance in global economic growth. This makes it especially important for there to be stronger growth in the other major industrial economies.

Some upturn in domestic demand appears to be under way in Europe. Looking ahead, recovery must be increasingly based on domestic demand. It will also be essential to achieve structural reforms that can

- support higher levels of investment and the more rapid creation of private sector jobs.

Even more critical to more balanced global growth - and recovery in Asia especially -- will be a lasting turnaround in Japan, the world's second largest economy and, until this decade, perhaps the most striking success story in the industrialized world. There are now some initial signs that Japan's economy is moving out of the deep recession in which it had been mired for so long. It seems clear that policy steps taken over the past year to stimulate the economy and stabilize the financial system are having an effect.

However, prospects remain uncertain in the face of continued weakness in private demand, notably business investment, and persistent deflationary pressures. Private forecasters are unusually divided, with many expecting growth to fall back again next year. In this context, Japan's commitment to continued stimulus, using all available tools, will be critical until a solid, self-sustaining recovery led by domestic demand is firmly entrenched.

## **II. Extending and Deepening Recovery in the Emerging Market Economies**

We can all be encouraged by the turnarounds we have seen in many of the emerging market economies in the past year. Forceful domestic policy steps in Korea, Thailand, the Philippines and Brazil - combined with the substantial financial support that was mobilized by the official community - have brought important progress in setting these countries on the path to recovery. Market confidence in these and other emerging market economies is on the mend.

However, while many emerging market economies are now beginning to see the rewards of strong policy measures, this progress can only be sustained by continued commitment to economic reform - in the financial sector especially.

We must also remember that other countries have not yet put a viable long-term basis for economic growth stability in place. Russia, in particular, remains a critical concern as it confronts the consequences of its economic and financial collapse in August of 1998 in a turbulent domestic political environment. We will discuss with the Russian authorities this weekend their prospects for putting a credible reform strategy in place, and certainly the dominant issue will be the establishment of a functioning rule of law.

## **III. Intensifying Global Financial Architectural Reform**

The core challenge of the World Bank and the IMF and their shareholders must always be to look to the long-term - and to ensure that they are doing all they can to support the development of a strong and stable, truly global financial system.

There is no question that the international financial institutions are absolutely indispensable. But that does not mean we can be satisfied with them as they are.

Financial crises of the scale and severity we have seen recently pose a major threat to the construction of such a system-to which the international community has rightly and vigorously responded in what has come to be called the reform of the global financial architecture.

Important progress has been made in this effort. But critical priorities remain, especially with regard to encouraging the adoption of more sustainable debt management and exchange rate policies by national governments, and developing more sophisticated tools for crisis response.

These are among the issues that we would expect the new G20 group of key industrial and emerging market economies to discuss when it meets for the first time later this year. This new group, to be launched formally this weekend, will account for more than 80 percent of global GDP and will institutionalize this Administration's long-standing belief that the future of the new global economy cannot be a matter for the discussion of the major industrial nations alone.

## **IV. A New Approach to Development Assistance for the Poorest Countries.**

With the partial recovery in global confidence we also have an opportunity to intensify the International Financial Institutions' search for more effective ways to support enduring growth in the very poorest countries.

Sub-Saharan Africa's per capita income is today lower than in 1980. Indeed, in parts of Africa, children born today are more likely to die before their fifth birthday than to learn to read, and teenage girls are more likely to become HIV positive than to graduate from high school.

In the end, the only ones who can offer those children a better future are the governments and citizens of the countries themselves. But when many of the poorest are also laboring under weight of the debts they owe to the international community, we owe them a fresh look at the way we try to help.

More than fifty years of development assistance has taught us that where countries are truly committed to inclusive, enduring growth - international support can make a powerful difference. But equally, we have seen how often strong commitments and good intentions - on both sides - fail to translate into concrete improvements in the lives of the poorest. At best, such failed support leaves countries no better off than before. At worst, it traps the country, and us, in a cycle of lending which is devoted in part to assuring that past loans can be repaid.

At the Cologne Summit, the G7 leaders committed the international community to confront these lessons head on, with an expanded initiative for the Heavily Indebted Poor Countries (HIPC). Together with earlier debt relief commitments, the Cologne Initiative would more than triple the amount of debt relief available under the HIPC framework, from \$13 billion in today's dollars to as much as \$50 billion.

At these meetings we expect broad agreement on how to finance this initiative, with a central reliance on mobilizing the IMF and World Bank's own resources. To help meet our share of needed bilateral contributions the President has also this week submitted an amended budget request asking Congress for nearly \$1 billion in appropriations over the next four years.

Debt relief is only a means to a much higher objective. We believe that most important of all to the success of this effort will be the establishment of a new framework for the international community's efforts to combat poverty - one that is centered around the belief that countries themselves must take the lead in poverty reduction efforts if lasting change is to be achieved.

Under our new approach, governments would need forcefully to demonstrate, at the highest political levels, a commitment to poverty reduction and the reforms and domestic funding needed to give effect to such commitment.

That means:

- A growth-oriented, integrated poverty reduction plan, drawn up by the recipient countries themselves, with the support of the World Bank and IMF, and centered around measurable and monitorable targets for infant mortality, literacy and other key indicators.
- A requirement that the recipients of debt relief earmark the savings from debt relief for genuinely additional spending on poverty reduction.
- Concrete steps to raise transparency - for example, through mandatory publication of the national budget and new mechanisms to monitor and improve the quality of public spending.
- Steps to enhance national ownership and understanding of programs: for example, through involving more civil society groups in the elaboration of the poverty reduction plan and through more extensive dialogue between these groups and the World Bank and IMF.

#### 4. Strengthened Efforts to Combat Global Corruption

One set of problems that has perhaps been given insufficient emphasis in the past - but whose importance has recently been greatly underlined - is those relating to corruption.

- The United States has for some time been a leading force in international efforts to combat corruption. For example, we have led efforts to conclude - and ratify among all its signatories - the OECD Anti-Bribery Convention, and to complete a WTO agreement on transparency in government procurement. Our efforts to combat these issues on a domestic level have been vigorous and ongoing; notably, in the release, earlier today, of a comprehensive National Money Laundering Strategy.

We have also successfully urged the IMF and the World Bank to give greater explicit consideration to problems of governance and corruption in all its country programs. This has brought concrete actions, and reflected most recently in the IMF and World Bank's decisions in Indonesia.

There is perhaps no stronger antidote to corruption than successful economic reform. Anders Aslund has made this point very powerfully in the case of Russia, where the state-controlled price of a ton of crude oil in 1990 was the same as the free-market price of a pack of Marlboros. This created opportunities for quick fortunes to be made by those able to purchase oil domestically and resell it overseas. He has estimated that at least 79 percent of GDP was lost in this type of distortion in 1992.

In its continued support for economic and structural reforms that combat this kind of distortion, the IMF has been an important anti-corruption force where policy makers are committed to change. But as the Russian case has shown all too clearly, no amount of international effort will bring about change if that domestic commitment is lacking.

However, especially in light of recent events, there is one kind of corruption that the International Financial Institutions can and must make it their business to confront: namely that involving the misappropriation or diversion of their own resources.

As I said in my testimony to Congress earlier this week, we and other G-7 countries this weekend will be calling for authoritative reviews by the IMF and the World Bank to identify ways to strengthen safeguards on the use of IMF and World Bank funds, especially in cases where there is heightened risk of diversion or misappropriation of funds.

We believe and expect that this review should focus its attention on three critical areas:

*First, systematic use of central bank auditing requirements as a routine safeguard in IMF programs.*

Whenever the IMF provides finance in an environment where there is a risk that those funds will be misused, it should require external audits of the recipient's central bank. More generally, the IMF has to be moving to a point where this is routine practice.

There is also a need for a clear understanding of the IMF's ability to insist on external audits of other parts of the government - when there are reasonable grounds for suspicion that they are involved with the inappropriate use of IMF funds.

*Second, broader consideration of IMF program requirements that would enhance the recipients' internal safeguards against the misuse of official funds.*

Audits are an important tool but they are not sufficient. The IMF also needs to upgrade its capacity to spot potential weak points in the program country's foreign exchange and payments system - and help countries to address those weaknesses as part of IMF programs.

Especially relevant, in this context, would be lack of transparency and accountability in the central bank's reserve management procedures, intervention in the foreign exchange market and off-market provision of foreign exchange to commercial banks - all of which provide opportunities to divert funds for improper purposes or provide preferential access to hard currency to favored groups.

*Third, strengthening the IMF's capacity to deter and penalize misuse of its funds, including in post-program cases where all disbursements have been made.*

Under present policies, the IMF's capacity to penalize countries for permitting the misappropriation of official funds comes down to the capacity to cease disbursements and in limited cases to request advance repayment. This is a powerful weapon that we would expect the IMF to make full use of and develop in the future. The review should consider a wider range of circumstances under which penalties for corrupt use of funds can be applied - including those situations where disbursements have been completed and IMF programs are no longer in force.

## **VI. Concluding Remarks**

Each of these issues are important and complex, involving both the public and the private sectors and concerted actions at both the national and international level. To be sure, no one country or group of country has all the answers - which is why dialogue in a wide variety of fora is so essential. But I hope and expect that in this improved global environment we will have an opportunity at these meetings to take this agenda forward. Thank you.

---

**[Search](#) | [Email](#) | [Treasury Home Page](#) | [Sitemap](#)**



## TREASURY NEWS

---

### FROM THE OFFICE OF PUBLIC AFFAIRS

FOR IMMEDIATE RELEASE

September 8, 1999

LS-85

**Remarks by Lawrence H. Summers**

**Secretary of the Treasury**

**New York Economic Club**

**"The American Economy: Poised for a New Century"**

Thank you. We come together at a special moment for the American economy. Times in many ways are better than they have been in a very long time. If we as a country families, businesses and government are to take maximum advantage of this moment, it is crucial to understand how we got here, not to take today's good fortune for granted, and to make prudent choices for our economic future.

I want to focus today on the strategy for maximizing the growth in the economic well being of Americans, because this has to be the primary aim of any Treasury Department. The performance of our economy is crucial because it determines not only the earnings of our citizens and the profits of our businesses, but a range of other national goals: from, for example, reducing crime to maintaining a strong national defense.

Clearly the performance of the American economy cannot be separated from the performance of the global economy. As I have often stressed, the right international economic policy is a critical component of our overall economic strategy. But with the domestic choices we face in the next several months I shall concentrate today on our domestic economic strategy.

### **I. A Momentous Change**

I think it is fair to say that economic discussions at the beginning of the decade did not even remotely foresee the situation today.

- Today's forecasting debates are about how low unemployment will go and how fast productivity will grow not about how high unemployment would remain and how long the productivity slowdown would last.
- Today's question is how to handle projected Federal budget surpluses not how to prevent budget deficits from spiraling completely out of control. And financial experts worry about too few Treasury bonds for liquidity, not about too many bonds crowding out other issuers.
- Today there is a concern that there may be cases in which markets are overvaluing distant revenue prospects. A decade ago the consensus was that financial markets were forcing dangerous short termism on American business.
- Today the world looks at the United States and worries whether it will use its global power well, not whether it will be overtaken by its major industrial trading partners.

These new developments reflect an economy that is in many ways new and also a new national economic strategy.

*Dynamism and flexibility*

It cannot be an accident that communism, planning ministries throughout the developing world and large corporations run by command and control all ran into a brick wall in the same decade and had to be restructured. New technologies have forced profound changes in the way economic life is organized putting a higher premium on flexibility and greater penalties on attempts at centralized coordination.

In this new environment, Americas traditions of flexibility and market competition have served us well.

- They helped to ensure that US companies were forced early to undergo painful re-engineering, permitting them to emerge faster and stronger in their fields.
- They have helped to channel funds to new industries through a venture capital sector in which entrepreneurs may raise their first \$100 million before buying their first suits.
- They have helped to create a post-industrial economy where Americans are leaders in almost every area: from fast food to accounting, from management consulting to retailing, from higher education to mass entertainment.

### *A new macro-economic paradigm*

These factors have helped to build an economy that is new in many ways. But a new economy could not emerge except on a foundation of old virtue. Our economic success has been made possible by President Clinton and Vice President Gore's determination to forge a new national consensus in support of sound macroeconomic policies.

- Respect for the independence of the Federal Reserve has enhanced its credibility and so helped us as a nation to achieve price stability and maximum output.
- Consistently recognizing that a strong currency is in our national interest has helped us to hold down inflationary pressures and capital costs.
- Most important of all, the Clinton-Gore Administration has established a new paradigm for the management of our nations budget, with enormous cumulative benefits for our economy and our citizens.

It has become a commonplace to remark on how exceptional today's 4.2 percent unemployment rate is relative to any expectation at the beginning of the decade. It is no less remarkable that today, after 8.5 years of expansion, long term interest rates are around 2 percentage points lower than they were at its start.

This has much to do with why the expansion has been investment led, capacity creating and long lived, with capacity utilization even today not far from historic norms. Real investment as a share of GNP is today higher than it has been at any time in the postwar period. Along with the opportunities created by information technology, this strength can be traced to the dramatic changes we have seen in our budget policies.

Economic doctrine must adapt to economic experience. The Keynesian idea that budget deficits can stimulate demand and increase output in an economy with high unemployment producing well short of its capacity in an environment of excess savings and no threat of inflation does capture an important truth. But at the same time, it has become clear that in an economy plagued by low savings, where output is not chronically constrained by demand, systemic budget deficits raise capital costs and so retard growth and lower employment.

Structural deficit policies give rise to vicious circles. With underlying deficits and rising debts and interest burdens, deficits tend to lead to rising interest rates and so to falling investment and slowing growth, which reduce revenues further, increase deficits and start the cycle again. This process leads to steadily decreasing national saving and deteriorating economic performance what we saw in the late 1980s and early 1990s.

On the other hand, surpluses give rise to a kind of virtuous circle of declining debt, increasing national savings, lower interest rates, and rising investment and growth leading to further fiscal improvement and a continuation of the cycle.

While there are many other factors, and difficult issues of causation, it bears emphasis that the strongest years of post-World War II economic performance the period up to the mid-1970s coincided with a falling ratio of debt to GDP and high national savings. By contrast, the weakest years from the mid-1970s until the early 1990s were ones in which the debt ratio was on the rise.

These considerations have shaped the Clinton-Gore Administrations economic policy choices: with its focus on deficit reduction and more recently, on achieving a continuing surplus. Indeed, American savers have had to absorb more than \$1.7 trillion less in government debt since 1993 than they would have if the budget projections made in that year had been realized. That is more than \$1.7 trillion dollars available for new investment in Americas future.

While projections always need to be treated with great care, the complete elimination of our \$3.5 trillion national debt is now within prospect over the next two decades. That is, it is in prospect if we make the right choices today.

## II. Domestic Economic Priorities

History is important for the understanding that it affords but equally for the humility that it imposes. Just as the world in 1999 looks very different from the world of 1989, so too did things look very different in 1989 than in 1979 and so, just as surely, will 2009 look very different from today.

We cannot know what our economy will look like a decade hence. What we do know is that we are now enjoying a very prosperous moment. The reality for all of us for companies, for households and for government is that we cannot be complacent or take these good times for granted. Indeed, complacency can itself be a threat to good times if it leads to excessive borrowing or lending, unsustainable spending plans, or a failure on the part of consumers, businesses or government to recognize the uncertainties that are inevitable in economic life.

This suggests some core priorities for economic policy:

### 1. Drawing Down Debt

Nothing is more important to maximize the prospect for continued expansion than continuing the fiscal strategy that brought us to this point by assuring that the lions share of projected unified surpluses are used to pay down debt.

Paying down the debt supports long-term growth and prosperity in four ways:

- First, it maintains the virtuous cycle we have worked so hard to achieve, providing for high rates of investment and capacity growth that maximize productivity growth and reduce inflationary pressure.
- Second, by raising the pool of domestic savings, paying down debt avoids the painful choice we would otherwise face between reducing domestic investment and increasing even further our reliance on foreign finance and the trade imbalance associated with that reliance.
- Third, debt reduction is tantamount to a tax cut for families, because it reduces future interest and principal repayments that the government would otherwise have to make. Federal interest costs in 1999 will be close to \$230 billion: more than the Federal government will spend on Medicare, and five times as much as it will spend on education and training. Reduced debt also means lower interest rates, which in turn means lower borrowing costs for American families: a one percentage point reduction in long-term interest rates translates into more than \$250 billion in mortgage savings over the next decade alone.
- Fourth, paying down debt re-loads the fiscal cannon, preparing the government to respond to future contingencies such as recessions or threats from overseas. And, as recent economic history around the world reminds us, an improved fiscal position reduces a countrys vulnerability to changes in international market sentiment. A strategy of paying down debt also reduces our vulnerability in one final sense: it assures our fiscal health even if, as has happened too often in

## Memorandum

**To:** Joel Johnson and Larry Stein

**From:** Sander Lurie (202)224-6822  
Chief of Staff to Senator Frank Lautenberg

**Date:** November 30, 1999

**Subject:** Recommendations to help enact bipartisan anti-drunk driving legislation / Mention in the 2000 State of the Union Address

FYI  
MADD  
BRUCE  
LORETTA

THS \$3  
GOOD, NO?  
JDR

We would like to launch a campaign to enact legislation creating a national .08 Blood Alcohol Content (BAC) standard for drunk driving in the second session of the 106<sup>th</sup> Congress. President Clinton's public support for this legislation was critical to its overwhelming passage in the Senate (62 - 32) in 1998, and we believe a renewed effort would lead to its final passage. The upcoming State of the Union address will occur at the beginning of MADD's 20<sup>th</sup> Anniversary celebration, and would give the President an excellent opportunity to mention this anti-drunk driving legislation in his address and invite the new MADD President, Millie Webb, a parent of a .08 victim, to sit in the Gallery and acknowledge her in his speech.

We believe that there are four compelling reasons to push for this legislation next year:

- 1) **The voluntary, incentive grant approach to .08, enacted in 1998 in TEA-21, has clearly been a failure.** Only one state, Texas, has passed .08 since President Clinton signed TEA-21 into law in June 1998. At this pace, it would take 66 years for all states to pass .08. This result also demonstrates that special interest groups at the state level are very effective at blocking .08 legislation.
- 2) **Public Opinion strongly supports a national .08 standard.** A MADD-Allstate poll shows that over 70 percent of American families support a national .08 drunk driving standard. *MADD/Allstate, November 1998.*
- 3) **There is no dispute that a person who is at .08 is drunk, impaired and should not be operating a car.** Every reputable scientific and medical organization supports a .08 standard for drunk driving, including the American Medical Association.
- 4) **.08 Saves Lives.** All research studies, taken together, demonstrate that a national .08 standard will save lives. If .08 was a national standard, over 500 lives per year could be saved. Furthermore, adding a provision calling on states to adopt a national standard for license revocation for drunk driving offenders will make .08 even more effective and will save more lives, up to 1000 lives—the same as the 21 drinking age.

Thank you for reviewing this proposal. I look forward to hearing from you soon.

**KEN HECHLER**  
Secretary of State

**MARY P. RATLIFF**  
Secretary of State

**JAY CASTO**  
Deputy Secretary of State

Telephone: (304) 558-6000  
Corporations: (304) 658-8000  
FAX: (304) 558-0900  
E-Mail WVSOS@Secretary.State.WV.US



**STATE OF WEST VIRGINIA**  
**SECRETARY OF STATE**  
Building 1, Suite 157-K  
1900 Kanawha Blvd., East  
Charleston, WV 25305-0770

**WILLIAM H. HARRINGTON**  
Chief of Staff

**CATHERINE FREROTTE**  
Executive Assistant

**JUDY COOPER**  
Director, Administrative Law

**PENNEY BARKER**  
Supervisor, Corporations

(Plus all the volunteer  
help we can get)

December 1, 1999

Terry Edmonds  
Director of Speechwriting  
196 OEOB  
Washington, D.C. 20500  
Attn.: Josh Gottheimer

Dear Terry:

As you know, the President is aware of, has publicly praised Doris Haddock (a.k.a. "Granny D"), the 89-year-old great grandmother who is walking from the Pacific Ocean to the Nation's Capitol to create a groundswell of public support for her crusade against soft money. I have walked 330 miles of the over 2,000 miles which she has covered, and she expects to be in Washington shortly after her 90th birthday, which occurs on January 24, 2000.

Her presence in the gallery at the time of the President's State of the Union address would be a dramatic point to make in his continuing fight for an end to soft money and campaign finance reform. I would be pleased to learn your reaction to this suggestion.

Sincerely,

A handwritten signature in cursive script that reads "Ken Hechler".  
Ken Hechler  
Secretary of State

March 29, 1999

9-25

MR. PRESIDENT:

Attached is a white paper from Secretary Shalala on the health and safety legacy of your Administration. You can read it at your convenience; Chris Jennin has reviewed it.

Main/  
Brew/ Phil Caplan

This is good - need  
to move other cabinet  
members - get on from  
lower cabinet members  
want SOUTH - TSC



DEC 5 1999

NOTE TO MARIA ECHAVESTE

*Maria*

Attached is a memorandum to the President from Secretary Shalala presenting the President's Legacy for Children: 1993-2001. The Secretary is recommending three initiatives to be considered in the development of the State of the Union Address. They include:

1. A proposal for voluntary universal child care. No family that chooses to work should go without the resources or quality child care.
2. A proposal to complete our efforts for comprehensive health care for every child.
3. A comprehensive billion dollar investment for two childhood diseases: Juvenile Diabetes and Asthma.

For further information, please contact me at 202/690-7431.

*Mary Beth Donahue*

Mary Beth Donahue

Attachment

cc: Thurgood Marshall, Jr.  
Bruce Reed  
Chris Jennings  
Gene Sperling  
Melanne Verveer  
David Beier  
Audrey Haynes



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

DEC 14 1999

MEMORANDUM TO THE PRESIDENT

FROM: DONNA E. SHALALA *DE Shalala*

SUBJECT: THE NEW MARSHALL PLAN

Fact 1: Capricia Marshall, White House Social Secretary, will deliver a baby boy Marshall at the beginning of the new century. (His first opportunity to run for the President will be 2036.)

Fact 2: The number of Americans over 65 will double by 2036.

Conclusion: The changing demographics demand that every American born in the new century be a healthy and productive member of our workforce.

Therefore your entire 2000 State of the Union Address ought to focus on:

The U.S. investment in the health, education and welfare of Baby Marshall and his generation. It must be substantial, consistent, equitable, outcomes oriented and unprecedented in its quality and scope.

The context for this investment must be a world at peace and a robust economy.

Finally, I am enclosing a summary of your Legacy for Children so far - it is impressive, but I urge you to be totally unsatisfied. We need your NEW MARSHALL PLAN for the new century.

I recommend three bold initiatives:

1. A proposal for voluntary universal child care. No family that chooses to work should go without the resources for quality child care.

2. A proposal to complete our efforts for comprehensive health care for every child.

3. A comprehensive billion dollar investment for two childhood diseases: Juvenile Diabetes and Asthma.

Attachment

DRAFT

THE CLINTON LEGACY: CHILDREN 1993-2001

DONNA E. SHALALA  
SECRETARY OF HEALTH AND HUMAN SERVICES  
DECEMBER 10, 1999

DRAFT

## **Legacy: Children 1993-2001**

### **INTRODUCTION**

#### **Pages**

#### **I. AMERICA'S CHILDREN ARE HEALTHIER**

|                                                                      |    |
|----------------------------------------------------------------------|----|
| a. Reduction in Childhood Diseases/Increased Immunization            | 4  |
| b. Sudden Infant Death Syndrome (SIDS) Reduction                     | 6  |
| c. Infant Mortality Reduction                                        | 7  |
| d. Pediatric Aids                                                    | 9  |
| e. Childhood Asthma and Protection from Environmental Health Threats | 9  |
| f. Mental Health                                                     | 12 |
| g. Eliminating Disparities                                           | 15 |
| h. New Tools to Understand and Improve Children's Health             | 16 |

#### **II. AMERICA'S CHILDREN ARE LEARNING HEALTHIER ATTITUDES, BEHAVIORS, AND LIFESTYLES**

|                                         |    |
|-----------------------------------------|----|
| a. Youth Tobacco                        | 17 |
| b. Youth Drug Use                       | 19 |
| c. Injury and Youth Mortality Reduction | 19 |
| d. Youth Violence and Youth Crime       | 21 |
| e. Physical Activity                    | 23 |

#### **III. AMERICA'S CHILDREN ARE BETTER PREPARED FOR SCHOOL AND WORK**

|                                                                         |    |
|-------------------------------------------------------------------------|----|
| a. Increasing Effectiveness of Early Childhood Education and Head Start | 24 |
|-------------------------------------------------------------------------|----|

|                                                                 |    |
|-----------------------------------------------------------------|----|
| b. Building Child Care Capacity and Quality                     | 27 |
| c. Strengthening Elementary and Secondary Education             | 29 |
| d. School Safety                                                | 31 |
| e. Education for Children with Special Needs                    | 32 |
| f. Making the Internet Widely Available for Children            | 33 |
| g. Advancing Aspirations and Ability to Afford College and Work | 34 |
| h. Community Service by Youth                                   | 36 |
| i. Increasing Opportunities to Participate in the Arts          | 36 |

#### **IV. MORE AMERICAN CHILDREN ARE ECONOMICALLY SECURE**

|                                               |    |
|-----------------------------------------------|----|
| a. Income and Poverty                         | 38 |
| b. Work Incentives                            | 39 |
| c. State Experimentation with Work Incentives | 40 |
| d. Child Support and Paternity                | 41 |
| e. Child Health Insurance                     | 43 |
| f. Child Care for Working Families            | 44 |

#### **V. AMERICA'S CHILDREN HAVE MORE STABLE AND SECURE FAMILIES**

|                                                |    |
|------------------------------------------------|----|
| a. Adoption and Permanent Families             | 47 |
| b. Teen Pregnancy/Births/Attitudes towards Sex | 50 |
| c. Focus on Fathers                            | 53 |
| d. Family Violence Reduction                   | 54 |
| e. Family and Medical Leave                    | 55 |

## **VI. STRENGTHENING KNOWLEDGE AND INFORMATION**

- a. Child Development Research 55
- b. Improving Statistical Data about Children and Families 57
- c. Pediatric Labeling for Drugs 58

## **CONCLUSION 58**

## **CHARTS**

US Immunization Coverage at 19-35 Months of Age, 1991-98 (After Page 5)

US Immunization Coverage at 19-35 Months of Age with Antigens  
Recommended After 1990

Vaccination Coverage Levels Among Children Aged 19-35 Months by  
Selected Vaccines: 1997-98

SIDS Rates, 1985-1997 (After Page 6)

Position Placed to Sleep

Infant Mortality Rates by Race and Hispanic Origin of Mother,  
United States, 1990-98 (After Page 8)

Improvements in Behavioral and Emotional Functioning among Children  
with Serious Emotional Disturbance (After Page 14)

Teen Smoking Declines (After Page 18)

The Juvenile Violent Crime Index arrest rate in 1998 was at its  
lowest level in 10 years - 30% below the peak year of 1994 (After Page 22)

The U.S. Murder Rate in 1998 was the lowest since 1967

Fewer Teens Involved in Serious Crimes

Moving Toward One Million Head Start Children in 2002 (After Page 26)

Total Child Support Collections (After Page 42)

Number of Child Support Enforcement Cases for Which a Collection  
was Made

Paternities Established

Total Childcare Funding (After Page 46)

Children Adopted from Public Child Welfare Agencies (After Page 49)

Birth Rates for Teenagers 15-19 Years by Race and Hispanic  
Origin, 1990-98 (After Page 51)

## Legacy: Children 1993-2001

### INTRODUCTION

Throughout its tenure, the Clinton Administration has been driven by the simple yet profound recognition that "our children are our future." This insight has led to an unwavering commitment, motivating the Administration to advance a series of far-reaching strategies to improve every aspect of childhood, from infancy through adolescence and young adulthood. The core of this commitment has been the recognition that the federal government retains a central role in helping families achieve positive results for their children. At the same time, in order to accomplish its goals, the Administration has sought to mobilize and share responsibility with other sectors, including other levels of government, employers, and families and young people themselves.

Opportunities - for health and development, safety and security, education and citizenship -- ought to be a fundamental part of childhood. The Administration embraced the idea that opportunities also involve the right to have dreams and to nurture those dreams. But income or race or the circumstances of birth should not limit the scope of a child's dreams. During the past seven years, the Administration has steadfastly developed means and ways to allow children and families to have realizable dreams about their future.

The leadership has held a strong belief that the entire federal enterprise has a contribution to make in assisting families and communities gain essential information, resources, support and stability. The effort, consequently, has not been limited to one program, one agency or one department, but has brought to bear the network of governmental functions to tackle every aspect of improving the life chances of children at every point during their childhood. Policy and research, training and resources, information, technology and media, personnel and program, and where necessary, litigation, have been deployed in a manner and scope never before exercised. The Administration's approach has permeated every facet of government, every department, scientific venue and delivery system to strengthen the likelihood that children will grow up healthy, educated and secure as well as productive, informed and contributing members of their families, communities and the nation.

At the same time, it was understood that, where the federal government cannot or should not undertake the action or activity, government could, nevertheless, stimulate, encourage, provide incentives and collaborate with others to get the job done. This involved reinvigorating, and in some cases, renegotiating, partnerships among the federal, state and local governments. It has also meant mobilizing and engaging non-governmental sectors in this vision and mission. Whether to augment the power and reach of the message, strengthen understanding and build public will, or extend and improve the delivery of services, the Administration has reached out strategically and

repeatedly. Business and labor, universities and educators and scientists, the faith community, voluntary and community-based organizations and philanthropy, media and entertainment, and families and young people have provided critical leadership, expertise and resources in the overarching objective of bettering the lives of children.

These values -- of public and private sector engagement, individual and collective action, and entrepreneurial and collaborative initiatives -- stimulated strong expectations that progress for children is possible and that positive results are achievable, especially if every government agency, singly and collaboratively, deploys its expertise and leverage to this end. The Administration has promulgated important new policies and programs, generated new resources, and been a catalyst for significant shifts in attitudes and behaviors that affect the needs of children and promote their healthy development.

With its partners and this comprehensive strategy, the Administration has changed the environment, altered expectations and enhanced participation. All these changes have led to measurable positive results. Babies are healthier, teenagers are delaying sexual activity and early childbearing has declined. Health insurance is increasingly available for children at all income levels. Children are better prepared to enter school, and are afforded pathways to the education, training and work experiences that are critical to ensuring a productive future. Wages have increased, 20 million new jobs have been created bringing unemployment to its lowest point in three decades, and new supports have been developed to enable parents to carry out the dual responsibilities of raising their children and achieving economic sustenance for their families.

Importantly, in several instances, the frameworks and the financing have been put in place so that positive impacts will be increasingly apparent over time. Already, more than 1 million children have received new health insurance coverage and the Head Start program enrolls more than 255,000 more children than in 1992. A new program, Early Head Start, was created to provide the youngest children and their families a comprehensive set of supports and services to maximize opportunities for healthy development. Child support collections, a crucial support for children in single parent families, have increased 80 percent since 1992 to an historic 14.4 billion dollars. Over a three-year period, the number of children adopted from the public foster care system nationwide increased 29 percent. Millions of children have access to Internet technology through their schools and libraries. Four hundred thousand children and youth are benefitting from new constructive educational and enrichment programs in their non-school hours rather than going home to an empty house or hanging out on the street corner only to get lured into risky, often dangerous ventures.

The medicines used in routine health care must also be proven safe for children as well as adults. Families can take time to care for a new or adopted baby or an ailing child without risking loss of employment or health insurance. And the financial responsibility for raising a child is more squarely shouldered by both parents through tougher policies to enforce child support obligations.

States have extraordinary new opportunities to extend coverage of physical and mental health care to millions of children whom they enroll in the Children's Health Insurance Program. The Administration has committed 24 billion dollars in Federal matching funds over five years, the largest investment in children's health care since 1965, to help states offer health insurance for children whose families do not qualify for private insurance. Funding for pre-school and early childhood programs more than doubled. Federal child care resources alone have increased by more than 80 percent and additional funds specifically directed for new opportunities to participate in after school activities have also doubled.

Communication has been an essential tool in the Administration's efforts and certain messages are now clear. First, the Administration has sent the message that improving children's well being makes a difference to individuals and families, communities and the nation. Now regardless of income or geography, race or religion, there is a chorus of agreement that the early years of childhood matter. Further, it has become accepted that there are all kinds of caring adults who in many different ways help children grow up in sound environments and assist the family in making such help possible.

The second message the Administration has sent by its actions conveys that families are critical to children's development. Families matter in the financial support they can provide, in the emotional care they offer, and in the capacity they have to ensure sound development. Investment, incentives, and increased expectations for responsible parenting are approaches the Administration has used to demonstrate that family formation should not be entered into cavalierly, and once formed, the partners in making a family have continuing obligations to the children involved. Initiatives have addressed ensuring children the support they are due from an absent parent, preventing pregnancy by teenagers too young to shoulder the responsibilities of parenthood, and reconnecting fathers to their children. Other strategies have involved creating incentives for young parents to stay in school and live at home, and promoting efforts to find adoptive homes for children who need them. Through these efforts, the Administration has contributed to a new climate of respect for the roles and responsibilities of parents - both fathers and mothers -- and a powerful recognition that children need families to raise them.

Third, the Administration has sent a clear message that being poor in America should not limit opportunities. There is a recognition that hard work and sacrifices may be necessary, but that on balance, no one in the nation should have to settle for being poor, and government policies should make it possible to achieve this goal. Making participation in the workforce a mainstream expectation, providing investment in welfare reform, the community-focused welfare to work program, and the public-private partnerships prompted as a result, indicate that all individuals who are poor matter to the nation and that others beside government should invest in them too.

Poor people work every day and raise families. The Administration has conveyed a fourth message -- that these families need investment too. Serious investments in raising wages, expanding the Earned Income Tax Credit, and supporting other incentives to make

the rewards of work economically meaningful, as well as the supports such as child care that families need to sustain their participation in the workforce, signify renewed dedication to working families. While it is still too early to determine the outcome of welfare reform for children, shifts in expectations and new patterns of work help parents dream of and build a better future for their children, and promote higher aspirations for this and future generations.

Reaching for these goals has also involved helping communities become well positioned to help families raise their children in positive and protected environments. With creativity and flexibility, the Administration has persisted in its efforts to build a continuum of high quality supports and high expectations for children and to provide states, communities and families the tools and capacity needed to sustain them.

In this paper we review how children's prospects for the future have brightened as a result of the Clinton Administration's powerful persistence, creativity and abiding commitment. What will emerge is that the Administration has not only stimulated early visible results, but that actions have been taken and investments made to ensure that these changes go beyond the life of one administration. Each part of this review seeks to illustrate actions taken by government, activity conducted by non-governmental partners and work undertaken to sustain the gains and the promise of continued progress. The first section focuses on children's improved health, and the second section on their changing attitudes, behaviors and lifestyles. Progress in children's preparation for school and work is the centerpiece of the third section. Sections four and five outline the ways in which children are realizing greater family stability and economic security, advances which surely have been aided by the nation's sustained economic growth since the outset of the Administration. Finally, a sixth section points out the concerted efforts to expand scientific knowledge and understanding and translate that new learning to improved policy and practice on behalf of children.

## **I. AMERICA'S CHILDREN ARE HEALTHIER**

Health is a fundamental element of children's development, and a key marker of their overall well being. Without the basic aspects of good health, children's ability to learn and lead an active life may be compromised. From infant mortality reduction, to dramatic increases in vaccinations for children and prevention of childhood diseases, the Administration has made improving the health of children a priority. From the earliest days of 1993, both governmental and non-governmental sectors were enlisted in this fundamental and enduring endeavor.

### *Reduction in Childhood Diseases/ Increased Immunization Rates*

The Administration has achieved great success in dramatically lowering the risk of preventable childhood illnesses. Recognizing the promise of this tested public health strategy, one of the Administration's earliest efforts made immunization for all children a

matter of considerable urgency. The Childhood Immunization Initiative, responding to the disturbing gaps in immunization rates for young children, has resulted in complete immunization of a record percentage of young children throughout the nation. The Initiative worked to improve immunization services for needy families, and to make free services available for children who are uninsured, Medicaid-eligible, American Indian or Alaska Natives, or under-insured for immunizations.

For children under the age of three, the most vulnerable age group, immunization rates for those receiving the most critical doses of most of the routinely recommended vaccines have reached 91 to 94 percent, a record high level. Childhood immunization rates for the basic series of vaccinations are at an all-time high of 81 percent. Efforts by the CDC, including the Vaccines for Children program, to make vaccines more affordable, accompanied by many vigorous and creative public education campaigns conducted by public agencies, private agencies and public-private partnerships, have made possible greater availability of immunizations to millions of very young children.

Obstacles to immunization of children include both parents who are unaware of the need to immunize, as well as those who fear immunization. In addition to making vaccines affordable, the Administration has made efforts to inform parents of the benefits of immunization and the risks of adverse effects from vaccines.

Coupling public education strategies, outreach and further research has contributed to striking progress in preventing specific pediatric illnesses. In 1996, reported levels of infectious disease were at, or near, record low and three diseases, tetanus, polio, and mumps, reached the disease reduction goals. Measles has almost disappeared, moving from epidemic status to about 100 cases per year, most of which are imported from outside the U.S. *Haemophilus influenzae* which causes often-fatal meningitis which can result in mental retardation and deafness, has been reduced by 99 percent. Getting an improved vaccine for pertussis, commonly known as whooping cough, to market in 1996 has reduced the deleterious side effects that were experienced by children vaccinated with the previously used DTP (diphtheria/tetanus/pertussis) vaccine. This change has increased parents' willingness to have their children immunized against DTP, and has reduced claims on the vaccine fund.

For the most critical childhood vaccines, vaccination levels were nearly the same for preschool children of all racial and ethnic groups, narrowing a gap that was estimated to be as wide as 26 percentage points a generation ago. However, minority children still lag behind white children when overall vaccination rates are compared. long racial and ethnic lines persist among children. And while childhood immunization rates for the basic series of vaccinations have risen to record levels, about 1 million children under age 2 still have not received all of their immunizations. Efforts are underway to eradicate these small disparities and achieve our overall goals.

### *Sudden Infant Death Syndrome (SIDS) Reduction*

Sudden Infant Death Syndrome, which affects very young children, has confounded scientists for many years. In the last several years, however, significant advances have been made in understanding and stemming infant deaths due to SIDS.

The SIDS rate has declined 42.3% since 1992, declining 12% in 1997 alone. A vigorous Back to Sleep Campaign, with leadership from Mrs. Gore in partnership with the American Academy of Pediatrics, was launched in 1994 to let parents know they should put their infants to sleep on their backs, not on their stomachs. The campaign has worked to heighten awareness among parents and health care providers by producing and distributing brochures, posters, print public service announcements, and informational videos urging that babies be placed on their backs to sleep. Further, the campaign spurred the development of state SIDS campaigns, developed a Back to Sleep Internet web site, and established a toll-free phone number to enable the public to order campaign materials.

About one-fourth of the decline in mortality among infants is accounted for by the significant decline in deaths as a result of SIDS.

## *Infant Mortality Reduction*

Infant mortality is one key indicator of the health of children and families. It is an important measure of the well being of infants, children, and pregnant women because it is associated with a variety of factors, such as maternal health, quality and access to medical care, socioeconomic conditions, and public health practices.

The Administration made infant mortality reduction an early emphasis, seeking to meet the established goal of reducing the national infant mortality rate to 7 per 1000 live births by the year 2000. Building on steady progress during the previous decades, the nation is very close to reaching its goal. We have succeeded in reducing the approximately 38,000 infant deaths annually in 1990 to 27-28,000 infant deaths a year in 1997, as a result of several critical research-based changes in practice.

As noted above, about one-fourth of the decline in mortality among infants is accounted for by the significant decline in deaths as a result of SIDS.

New ways of addressing the consequences of premature births have also contributed to the decline in infant mortality, especially with regard to respiratory distress syndrome (RDS). First, prenatal corticosteroids are now given to a mother prior to a premature birth, and a surfactant is given postnatally to the premature baby after delivery. A 1993 Consensus Conference held by the National Institute of Child Health and Human Development changed medical practices, leading physicians to use the new medications to prevent RDS.

One of the leading causes of infant mortality in the United States is birth defects. Researchers and scientists throughout HHS discovered that by using the B Vitamin folic acid certain birth defects can be prevented. The FDA is now fortifying the food supply with folic acid to assist women in reaching the recommended level of consumption. The CDC has begun a national campaign, with public and private partners, to encourage women of child-bearing age to consume 400 micrograms per day of folic acid.

Access to prenatal care early in pregnancy has long been understood to improve birth outcomes. The likelihood of delivering a very low birthweight infant is 40 percent higher among women who receive late or no prenatal care. In 1997, the proportion of pregnant women who received prenatal care in their first trimester rose for the sixth straight year to 82.5 percent, an increase from about 76 percent in the early 1990s. This improvement has been true for women in all racial and ethnic groups. When women receive late or no prenatal care, the risk of negative health consequences for both them and their infants increases.

Increasing the number of women who receive early and comprehensive prenatal care has been a primary area of focus across a series of policies and programs. In addition to its continuing attention in initiatives of Maternal and Child Health programs, it is among the salient goals of the new Early Head Start program, which serves low-income families with infants and toddlers. The Administration consistently sought expansion of the

Supplemental Feeding Program for Women, Infants and Children (WIC), which provides nutritional foods and links to pre-natal health care for low-income pregnant women and their children. Despite legislative efforts to the contrary, the Administration stood firm in maintaining the Medicaid entitlement and made it possible for states to expand the health insurance program's reach to more low income mothers and children as they entered the workforce in the context of welfare reform. These actions have resulted in the highest percentage of women receiving prenatal care on record. And through a renewed emphasis on reaching the most vulnerable pregnant women, the proportion of pregnant women who receive late or no prenatal care continues to decline, contributing to the birth of healthier infants.

Despite these impressive gains, the U.S. continues to have persistent disparities across some racial groups and high infant mortality rates overall, compared to other industrialized nations. In 1997, the infant mortality rate among black infants was 13.7 per 1000 live births, and 8.7 for American Indians compared to 6 per 1000 live births among white and Hispanic babies. As of 1995, the U.S. still ranked 24th in infant mortality rates compared to other industrialized countries.

## *Pediatric AIDS*

The major source of new pediatric infections in the U.S. has been the transmission of HIV from infected pregnant women to their offspring. In 1994, an NIH-sponsored study group reported a clinical trial which demonstrated that zidovudine (ZDV or AZT) administered to the mother during pregnancy, labor and delivery and to the infant in the first weeks of life can reduce the risk of mother to child transmission of this infection from 25 to 8 percent. In both 1995 and 1998, a Public Health Service Task Force published recommendations that are the major basis for the use of this drug to prevent perinatally-transmitted HIV infection. Since then, doctors have found that prenatal use of AZT can actually reduce the risk of perinatal transmission to as low as 3 percent. In addition, the U.S. Public Health Service recommends universal HIV counseling and voluntary tests for all pregnant women in the United States.

Drug treatment of HIV-infected pregnant women has been highly successful in preventing transmission of the virus. *The Journal of the American Medical Association* reported recently that the number of babies who contracted AIDS from their mothers dropped by two-thirds between 1992 and 1997. Researchers found that the number of babies who developed AIDS after being infected with HIV before or during birth peaked at 907 in 1992, then declined over the next five years to 297 in 1997. While only 32 states collect information on HIV infection in newborns, the CDC estimates that 1,650 babies were born with HIV infection in 1991. By 1996, that number had dropped 71 percent to 480.

A two percent perinatal HIV transmission rate was a goal set by the private Pediatric AIDS Foundation a number of years ago and some researchers, at that time, believed this to be an unreachable goal. However, as a result of NIH-sponsored research, public health service clinical guidance and substantial public health efforts to reach out to women and their providers to facilitate early access to prenatal care and to encourage other key measures related specifically to AIDS prevention, this nation is on the way to eradicating mother-to-child transmitted pediatric AIDS.

## *Childhood Asthma and Protection From Environmental Health Threats*

Children's health is directly and uniquely affected by our environment. The Clinton Administration worked to improve our understanding of how children are often at increased risk from many environmental threats, compared to adults. Children's systems are still developing, and they eat proportionately more food, drink more fluids, and breathe more air per pound of body weight. Children today face significant health hazards, from asthma-inducing air pollution, and lead-based paint in older homes, to treatment-reducing microbes in drinking water and persistent industrial chemicals.

Asthma, a chronic inflammatory disease of the air passageways, is the most common chronic disease of childhood and one of the leading causes of school absenteeism, accounting for over 10 million missed school days annually. Posing a significant risk to children's health and educational progress, both the incidence of asthma and the mortality

rate from the disease are increasing. Between 1980 and 1994, the percentage of Americans with asthma increased 75 percent, and the percentage of pre-school age children with asthma increased 160 percent. However, the causes of asthma and of the asthma epidemic are not well understood. In April 1997, President Clinton created the Interagency Task Force on Children's Environmental Health and Safety, which identified asthma as a primary area of attention. In January 1999, this committee released a strategy for protecting children from asthma in conjunction with the Administration's \$68 million initiative to fight childhood asthma through school-based programs, research, and a national public information campaign.

To address the burgeoning incidence of asthma, HHS has initiated a significant collaboration across its agencies. In FY 1999, the Department of Health and Human Services invested nearly \$125 million in asthma research and prevention. Also, HUD and HHS are developing new information through a national allergen survey in public housing. HHS has also joined with the EPA to create new children's health centers, which will have a concentrated focus on asthma.

Federally supported studies have documented that certain allergens, including house dust mites, molds and cockroaches, often play an important role in childhood asthma. Additional research has demonstrated that reducing exposure to these allergens, coupled with educational approaches to improving self-management skills, are effective in reducing asthma-based hospitalizations in inner-city children. Based on this information, the task force is initiating a national public information campaign to reduce children's exposure to allergens and other asthma triggers such as environmental tobacco smoke.

ZAP Asthma is another innovation CDC has undertaken to combat this disease. Its initial test, in Atlanta, Georgia, seeks to show that a comprehensive approach to controlling asthma, including access to medical care, patient and practitioner education, and reductions in allergens, will reduce the number of asthma hospitalizations for children. The program includes surveillance to identify local disease trends and evaluation of prevention efforts; statewide education of practitioners, patients and community organizations; community asthma prevention interventions; and applied research. A unique feature of the project is the extensive public and private partnerships - with universities, health insurance companies, municipal government, and professional organizations - to carry out the project and the hiring of local community health workers.

Development of new medications to treat and prevent the symptoms of asthma, based on new insights into the cellular mechanisms of inflammation, will offer options to tailor therapy to the individual patient and minimize possibilities of side effects. While there have not yet been significant changes in the treatments available for children with asthma, NIH-sponsored studies have made progress in teaching individuals afflicted with asthma how and when to self-administer medications for maximum benefit, thereby also reducing hospitalization.

In its strides to protect children, the Administration has also issued new policy ensuring consideration of special environmental threats to children in the development of risk assessments, and has developed a research agenda focusing on food pesticides and other exposures unique to children, all using the most cutting-edge scientific technologies.

Directly responding to issues raised by the National Academy of Sciences 1993 report "Pesticides in the Diets of Infants and Children," the Administration took unprecedented steps to protect the health of children from the risks posed by pesticides in their food. The Environmental Protection Agency has intensified efforts to reduce the use of high-risk pesticides, increase research and testing, and establish new standards to protect children and infants from dietary health risks posed by pesticides.

Children's tolerance levels for chemical residues on food vary significantly from those of adults. Yet for many years, tolerance levels for food safety, pesticide residues on food, and enforcement of those tolerance levels were set without regard to differences between children and adults. The Food Quality Protection Act of 1996 not only recognizes this important principle, but requires use of an additional 10-fold factor to ensure protection of children when setting an acceptable level for a pesticide residue in food.

Further, under the Administration's Food Safety Initiative, three agencies -- HHS, EPA and USDA -- work with communities, farmers, businesses, consumer protection groups and all levels of government to improve food safety. While not specifically targeted at any age group, this initiative has particularly benefitted children who are at high risk for bacterial food borne illness.

Some aspects of the Administration's efforts to improve food safety and strengthen information about healthy food choices have focused on children. Extensive market research has shown that children exert the greatest impact on family food purchases. Building on this data, the Food and Drug Administration engaged the children's book character, Curious George, to help children understand new food labels. FDA launched a public service advertising campaign aimed at making the food label real and relevant to children ages 4 to 10. By making children more aware of the nutrition facts label and encouraging them to share their knowledge with their whole family, this campaign seeks to help improve the food choices made by people of all ages.

Lead poisoning is another top environmental health hazard for children, affecting nearly 1 million children age 5 and under. Although lead-based house paint has long since been taken off the market, children living in older homes are at risk. More than 80 percent of U.S. homes built before 1978 - some 64 million - contain lead paint. Lead poisoning in children causes IQ deficiencies, reading and learning disabilities, impaired hearing, reduced attention spans, hyperactivity, antisocial behavior, and other difficulties.

Recent findings indicate that the expanded efforts of the Administration have aided in a distinct decline of blood lead levels in every segment of the U.S. population. Efforts in past decades prompting the removal of lead from gasoline, and other sources such as household paint, food and drink cans and plumbing systems have led to these results. Continuing the Administration's "right-to-know" efforts, EPA and HUD recently required

sellers and landlords of dwellings built before 1978 to disclose any known lead-based paint hazards. Average blood lead levels in children ages 1-5 decreased from 15.0 to 2.7 micrograms per deciliter according to a National Health and Nutrition Examination Survey performed between 1976-1980 and 1991-1994. However, there are still close to one million children who continue to have blood lead levels greater than or equal to 10 micrograms per deciliter, including more than one-fifth of non-Hispanic black children living in older homes.

### *Mental Health*

Every year, more than 63 million Americans experience diagnosable mental disorders. Of them, more than 6.7 million are disabled by severe mental illnesses, including as many as 4 million children and adolescents. Major depression, schizophrenia, bipolar illness, eating disorders, anxiety disorders, and other mental illnesses frequently impair normal daily activities. Yet only one-third of children and adolescents who need mental health services receive them.

In 1996, the President advocated for and signed into law the Mental Health Parity Act (MHPA) to take steps towards ending discrimination in health insurance on the basis of mental illness. Beginning in January 1998, health plans must begin to provide the same annual and lifetime spending caps for mental health benefits as they do for medical and surgical benefits. Consistent with the principles of the MHPA, the Children's Health Insurance Program (CHIP), discussed more fully in a subsequent section, further advanced states' options for providing mental health care for children. While not mandatory, CHIP provides the framework for including mental health benefits in the package of benefits each state may establish for its program. In addition, based on a directive from the President, the federal government will seek to achieve parity for mental health and substance abuse coverage in the Federal Employees Health Benefits Program by 2001. Early progress has been made in the past few years through the Office of Personnel Management's collaboration with health plans to eliminate lifetime and annual maximums for mental health care, and to move away from contractual day and visit limitations and high out-of-pocket costs for mental health care. In addition, medical visits and testing to monitor drug treatment for mental conditions can now be covered as pharmaceutical disease management. As the largest employer-sponsored health insurance program in the nation, with 285 participating health plans, changes in the federal program have the potential to advance access to mental health services for millions of children and families.

In June 1999, the Administration hosted the first ever White House Conference on Mental Health to give nationwide visibility to this long-neglected arena which affects millions of American children and families. The conference provided the launching pad for an innovative campaign to lift the veil of mystery and stigma that shrouds mental disorders and the individuals affected by them, and to utilize modern developments in science and further research to aid those, including millions of children, suffering from mental diseases. A key element of this initiative is the first-ever Surgeon General's Report on Mental Health, which takes a life cycle perspective and provides an up-to-date, comprehensive review of the scientific advances in the study of mental health and mental

illness, including mental health of children and teenagers. The report and an outreach campaign to advance its messages stress that mental health and mental illness are part of the mainstream of health and are important concerns at all ages, from infancy through adulthood.

Another critical component of the initiative to overcome stigma will expand "Caring for Every Child's Mental Health: Communities Together Campaign," a national public education initiative to reduce the stigma of mental health disorders by highlighting the special mental health needs of children.

The child-focused campaign complements significant expansion over the past five years of pioneering comprehensive community-based systems of care for treating children with serious emotional disturbances. This approach recognizes the importance of treating the family unit and strives to ensure that children with special health care needs and their families obtain appropriate and sufficient mental health and substance abuse health care. Emerging evidence suggests that this system-of-care approach reduces behavioral problems and improves school performance as well as social functioning at home, school and the community. The approach also promises greater stability in living arrangements for these youngsters, fewer contacts with law enforcement, and fewer missed days of school.

For younger children, HHS in conjunction with the private-sector Casey Family Program has established the Starting Early, Starting Smart program to address the needs of children who have at least one parent who suffers from serious mental illness and/or substance abuse. Research has shown that these children experience increased emotional, behavioral, and relationship problems. This program seeks to test the effectiveness of integrating behavioral health services within primary care and early childhood service settings for children age 0 to 7. Realizing the importance of the earliest years, this public-private partnership seeks to reach children at their most critical time for mental and physical development.

Social and emotional well-being is a crucial component of success in school and later life. In another important partnership, Head Start and NIMH have joined forces to sponsor a consortium of researchers focused on promoting mental health and well-being for young children and their families. By focusing on prevention, prompt identification and treatment, the Head Start Mental Health Research Consortium is building on the longstanding tradition of Head Start as a national laboratory to refine interventions for children in poverty.

One of the most tragic complications of mental illness is suicide, which remains a serious problem among young people. While the suicide rate has generally declined over the last several decades, reported rates of suicide among teenagers and young adults grew threefold between 1952-1996. For adolescents ages 15-19, rates increased by 14 percent between 1980-1996, while the increase for 10-14 year olds was 100 percent during that same time period, placing suicide as the third and fourth leading cause of death for these age groups respectively. In response to this dramatic increase, the World Health Organization issued guidelines and urged its member countries to address suicide

prevention. The United States followed suit by developing a public private partnership comprised of many agencies within HHS, and the grassroots Suicide Prevention Advocacy Network. These entities collaborated to develop a national strategy to prevent suicide in the United States, with special focus on youth, culminating in the Surgeon General's Call to Action to Prevent Suicide.

## *Eliminating Disparities*

Despite gains and improvements for children overall, disparities in health status among children of various racial and ethnic minority populations plague our country. Blacks, Hispanics, American Indians and Alaska Natives, and Pacific Islanders experience continued disparities in health status as compared to the population as a whole. Infant mortality rates, for example, are more than twice as high for black infants compared to white infants. Minority children lag slightly behind white children in overall immunization rates. The President has committed the nation to an ambitious goal to eliminate the disparities for six indicators of health status by the year 2010. Improving the health of minority populations while sustaining the improvements of the overall health of the American people is a key component of the President's Initiative on Race.

In 1998, the President and the Department of Health and Human Services announced the Eliminating Racial and Ethnic Disparities in Health Initiative. The initiative focuses on six selected areas to achieve the President's vision of eliminating the gaps in health status: infant mortality, cancer screening and management, cardiovascular disease, diabetes, HIV infection/AIDS and immunization.

The Initiative includes funding as well as a campaign to reach out to local communities and community-based programs to improve education and outreach efforts. Racial and Ethnic Approaches to Community Health (REACH 2010) grants are two-phase projects to designed to encourage community mobilization and leverage more effective use of existing resources to develop effective and sustainable programs to eliminate health disparities of racial and ethnic minorities. The communities served by REACH will include all those identified for the Race Initiative. CDC has funded thirty-two local coalitions in 18 states to begin the planning for this critical task and in a partnership with the California Endowment, an additional three community coalitions will be funded.

To eliminate the disparity in infant mortality rates, the Administration is focusing on prenatal care, premature births, and Sudden Infant Death Syndrome (SIDS) rates among minority groups. Racial and ethnic disparities are greatest in pre-term births and low birthweight, among the leading causes of death for infants. In 1996, 84 percent of white women began their prenatal care in the first trimester, compared to 71 percent of black women. The incidence of pre-term births among black mothers (17.7 percent) is much higher than among white mothers (9.7 percent). The Administration is working towards eliminating the financial, educational, social, and logistical barriers to care that are creating these disparities as well as supporting research to identify and correct other causes for these disparities.

During the past several years, childhood immunizations have reached an all-time high. While immunization rates for minorities are slightly lower compared with the white population, minority rates of immunization have been increasing at a more rapid rate, diminishing the disparities. To sustain the improvement and close the gaps, a new public awareness campaign has been mounted to underscore for parents and caregivers the importance of all children receiving a full course of recommended vaccinations by age 2. Current efforts must be sustained in order to achieve the President's goal.

*New Tools to Understand and Improve Children's Health*

At its best, the United States has an excellent health care system, and its children are well cared for. However, in recent years, the health care system has identified numerous problems with the quality of health care that is delivered, including health care for children. To ameliorate these problems, the Administration has been actively identifying quality challenges in children's health care and developing strategies for quality improvement.

For example, children were identified as a vulnerable population in the report of the President's Advisory Commission on Consumer Protection and Quality in the Health Care Industry. As a result of recommendations in that report, HHS' Agency for Health Care Policy and Research is supporting research to develop measures of clinical quality of care for the most vulnerable children, such as very low birthweight babies and children with chronic illnesses. Working with its private sector partners, including the Foundation for Accountability (FACCT) and the National Committee for quality Assurance, HHS is developing measures for children with asthma and other chronic conditions, for teens who may have sexually transmitted diseases, and for all children who would benefit from preventive services such as well-child care and immunizations, if these services are provided.

Clear statements of the evidence on what works in prevention and treatment for children provide the backbone of quality measures development and quality improvement efforts. To this end, HHS has synthesized and disseminated the most rigorous evidence on treatment of attention deficit hyperactivity disorder (ADHD), otitis media, and a broad range of preventive services.

A major initiative to use distance learning is dramatically scaling up the reach of training for public health professionals, especially those addressing children's health. Through Internet-based accredited courses, facilitated discussion groups and information transfer, training in quantitative techniques and analytical methods for needs assessment, policy development and evaluation of interventions is now reaching 2000 local and state maternal and child health staff annually.

Finally, considerable effort has been made to convert health related data into useful and readily accessible information for program planning and assessment at the state and local levels. This innovative approach draws on the experience of states that have developed integrated web-based data systems and involve linked data sets supported by multiple agencies in a state. Integrated information systems provide a comprehensive view of health, particularly for children and mothers, to determine their health status, related risk factors, population characteristics and services delivered and needed such as health care system attributes and performance. With these integrated systems, local and state public health and health services agencies can significantly improve their use of information to strengthen health care for families and children.

## II. AMERICA'S CHILDREN ARE LEARNING HEALTHIER ATTITUDES, BEHAVIORS, AND LIFESTYLES

While all efforts must be made to give children the best opportunities for a healthy start, especially in the critical early years, children also must be given education and encouragement to make decisions that further their healthy development. Children's health and well being are placed in jeopardy by the inherent dangers of tobacco and drug use, as well as the dangers posed by safety hazards that cause unintentional injuries. The Administration has made it a priority to protect children from these preventable health risks, while encouraging children to take up healthy habits, like physical activity and good nutrition.

### *Youth Tobacco*

Research has shown that some children begin experimenting with tobacco as early as ages 10-13. All too often, they become addicted at age 14-16, and once addicted, risk becoming tobacco industry customers for life. Each year another million teenagers become regular smokers. To break this cycle, the Administration set a goal of reducing the smoking rate among young people by 50 percent by 2003, curbing unnecessary disease, disability and death in adulthood.

The insight that tobacco use is a pediatric disease persuaded the Administration to open a comprehensive campaign in the war against smoking. First, the Administration used its regulatory powers in a FDA rule that prohibits young people's access to tobacco and curtails its visibility and appeal to youth by limiting the industry's marketing tools, such as advertising, billboards, giveaways and sponsorship of events and other products. The Supreme Court recently granted a writ of *certiorari* in a case challenging this rule. Despite the legal challenges, the President has remained strong in his support of the FDA regulation.

Second, the Administration has cracked down on vendors who sell tobacco to minors. States are now required to conduct random unannounced inspections of a sample of tobacco vendors to assess their compliance with laws prohibiting tobacco sales to underage individuals. States failing to meet their goal of reducing vendor sales-to-minors violation rates to less than 20 percent risk losing a percentage of their federal funds for substance abuse prevention and treatment. Youth themselves are participating in enforcement inspections to ensure that retailers are obeying the law.

Third, HHS reinvigorated a special Office on Smoking and Health at the CDC, set up a clearinghouse to assist states with effective practices, established a public health research program to demonstrate and evaluate state-based programs, and created new strategies to address the effects of secondary smoke and other tobacco-related environmental issues. Today several states have programs of counter-advertising, community coalitions, and policies on the environmental effects of tobacco use.

Fourth, the Administration expanded the surveillance tools available to track tobacco use. The "Youth Risk Behavior Survey" and "Monitoring the Future" provide important national information and trends about teens' health behaviors and attitudes towards drug use, and in 1998, Monitoring the Future began collecting data on cigarette brands used by children. By 2001 a household survey administered by SAMHSA will provide smoking-related data not only by brand but also by state. This will advance markedly the ability to target specific geographic areas and specific company practices in order to reduce teen smoking.

Finally, There have also been considerable public awareness and education efforts to reduce youth use of tobacco and to promote health and fitness through partnerships among the Department of Health and Human Services, the U.S. Women's National Soccer Team, and US Soccer. The "Smoke-Free Kids" campaign is a multi-media approach to encourage children to get involved in soccer, and not cigarettes.

There is little question that the social climate in the country has changed as a result of the Administration's willingness to confront the life-threatening nature of tobacco use. No longer are public health professionals the only ones calling to "take the billboards down." It is now widely accepted and politically safe for individuals to talk about the hazards of smoking and the impact of smoking on the environment and for communities to take measures to countervail the vast advertising and marketing by the tobacco industry. Several states and localities have banned not only indoor smoking, but outdoor smoking as well. Cities such as Baltimore have prohibited billboard advertising.

More importantly, these efforts are affecting the smoking habits of millions of Americans. Massachusetts' aggressive set of activities against tobacco use has returned a 31 percent drop in consumption between 1992 and early 1997. Nationwide, during the same period, smoking declined among pregnant women. Smoking reduction in this group is especially important because women who smoke are more than twice as likely to deliver a low birthweight baby, and about 20 percent more likely to deliver prematurely, both circumstances that increase risks to the infant's health.

The recent "Monitoring the Future" survey administered in 1998 noted that most adolescents reported a greater awareness of the risks associated with drug-related activities. However, the increasing incidence of teen smoking - CDC reports that the number of teenagers taking up smoking as a daily habit has increased 73 percent between 1988 and 1996 - reinforces the importance of holding steadfast to this concerted and comprehensive campaign.

## *Youth Drug Use*

The Clinton Administration has also made curbing the use of drugs and illicit substances an important priority. The main emphasis of the President's 1997 National Drug Control Strategy is to motivate our kids to reject the use of illegal drugs. In 1997, the Administration launched a \$195 million National Youth Anti-Drug Media Campaign, which uses the power of the mass media to educate young people, parents, teachers, and mentors about the dangers of drugs. The President expanded the Drug-Free Schools Act into the Safe and Drug-Free Schools Act of 1994, making violence prevention a key part of this program. The program requires schools to adopt rigorous, comprehensive school safety plans that include tough, but fair discipline policies, as well as effective drug policies, and annual school drug use report cards. The Safe and Drug Free Schools Program provides support for violence and drug prevention programs to 97% of the nation's school districts, which use these funds to prevent drug and alcohol abuse as well as violence.

Despite the alarming increase of drug use throughout the early 1990s, the 1998 National Household Survey on Drug Abuse (NHSDA) found that illicit drug use declined among young people age 12-17 from 1997 to 1998. The percentage of youths reporting current illicit drug use declined significantly from 11.4 percent to 9.9 percent. Teen use of inhalants also decreased significantly from 2.0 percent in 1997 to 1.1 percent in 1998. The rate of youth reporting that they tried marijuana for the first time decreased. Another indication that the trends are moving, albeit slowly, in the right direction is that the average age of first-time marijuana use went up.

The NHSDA study found that illicit drug use among the overall population remained flat. In another study, HHS sponsored "Monitoring the Future" which monitors trends in drug use and attitudes in high school 8th, 10th, and 12th grade students, noted that most adolescents reported a greater awareness of the risks associated with drug related activities. Past year illicit drug use among 10th graders decreased slightly from 38.5 percent in 1997 to 35 percent in 1998. Past year use among 8th graders also decreased from 23.6 percent in 1996 to 21 percent in 1998. While drug use levels are still higher than they were a decade ago, halt in rising drug use over the past two years provides hope that the efforts to reverse the trend of drug use are beginning to work.

## *Injury and Youth Mortality Reduction*

Both unintentional and intentional injury have diminished markedly in the past several years. Nevertheless, unintentional injury still remains the leading cause of death among children ages 14 and under in the United States. The unintentional injury death rate among children ages 14 and under declined 30 percent from 1987 to 1996. However, in 1996, nearly 6,300 children age 1 to 14 died from unintentional injuries, and each year nearly 120,000 children are permanently disabled. Overall, youth death rates have continued on a downward trend, with a rate of 38.3 per 100,000 in 1996, down from 47.5 in 1991.

Unintentional injury-related death is often a result of motor vehicle injuries, which include children as occupants, pedestrians and bicyclists. Safety has been the highest transportation priority for the Administration, resulting in efforts to encourage Americans to use seat belts and to encourage parents to buckle up their children. According to the National Highway Traffic Safety Administration, child safety seats each year save the lives of more than 300 children under five years old, and seat belts save more than 10,000 lives in America each year.

The President set a goal of increasing national seat belt use to 90 percent and reducing child occupant fatalities by 25 percent by the year 2005. To reach this goal, the Administration implemented an extensive national strategy including Operation ABC Mobilization: America Buckles Up Children, as well as a national billboard campaign reminding adults to be role models when it comes to restraints, which have persuaded more motorists to buckle up and use child safety seats. In conjunction with The National Safe Kids Campaign, Safe Kids Buckle Up is a multi-media public service campaign launched in 1997, that enlists the help of health and education organizations, as well as the private sector, such as car dealerships, to distribute information. The Air Bag and Seat Belt Safety Campaign, and a continued call for tough laws and strict visible enforcement have resulted in historic levels of seat belt use. It is estimated that 19 million more Americans started buckling up in 1998, bringing the nation's seat belt usage to a record high level. The National Highway Traffic Safety Administration reports that restraint use among toddlers aged 1-4 increased dramatically from 60.1 percent in 1996 to 87 percent in 1998. Restraint use for infants less than one year old increased from 85.2 percent in 1996 to 97.2 percent in 1998. The 1998 National Occupant Protection Survey also showed that restraint use among youngsters ages 5-15 increased 64.6 percent in 1996 to 68.7 percent in 1998, and among young adults ages 16-24 increased from 62.4 percent in 1996 to 66.8 percent in 1998.

Recent surveys conducted by NHTSA showed disparities among traffic deaths by ethnicity. Native Americans die in car crashes at rates 2-3 times that of other racial and ethnic groups, and motor vehicle crashes are the leading cause of death for Hispanics through age 24 and for African-Americans ages 1 to 14. One survey also showed that 42 percent of minority children are at greater risk because they are improperly placed in child safety seats, while only 15 percent of white infants are improperly placed. Seeking to eliminate these disparities, the Administration called on the National Diversity Forum to create life-saving solutions and propose recommendations while addressing different minority groups' concerns.

For children ages 5 and older, homicide joins unintentional injuries as one of the three leading causes of death. And for teenagers, injury, including both unintentional injuries, homicide and suicide, continue to account for four out of five deaths. From 1994 to 1996, both the firearm homicide and firearm suicide rates have fallen by about one-fourth for adolescents ages 15-19. A more extensive discussion of youth violence rates and the Administration's efforts toward preventing youth violence follows in the next section.

## *Youth Violence and Youth Crime*

Just as juvenile violent victimization has declined in the past few years, so has the commission of crimes, both violent and nonviolent, by young people. In fact, despite recent high visibility student killings, juvenile violent crime fell to its lowest level since 1987, based on the FBI's Uniform Crime Reports data, and has declined 30 percent from 1994 to 1998 alone. Sharp decreases have been recorded for every category of violent crime committed by young people. The juvenile murder arrest rate dropped by 50

percent and the arrest rate for weapons law violations by 33 percent between 1993 and 1998. Arrests for forcible rape were down by 25 percent from 1991 to 1998 and assaults declined 20 percent from 1994 to 1998.

The Administration has been committed to addressing the issue of youth violence in a comprehensive manner. The Justice Department's Comprehensive Strategy for Serious, Violent and Chronic Juvenile Offenders has provided a strong framework of strategic responses at the community, city, State and national levels. The strategy calls on all sectors of society to work together to address the full continuum of needs from prevention programs that target all youth, to graduated sanctions that seek to habilitate delinquent youth. The comprehensive strategy engages the community in planning for young people both to support their healthy development and to hold them accountable for their offenses.

As the media and particularly the Internet, become increasingly present in the daily lives of children, the Administration has realized the need to ensure that the messages being sent to children are appropriate. It is estimated that children spend about 25 hours a week watching TV, more time each year than they spend in the classroom. By the time they complete elementary school, children have witnessed about 8,000 murders and 100,000 acts of violence. The President has directed and made various efforts to monitor and curb the violent and explicit content that is inappropriate for children's viewing.

In 1998, the Federal Communications Commission adopted rules requiring all television sets with picture screens 33 centimeters or larger to be equipped with features to block the display of television programming based upon its rating. This technology, known as the "V-Chip", allows parents to control what programs their children view. To expand parents' tools to block or select programming on a more informed basis, the Telecommunications Act of 1996 gave the broadcasting industry the first opportunity to establish voluntary ratings for programming containing sexual, violent, or other material parents may deem inappropriate. The Administration obtained voluntary commitment from the industry to broadcast signals containing these ratings.

In 1999, the President announced a nationwide movie ratings education and enforcement effort created in conjunction with the National Association of Theater Owners. Movie theater owners will require photo identification from young people seeking admission to

"R"-rated films, an educational outreach program is being devised for parents about the ratings system and new ID-check policy, and theater owners gave their support for a national study on the causes of violence.

Finally, the President enlisted the entertainment industry to marshal an anti-violence campaign across the airwaves. A coalition of broadcast and cable networks, in collaboration with the Advertising Council and the Kaiser Family Foundation, will promote a new public education advertising series aimed at adults, called "Talking with Kids about Violence." In addition to a vast array of network and cable channels, the campaign will also include a website and a booklet for parents. In addition, an independent and nonpartisan National Campaign Against Youth Violence will serve as a clearinghouse on programs that work, gain commitments across many sectors of society to address violence, and develop more supports for parents to help them protect their children.

Finally, because the most highly publicized and shocking acts of youth violence have occurred in schools, the Administration has placed high priority on comprehensive strategies aimed at preventing future acts of school-based violence. These initiatives are more fully described in the section entitled School Safety.

### *Physical Activity*

The need for physical activity among today's youth is of increasing concern. Overweight adolescents are at greater risk of being overweight as adults, and adults who are overweight are at higher risk of numerous health problems. Overall, the percentage of children ages 6 through 17 who are overweight has increased more than twofold since the 1960s, with the largest increases seen since 1980. The percentage of overweight children was 13.6 during 1988-1994, rising from 7.6 in 1976-1980. With this continued increase, physical activity has become an important public health issue.

The Administration has made efforts to encourage and highlight the positive benefits of physical activity. In 1996, the Surgeon General produced a landmark report on physical activity and health. The report served both as a summary of the positive relationship between physical activity and health status, and as a national call to action to improve the health of the nation by continuing our commitment to healthy physical activity. In 1997, CDC issued Guidelines for School and Community Programs to Promote Lifelong Physical Activity Among Young People. These guidelines are based on an in-depth review of research, theory, current practice in physical education, exercise science, health education and public health. Finally, various physical activity and fitness objectives are included in the Healthy People 2000 goals and these objectives will continue to be benchmarks in the Healthy People 2010 Initiative.

Especially among girls, physical activity and participation in sports has been linked to various positive outcomes, such as increased self-esteem and a positive body image. The President's Council on Physical Fitness and Sports concluded that physical activity has an increasingly important role in the lives of girls, both because of its physical health and emotional benefits. Yet, of the major decrease in physical activity that occurs during grades 9-12, the decrease is more profound for girls than for boys. Therefore, strategies to increase the amount of physical activity will need to be tailored to the specific and varying needs of boys and girls. The Administration, led by the Department of Health and Human Services, has made encouraging girls' physical activity a top priority. Secretary Donna Shalala's Girl Power! initiative seeks to reinforce and sustain the positive views of their health that girls demonstrate at age 8 or 9, which research shows begin to deteriorate through age 14. A vital component of the Girl Power! campaign is to promote healthy physical activity among girls.

### **III. AMERICA'S CHILDREN ARE BETTER PREPARED FOR SCHOOL AND WORK**

Education, from preschool through higher education, has a lasting impact on the life of a child and makes a critical contribution to social and economic success. However, in order to benefit from schooling, children must be ready to learn. Their health, home and child care environments, especially in their earliest years, can play a critical role in their ability to perform successfully at school, and later on at work. Schools must also be prepared to serve their students. Teachers must be well qualified, materials and resources must be

current, and schools should have access to the latest technological advancements. Schools must also provide safe learning environments, and after-school activities are a proven way of enriching children's learning, while keeping them off the streets during those vulnerable after-school hours. Educational opportunities at all levels, from quality child care, to top-notch colleges and universities, must be accessible and affordable. Most importantly, schools must prepare children for life after graduation to help them become productive and active adults. For these reasons, the Administration has placed enormous emphasis on strengthening early childhood education, child care, education at all levels and high performance standards.

### *Increasing Effectiveness of Early Childhood Education and Head Start*

Working with many partners in the public and private sector, the Administration has infused into all levels of government, and across communities of every type, the legitimacy of public investment in early childhood development. It is now commonly accepted and recognized that children need the right start in life and that parents, neighbors, and a wide range of public and private sector agencies and organizations play a significant role in making that start a positive one. In this section we address the Administration's extensive efforts to strengthen the quality of educational and developmental programming for young children. In a later section on supports for working families (see page ), we also address the scale of investment as well as policy initiatives designed to enable early childhood programs to meet the changing needs of parents.

Knitting together various publicly-supported programs, such as Head Start and child care, and stimulating State investment in Head Start, pre-kindergarten and child care, the Administration has significantly advanced the goal of a universal system of developmental opportunities for young children. When children reach school age, the Administration has assured that new resources will also be available for them, promoting the notion that readiness for school and learning in the early grades require an educational continuum.

The President and the First Lady recognized the importance and potential of the new knowledge emerging from neuroscience about brain development in infants. The White House is invested in ensuring that children achieve the critical developmental milestones in the earliest stages of life. Failure to do so compromises children's social, emotional and cognitive competencies and impairs their school readiness. Hosting an unprecedented White House Conference on Early Learning and Brain Development exposed the public to these scientific understandings, and gave credibility to their importance for parental and other adult influences on babies and young children.

One of the National Education Goals for the year 2000 is that "all children will start school ready to learn." The Administration has built on the increasingly strong evidence that children benefit from having access to high quality and developmentally appropriate preschool programs that help prepare children for school. In 1996, enrollment rates

continued to increase, and over half (53%) of all pre-kindergarten children ages 3 to 4 were enrolled in preschool and early childhood center-based programs, including day care centers, Head Start programs, preschools, pre-kindergartens. African-American children three to four years old have the highest enrollments in early childhood programs. In 1996, 63 percent of African-American children were enrolled, compared to 54 percent of whites, and 37 percent of Hispanic children. African-American children have shown the largest increase in recent years, increasing 10 percentage points between 1996 and 1997 from 45 percent to 55 percent in 1997. Preschool attendance increased among children living in poverty, from 34 percent in 1996 to 40 percent in 1997.

The President set a goal of strengthening program quality, while enrolling one million children in Head Start by the year 2002. Since taking office, the Clinton Administration has more than doubled funding for Head Start and increased the number of children and families served by 41 percent, from 621,078 in 1992 to about 877,000 in 1999. The President fought for and won a funding increase of \$313 million for FY 1999, ensuring that Head Start will continue to expand and stay on track to reach its year 2002 goal.

In June of 1993, the Advisory Committee on Head Start Quality and Expansion was formed to make recommendations for a renewed Head Start program. Based on these recommendations, within a month bipartisan legislation to reauthorize and strengthen the Head Start Program was introduced, moved through Congress quickly and was signed by the President in 1994. The Human Services Reauthorization Act of 1998 passed by Congress at the President's urging again enhanced Head Start. This bipartisan legislation builds on the President's commitment to improve and expand the Head Start program.

The 1994 legislation charged HHS with developing revised Head Start Program Performance Standards, in consultation with Head Start and early childhood program practitioners and a range of other experts. For the first time since the 1970s, HHS published revised performance standards in 1996. These revised, user-friendly standards remove rigid and prescriptive requirements, integrate standards for infants and toddlers, and promote collaboration with other community programs. Since their issuance, HHS has monitored Head Start programs against these standards and closed approximately 100 programs unable to meet them, while turning around more than twice that many programs through intensive training and technical assistance. Annual teachers salaries have also risen to over \$19,000 from only \$17,000 a few years ago. Further, there is a nationwide effort to assure that at least half of all Head Start teachers have degrees in Early Childhood Education by September 2003. Head Start's own research efforts have underscored the importance of teachers' educational background to classroom quality, and this initiative to improve teacher training and qualifications will yield richer learning environments for preschool children.

Another strategy taken to strengthen the quality of early childhood development options involves an innovative collaboration by the Head Start and Child Care Bureaus jointly to fund and manage a national training and technical assistance project, called "Quality in Linking Together: Early Education Partnerships" (QUILT). QUILT is engaging states to

develop strategic approaches to partnerships across Head Start, pre-kindergarten and child care by disseminating information on successful partnership models and providing on-site technical assistance for the full range of early education providers. Technical assistance is also promoting partnerships among Head Start, child care, and federally supported education programs such as the Even Start family literacy effort, and programs for infants, toddlers and young children with disabilities.

In 1997, the Administration implemented the Family and Child Experiences Survey (FACES) which is providing valuable data on the quality in Head Start classrooms. The FACES study represents the first time that there has been a regular look at quality and both family and children's outcomes in a nationally selected random sample of Head Start classrooms. Early results from this pioneering assessment indicate that the quality in most Head Start classrooms is good and no classrooms scored below the minimal quality range, underscoring the importance of standards and monitoring. Other promising findings indicate that Head Start four-year-olds perform above the levels expected for children from low-income families who have not attended center based programs, and that children who attended two years of Head Start performed better than children attending only one year.

Head Start's customer satisfaction rating is the highest of any program in the federal government. FACES results indicated that for a nationally representative sample of parents, over 96 percent were satisfied with their child's preparation for kindergarten, with 85 percent "very satisfied." When asked who had been most helpful in raising their child over the past year, parents indicated Head Start staff, even more often than relatives, indicating confidence and trust in these professional caregivers. These findings confirm those reported in the recent American Customer Satisfaction Index. For example, parents in both studies demonstrate a high degree of satisfaction with Head Start's support for their child's growth and development, openness to their own cultural backgrounds, ideas, and active participation in the program, and fostering of their role in the wider community.

Recognizing the critical importance of reaching children in their earliest years of life, in less than five years, the Administration has created a landmark program for young children. The Head Start Amendments of 1994 established Early Head Start, a new initiative to extend Head Start to low-income children ages 0-3 and pregnant women. Drawing on the advice of top experts, the National Advisory Committee on Services for Families with Infants and Toddlers designed a program that reflects the best science and experience. The 1998 reauthorization adopted the President's proposal to double the percentage of Head Start funds directed to Early Head Start by 2002. In 1999, Early Head Start will be able to extend child development and health services to nearly 39,000 children, and funding will total nearly \$350 million.

### *Building Child Care Capacity and Quality*

Participation in quality child care also has the potential to strengthen children's preparation for school. Recent estimates indicate that approximately 68 percent of 3-year-olds, 78 percent of 4-year olds, and 84 percent of 5-year-olds are receiving some type of child care on a regular basis. That translates to 6.8 million preschoolers in child care. Expanding and improving safe, affordable, quality child care opportunities have been a complementary strategy to strengthening and expanding Head Start.

For the first time ever, in 1995, the federal government created an office focused solely on child care. The Child Care Bureau at the Department of Health and Human Services has brought greater attention in this key area and streamlined child care program operations, so that parents and providers could on achieving and obtaining the best care possible for their children. In addition, HHS launched the National Child Care Information Center to disseminate child care information, publications and resources to help parents, researchers and policy makers. The President and the First Lady hosted the first-ever White House Conference on Child Care in 1997. In this highly visible setting, experts brought national attention to the need for child care for working families, the impact of child care on children, and creative community-based strategies to augment the supply of care, improve the training and compensation of child care workers, and upgrade the quality of care.

To emphasize the importance of bolstering the quality of child care, the President directed federal agencies to increase civilian and military child care programs in compliance with standards set by national organizations that conduct voluntary accreditation programs. While there are several national accreditation systems for early care and education, at least three of these show numbers of accredited programs on the rise since 1992. As of September 1998, there are 6107 programs serving more than half a million children accredited through the National Association for the Education of Young Children and the National Early Childhood Program Accreditation Commission, nearly triple the number in 1992. The National Association for Family Child Care has also nearly doubled the number of accredited family child care homes and centers to 922 serving nearly 6,000 children. Since 1991, the number of accredited centers in the military has also risen dramatically: as of 1998, of the 435 military child care centers, 386 are accredited, up from 50 in 1991.

The Department of Defense child care system has become a model of employer-sponsored child care and after-school programming, serving 2000,000 children daily at over 300 locations worldwide. In 1997, the President asked DOD to share its expertise and lessons learned with the civilian child care community. Months later, the DOD produced a report with recommendations, suggestion and details about their child development program. DOD formed partnerships to foster the exchange of ideas, information and materials. Military Services has shared its expertise with civilian child care providers by mentoring local centers pursuing accreditation, opening parent and

family workshops to the civilian community, and offering internships in DOD programs to broaden the base of quality child care in communities surrounding military installations.

Several steps have been taken as well to improve the health and nutrition of children in child care settings. First, consistent with the Administration's efforts to ensure young children get life saving and illness-reducing vaccinations, new rules require that all children receiving federal child care assistance receive the recommended immunizations against childhood diseases. Second, the federal government, in collaboration with leading organizations of health professionals such as the American Academy of Pediatrics (AAP) and the American Public Health Association, facilitated new partnerships between health and mental health professionals at the state and local level and child care programs. The Healthy Child Care America Campaign was launched in 1995 by the Child Care Bureau and the Maternal and Child Health Bureau. In 1996, the AAP assumed coordination of the campaign, with the support of several federal health and human services agencies. Now, more than 60 states and territories have received support to implement Community Integrated Service Systems/Health Systems Development in Child Care Projects and to improve the quality of care and to enroll children in CHIP and Medicaid. These new partnerships between health professionals and child care providers are designed to ensure that children in child care are in safe and healthy environments and that they get the health care they need. Third, the President maintained the commitment to providing quality nutrition in the USDA-administered Child and Adult Care Food Program, which provides healthy meals and snacks in child care facilities. In 1998, the program provided meals to about 2.5 million children in approximately 36,500 child care and after-school centers.

Parents now have access to reliable consumer information that can assist them in selecting the best child care options for their children. Building on NIH-sponsored research regarding the quality of child care, it is now possible to reassure parents that they are not hurting their children by placing them in quality care. The NIH study, which is the largest, longest, and most rigorous child care study to date, highlights the elements of good child care that lead to optimal child development. Findings from the study offer parents help in choosing child care and the specific markers of quality. In addition to aiding parents, the study also provides guidance for policymakers about what good care should be and how to regulate it.

Without subsidies, many families are forced to rely on whatever child care they can afford which often means leaving children unsupervised or leaving them in inadequate and unsafe care. We discuss affordability in more depth in the section on Child Care for Working Families, however it is worth noting here that federal funding for child care has increased 80 percent since 1993. The \$4 billion in additional funds over six years added through welfare reform. The earlier patchwork of child care funding has been streamlined in a way that will enable states to design comprehensive, integrated child care delivery systems to meet the needs of working families. Each budget the President has submitted to Congress has included increased funding for child care. The most recent

five-year \$20 billion proposal provides for wise and prudent investments in subsidies, tax credits, and resources to states and communities to improve the quality of child care programs.

### *Strengthening Elementary and Secondary Education*

There has been no more crucial component of the Administration's focus on children than its emphasis on education. Beginning in 1993 and throughout the subsequent years, several targeted strategies generated new attention to and new investment in elementary, secondary and higher education, as well as to the linkage between schooling and employment opportunities.

Ensuring children's progress in the early grades became a critical first step. Through the reauthorization of the Elementary and Secondary Education Act (ESEA), the Improving America's Schools Act of 1994, Educational Excellence for All Children Act of 1999, and the Goals 2000: Educate America Act, the Clinton Administration took a number of historic steps towards preparing all of America's students to meet high academic standards and to transform the Federal role in education.

Research has shown instruction linked to high standards can produce significant gains to student performance in reading and math. The 1994 laws were built around the standards-based approach to reform: leveraging federal resources to encourage and assist states in developing and implementing challenging state standards for all children and in using those standards to improve learning through a coherent and aligned system of curricula and assessments. With federal leadership and support, 48 states, Puerto Rico and the District of Columbia have completed development of state content standards for children, and two other states have promoted challenging standards on the local level.

According to the General Accounting Office, state officials believe that Goals 2000 is helping states meet their own education reform goals. Goals 2000 and ESEA are spurring standards-based reform in local schools and communities. More than 80 percent of school districts with high concentrations of low-income children, and almost half of all districts nationwide, reported that Title I is "driving standards-based reform in the district as a whole."

The Educational Excellence for All Children Act of 1999 is President Clinton's proposal for reauthorizing the Elementary and Secondary Education Act (ESEA). His proposal continues this Administration's commitment to education in the 1994 reauthorization as well as Goals 2000, by building on the promise of getting high expectations, academic standards and well-prepared teachers into every classroom through incentives and stronger accountability to ensure that such reforms take hold. In addition, building on the evidence that student-teacher interaction is promoted by reduced class size, \$1.2 billion has been allocated to provide funds to hire and train more than 30,000 additional qualified teachers for the 1999-2000 school year.

Improvements in achievement provide evidence that the Administration's reforms and initiatives are making a difference. Data from the National Assessment of Educational Progress (NAEP) and two international assessments provide clear indication that these changes are working in certain subject areas. The percentage of those performing above or at the basic achievement level has improved for most grade levels in reading and mathematics. There have been significant increases in math scores at the 4th, 8th, and 12th grades. The National Education Goals Panel reported that between 1990 and 1996, 27 States significantly increased the percentage of 8th graders scoring at either the proficient or the advanced level on the NAEP math test.

Another of the President's education challenges is that all children will read well and independently by the end of the third grade. Through the America Reads Challenge, the President enlisted over 1000 colleges and universities to sign up for the Federal Work-Study program, sending their work study students into schools and communities to tutor children in reading to help meet the challenge. Over 3000 tutor coordinators from colleges and universities as well as schools and community organizations have been trained, and consortia of reading collaboratives have new funds to train directly up to 10,000 reading tutors. In September of 1998, an additional \$3 million was awarded to sixty-one partnerships across the country to provide resources for early literacy initiatives. Strengthening efforts to promote children's literacy, The Reading Excellence Act was passed in October 1998, in response to the President's challenge to all Americans to help children learn to read. This Act provides \$260 million that will serve more than half a million children in pre-kindergarten through third grade.

## *School Safety*

In spite of the well-publicized shootings, like the youth crime rate outside of school, the overall school crime rate between 1993 and 1996 declined. The Department of Education reports the rate dropping slightly from about 164 school-related crimes for every 1,000 students ages 12 to 18 in 1993 to about 128 such crimes in 1996.

In addition, serious violent crime constitutes a small percentage of the total amount of school crime, and homicide is extremely rare. Fewer than 1 percent of the more than 7,000 children who were murdered in 1992 and 1993 combined were killed at school. In the 1992-93 and 1993-94 school years combined, 63 students ages 5 through 19 were murdered at school and 13 committed suicide.

However, even these deaths were too many and, in fact, the number of multiple-victim homicide events at schools increased, from two in the 1992-93 school year to six in 1997-1998. The number of victims in these events also increased (from four in 1992-1993 to 16 in 1997-98). It was these highly publicized series of multiple student killings that sensitized the nation to the need to pay much greater attention to young people. Strategies that the Clinton Administration had been pressing for some time, such as early detection of student's learning and emotional problems, adult mentoring, constructive activities for children when they are not in school, and more effective controls on the safety and availability of guns became not only acceptable but sought after solutions by the public.

In October 1998, the President convened the first-ever White House Conference on School Safety, and outlined the Safe Schools/Healthy Students Initiative to target youth with comprehensive services to prevent violence and promote healthy development. This program, a ground-breaking collaboration across the Departments of Justice, Education and Health and Human Services, was funded initially in FY 1999. It is designed to enable school districts to develop safer learning environments and help kids avoid the dangers of violence, drugs and other destructive behaviors.

Building on the systems-of-care approach, the \$100 million Safe Schools/Healthy Students program requires school districts to form partnerships with local mental health and law enforcement authorities to promote healthy child development. Fifty-four urban, suburban, rural and tribal school districts in the first wave of this violence prevention strategy are galvanizing their communities around five areas of focus: safe school environments and policies, alcohol, drug and violence prevention and intervention programs, school and community mental health preventive and treatment services, early childhood social and emotional development programs, and school reform. These communities seek to improve the mental health of children through school-based programs designed to significantly strengthen the ability of schools, communities and families to recognize early warning signs of distress, and provide support and safety for children.

The Safe and Drug-Free Schools national programs were also redesigned to reinforce the President's commitment to school safety. Violence prevention joined drug abuse prevention as a key emphasis. The program provides funding to support the National Resource Center for Safe Schools. This center, funded in collaboration with Department of Justice (DOJ), and the Department of Education, has been established to offer training and technical assistance that will enable schools and communities to create safe school environments. The program also awards grants to districts and communities to improve the effectiveness of prevention programming. To ensure broad reach for its joint training efforts, the three departments also developed Partnerships for Preventing Violence, six national facilitated satellite broadcasts. Already, nearly 10,000 health, education, juvenile and criminal justice professionals and other community leaders have been trained to address violence using a multi-disciplinary approach.

### *Education for Children with Special Needs*

The Administration has made significant efforts to improve and increase opportunities available to children with disabilities. The percent of children served by public school programs for children with disabilities has increased in recent years and the Administration has aided in improving and expanding the programs that serve disabled children. Currently, more than 5.8 million children and youth with disabilities receive special education services under the Individuals with Disabilities Education Act.

The President signed the Individuals with Disabilities Education Act in 1997, reaffirming the commitment to provide all our children with the opportunity for quality education. Since IDEA's original enactment in 1975, three times as many disabled young people are enrolled in colleges and universities, and twice as many Americans with disabilities in their twenties are in the workplace. However, children and youth with disabilities were often excluded from the mainstream curricula and assessments used with non-disabled classmates. In addition, many children with disabilities still present alarming statistics. Twice as many children with disabilities drop out of school and girls who leave school before graduating become young, unwed mothers at a much higher rate than do their non-disabled peers.

The Administration worked to expand IDEA '97 to strengthen academic expectations for disabled students and to eliminate the discrepancy between what disabled students are expected to learn in comparison with their non-disabled peers. The law now ensures that children with disabilities can be included in extracurricular events and clubs, as well as regular classroom activities. It also ensures that children with disabilities have the same curricula and the same assessments, and it seeks to help teachers get the full range of skills needed to best serve children with disabilities.

Many childhood mental disorders and cognitive disabilities go unnoticed, but children suffering from Attention Deficit Hyperactivity Disorder (ADHD) often cause great concern to parents and teachers. It is estimated that ADHD affects 3 to 5 percent of school age children. HHS has taken a proactive approach, sponsoring studies to advance

the mental health science and knowledge of ADHD. Recent NIMH supported research has contributed further evidence that stimulant medications are more effective than behavioral therapies in controlling the core symptoms of ADHD. But the addition of behavioral treatments result in improved functioning in terms of better social skills and higher academic achievement.

Learning disabilities (LD) affect 10 million children in the U.S., or one in every five school children. The majority of children with learning disabilities are diagnosed with reading disabilities. The NICHD has initiated a collaborative research network of LD Research Centers to conduct long-term, prospective, longitudinal, multi-disciplinary research related to the causes, neurobiological correlates, developmental course, and cognitive and biological characteristics of learning disabilities. The LDRCs have made significant advances in identifying which teaching and intervention methods are most effective for LD children and have shown that early interventions yield significantly better reading skills.

Research through these institutes is providing new insights into appropriate treatments for children with special learning and behavior issues. In addition, as children gain strategies for concentration and achieve higher social functioning, they are better able to advance academically. These are critical studies that support the President's goal to get all American children reading by the third grade.

In addition to strengthening the education children with physical and cognitive disabilities receive, considerable advances have been made in enabling their parents to balance the demands of work and raising a child with a disability. The first piece of legislation the President signed, the Family and Medical Leave Act (FMLA), makes workplaces more accommodating for many families that include a child or adult with a disability. By permitting employees to take time off to care for a newborn or ill child, without risking loss of a job or health insurance, these families now have greater flexibility to navigate the challenges that children with special needs often face.

### *Making the Internet Widely Available for Children*

With the extraordinary explosion of information technology, it is essential that students have access to it if they are to gain the skills and knowledge necessary to function in the next century. The Clinton Administration has recognized the growing importance of technology in the lives of children. In 1996, the President challenged the nation's parents, teachers, government, community and business leaders to work together to ensure that all American children are technologically literate by the 21st century. The President outlined goals including connecting every school and classroom in America to the Internet and providing training and support to enable teachers and students to use technology to enhance education. \$257 million was allocated in FY 1997 to launch the Technology Literacy Challenge. With support from some of the nation's largest telecommunications companies, as well as the newly created Tech Corps, a national organization of private

sector volunteers with technological expertise, the Administration is making strides towards reaching the goal of technological literacy for America's youth.

The Administration also advanced the ambitious goal of connecting libraries and hundreds of thousands of classrooms in schools to the Internet. To achieve this goal, the Federal Communications Commission established a special discount rate (the Education or "e" rate) to make this electronic communications and knowledge base available to the poorest and most isolated rural schools. The e-rate provides a 20 to 90 percent discount on telecommunication services, Internet access and internal connections to public and private schools and libraries. In 1998, the first year that the education rate was available, \$1.7 billion in e-rate discounts went to over 80,000 urban and rural schools and libraries. Thousands more schools and libraries will be wired to the Internet in the coming years as a result of this discounted rate, with the potential of reaching schools that teach 40 million American children.

#### *Advancing Aspirations and Ability to Afford College and Work*

For too many children, educational opportunities and decent jobs beyond high school have seemed unattainable. Yet the Administration believed strongly that making these opportunities available is vital to young people's success in a more technologically advanced society where a global marketplace is reshaping the quantity and quality of employment and careers. Strengthening children's information about and direct experience with the vast array of career possibilities, their knowledge of potential financial aid, and their familiarity with adults who participate in the labor force could contribute to building higher aspirations and planning the educational and work experiences necessary to reach these aspirations. In addition, making college more affordable through a range of improved and expanded grants, loans and scholarships for higher education would ease the financial burden on students and parents and overcome one of the biggest barriers to higher learning.

Consequently, the Administration initiated several streams of activity. The School to Work Opportunities Act of 1994 fostered a systemic reform strategy to develop rigorous preparation of students for post-secondary education regardless of whether they were oriented toward vocational or academic advancement. States and local communities have begun new partnerships among employers, educators, labor representatives and students to shape what schools teach about what it takes to succeed in the real world of work, increase work-site educational opportunities, and link work-based and school-based learning. By 1998, every state was participating in School to Work programs, and communities were instituting strategies such as career majors by the 11th grade, work-based learning, employer partners for schools and students, and stepped up school-based activities to help students learn about career options and formulate goals for themselves. New school-to-work reforms also reach elementary and middle schools in order to touch youngsters as early as possible with work-related experiences and information about the vast array of potential occupations. In local communities across the country, thousands of employers are now engaged in working with schools.

Linking earning and learning has also been the principle behind the Administration's efforts to help students obtain summer jobs with complementary educational activities. To combat the slippage in skills and knowledge which often occurs during the summer months, significant effort has been made to increase the number of young people who participate in some form of education as well as work during their summer vacations.

Young people aging out of foster care also need special attention to help them become successful adults. The Administration has proposed expansion of the Independent Living program for foster youth to help them complete high school, and gain more education or vocational training.

Students increasingly are dependent on financial resources if they are to achieve access to higher education or other pathways to employment after completing high school. Yet there is evidence that some families are unaware, or learn too late, of financial aid that is available to enable their children to plan to attend college, and that many other families and students need additional financial help in order to be able to pay for higher education.

The new High Hopes for College program, approved in the Higher Education Act Amendments of 1998, promotes new partnerships between colleges and high-poverty middle schools to inspire more young teenagers to have high expectations, stay in school and go on to college. The initiative is designed to inform middle schools and families as early as possible about financial aid available for education after high school and to bolster that information with mentors and tutors for middle grades students.

To respond to the need to make higher education more affordable, the Administration took a variety of actions to expand the availability of financial aid through grants, loans, scholarships and work-study. New permanent low interest rates for student loans will save about \$700 for the typical college student with loans, and as much as \$11 billion for students over the next five years. It is projected that in 1998, more than 3 million students will receive Ford Direct Loans averaging \$11,000, illustrating the rapidity with which the Department of Education has implemented this loan program since its initial phase-in during 1993. Both the number of students receiving Pell Grants and the amount of the grant have also increased since 1993, as have the numbers of students participating in the Federal Work-Study program. The 1998 Higher Education Amendments again increased the amount of assistance a student receives through Pell Grants to \$4,500, a 50 percent increase.

A record number of young people enrolled in college in the fall of 1998. In addition to the help provided by the expanded loan and grant programs, college will be more affordable when the "HOPE Scholarship" tax credit for students starting college and the Lifetime Learning tax credit for upper level college, graduate and professional degree students and adults are fully phased in. Approximately 13.1 million students are expected to benefit from this new tax credit, which comprises the largest investment in higher education since the G.I. Bill fifty years ago.

### *Community Service by Youth*

The Administration has promoted the value of community service, both for its positive outcomes for the community, and also for the individual performing the work. The tremendous satisfaction of contributing to one's community is coupled with the unique experiences and opportunities to interact and work with people from as close as your neighborhood, or from around the world.

Recognizing this, the Administration created AmeriCorps in 1993, a federal program whose nearly 40,000 participants each year volunteer to do community work. In exchange for completion of a year's intensive service, AmeriCorp members are eligible for an award of \$4,725 for college or training and possible forbearance on student loans.

Continuing to highlight the importance of community service, in 1997 the President hosted the Presidents' Summit for America's Future. Chaired by General Colin Powell, the Summit brought together President Clinton, former Presidents Bush, Ford, and Carter, and Mrs. Reagan to strengthen and expand volunteering and service programs to meet the needs of America's youth.

A total of 150,000 individuals have served in AmeriCorps since 1994, working on service projects in 4,000 communities throughout the country. Corps members join with some of the nation's largest voluntary and nonprofit organizations, from Habitat for Humanity to the American Red Cross, Boys and Girls Clubs and the YMCA to carry out their missions of service to children and families with a wide range of needs. Members of AmeriCorps have tutored and mentored more than 4 million children, developed after-school programs for more than one million young people, helped build 11,000 homes, and recruited more than 2 million volunteers. Other AmeriCorps volunteers have immunized children, cleared trails, painted schools and helped victims of natural disasters.

### *Increasing Opportunities to Participate in the Arts*

For the first time, promoting students' competencies in the arts, along with math and science, was included in the national education goals listed in Goals 2000. After this legislation, the Department of Education and the National Endowment for the Arts developed a blueprint to achieve this goal. In 1995, their efforts were formalized as the Goals 2000 Arts Education Partnership. This partnership has focused over 100 national organizations on the following priority areas: arts assessment, advocacy, standards, arts in early child care, and research. Together with the Department of Education's National Center for Education Statistics, the partnership conducted the first national assessment on children's exposure and proficiency in the arts. The first study of its kind conducted in over twenty years, the NAEP Report Card provided evidence of the need to strengthen arts education in schools. A similar assessment is scheduled for 2007, which will allow results of recent efforts to be evaluated.

Various other reports and studies have evaluated the promising practices of arts programs in schools. The President's Committee on the Arts and Humanities, along with the Arts Education Partnership, produced a report entitled "Gaining the Arts Advantage" which examined the literacy and competency of arts in various school districts.

In September of 1994, the President challenged his Committee on the Arts and Humanities to explore ways to enhance the availability of the arts and the humanities to children. By strengthening arts education, and using arts as an innovative approach to help youth at risk, the Administration has greatly furthered appreciation of art among youth. Artistic expression and pursuits have also been given legitimacy and importance as a strategy to give kids in high risk neighborhoods with particular personal challenges a way to find success and build skills and self-confidence.

In addition to increasing traditional arts education, the Administration has promoted an innovative approach to reaching children at risk through the use of the arts. Responding to President's Clinton challenge, an unprecedented emphasis was placed on programs designed to prevent violence and risky behavior. The Youth Arts Development Project was a three-year program aimed at youth offenders with a strong evaluation component, sponsored by the Department of Justice's Office of Juvenile Justice and Delinquency Prevention. Results are showing that participants have a more favorable attitude, and are less likely to offend.

The "Partnership for Conflict Resolution Education in the Arts" is a unique program that provides conflict resolution training through the arts to juvenile offenders in detention and correction sites. The "Arts and At Risk Youth" programs look to providing job skills and training conflict resolution during after-school hours. "Art Works!" is a partnership of the National Endowment for the Arts and the Center for Substance Abuse Prevention (CSAP), U.S. Department of Health and Human Services, that was designed to encourage prevention partnerships between arts organizations and community groups that work with youth at risk of substance abuse.

"Coming Up Taller: Arts and Humanities Programs for Children and Youth at Risk" is an award program developed by the President's Committee for the Arts and Humanities, the National Endowments and Humanities and significant corporate support. These prizes highlight the vibrancy and effectiveness of programs throughout the country that offer opportunities for children and teenagers to learn new skills, expand their experience, modes of expression and vision, and develop a sense of self, well-being and belonging.

The Administration's unprecedented support for the continued development of arts education as well as for using arts as a tool to help at-risk children will have a lasting impact. But in addition to starting various inventive programs, one of the most far-reaching accomplishments involves the partnerships that have been initiated and created to coordinate these programs. Bringing various federal agencies together to use arts as a catalyst provides a solid foundation to ensure that arts play a significant and fulfilling role in the lives of children.

#### IV. MORE AMERICAN CHILDREN ARE ECONOMICALLY SECURE

##### *Income and Poverty*

Too many families work hard and still struggle to support their children. This concern drove the Administration to pursue a comprehensive and long-term agenda to make work pay. As more families are lifted out of poverty, more children gain the benefits that come with increased economic security, including better health, increased educational success, decreased likelihood of early child bearing, and better opportunities for future employment and earnings. By tackling the social and economic problems inhibiting the healthy development of low income families, children, and communities, the Administration has put the nation on the path to a brighter future.

Average family income is one important marker of resources available to children. Between 1975 and 1992, mean income of families with children grew only slightly, from \$42,916 to \$45,747 (in constant 1995 dollars). Since 1992, however, mean family income has grown more rapidly, with an average annual growth rate of 3.1 percent compared to the earlier rate of 0.4 percent. Both married couple families with children and female-headed families with children experienced acceleration in income growth. Household income has also shown strong gains for all regions of the country and for all groups.

Sustained economic growth, reduction in unemployment and increasing employment opportunities and policy changes including expansion of the Earned Income Tax Credit, and increases in the minimum wage together have also contributed to the first reductions in child poverty in many years. Since 1981, poverty rates for children have clung stubbornly at or slightly above 20 percent. However, between 1993 and 1998, the number of children in poverty (by the official measure) declined more than in any five year period in the last 30 years. In 1993, 15.7 million children under 18 years of age were below the poverty line, about 22.7 percent of the child population. By 1998, poverty had fallen to approximately 13.5 million children, or 18.9 percent of the child population. Between 1997 and 1998 alone, the poverty rate for children dropped from 19.9 to 18.9 percent, a significant shift. The number of related children under age 6 below poverty has also decreased from 6.1 million in 1993 to 4.8 million in 1998, a 21 percent decline. Though there is still much work to be done to lift the remaining millions of children above the poverty threshold, the trend is moving in the right direction.

The percentage of welfare recipients working has tripled since 1992, and an estimated 1.5 million people who were on welfare in 1997 were working in 1998. There is also evidence that, on average, a family's earnings increase when a family member gets a job. The Earned Income Tax Credit (EITC), which the Administration fought hard to expand in 1993, is a major factor in improving the rewards of work, and for parents who choose it, to get part of this tax credit in their regular pay check.

## *Work Incentives*

One crucial strategy for strengthening families' resources has involved rewarding work so that families who participate in the labor force gain sufficient resources to raise a family. The Administration's vigorous efforts to expand the Earned Income Tax Credit have made a substantial impact on family income. The EITC gives low-income working families a rebate on their federal taxes which they can take annually in a lump sum or as part of their regular pay check. In 1993, the EITC just offset the negative impact of federal income and payroll taxes on poverty. By 1996, the EITC offset the impact of taxes for 1.2 million children and lifted an additional 1.2 million children out of poverty. In 1997 alone, the EITC reduced the number of children living in poverty by 2.2 million, according to the Council of Economic Advisors. In a more recent analysis, the Council of Economic Advisors found that between 1993 and 1997, over half the decline in child poverty was attributable to changes in taxes, especially the EITC.

The Clinton Administration expansion of the EITC has significantly increased the numbers of families receiving the credit (from 15.1 million in 1993 to 19.7 million families projected for 1998) as well as the average credit per family (which rose 66.5 percent between 1993-98, from \$1028 to \$1547). In the 1998 tax year, about 16.5 million of those who claim the EITC are expected to be working families with children who will receive a credit averaging \$1807. This progress is projected to continue, bringing the number of families who will benefit to approximately 19.2 million in 2001.

The EITC has provided important work incentives for single women with children. For nearly two decades, work participation by single mothers was stagnant at about 74 percent. Between 1992 and 1997, however, according to the CEA, single women with children increased their participation in the labor force from 73.7 percent to 84.2 percent. Increased attachment to the workforce by this vulnerable group is attributed in significant measure to the incentive effects of the expanded EITC.

The Administration recognized that wage levels were also particularly critical work incentives for low-income workers. In 1995, based on the Administration's proposal, Congress enacted a long overdue increase in the minimum wage, the first in five years. During that period, the real value of the minimum wage had decreased by 15 percent.

The successive minimum wage increases in 1996 and 1997 raised the wages of workers in 1.4 million poor families and 649,000 near poor families. Full-time work at the minimum wage (\$4.72 an hour in 1993 and \$5.15 an hour in 1997) for a family with one earner and one child increased their income by 14 percent or \$1402 as a result of the combined EITC expansion and minimum wage increases. For a family with one earner and two children, the increase in income reached \$2761, or 27 percent higher than without these policy changes.

### *State Experimentation with Work Incentives*

Beginning in 1993, the Administration fostered state experimentation with work incentives for low-income families. Under waivers granted by the Department of Health and Human Services to test ways to make work more rewarding than welfare, more than 30 states enabled families to keep more of their earnings. About 40 states have continued or expanded these work incentives under the Temporary Assistance for Needy Families program created under welfare reform. Through the waiver mechanism, many states also increased the amount of assets and resources that a family could have and still be eligible to receive public assistance and a few states pioneered the use of Individual Development Accounts to encourage families to save money for investments in education or housing. Under TANF, the vast majority of states have changed their asset and resource limitations and now 28 states permit families to establish IDAs.

While many of these state efforts are still under intensive study and outcomes will not be fully known for some time, there is evidence that suggests these approaches show promise in boosting family income. Preliminary findings from a six month period in the Los Angeles County's Jobs First GAIN program, now operated under TANF, showed that 43 percent of the participants were employed after six months in the program, compared to 32 percent for the control group. Earnings of the Jobs First GAIN participants exceeded those of the control group by 46 percent (\$1,286 compared to \$879) during the same six month period. Other studies of families leaving welfare also indicate that earnings increase when a family member on welfare gets a job.

In addition to making work pay for families, the Clinton Administration has revolutionized welfare by turning public assistance into a work-based system. No longer are families entitled to federal assistance, but instead they are subject to work requirements and limits on the duration of federal assistance. The reconceptualization of the welfare system is intended to promote work. The expectation is that children will benefit from the new welfare requirements if their parents leave welfare and enter the workforce. Research findings support the notion that children raised in homes in which parents rely on public aid instead of earned income are socially isolated from the mainstream. Children who have an employed adult in the home learn about the world of work and are more likely to understand the value of work and to develop the skills necessary to become a successful participant in the workforce. Also, children exposed to working adults tend to develop higher aspirations that they will one day be able to support themselves through work rather than welfare.

The Department of Health and Human Services has focused on monitoring the impact of welfare reform on children and families. While initial findings indicate that welfare reform has been successful in moving people from welfare to work, it remains too early to assess adequately the full impact of welfare reform or to address whether families leaving assistance remain poor. However, HHS has in place a wide range of research projects and activities, in collaboration with states, universities and private foundations,

to determine the effects of these complex and far-reaching changes on child well-being. The Administration places a high value on evaluating the ways in which welfare reform affects children.

### *Child Support and Paternity*

With the changing structure of the labor market over the past several decades, it has become increasingly clear that it generally takes the income of two parents to support a family. Children need the financial and emotional support of both parents, whether or not they are living in the same household. Child support has become a critical source of support for the nearly 3 out of every 10 children living in single parent families.

From the outset, the Administration sought ways to provide more children with the child support owed them, and to ensure both the emotional and financial responsibility of both parents for their children. The Personal Responsibility and Work Opportunities Reconciliation Act of 1996 gave states new tools to ensure children receive this support. Included among these new enforcement mechanisms are: an expanded Federal Parent Locator System, a computer matching system that locates noncustodial parents who owe child support, tough new penalties for non-payment, such as passport and driver's license revocation, computerized statewide collections, uniform interstate child support laws, and authority for the IRS to seize tax refunds. Using the tax refund offset, a record \$1.1 billion for tax year 1997 was collected, a 64% increase since 1992, benefitting 1.3 million families.

With vigorous efforts to raise the visibility of child support enforcement, new enforcement tools, and collaboration across a wide number of government agencies, progress has been considerable. Collections of child support have risen nearly 80 percent since 1992 to a record \$14.4 billion in FY '98. The number of cases with child support collections also rose significantly to 4.5 million, a 59 percent increase from the 2.8 million cases in 1992.

Close to a third of child support cases are interstate in nature, and billions of dollars in support is owed to children whose parents cross state lines to avoid paying. Under the Child Support Recovery Act, the Justice Department is investigating and prosecuting such cases. Under President Clinton's direction, the Justice Department submitted legislation that would make it a felony offense to cross state lines to evade paying child support if the obligation is of a minimum amount or has been due for a minimum amount of time. The President signed the bill, the Deadbeat Parents Punishment Act, into law in 1998.

By the early part of this decade, it was clear that a key tool to encourage both parents' financial participation in the support of their children was to increase establishment of paternity. Legal establishment of paternity is required to enforce a child support order, provide children with access to health care under their father's health care plan, provide rights of inheritance to social security benefits, and to establish a father's access and

visitation rights. In 1994, the Clinton Administration made it easier for fathers to establish paternity voluntarily in the hospital at the time of a child's birth. In FY 1998, an estimated 1.5 million paternities were established and acknowledged by parents, an all time high, creating more family arrangements in which both parents are positioned to provide financial and emotional support to their children. This represented a 12% increase in one year alone, and three times as many paternities established as in 1992. Of these, nearly 40 percent, or 614,000, were in-hospital paternities, voluntarily acknowledged. Since the inception of the voluntary program, acknowledgments have grown nearly six-fold. The number of paternities established in 1997 exceeded the number of out-of-wedlock births during the year, meaning paternities are being established for children born in earlier years. In 1992, paternity was established for just 40 percent of children born out of wedlock.

## *Children's Health Insurance*

For millions of working families, modest disposable income means making difficult tradeoffs among their children's most basic needs: health and child care and housing costs, to name a few. Yet the availability of affordable care for children often makes the difference in their health, safety and development.

In 1993, more than ten million children had no health insurance. Uninsured children are three times as likely to have unmet health needs as their insured counterparts, and much less likely to have seen a doctor in the previous year. Some of these children are eligible for but not enrolled in Medicaid, the federal-state health insurance program serving low-income families; for others, their parents' employer either provides no health benefits at all, provides benefits which do not extend to dependents, or provides health insurance which parents forego because it is unaffordable.

The 1997 Children's Health Insurance Program (CHIP), initially proposed by President Clinton, will enable up to five million children 0-18 up to 200 percent of poverty to acquire health insurance. CHIP provides \$24 billion over five years in federal resources, matching state funds, to provide health insurance coverage for children in families with too much income to be eligible for Medicaid, but not enough to afford employer-sponsored health coverage. This is the largest investment in health care for low-income children since Medicaid was created in 1965, and paves the way for millions more children to be connected to a regular source of health care.

Since the beginning of CHIP implementation in October 1997, HHS has approved plans for all states and territories that will extend health insurance to over 2.5 million children within three years. Enrolling more than one million children in 1998, states are well on their way to reaching this target.

The program offers comprehensive benefits programs, the majority of which offer dental and mental health coverage. One of CHIP's greatest strengths is the flexibility it offers states. According to the National Governor's Association, 26 states have opted for strategies such as "continuous eligibility" and 12 states use "presumptive eligibility," both of which are included in the Balanced Budget Act of 1997 to increase traditional Medicaid enrollment. Presumptive eligibility allows coverage to begin immediately on a temporary basis while formal applications are processed. Additionally, families that apply for CHIP but whose children are eligible for the traditional Medicaid will have their children covered through Medicaid.

In concert with states and school districts across the country, HHS has initiated an extensive education and outreach initiative to reach families with children who may be eligible for existing or new child health insurance programs. Given the unique opportunity to link millions of currently uninsured children to a regular source of medical care, a vast array of federal agencies is reaching out to every grantee, advocacy and professional network to send the message of the importance of health care for children.

The Administration has also engaged the private sector in a nationwide "Insure Kids Now" Outreach Campaign. Public service announcements and distribution of information in a wide range of languages have been employed to educate families about Medicaid and CHIP. A toll-free Insure Kids Now hotline was created, and has received more than 100,000 calls. Efforts to enroll children include commitments from the private sector to print the Insure Kids Now hotline number on products, as well as government collaboration to recruit families through other programs such as the school lunch program and low income housing projects to take advantage of its benefits, recognize its value and enroll. In addition, many states, including Connecticut, Vermont, Arkansas, Wisconsin and New York, have also taken critical steps to remove the stigma of Medicaid so that more eligible families and children will enroll.

Finally, the Administration has continued to provide guidance and examples of how to streamline the application and enrollment process, making it easier to enroll. Also, sites at which children can be determined eligible for Medicaid and their state's CHIP program have been expanded.

### *Child Care for Working Families*

With 13 million preschoolers - including 6 million infants and toddlers, in child care, giving parents access to affordable, safe child care programs is a priority of the Administration. Child care is often unaffordable for many families, and the lack of high quality child care not only inhibits children from entering school ready to learn, but also compromises the efforts of their parents to be productive workers.

The Administration has taken crucial first steps in strengthening the Federal contribution to finance child care. The newly established Child Care and Development Fund (CCDF) made available in 1998 \$3.5 billion in federal funds alone to States and tribes. This program, authorized by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, assists with the child care expenses of low and moderate income families and families making the transition from welfare so they can work or attend education or training programs. CCDF, for the first time, brings together four Federal child care subsidy programs and allows States to design a comprehensive, integrated service delivery system.

Maintaining consistent support for child care, in 1998, the President announced a major Child Care Initiative to strengthen quality and improve affordability and access to child care. The President's initiative includes approximately \$20 billion over five years for child care, putting the nation on track to double the number of children receiving child care subsidies to more than three million in the year 2003.

Federal funding for child care has increased by 80% since 1993. The National Governors Association also reports that state spending on child care has increased by more than half. And the additional child care funds that the President fought for in conjunction with welfare reform have provided affordable child care choices to hundreds of thousands of

families while they work. Now federal child care programs serve nearly 1.5 million low and moderate income children and families.

The President has also made it a goal to make child care accessible to under-served rural, and urban communities. The Agriculture Department's Rural Housing Service's Community Facilities program is working to meet the need for quality child care in rural areas. Thirty-one child care centers were created under this program in FY 1997, and the program is continuing to expand. The Rural Housing Service has also been forming partnerships with other federal programs, like Head Start, and with the private sector to help extend child care opportunities in rural America. HUD is also supporting working families and those moving to work. Community Development Block Grants are now being used to fund initiatives that include on-site after-school child care and construction of child care and youth centers.

Transportation is also critical to aid parents with young children reach both jobs and child care. As part of the Transportation Department's Livable Communities Initiative, the Federal Transit Administration has provided opportunities for on-site community services - Head Start facilities, a health clinic, and child care centers - at transit facilities across the country to help parents obtain child care for their children on their commuting routes to work or training.

Child care, Head Start and after-school care are increasingly meeting the new realities of working families by providing support, supervision and developmental opportunities for children during hours that parents work. For the first time, Head Start funds are being used in partnership with pre-kindergarten and child care providers and resources to offer full-day and full-year services, which can, in turn, help parents obtain full-time employment. In the last three years, Head Start has invested \$340 million in expansion to more full-day, full year program services in partnership with child care resources, and now provides such services to 50,000 more children.

Through a series of federal initiatives, an increasing number of school-age children have safe, supervised activities and creative learning opportunities after school while their parents work. In addition to the child care resources states use for school-age children, thousands more schools have established or expanded opportunities for children in their out-of-school time through the 21<sup>st</sup> Century Community Learning Centers program. Between 1997 and 1999 alone, 1600 schools in 468 school districts have been developing after-school learning centers. At the Administration's urging, \$450 million will be devoted to this initiative in FY 2000, more than double the previous year, enabling an estimated 1000 school districts and 4000 schools and community-based agencies to provide constructive and educational activities for approximately one million students after the end of the school day.

To augment the increasing funding base, the Department of Education has forged creative partnerships with the Charles Stewart Mott Foundation to strengthen the quality of after-school programming and training for adults in these enterprises. Seventeen federal

agencies, coordinated through the National Partnership for Reinventing Government, also collaborated in launching Afterschool.gov, a new web site designed to make available information about the vast array of federal facilities, expertise and resources across the country that could provide venues, academic and cultural experiences and expertise, mentoring, and funding to enhance activities for young people during their non-school hours.

But despite increases in the Child Care and Development Fund included in the Personal Responsibility Act, use of TANF funds for child care, and the burgeoning after-school support, inadequate public support prevents millions of children in low-income working families from being able to get the quality care they need in safe and affordable environments.

## V. AMERICA'S CHILDREN HAVE MORE STABLE AND SECURE FAMILIES

One of the most consistent Administration themes has involved promoting more stable families for children. Several strategies have been mounted to address this goal. For example, reducing the number of teenagers having babies before they are emotionally or financially ready is an essential target for improving the stability of young families. The Administration has also placed emphasis on the role of the father in families, and worked to eliminate family violence. Also, landmark legislation and efforts by the President have enabled parents to take Family and Medical leave after the birth of a child or to take care of personal medical emergencies. The Adoption and Safe Families Act has also been designed to place foster children in permanent families faster. Using all of these means, the Administration has sought to create a loving, caring environment for every child, affording them the protection and opportunities all children need to thrive.

### *Adoption and Permanent Families*

For some children, finding a stable and loving home requires public intervention. As a result of placing intense focus since 1993 on advancing the goal of getting children into permanent families, many positive results are already evident.

Since 1993, the number of children with special needs who have been adopted with the help of Title IV-E Adoption Assistance funds has increased by 60 percent. Children with special needs are those children who traditionally have lingered in foster care instead of being adopted by families who are able to make lifelong commitments to them. Adoption Assistance funding is essential to the effort to find families who can adopt children who have special needs, including children with disabilities, seriously emotionally disturbed children, and older children. Between 1996 and 1998, the numbers of children reported adopted from the public foster care system nationwide increased 29 percent - from 28,000 to 36,000 - well on the way to meeting, and possibly exceeding, the President's goal of 56,000 adoptions in 2002. Setting goals state by state, and providing financial incentives to meet the outcomes, resulted in 35 states making sufficient advances toward their adoption goals to receive adoption incentive bonus awards in FY 1999.

As early as 1993, the Administration successfully advanced and secured funding for the Family Preservation and Support Program. This program was specifically designed to help states, local governments, and service providers develop effective programs to serve children and families at risk, and in hopes of preventing children from entering foster care at all.

Dismayed by the numbers of children needing families who were waiting in the foster care system, the Administration resolved that, by the year 2002, the number of children adopted or placed in guardianship each year would be doubled. In 1997, the President signed the Adoption and Safe Families Act, which, among other things, challenged the states to meet the goal of doubling adoptions.

Building on challenges the President had set with his Adoption 2002 Initiative, this legislation represents an important landmark in federal child welfare law, establishing national goals of safety, permanency and well-being for children in foster care. The new law provided incentives to states to increase the number of children who are adopted from the foster care system each year, in hopes of reaching the target established in Adoption 2002. New adoption tax credits make adoption more feasible for thousands of families. The Multiethnic Placement Act makes explicit that states must eliminate barriers to trans-racial adoption, ensuring that love and stability, and not race and culture, are the sole basis for adoption. The Administration has also encouraged the use of recent technology to aid the adoption process, developing a plan to use the Internet to share information about children who are legally free for adoption, thereby removing geographic barriers and shortening the time needed to find them adoptive families.

Finally, the Administration forged partnerships with States to launch child welfare waiver demonstration projects, in order to test and evaluate new methods of moving children quickly into safe, permanent homes. Since 1997, the Department has granted waivers to 26 states, providing them with flexibility around certain provisions of title IV-E of the Social Security Act to pursue innovative child welfare service delivery and financing strategies. Collectively, the demonstration projects are aimed at reducing the number of children in foster care, the length of time in foster care, the use of more restrictive and costly placement settings, re-allegations of abuse and neglect and re-entry to foster care. Most notably, ten states are undertaking demonstrations that specifically focus on assisted guardianship/kinship permanence or adoption. All demonstration states will rigorously evaluate the impact of these promising models so that child welfare policy at the Federal and state levels can benefit from new knowledge about promoting permanence for children.

The legislation also enforces the Administration's top priority of safety, by specifying that safety should be a priority in the court's determination of whether or not a foster child should return home. While clarifying the concept of "reasonable efforts" that states must take to keep a child with his or her family, the law continues to recognize the importance of preserving and unifying families. These revisions emphasize the need to ensure children's safety in all such decisions and clarify that states need not make all efforts to keep children with their parents if their parent has been convicted of murdering another child, or if the child has been subjected to other aggravated circumstances.

The Administration's efforts to promote adoption, including passage of the Adoption and Safe Families Act, have spurred a remarkable increase in the number of children adopted. However, still thousands of foster youth are never adopted and never return home. These children are raised in the foster care system, and each year over 20,000 foster youth must leave the system and forge out on their own when they turn 18. Without the emotional, social, and financial support that families provide, many of these young people are not adequately prepared to become entirely self-sufficient. The Administration recognizes that it is the nation's responsibility to help these foster youth when their own families are unwilling or unavailable to do so.

The President and the First Lady have promoted stability for foster children who are never adopted and remain in foster care until the age of majority. The President proposed and Congress enacted expanded activity and doubling of the new resources for the Independent Living Program, which provides money for states to help foster children become successful young adults when they leave foster care. These significant investments will provide foster youth with access to health care and to help them earn a high school diploma, further their education or vocational training, and learn daily living skills such as budgeting, career planning and securing housing and employment.

### *Teen Pregnancy/Births/Attitudes toward Sex*

Teen pregnancy has been a persistent and significant problem in this country. Most teen pregnancies are unintended, and each year more than 900,000 pregnancies occur among American teenagers aged 15 to 19. Teens are more likely to deliver a low birth weight infant compared to women in their twenties and thirties, and have disproportionately high infant mortality rates. Children born to teenagers are also far more likely to be poor. About 80 percent of children born to unmarried teenagers who dropped out of high school are poor.

For the first time in decades, a confluence of active governmental leadership, renewed private sector engagement, and repeated public messages, in addition to policy actions and economic growth have led to changed trend lines in adolescent births. The birth rate for teens age 15-19 has declined steadily for seven years, from 1992 to 1998, after a substantial increase between 1986 and 1991. In addition, the pregnancy rate for teenagers 15-to-19 years old fell 15 percent. Coupled with recent declines in both birth and abortion rates, teen pregnancy is continuing to fall. These trends are particularly encouraging because they cross all fifty states, and all ethnic and racial groups. The birth rate for black teens reached the lowest recorded rate for this group in 1998, and showed a greater decrease than any other group between 1991 and 1998.

While all the factors contributing to this positive turnabout are not entirely understood, the number of sexually experienced high school students declined from 54.1 percent to 48.4 percent between 1991 and 1997, the first substantial decline in the past two decades. This means that fewer teenagers are engaging in sexual behavior that places them at risk for HIV infection, other sexually transmitted diseases and pregnancy.

Strong messages about the consequences of teen pregnancy and early parenting, increased use of condoms largely in response to the HIV/AIDS epidemic, and halting the decline in the age of initial sexual activity have contributed to the 18 percent decline in the birth rate among teenagers ages 15-19 during these years. These teens are a particularly important group since they are still in school, and reducing their birth rate will strengthen their likelihood of graduating from high school and continuing post-secondary education or gaining employment.

Efforts to provide teenage mothers with the information and resources they need to postpone their childbearing in favor of personal growth and maturity also helped contribute to a dramatic decline in the birth rate for mothers who were teens when their first child was born. The rate of second births was down by 21 percent between 1991 and 1997.

The Administration has put forth a national strategy sending the strongest possible message to all teens that postponing sexual activity, staying in school, and preparing to work are the right things to do. It has strengthened ongoing efforts across the nation by increasing opportunities through welfare reform, supporting promising approaches,

building partnerships, improving data collection, research and evaluation, and disseminating information on innovative and effective practices. And it has reached out to the private sector and helped launch a comprehensive and far-reaching prevention campaign. These actions have contributed to measurable change.

Important inroads on this persistent problem have also been affected by concerted efforts, jointly by the government and the private sector, to mobilize public opinion and send messages that too early childbearing has negative consequences for both teen parents and their babies. The Administration has promoted programs that provide support and services to teens at risk of pregnancy, and the President called for a national, private sector campaign to prevent teen pregnancy. Incorporating an approach proposed by the President in 1994, the new welfare law required unmarried minor parents to stay in school and live at home or in an adult-supervised setting, in order to receive assistance. The welfare law also provides states \$50 million a year for five years in new funding for abstinence education programs, and every state has put these funds to use.

### *Focus on Fathers*

More than a quarter of American children, nearly 17 million, do not live with their father. Girls without a father in their life are two and a half times more likely to get pregnant and 52 percent more likely to commit suicide. Boys without a father in their life are 63 percent more likely to run away and 37 percent more likely to abuse drugs. Both boys and girls are twice as likely to drop out of high school, twice as likely to end up in jail, and more than twice as likely to live in poverty.

The Administration has placed an emphasis on the role of the father in a young child and adolescent's life and sought to support the role of fathers in families by launching a Fatherhood Initiative. In 1995, the President directed all federal agencies to ensure that federal programs and policies strengthen the role of fathers in families. In January of 1996, the Federal Interagency Forum on Child and Family Statistics reviewed the adequacy of research on fathers, and in 1998 released a landmark report "Nurturing Fatherhood: Improving Data and Research on Male Fertility, Family Formation and Fatherhood." With research results confirming the positive effects of fathers' involvement with their children, the Administration, with the leadership of the Vice President, has encouraged initiatives and programs that ensure the father's role in the lives of their children. A nationwide public service campaign, stressing the importance of fathers by showing the consequences for children when fathers do not play a positive role, was launched in 1999 as a partnership between the Advertising Council and the Administration for Children and Families.

Already the Welfare-to-Work program administered by the Department of Labor has invested approximately \$100 million in State, local, community and faith-based initiatives to help increase the employment of non-custodial fathers of children receiving welfare. In addition, new support under welfare reform for access and visitation programs stimulated a host of activities across all states to support noncustodial parents engagement with their children in safe environments. These activities range from mediation, counseling, education, and the development of parenting plans to monitored and supervised visitation, neutral drop-off and pick-up points for children and the development of guidelines for visitation and alternative custody arrangements.

The Department of Health and Human Services has further deepened this focus in several of its programs. For example, the design of the Early Head Start program specifically encourages maximum involvement of the important men in very young children's lives. A special "Fathers Studies" component has been included as part of the Early Head Start research and evaluation program.

### *Family Violence Reduction*

Mounting evidence suggests that negative outcomes often emerge for children growing up in violent environments. For many, these environments can include witnessing violence in their homes or in other cases, children are direct victims of abuse by a parent or guardian. Recognizing the need to give children at risk a better chance for a safe and nurturing home environment, the Administration has made reducing child abuse and violence against women an arena for expanding attention.

The Administration is committed to supporting innovative community efforts to give children at risk a better chance for a safe and nurturing permanent home, as well as to encourage efforts to recognize the connection between substance abuse and child abuse and neglect. The President has also made efforts to protect children from sexual violence. The Jacob Wetterling Crimes Against Children and Sexually Violent Offender Registration Act, enacted as part of the Crime Act, was amended by the federal Megan's Law, signed by the President on May 17, 1996 and by the Pam Lynchner Act in October 1996. Under these statutes, sex offenders and child molesters must register information about their whereabouts with appropriate state law enforcement agencies for ten years after release from prison and state prison officials must notify local law enforcement when they are released, or if they move.

For the fourth straight year, in 1997, substantiated reports of child abuse and neglect continued to decline to slightly under one million children. However, while state reports capture a considerable portion of actual child abuse and neglect, other studies have found that the number of victims may be higher. Parents and relatives still comprise the majority of perpetrators of maltreatment.

Recent research has shown that the safety of the children is closely related to the safety of the mother. The cornerstone of federal efforts to stop domestic violence and violence against women is the Violence Against Women Act, included at the President's urging in the Violent Crime Control and Law Enforcement Act of 1994. Under the law, the federal government combined tough new penalties with investment in state and community programs to aid women who are victims of violence, providing a comprehensive approach to fighting domestic violence. This law enabled the federal government to become a substantial partner with grassroots shelters, coalitions of survivors and voluntary organizations across the country in the drive to stem violence against women.

Both the Departments of Health and Human Services and Justice have played integral roles in advancing the Administration's goals. HHS launched a toll-free, national domestic violence hotline, tripled resources for battered women's shelters, and worked to raise awareness of domestic violence in the workplace and among health care providers. Since the inception of the hotline in 1996, it has received over 340,000 calls, mostly from individuals who have never before reached out for assistance.

With the assistance of the Department of Justice, police, prosecutors and the courts have

substantially enhanced and redesigned their approaches to domestic violence cases. They are establishing specialized units within their law enforcement jurisdictions, stepping up training, and reaching out to work collaboratively with domestic violence service providers and others in the community that can help stem this violence.

The comprehensive law stimulated the convening of an Advisory Council on Violence against Women in July 1995. Co-chaired by Attorney General Janet Reno and Secretary of Health and Human Services Donna Shalala, the Council of 47 experts from diverse fields is developing an Agenda for the Nation to provide a 21st Century blueprint for the reduction of violence against women.

On October 3, 1996, President Clinton urged all states to implement the Family Violence Option included in the welfare bill he signed in August 1996. As a result of these provisions, states can elect to screen TANF recipients for domestic abuse; refer them to counseling and services; and temporarily waive program requirements that would prevent recipients from escaping violence or would unfairly penalize them. These measures are important to provide safety and protection for low income abused women and to ensure that welfare reform does not keep children in violent homes for strictly economic reasons. At least half the states have taken the Family Violence Option, and most others have, for the first time, begun to address the special circumstances and needs of battered low-income women.

#### *Family and Medical Leave*

The Family and Medical Leave Act, the first law signed by President Clinton, has protected approximately 20 million Americans as they took time off during family and medical emergencies or for the birth or adoption of a child. Employees are allowed up to 12 unpaid weeks a year to care for seriously ill family members, the birth or adoption of a child, or their own serious health problems, without risking their job. The legislation applies to businesses with 50 or more employees, and covers 89 million workers. The Commission on FMLA found that, during an 18 month period in 1994-95, about 60 percent of FMLA-protected leave was taken for the employee's own health problems. Another 17 percent of family leave was taken for maternity/paternity reasons and the birth or adoption of a child, and approximately 20 percent was used to care for an ill child, spouse or parent. About 58 percent of FMLA-protected leave was used by women, 42 percent by men.

The Commission on FMLA also found that lost pay posed the most significant barrier to parents taking advantage of unpaid leaves after the birth or adoption of a child. In response to this finding, at the President's direction, Department of Labor has proposed new rules that enable states to experiment with paid employment leave for families. These rules will allow states, on a voluntary basis, to develop innovative ways of using the unemployment insurance system to support parents on leave following the birth or adoption of a child.

The Administration has also proposed continued efforts to expand the FMLA, by covering workers in businesses with 25 or more workers, which would cover an additional 10 million workers. The President is also calling for the legislation to allow eligible workers to take up to 24 hours of additional leave each year to meet specified family obligations, including routine doctors appointments and parent-teacher conferences.

## VI. STRENGTHENING KNOWLEDGE AND INFORMATION

### *Child Development Research*

While understanding based on scientific study about child development has increased significantly in the past few decades, study of the environments in which children spend a large portion of their time, such as child care and Head Start, has been much less frequent. As more children participate in early childhood programs out of their homes, it is important to strengthen evaluation and research about these settings to understand how to create environments that contribute optimally to children's healthy development, social competence and learning.

To that end, the Administration established major research activities to enhance knowledge about Head Start and child care. Head Start Quality Research Centers were established at four major academic institutions around the country. A major effort to develop performance measures and look long term at Head Start children's outcomes was initiated through FACES - the Head Start Family and Child Experiences Survey. This longitudinal initiative is designed to learn more about the families that Head Start serves, as well as to find out how Head Start programs are performing and how they can be improved. In addition, Head Start is increasing investment in research that follows children and families over time, which will provide a critical window into the development of young low-income children. Finally, the Secretary established an Advisory Committee on Head Start Research and Evaluation to help shape national comprehensive studies of the Head Start program's impact.

Similar scientific study has accompanied the development of the new Early Head Start program. The Early Head Start Research and Evaluation Project is providing both a rigorous impact evaluation using an experimental design, and a dynamic, continuous program improvement oriented implementation study that feeds information to new waves of programs. The research initiative will incorporate knowledge from locally based researchers regarding the pathways to program quality and outcomes in their own communities.

In addition, Early Head Start is spearheading partnerships among federal agencies and the private sector. Under the auspices of the Administration's Fatherhood Initiative, Early Head Start has partnered with the National Institute of Child Health and Human

Development (NICHD) and the Ford Foundation for studies of low-income fathers and their involvement both with their very young children and in programs designed to better their lives.

Important interagency partnerships around large-scale national studies can provide more timely and accurate information about children to inform policy. The Department of Education's Early Childhood Longitudinal Study - Birth Cohort 2000, a nationally representative sample of children born in the year 2000, is providing an opportunity for investment and innovation across several HHS components, the Department of Agriculture and a variety of other agencies. Such partnerships provide valuable public use data sets for research and program purposes and demonstrate creative and wise use of federal research resources.

The Administration has developed other significant efforts to enhance the knowledge base about early childhood. In 1995, HHS launched the Child Care Policy Research Consortium, which brings together five university, state agency and resource and referral agency partnerships. Each partnership is charged with developing a research program to address needs, opportunities, barriers, patterns of utilization, and outcomes for children and families using child care, as well as other systemic issues affecting subsidized child care. With funds appropriated at the Administration's initiative, HHS is also establishing a new research and evaluation program to address issues about the nation's child care arrangements, especially their impact on low-income families.

The Administration has also invested in the continuation and enhancement of the well-regarded Study of Early Child Care, which continues to produce convincing findings on the importance of child care quality to good outcomes for children. The NICHD-sponsored multi-site prospective longitudinal study will now follow children from birth into middle childhood, looking at the roles of family and caregiving environments on multiple aspects of development. Among recent findings released were those from a portion of the study examining the quality of early child care, based on guidelines established by the American Public Health Association and the American Academy of Pediatrics. This study informed the continuing need to emphasize quality child care, finding that most of the child care centers in that study did not meet all recommended standards.

Expanding the knowledge base about children's well-being, and having the mechanisms to monitor children's status on a regular basis, have been critical concerns of the Administration. The Office of Science and Technology Policy undertook a review across the government of research activities focused on children and released a report entitled, *Investing in Our Future: A National Research Initiative for America's Children for the 21<sup>st</sup> Century*.

### *Improving Statistical Data about Children and Families*

In addition, an Interagency Forum on Child and Family Statistics was established to analyze and disseminate information about the well-being of children and develop better measures of children's outcomes. Seeking to foster coordination and collaboration, this forum is comprised of all the federal statistical agencies that regularly track issues affecting children. As directed by the President in 1997, the Forum has released an annual monitoring report "America's Children: Key National Indicators of Well-Being" in each of the past three years. During FY 1998, the Forum's Data Collection Committee also undertook two major initiatives. The first involved mobilizing the capability of the federal statistical and research agencies to improve our information base regarding fathers, in response to President Clinton's 1996 fatherhood initiative. The second focused on improving the way the federal government collects information on marriage, divorce and cohabitation.

The Forum's Reporting Committee, in addition to producing "America's Children," stimulated numerous improvements in the federal statistical system which have resulted in better indicators. The committee is looking to develop indicators of disability among children and will sponsor a meeting of experts in the field and commission research on measuring disabilities.

The National Center for Health Statistics in CDC has made important strides as well in the release of timely data on key indicators of infant health. Since the early 1990's, NCHS has inaugurated a new statistical series, based on a more timely approach to collecting, compiling, and publishing birth and death data. This system builds on advances in computer and communications technology, as well as NCHS' longstanding collaboration with state vital statistics offices. Now NCHS is releasing data about a year earlier than would have been the case without these efforts. Data for 1995 through 1998 have been published in the new statistical series. We have seen that this improvement in timeliness has made these data of far greater use in monitoring key health and human services concerns.

In anticipation of future data needs, there has also been close collaboration with the states on the next generation of electronically-based vital statistics data. NCHS has provided the leadership and initiative for revising the model certificates used to record birth and death statistics, and working with the states, has laid the groundwork for even greater improvements, developing consensus standards for electronically-based reporting systems. These efforts will ensure a capacity of vastly improved statistical systems for the next generation, with ongoing emphasis on usability, quality and timeliness of data affecting children's health.

## *Pediatric Labeling for Drugs*

The Administration set in motion the capacity to develop critical information about the impact of drugs given to children. Differences in metabolism, volume of bodily fluids and elimination of a drug from a child's system can cause drug levels and responses in children that are different from those in adults. Yet eighty percent of the drugs prescribed for children have never been tested in children. Further, these drugs are not labeled with recommendations for proper dosage for children, leaving medical and health professionals to use their best guesses as to the appropriate treatment regimen.

In 1994, the Food and Drug Administration simplified the type of information needed to demonstrate the safety and effectiveness of drugs in children. This action encouraged drug manufacturers voluntarily to submit pediatric data for review. While these voluntary efforts were helpful, there were still a large number of drugs and products without adequate pediatric labeling. Regulations that became effective in 1999 require pediatric studies of certain new drugs and biological products that are therapeutically important for children, or commonly used by children. This will help address the lack of labeling information on safe pediatric use by requiring that manufacturers of these products provide sufficient data and information to support their proposed use for children.

To continue the Administration's efforts to make drugs safer for children, the FDA promulgated the new rule requiring drug companies to test on children drugs that are likely to be used for children, though every effort is being made to ensure that the pediatric testing does not delay approval of drugs for adults. To facilitate research on children, the NICHD pediatric pharmacology network will offer its sites for testing drugs on children. In addition, the patent time for drug companies that do the necessary testing to obtain approval for use of a drug in children has been extended by six months. Savings on reduced health costs as a result of better drug treatments for children are estimated at \$100 million a year. Lastly, beginning October 1, 1998, NIH began to require investigators to include children in all clinical research. These actions strengthen the Administration's efforts to better children's health by improving the knowledge base about available drugs, preventing the distribution of harmful drugs, and also expanding all research to include children.

## **CONCLUSION**

The Clinton Administration has redefined the federal commitment to improving children's lives and brightening their prospects for adulthood. It has outlined a powerful and compelling role for government, not just as a rulemaker or program developer, but also as an entrepreneur to promote partnerships and participation. The government's role as communicator has also been reinvigorated, not only to transmit messages audience by audience but to raise the consciousness of the nation.

Making kids winners - that has been the abiding goal. And progress has been palpable. After decades of disappointment, many conditions and trends affecting children and young people are moving in the right direction. A child born today has different life chances than a child born 10 years ago. And a child born a decade - or a century - from now, will surely see her life chances change significantly as well.

But everyone, with the President's voice in the lead, recognizes that the job is not done. While we have noted the promise that has been realized for most children and their families, that promise remains untapped for some. The Administration has been deliberate in developing a framework for the future. Sustained commitment is now essential to achieve positive results for all of America's children.