file FY 2000 App. Budget

DRAFT: CHILDREN AND FAMILIES
USES OF FUNDS FOR FY 2000 BUDGET
(Dollars in Billions)

DISCRETIONARY	Request	OMB Passback	HHS/DOL/DOJ Appeal	WH Priorities	COMMENTS
	FY 2000	FY 2000	FY 2000	FY 2000	
Child Care Quality	0.182	0.182			FY99 advance appropriated
Head Start**	4.997	4.997	+0.398	**	Participation goal dilemma
FMLA/Paid Leave Research Fund (DOL)	0.0	0.0	0.0	0.010	Important next step
Abortion Safety	0.0	0.0	0.0	0.045	High priority
Abuse and Neglect Court Reform	0.0	0.0	0.0	0.005	FLOTUS priority
Transitional Living	0.015	0.020	0.0		FLOTUS priority

**See attached one-pager for discussion.

MANDATORY	Request	OMB Passback	HHS Appeal	WH Priorities	COMMENTS
	FY 2000-04	FY 2000-04	FY 2000-04	FY 2000-04	
CCDBG (Subsidies and Infant Fund)*				10.5	Replaces FY99 Subsidies and Early Learning Fund
Independent Living	0.175	0.175			High priority
IV-E Extension for Foster Youth	0.0	0.0		c. 0.050	OMB holding In its base

*For child care mandatory items, HHS made no specific FY 2000 request and OMB made no specific passback; presumed request level for FY 2000 is taken from FY 1999 budget.

Head Start Expansion

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

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

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

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

CHILD CARE AND DEVELOPMENT BLOCK GRANT

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

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

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

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

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

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

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

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

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

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

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

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

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

Reform and Automation of Abuse and Neglect Courts

Policy. The purpose of this effort is to provide enhanced support to abuse and neglect courts in order to better serve children in our public child welfare system. The 1997 Adoption and Safe Families Act (ASFA) shortened timeframes for judicial decision-making and permanency planning for children in foster care, adding to caseload pressures already felt by abuse and neglect court systems throughout the country. This initiative would help alleviate this burden by providing competitive grants to state and local abuse and neglect courts for the development of computerized case-tracking systems to better monitor and expedite the permanency plans of the children served by the courts. In addition, the initiative will enhance judicial training and disseminate "best practice" standards for attorneys practicing in the abuse and neglect courts. The DOJ would administer the court automation initiative, while HHS would administer the training and technical assistance effort. The model dependency court work done at the Department of Justice and current work underway to implement the ASFA has set the stage for increased support for court data systems development to ensure that children do not fall through the cracks of unreliable data systems. Senators Rockefeller and Dewine introduced a bill at the end of the 105th Congress that included these two pieces.

Cost. Total of $5 million in FY 2000 discretionary funding: (1) $4 million for OJJDP to offer competitive grants for abuse and neglect courts to automate case-tracking systems, and (2) $1 million to HHS for judicial training and for dissemination of "best practice" standards for attorneys practicing in the abuse and neglect courts. The funding level would be maintained over five years, in order that multi-year automation grants be awarded.

Objections and Status. DPC has only had preliminary discussions with HHS and DOJ; HHS and DOJ staff believe that support for courts is critical for the ASFA to be successful, but both agencies are likely object to this increase if it replaces other funding priorities.

CHILD WELFARE: CHILDREN AGING OUT OF FOSTER CARE

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

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

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

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

Cost Overview and Status.

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

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

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

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

FMLA and Paid Leave Research and Evaluation Fund

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

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

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

ABORTION SAFETY

1. Description of Policy. This proposal would provide additional security for abortion clinics in the wake of escalating violence against clinics and providers. As you know, this builds on the Justice Department's National Task Force announced on November 9 that creates a central location for information related to clinic violence and that provides training to federal, state and local law enforcement personnel. While the Task Force is already providing valuable support to communities affected by clinic violence, a key missing piece is funds for security at clinics. Under this proposal, Justice would give grants to conduct security assessments, purchase hardware, and provide additional U.S. Marshall support for clinics at risk.

2. Cost. $4.5 million in FY 2000.

3. Status and Unresolved Issues. DPC has developed this proposal with DOJ. It has been vetted by and has the strong support of outside groups, including Planned Parenthood, the Feminist Majority, and the National Abortion Federation. OMB has seen this proposal, but has not signed off on it.

To: Nicole
From: Jennifer

Table 2-1. THE BUDGET SUPPORTS A $3.6 BILLION INCREASE IN RESOURCES FOR CHILD CARE, 27 PERCENT OVER 1999
(in millions of dollars)

	1999 Estimate	2000 Proposed	Dollar Change: 1999 to 2000	Percent Change: 1999 to 2000
Spending:				
Discretionary and Mandatory Budget Authority:				
Child Care, including $183 million increase for quality activities and research 1/	3,167	3,550	383	12%
Child Care Supplement	-	1,155	1,155	NA
Head Start	4,660	5,267	607	13%
21st Century Community Learning Centers	200	600	400	200%
Special Education	5,334	5,450	116	2%
College Campus-Based Child Care	-	5	5	NA
Child Care Apprenticeship Program	4	5	1	25%
Developmental Disabilities Special Projects, State Support Systems	4	4	-	0%
Early Learning Fund	-	600	600	NA
Total Spending	13,369	16,636	3,267	24%
New Tax Expenditures:				
Expansion of Child and Dependent Care Tax Credit	-	256	256	NA
Assistance for Stay-At-Home Parents	-	-	-	NA
Tax Credits to Private Employers	-	38	38	NA
Total Tax Expenditures	-	294	294	NA
TOTAL	13,369	16,930	3,561	27%

1/ Includes discretionary Child Care and Development Block Grant and mandatory Child Care Entitlement to States.

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Table 4-1. THE BUDGET SUPPORTS A $3.6 BILLION INCREASE IN RESOURCES FOR CHILD CARE, 27 PERCENT OVER 1999
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	1999 Estimate	2000 Proposed	Dollar Change: 1999 to 2000	Percent Change: 1999 to 2000
Spending:				
Discretionary and Mandatory Budget Authority:				
Child Care, including $183 million increase for quality activities and research 1/	3,167	3,550	383	12%
Child Care Supplement	-	1,155	1,155	NA
Head Start	4,660	5,267	607	13%
Early Learning Fund	-	600	600	NA
21st Century Community Learning Centers	200	600	400	200%
Special Education	5,334	5,450	116	2%
College Campus-Based Child Care	-	5	5	NA
Child Care Apprenticeship Program	4	5	1	25%
Developmental Disabilities Special Projects, State Support Systems	4	4	-	0%
Total Spending	13,369	16,636	3,267	24%
New Tax Expenditures:				
Expansion of Child and Dependent Care Tax Credit, Including Assistance to Stay-At-Home Parents 2/	-	338	338	NA
Tax Credits to Private Employers	-	40	40	NA
Total Tax Expenditures	-	378	378	NA
TOTAL	13,369	17,014	3,645	27%

To: Nicole
From: Jennifer

1/ Includes discretionary Child Care and Development Block Grant and mandatory Child Care Entitlement to States.
2/ Includes elimination of household maintenance test.

Children's Defense Fund 25 Years
LEAVE NO CHILD BEHIND.

FOR IMMEDIATE RELEASE
Contact: Sarah Howe, 202-662-3609

CHILDREN'S DEFENSE FUND WELCOMES CLINTON INITIATIVES FOR CHILDREN

Urges Lawmakers to Invest in Children's Programs

WASHINGTON, DC – The Children's Defense Fund (CDF) today praised the initiatives in the new Clinton budget that would invest new federal resources in key children's programs, and urged Congress to make these initiatives a priority in budget negotiations.

The Administration's proposals to invest more than $20 billion in child care and early education programs were lauded by Helen Blank, CDF's director of child care and development. "This is an important commitment to helping families and making sure that children get the kind of preparation for school that they need to succeed."

CDF noted that the new budget includes a major increase for the Head Start program. The Administration would add $607 million in funding, allowing enrollment to reach 877,000 children, double the number enrolled when Clinton took office in 1993. The Administration's goal is to serve one million children each year in Head Start by the year 2002. "This increase in funding will help keep the program on track to reach these children," said Blank.

Blank also praised the Administration's proposal to triple funding for after-school programs which help keep older children involved in constructive activities during the hours they are not in school and give them the academic boost they need to succeed in school. The proposed budget would increase these programs from the current funding level of $200 million to $600 million.

"We know that these after school programs help keep children from getting into trouble with drug, alcohol, tobacco, and other risky activities. This is a good investment in children and in safety for communities and is a modest step given that nearly 5 million children are left home alone after school each week," Blank concluded.

The Children's Defense Fund also praised new budget proposals which would allocate $1 billion to "welfare to work" programs that help remove barriers for welfare parents trying to make the transition to work, $68 million for a campaign to address childhood asthma which has a particularly heavy impact on low-income children and is a major factor in missed school days,

-more-

and $280 million to help older children who leave foster care at age 18 without families to care for them. The new funds will give them the education, employment and other skills they need to make the transition, and also make Medicaid available to them to age 21.

"At a time of growing budget surpluses, there is no reason why Congress shouldn't act swiftly to approve these new investments in children's programs," said Susanne Martinez, CDF's director of programs and policy. "With the economy continuing to grow and ample resources available, there is no better time to address these kinds of initiatives that will help children get the services they need to thrive," said Martinez.

A detailed summary of highlights of budget proposals affecting children will be posted on CDF's website, **www.childrensdefense.org**.

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Following is an overview of options for the Head Start funding level for the FY2000 President's Budget. All options remain on the path toward serving 1 million children by FY02, including 80,000 infants and toddlers in Early Head Start. The options range in cost from $4,997 million to $5,395 million in FY00, with five year costs that are $5.3 billion to $6 billion over guidance levels. The table attached below summarizes the options proposed by HHS and considered by OMB.

As you know, the Head Start reauthorization greatly increased the set-aside for quality activities. Due to this law change, as well as other program policies, the cost of new slots has risen dramatically. While the FY99 P.B. assumed that the request level of $4,660 million would create 30,000 to 36,000 new slots, this funding level as enacted will now only provide for approximately 15,000 new slots in FY99, for total enrollment of 837,000.

In HHS' FY00 budget submission, the Department originally requested $4,997 million ($337 million over FY99 enacted), and subsequently revised this request to $5,395 million ($735 million over FY99 enacted). The passback level was at guidance, and equal to their original request of $4,997 million.

In HHS' first appeal, the Department reiterated their request of $5,395 million, proposing to add 54,000 slots, for total enrollment in FY00 of 891,000. Subsequently, HHS revised their appeal downward. Their second appeal is in the same ballpark as the OMB proposed resolution of $5,267 million. This funding level would create 44,000 slots, for total enrollment of 881,000. There is a logic to adding 44,000 slots in FY00, as the FY99 P.B. assumed the addition of 44,000 new slots in FY00 (albeit, to a higher base).

HHS' third appeal, a $100 million increase over passback to $5,097 million, would provide for 29,000 new slots and a total enrollment of 866,000.

Summary of Head Start Expansion Options
(All dollars in millions)

	Date Submitted	FY00	New Slots	Total Slots
HHS Request	9/98	$4,997	20,000	857,000
HHS Revised Request	11/9/98	$5,395	54,000	891,000
Passback	11/24/98	$4,997	20,000	857,000
HHS First Appeal	12/1/98	$5,395	54,000	891,000
OMB Proposed Resolution	12/3/98	$5,267	44,000	881,000
HHS Second Appeal	12/18/98	$5,267	44,000	881,000
HHS Third Appeal	12/21/98	$5,097	29,000	866,000

December 17, 1998

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: Jennifer Klein
Nicole Rabner
Neera Tanden

CC: Melanne Verveer
Shirley Sagawa

RE: Update on Budget

We thought you might like an update on your domestic priorities in the budget process. The budget team held its first meeting with the President today.

Children and Families

- **Child Care.** We have recommended that the President essentially reintroduce last year's child care initiative -- $7.5 billion for subsidies for working families to pay for child care through the Child Care Development Block Grant, a $3 billion set aside for early childhood education, and $182 million for child care quality. On the tax side, in addition to last year's proposals to expand the Dependent Care Tax Credit (approximately $5 billion) and give a tax credit to businesses who build or expand child care for their employees ($500 million), we have proposed an additional tax credit for parents who stay at home for the first year of their child's life (about $1 billion). The funding for the block grant and the early education fund is mandatory, and there is tremendous competition for mandatory funds, but so far we have preserved the $10.5 billion. The rest of the package seems fairly stable.

- **Parental Leave.** In addition to expanding the Family and Medical Leave Act (FMLA) to reach employees of businesses with 25 or more employees (currently the threshold is 50 employees), we have proposed to create an $8 million research fund to study paid leave as well as to update the data in the 1995 national FMLA Commission study on unpaid leave. A few states are already providing leave benefits and others are exploring the issue, yet many unanswered questions remain. This fund will support state activities and study how best to structure paid leave programs.

- **Head Start.** The final budget figure is uncertain; OMB and HHS are trying to work out a substantial increase for the program in order to stay on track to meet the President's goal of reaching 1 million children with Head Start services by the year 2002. As you know, the 1998 reauthorization made that goal more expensive to accomplish because it increased significantly the percentage of expansion dollars (i.e. new money in the program) that must be targeted to quality, rather than to serving more children.

Education. The Department of Education budget is in a state of flux. Each year, the President has proposed an increase in its budget of roughly $3 billion. Due to budget constraints, this year OMB has currently given Education only a $1 billion to $1.5 billion increase. Nevertheless, the Department continues to raise the legitimate concern that the Administration could be outspent by Republicans on education this year.

On specific initiatives, the only program that is slated to receive a significant increase at this time is the 21st Century Community Learning Centers Program; half of the proposed increase of $400 million (which would bring the program to $600 million a year) would be targeted for grant recipients who put programs in place to end social promotion. In addition, there is a proposal under consideration to add a $100 million to Title I for an accountability initiative. (NOTE: At this point, the President's advisors have decided not to include new policy proposals for the reauthorization of the Education and Secondary Education Act as part of the President's FY 2000 budget.)

Health Care. There a number of new initiatives that may be of interest. The centerpiece is a long term care tax credit. While this is a high priority, Treasury is attempting to reduce the cost of this program by lowering the amount of the credit (the current proposal is $1,000) or by phasing it in. On coverage, there are a number proposals: (1) providing Medicaid and CHIP eligibility for legal immigrant children (who had been excluded under welfare reform); (2) the Jeffords-Kennedy Work Incentives Improvement Act that allows states to cover workers with disabilities regardless of their income or assets through Medicaid; (3) a tax credit for disabled workers to help them pay expenses related to working; (4) a tax credit to encourage the development of purchasing groups modeled on FEHBP; and (5) Medicare buy-in for people ages 62 to 65 who have lost their jobs and health insurance (as we proposed last year).

Two discretionary pieces that you have supported are still being discussed. While there will be a $25 million investment in asthma prevention and treatment through EPA, OMB has refused to fund an additional $50 million for HHS and have instead proposed a $50 million program to educate Medicaid providers about asthma. However, the majority of children suffering from asthma have no ongoing health coverage -- Medicaid or private -- and we therefore believe we need a more public health oriented approach. That said, discretionary dollars are tight, and the EPA program is an important piece. Finally, we have worked with Chris on a $40 million discretionary proposal to provide graduate medical education funds to children's hospitals to help reduce the burden they face because they do not receive funds through Medicare as do other teaching hospitals. While OMB and other advisors have opposed this proposal, the President expressed his strong support for it in the meeting today.

Child Welfare. We have recommended a series of proposals designed to assist young people who "age out" of the foster care system: (1) a 50 percent increase in the Independent Living program, which provides transition services for this population, costing $175 million over five years; (2) Medicaid coverage for this population up to age 24, costing $50 million over five years; (3) an extension of IV-E eligibility for an extra year (from age 18 to 19) for young people involved in comprehensive residential programs; costing $50 million over four years; and (4) an increase in the Transitional Living program, which provides funds to local community-based organizations for residential and skills training services, costing $25 million over five years. In addition, we have recommended a new $5 million grant program to provide enhanced support to abuse and neglect courts to automate case-tracking systems and train attorneys and judges. We are very optimistic about securing both of these initiatives.

Abortion and Family Planning. We are recommending an increase in Title X family planning, building on past budget successes and promising trends of declining teen pregnancy and infant mortality. Currently, OMB plans to increase the program by $15 million to $230 million for FY 2000, but we are hopeful that we will secure an additional $10 million. In addition, we have proposed a $4.5 million fund to provide additional security for abortion clinics in the wake of escalating violence against clinics and providers.

Crime

- **Crime Bill.** The President's advisers are now discussing whether to put forward a major Administration crime bill, or a series of significant crime initiatives which are tied to the FY 2000 budget. If we do put forward an omnibus crime bill, its major pieces would include: (1) a reauthorization of the COPS program (the 1994 crime bill's authorization expires at the end of FY 2000) with some changes; (2) a series of new firearms initiatives; and (3) offender accountability provisions, such as alternative programs for youthful offenders. As part of the FY 2000, the COPS program will receive $1.3 billion, $100 million less than it received in this year's budget process.

- **Prevention.** There are a number of prevention programs that have been flat-funded. The Department of Justice's main source of prevention funding is its At-Risk Youth Initiative, which funds a variety of prevention programs, including home visitation, mentoring, and anti-truancy initiatives -- this initiative will be flat-funded at $95 million. In addition, the Safe and Drug Free Schools program will receive the same amount it received last year. Currently, the program mostly funds anti-drug curricula, but as part of the reauthorization of the Education and Secondary Education Act, we hope better to target the funds toward research-based prevention efforts.

- **Domestic Violence.** Like the rest of the 1994 Crime Bill, the Violence Against Women Act (VAWA) is due to be reauthorized by the end of FY 2000. There are a number of VAWA II proposals on the hill, and Senator Biden has promised early action on this legislation. Domestic violence programs are funded by both the Departments of Justice and Health and Human Services, and both Departments are receiving level funding ($435 million) for their initiatives to fund police, prosecutors and women's shelters.

AmeriCorps. AmeriCorps had requested $176 million, and it looks like they will get $80 million. This means they will reach 100,000 members in 3 to 4 years rather than 2, and that more of the members will be summer-only (high school and college) rather than full-year. In addition, there is no new money in the budget for other service programs, with the exception of a new senior service initiative which will be counted as part of the AmeriCorps expansion. This approach is probably more realistic, but somewhat disappointing given the role we had hoped you would play in highlighting the AmeriCorps program. On the tax side, the Treasury Department is attempting to rescore the cost of excluding AmeriCorps post-service education awards from taxable income so that it does not count as a revenue raiser (they currently believe that it will raise revenue because some AmeriCorps members would no longer be eligible for Hope or Lifetime Learning credits).

Microcredit. The Adminstration will advance a number of proposals to expand access to microcredit: (1) raising the CDFI budget by $5 million to $100 million; (2) increasing by 75 percent SBA funds for technical assistance programs to $28 million; (3) doubling funding for SBA microlending programs; (4) including $105 million over four years for the PRIME Act initiatives (Senator Kennedy's bill); and (5) increasing funding for Individual Development Accounts from $10 to $25 million (which can be applied to small business capitalization).

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

+16 + Russia

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FY 2000 BUDGET INITIATIVES

Agency/Policy Area	12/10 Discussion	12/15 Discussion
CEQ		
Costal Salmon	125	100
Lands and Livability	750	375
Clean Air Fund	250	250
HHS		
CDC	75	60
Long-Term Care	150	150
AIDS		28
CBC AIDS		50
Mental Health (SAMSHA)	75	65
Race and Health	50	50
Children's Hospital	40	40
Tobacco -- PH CDC	27	27
Tobacco -- FDA	66	34
Educational Research	25	15
Food Safety	50	40
Education		
Adult Literacy	255	190
Social promotion	350	350
Quality		18
Urban/Rural Computing	100	60
Charter Schools	9	10
Stay in College	100	25
Title I Accountability	250	0
Technology for Disabled	60	35
Native Americans	10	10
Education Research	25	
Labor		
Universal re-employment	300	250
Youth employment	212	170
FMLA/Paid Leave	8	8
Child Labor		
Enforcement	3	
Standards	40	40
Equal Pay	20	20
NLRB	10	10

FY 2000 BUDGET INITIATIVES

Agency/Policy Area	12/10 Discussion	12/15 Discussion
Urban Intiative		150
SBA	238	
Treasury	25	
HUD Abandoned buildings	100	50
Treasury		
Firearms	25	15
Americorps	100	80
Child Labor	30	
Microcredit	10	10
Information Technology		
DARPA	100	[100]
NSF	60	35
DOE	70	35
Digital Library	20	20
Energy		
Climate Change	75	75
Russia	535	
Agriculture		
Integrated Service Ecosystems	50	50
VA		
Smoking cessation	90	[90]
Homeless vets		
Justice		
COPS II	650	650
Coerced abstinence	100	[100]
Offender Justice	40	40
Unallocated Education		-500
Total	**5753**	**3190**

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ACF and AoA FY2000 Guidance and Request Levels

Program/Category	FY1999 President's Budget	FY1999 Enacted	FY2000 HHS Request	FY2000 Planning Guidance	HHS Req. diff from FY99 Enacted	HHS Req. diff from Planning Guidance
Head Start	4,660	4,660	4,997	4,997	337	0
Other ACF						
Child Care & Development Block Grant	1,177	1,000	1,183	1,177	183	6
LIHEAP	1,087	1,100	1,100	1,087	0	13
LIHEAP Emergency Fund Available (non-add)	300	300	300	300	0	0
ACF Services	1,282	1,372	1,314	1,282	-58	32
Runaway & Homeless Youth (non-add)	*59*	*59*	*59*	NA	0	NA
Child Abuse Programs (non-add)	*68*	*68*	*75*	NA	7	NA
Child Welfare Programs (non-add)	*358*	*356*	*358*	NA	1	NA
Developmental Disabilities (non-add)	*119*	*119*	*130*	NA	11	NA
Community Services Grant (non-add)	*489*	*500*	*491*	NA	-9	NA
Other CS/NYSC (non-add)	*0*	*54*	*0*	NA	-54	NA
Federal Administration (non-add)	*145*	*145*	*157*	NA	12	NA
All Other (non-add)	*45*	*72*	*45*	NA	-27	NA
VCRTF	105	105	130	105	25	25
Refugee and Entrant Assistance 1/	415	435	421	415	-14	6
Social Services Block Grant 2/	-471	-552	-485	-485	67	0
Research Rescission	0	-21	0	0	21	0
Administration on Aging	871	882	1,212	871	330	341
Social Security Adminstration: Adminstrative Expenses	6,523	6,512	6,997	6,535	485	462
ACF Subtotal	**8,255**	**8,099**	**8,659**	**8,578**	**560**	**81**
ACF &AoA Total	**9,126**	**8,981**	**9,871**	**9,449**	**889**	**422**

Note: Guidance levels for ACF outyears include Head Start expansion, but not at levels sufficient to fund expansion under the new reauthorization.
Guidance levels for ACF outyears include SSBG rescissions which were used in TEA-21 for FYS 2001-2004 .

1/ FY99 enacted includes carryover funds in addition to appropriation of $415 m.
CBO does not score these carryover funds.
2/ FY99 level includes scoring of $81 million rescission from FY98.

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DRAFT: HEALTH CARE
USES OF FUNDS FOR THE FY 2000 BUDGET

(Dollars in billions, fiscal years)

DISCRETIONARY	Requests	OMB Passback	HHS Appeal	WH Priorities	COMMENTS
	2000	2000	2000	2000	
Bioterrorism	0.370	0.152	+ 0.218	+ 0.090	High priority
Superbug	0.020	0.000		+ 0.010	High priority
AoA Caregiver Program	0.150	0.010	+ 0.140	+ 0.140	Needed for LTC initiative
Nursing Home Quality	0.100	0.035	+ 0.013	+ 0.100	GAO investigation underway/ need $
Medicare LTC Education	0.025	0.000		+ 0.025	Needed for LTC initiative
AIDS: Ryan White	0.100	0.072		+ 0.050	OMB funding only minimum
AIDS: CBC Initiative	0.100	0.000	+ 0.050	+ 0.050	Needed for CBC
Race & Health	0.080	0.000	+ 0.103	+ 0.050	High priority
Mental Health	0.100	0.000	+ 0.116	+ 0.100	VP priority
Asthma (only EPA funds)	0.025	0.000	+ 0.050	+ 0.025	Funded through EPA/maybe Medicaid
Medicaid de-institut. grant	0.050	0.000	+ 0.038		Other disability policies should be enough
Rural emergency services	0.050	0.000		+ 0.025	POTUS interest/possible mandatory
FDA, Food Safety	0.550	0.127	+ 0.263	+ 0.050	Need $50 m for food safety
Native Americans	0.500	0.175	+ 0.205		Probably OK
Children's GME	0.150	0.000		+ 0.040	FLOTUS priority
DoD Cancer, osteoporosis					Want $200 million of DoD increase
Biomedical Research	0.500	0.049	+ 1.500		Problem that won't go away
TOTAL	**2.870**	**0.620**	**+ 2.696**	**+ 0.755**	

MANDATORY	Requests	OMB Passback		Additions/ Priorities	
	2000-04	2000-04		2000-04	
Jeffords-Kennedy	1.200	1.200			
Medicare Buy-In	1.700	0.000		+ 1.700	POTUS interest
Cancer Clinical Trials	0.750	0.000		+ 0.750	VP priority
Medicaid disability option	0.110	0.110			Important to disability community
Medicaid for Foster Kids	0.050	0.050			FLOTUS priority
Legal Immigrant Kids	0.100	0.100			Last year's proposal
CHIP Territories	0.100	0.100			" "
QMB Low-Income Reforms	0.000	0.000			Depending on baseline, budget neutral
Kids' Outreach	0.000	0.000			" "
TOTAL	**4.010**	**1.560**		**+ 2.450**	

DRAFT: HEALTH CARE
SOURCES OF FUNDS: FY 2000 BUDGET OPTIONS

	OMB LIST		COMMENTS
	2000	5 Years	
For Discretionary Programs			
DRG Payments	0.084	0.420	Somewhat controversial
Single Fee for Surgery	0.140	0.760	Somewhat controversial
Lab Fees	0.030	0.190	Can only have 1 Lab policy (see below)
Hospice Double Payment	0.060	0.360	Very controversial
Reducing Prosthetics & Orthotics	0.090	0.470	Very controversial/contrary to disability init.
Reducing Enteral Nutrients	0.030	0.150	Very controversial
Subtotal	***0.434***	***2.350***	
MIP/ Flatlining Fraud **	0.090	0.990	Contrary to fraud efforts
Bad Debt Payment Reductions	0.160	1.490	Dropped from Omnibus: very controversial
Hospital Update Reduction	0.250	4.600	Viable but controversial/ should lower amt.
DSH Reduction or Medicaid Admin **	0.150	1.770	Not good policy
IME reform **	0.300	2.000	Ahead of Commission/ not for this year
Subtotal	***0.950***	***10.850***	
TOTAL	**1.384**	**13.200**	
For Mandatory Programs			
Cost Allocation			
With TANF Prohibition	0.295	1.900	Very controversial/bad policy
Without TANF Prohibition	0.050	1.000	Better but still difficult
Last Year's Program Integrity		2.300	OK
20% Lab Coinsurance for lower prevent. copays		0.300	Ahead of Commission/one 1 Lab policy
Medicaid Generics		0.100	Slightly controversial
Technical Fix to Medicare SGR (physicians)		0.300	OK
TOTAL		**5.900**	

** OMB may drop on its own.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Fiscal Year

2000

OMB Submission

Administration for Children and Families

DEPARTMENT OF HEALTH AND HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES

EXECUTIVE SUMMARY

General Statement

The Administration for Children and Families (ACF), within the Department of Health and Human Services, is responsible for programs which promote the economic and social well-being of families, children, individuals, and communities. Many of these programs are at the forefront of the Administration's domestic agenda; including welfare reform, child care, child support, foster care and adoption, and Head Start.

Consistent with the President's focus, the Secretary has provided a framework for the budget request in her goals for the Department. The goals include building strong foundations for families and children, and strong management. The Administration for Children and Families is responsible for programs which make major contributions to the achievement of these goals.

Overview

Under the requirements of the Government Performance and Results Act, and within the framework of the Department goals, agency strategic goals and performance standards and measures have been developed. We remain committed to results, to the measurement of results, and to joint work with partners. The priorities reflected in the Administration for Children and Families' FY 2000 budget are in support of the strategic goals which have been developed in the ACF performance plan:

- Improve the **economic independence and productivity of families;**
- Increase the **healthy development, safety and well-being of children and youth;**
- Deliver high quality services to help develop **healthy, safe and supportive communities and tribes;**
- Be a high-performing, customer-focused, **results-oriented organization.**

The Administration for Children and Families supports activities for a range of critical Administration priorities under these four goals, including:

- Welfare Reform: Enabling families to move from welfare to work and to succeed at work (Vice President's Bold Goal and Secretarial Initiative);
- Child Care: Creating access to affordable, quality child care for low-income working families (Presidential and Secretarial Initiative);

- Child Support Enforcement: Increasing the number of children with paternity established and child support collections in place, so that they can grow up with the financial and emotional support of both parents (Vice President's Bold Goal);

- Adoption and Child Welfare: Doubling adoptions and other permanent placements from the public child welfare system (Vice President's Bold Goal and Presidential Initiative) and, protecting the safety, permanency, and well-being of children in danger of abuse or neglect;

- Head Start: Enrolling 1 million children by 2002, and ensuring that they receive a high quality Head Start experience that will enable them to start school ready to learn (Presidential Initiative); and

- Infants and Toddlers: Reaching more infants and toddlers with Early Head Start and quality child care, reflecting what we know about the rapidity of brain development in the first three years of life (Presidential Initiative to double Early Head Start).

Summary of Major Budget Initiatives

Head Start

The requested increase in Head Start, of $337 million, will fund 32,000 additional children as well as expanded services to infants and toddlers and continued quality improvement, moving toward the President's goal of serving 1 million children in Head Start and doubling the size of Early Head Start by 2002.

Child Care

The second year of funding for the President's Child Care Initiative for working families represents an increase of $125 million in mandatory funding over the Administration's FY 1999 request. This initiative reflects the critical role of quality, affordable child care as a support for low-income working families, essential both to parents' continued employment and children's healthy development and learning. This proposal assumes enactment of the child care initiative in FY 1999. If that proposal is not enacted in full, we would incorporate enactment at the originally proposed funding levels in the FY 2000 budget.

Developmental Disabilities and Welfare to Work

A new investment of $11.1 million in the Programs for Persons with Developmental Disabilities programs is proposed for two major purposes -- to strengthen the program's focus on accountability and results through an incentive funding strategy and improved formula; and to provide technical assistance and demonstration resources that will promote and strengthen state welfare-to-work strategies that meet the needs of families with a developmentally disabled member.

Family Violence

We are proposing an increase of $24.6 million for battered women's shelters and related services as part of a comprehensive $71.3 million Departmental initiative to improve and expand services for victims of domestic violence and to bolster prevention activities to change the social norms that allow this violence to occur. Given the scope and magnitude of the problem of violence against women and the relatively limited services and supporting activities we now fund, efforts that allow us to expand and extend services and foster new ways of approaching the problem are critical. The ACF increase will support the enhancement and expansion of existing services, improvements in data collection, monitoring, and evaluation; and technical assistance and demonstration strategies to strengthen collaboration between domestic violence services and other service networks, building on the first steps already taken in child support, child welfare, TANF and criminal justice.

Refugee Resettlement

Based on the State Department's projections of new entrants and on the continuation of key social services programs, we

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Refugee Resettlement

Based on the State Department's projections of new entrants and on the continuation of key social services programs, we are projecting an increase of $6 million in funding for refugee programs. The estimate does not assume any carryover from prior years. We will be working with the State Department over the next few months as they finalize their entrant ceiling numbers.

Independent Living and Child Welfare

The budget proposal continues existing spending levels on the discretionary side in support of the Administrations adoption goals, but proposes an increase of $37 million on the mandatory side for two purposes:

- A $35 million increase in the Independent Living Program (which has remained constant at $70 million since 1992) will help keep children aging out of the child welfare program from becoming homeless, jobless, or drug addicted. As we seek to ensure stable permanent homes for children and to promote work and self-sufficiency, we must include those children who, despite all our efforts, have not been adopted and reach adulthood directly from the foster care system without the supports most children and young adults are fortunate to have.

- A $2 million setaside will support monitoring of child welfare and family service programs in the States -- including family preservation and support, time-limited reunification services, adoption support services, child protective services, foster care, adoption, and independent living -- and will provide technical assistance and monitoring of critical systems development. This is the system which provides us with the information necessary to make payments under the Adoption Incentives Program.

Community-Based Resource Centers

We are proposing an increase of $7.2 million for this program in support of the goal of minimizing the risk of harm to children, protecting them from child abuse and neglect and enhancing families' capacities to provide for their children's needs by increasing public awareness, parent education, and family support services available to parents in their own communities.

Accountability and Administrative Support

A new investment of $11.7 million for administrative resources and information systems will provide accountability and oversight for key priorities, including quality and expansion in Head Start and Early Head Start; implementation of the Adoption and Safe Families Act; implementation of the Administration's child care initiative; and TANF data collection, analysis and dissemination. As part of this investment we are proposing a fellows program similar to the Service Fellowship Program at PHS. This will provide ACF with the flexibility to recruit approximately 12 persons with expertise in specific programmatic areas for limited periods of time.

Summary of FY 2000 Legislation

Reauthorizations

Programs for Persons with Developmental Disabilities (DD)

ACF will seek a 5-year reauthorization of these critical programs which help empower persons with disabilities and their families to receive support at home and in their communities. Families are the greatest natural resource available to their children and many persons with disabilities are the major providers of support, care, and training for their children. A growing number of families are searching for ways to care for their children with disabilities and these programs can be an efficient and cost-effective means of developing supports for the DD families.

As part of the reauthorization package, first we will seek changes to the State Grant formula to simplify the methodology for computing state/territory allocations and acknowledge and encourage the achievement of valued results, including a focus on working families with persons with disabilities, through a new incentive provision. In addition, we will convert the University Affiliated Program to a formula grant program. Second, we propose to include technical assistance setasides that will allow us to focus resources on linkages between the Developmental Disabilities networks and other critical priorities. In FY 2000, we propose to focus on links to employment-related services for TANF recipients moving to work. Third, we will include language in the proposal to allow the cost of making and monitoring grants to be paid from program funds.

Refugee Resettlement Programs

ACF plans to seek a 5-year reauthorization of the refugee program with only minor legislative amendments. Through the regulations process, however, ORR will be drafting alternatives to the current refugee cash and medical assistance programs to promote more effective cooperation between the States and the voluntary agencies. These regulations are being developed after a series of consultations conducted by ORR with hundreds of key partners in refugee resettlement.

Family Violence/Domestic Violence Hotline

ACF will seek a 5-year reauthorization of this Violence Against Women Act program that addresses issues of domestic violence with minor legislative amendments. In addition, as in the Programs for Persons with Developmental Disabilities reauthorization, we will seek language to allow the program to pay for costs associated with the making and monitoring of grants out of program funds.

Incidents of domestic violence disrupt communities, destroy relationships, and harm hundreds of thousands of Americans each year. In addition to the personal burdens domestic violence causes, the financial burdens run into the billions of dollars each year. Among the most tragic effects of family violence is the cycle of abuse perpetuated by children and teenagers who see and experience brutality at home.

Other Technical Proposals

Child Welfare and Foster Care

This legislative proposal includes a setaside for monitoring of child and family service reviews, to encompass the range of Federally-assisted child and family services programs, including family preservation and support, time-limited reunification services, adoption support services, child protective services, foster care, adoption, and independent living. These reviews are essential to the safety, permanency and child and family well-being goals of the Adoption and Safe Families Act.

Fellows Program

To address some of the specialized staffing needs of ACF, we are proposing legislation to establish a fellows program similar to the Service Fellowship Program at PHS. This will allow ACF to recruit persons with expertise in specific programmatic areas for designated periods of time.

ADMINISTRATION FOR CHILDREN AND FAMILIES

FY 2000 Discretionary Budget Request

The FY 2000 budget request for the Administration for Children and Families (ACF) discretionary programs is $9.1 billion, an increase of $418 million over the amended FY 1999 President's Budget and $81 million over the FY 2000 column of the FY 1999 President's Budget. This increase includes $20 million to restore program levels to amounts before bioterrorism amendments to the President's FY 1999 Budget.

The major changes in the FY 2000 discretionary budget request compared to the amended FY 1999 President's Budget are:

o	Head Start	+$ 337,000,000
o	Programs for Persons with Developmental Disabilities	+$ 11,120,000
o	Family Violence	+$ 24,560,000
o	Refugee Resettlement	+$ 6,000,000
o	Community-Based Resource Centers	+$ 7,225,000
o	Federal Administration	+$ 11,654,000

ECONOMIC INDEPENDENCE AND PRODUCTIVITY FOR FAMILIES

One of the Department's priorities is moving people from welfare to work. In support of that priority, in FY 2000 the Administration for Children and Families will continue to give particular attention to programs designed to support and stabilize working families.

Child Care for Working Families

While the average family spends about seven percent of their income on child care, low-income families spend approximately a quarter of their income for child care services

The Child Care and Development Block Grant, the General Child Care Entitlement program and the Dependent Care Tax Credit are the major Federal programs that help low-income working families pay for affordable, safe care for their children. Even with these programs and the new programs proposed in the FY 1999 President's Budget, resources are stretched far too thin. Now that welfare reform focuses on ensuring that families move from welfare to work, there is a greater need for child care support, to ensure that families that have entered the labor force are not forced back onto welfare.

In FY 2000, ACF is requesting the second year of funding for the President's five year initiative to address and expand activities related to three key issues: affordability, quality and availability. These funds will help provide support for working families in their effort to access quality care for their children. This will move us toward achieving the President's goal of increasing by one million the number of children in child care in 2003.

This budget request assumes passage of the President's Child Care Initiative in the FY 1999 President's Budget. If that proposal is not enacted, or if only a portion is enacted, we would incorporate enactment at the original proposed funding levels in the FY 2000 budget.

Programs for Persons with Developmental Disabilities

ACF is requesting an additional $11.1 million in FY 2000. We will seek changes to the State Grant formula to simplify the methodology for computing state/territory allocations and acknowledge and encourage the achievement of valued results, including a focus on working families with persons with disabilities, through a new incentive provision. In addition, we will convert the University Affiliated Program to a formula grant program. We propose to include technical assistance setasides that will allow us to focus resources on linkages between the Developmental Disabilities networks and other critical priorities. In FY 2000, we propose to focus on links to employment-related services for TANF recipients moving to work. We will include language to allow the cost of making and monitoring grants to be paid from program funds.

Refugee Resettlement

The refugee resettlement program is designed to help refugees and Cuban and Haitian entrants who are admitted to the United States to become employed and self-sufficient as quickly as possible through providing cash and medical assistance to refugee households that are not eligible for TANF, Medicaid and SSI during their first months in the United States; and English language training, employment-related services, and a variety of special activities.

Based on the State Department's projections of 100,000 new entrants, of which 20,000 are Cuban/Haitians, and on the continuation of key social services programs, we are projecting an increase of $6 million in funding for refugee programs. This will continue to support 8 months of service. The estimate does not assume any carryover from prior years. We will be working with the State Department over the next few months as they finalize their entrant ceiling numbers.

HEALTH, SAFETY AND WELL-BEING OF CHILDREN AND YOUTH

The Department's commitment to the early years of life reflects this Administration's efforts to support parents in providing young children with a full opportunity to grow, learn, and thrive. Both research evidence and the experiences of parents and caregivers demonstrate that children's environment during those early years is critical to their ability to succeed in school and later in life.

Head Start

Only about 40% of eligible preschoolers are now served by Head Start. In keeping with this Administration's commitment to build a strong foundation for success for all of America's low-income children, this budget proposes $4.997 billion for Head Start, an increase of $337 million over the FY 1999 President's request. This request is consistent with the goal set by the President during the FY 1994 reauthorization of the Head Start Program: one million children enrolled in Head Start in 2002 including 80,000 children in Early Head Start.

The FY 2000 funding will allow an increase of approximately 32,000 preschool children and their families, including up to 7,000 infants and toddlers in the Early Head Start program.

Early Head Start. In recognition of the powerful evidence that the period before age three is critical to healthy growth and development and to later success in school and in life, the Head Start Act established a new program for low-income pregnant women and families with infants and toddlers. Called "Early Head Start," this program began in 1995 to provide early, continuous, intensive and comprehensive child development and family support services to low-income families with children under age three. The FY 2000 funding level will include an increase in the number of infants and toddlers and their families in the Early Head Start program, as well as expanded technical assistance, training, and research to support top quality infant and toddler programs nationwide. This increase continues to move us toward meeting the President's goal of 80,000 children in Early Head Start in 2002.

Quality. The 1994 Head Start reauthorization reflected a bipartisan commitment to ensuring that every child in Head Start receives the top quality, comprehensive services that are the hallmark of the Head Start vision.

Partnerships. In keeping with the Department's own vision of strong foundations for children's development that cut across programmatic lines, ACF will continue to expand the ability of Head Start programs to work with others in communities and states across the country on an integrated vision of top quality early childhood services. We are identifying and disseminating community models of Head Start-child care collaborations; developing new and stronger links with the Department of Education and local school districts; and strengthening the State Collaboration offices, which support linkages between Head Start and state early childhood and related offices in all 50 states.

Violence Against Women Initiative - Family Violence

As part of the Department's Violence Against Women Initiative, ACF is requesting an additional $24.6 million in FY 2000. While we are making some progress in meeting the basic food, shelter, medical and crisis counseling needs of survivors of violence, women and children need more than this to recover from the devastating effects of domestic and sexual violence. A comprehensive response to violence against women should incorporate strategic community sectors to build and strenghten an array of services and prevention strategies. The Department will be making investment in two areas -- enhancing services and changing social norms. The ACF request includes an additional $17.5 million to expand and further strengthen the network of battered women's shelters and related services, including the domestic violence coalitions and the network of resource centers. This increase will provide services to approximately 72,000 women. An additional $2.5 million will increase culturally appropriate services for underserved populations, $3.5 million will provide innovative services beyond crisis care, $560,000 will provide for evaluation and dissemination of model projects, and $500,000 will be used to work with partners in the business community, education community and youth-serving community to address the complex issues that support violence against women behaviors.

In addition, we will include language to allow the program to pay for costs associated with the making and monitoring of grants out of program funds.

Community-Based Resource Centers

We are requesting an additional $7,225,000 for the Community-Based Resource Centers program to expand support to help minimize the risk of harm to children, protecting them from child abuse and neglect in their homes and enhancing families' capacities to provide for their children's needs by increasing public awareness, parent education, and family support services available to parents in their own communities.

A RESULTS-ORIENTED ORGANIZATION

The Administration for Children and Families has the responsibility for providing assistance to America's most vulnerable populations. In carrying out this mission we must provide high quality, cost-effective and efficient services, meet customers' needs and expectations, and use state-of-the-art information technology to improve management and data systems.

Federal Administration

The FY 2000 request for Federal Administration is $156.8 million, an increase in funding of $11.7 million over the FY 1999 President's budget request.

This request maintains staffing at the number of staff that we expect to have at the end of FY 1999 (approximately 1,550 with an additional 12 temporary experts in residence through our proposed Fellows Program). However, this staffing level assumes considerable realignment of staff to meet the areas of expanded responsibility described below. In addition to maintaining staffing, the request adds additional investments in systems and data collection capacity to enable us to work more efficiently, and proposes a fellows program similar to the Service Fellowship Program at PHS. ACF has a critical need for up-to-date expertise in a variety of programmatic areas that may not stay the same over time, a perfect setting for the use of outside fellows.

Critical Workload Demands

ACF has responsibility for many of the programs which are at the forefront of the Administration's domestic agenda; including welfare reform, child care, child support, foster care and adoption, and Head Start. ACF has seen significant staffing reductions in the last few years, from a level of more than 2,000 FTEs in FY 1993 to fewer than 1600 in FY 1999, while experiencing a concurrent growth in its programmatic responsibilities. For example:

o The Head Start program has seen funding and enrollment levels increase dramatically since 1992. The Administration's commitment to quality means intensive staff involvement in monitoring, technical assistance, and the time-consuming but critical tasks associated with terminating a grantee that is not able to provide quality services.

o The Early Head Start program - a critical laboratory for evaluating the impact of early intervention in improving the lives of disadvantaged children and families - was begun in September 1995 and has quickly grown to the point where, in FY 1999, approximately 400 agencies will be receiving Early Head Start funding. ACF is responsible for assuring that each of these grantees is providing comprehensive and quality services, and therefore needs staff with expertise in early childhood development. At a ratio of 12-14 grants per Federal project officer, the 400 grantees added by FY 1999 should have led to an increase of about 30-35 staff. Further increases in Early Head Start envisioned by the Administration would add considerably to that total in FY 2000.

- Child Care has experienced dramatic programmatic growth and will continue to grow over the next few years as the Presidential Initiative on Child Care is implemented.

- With the much more visible role of child care in the states and at the national level, the demands on staff for technical assistance, data collection and analysis, policy development, and the dissemination of information continue to grow. Passage of the President's Initiative would bring with it a whole range of important and urgent demands, including review and development with states of benchmarks for the Early Learning Fund.

- The Presidential Initiative on Adoption which calls for doubling the number of adoptions and other permanent placements by the beginning of 2003, along with the implementation of the Adoption and Safe Families Act add another set of critical responsibilities. For example, ASFA expands the maximum number of state demonstration waivers to be authorized by ACF from 10 total to 10 per year; we are only barely keeping up with the enormous interest in these waivers at the front-end. And, we have not solved the problem of tracking and monitoring them.

- In the area of child support enforcement, Congress did provide set-asides for technical assistance and computer systems in order to insure completion of the major new requirements imposed by PWRORA. However, child support responsibilities outside those two areas have also grown. For example, child support audit responsibility has expanded to include administrative cost audits and system reliability audits to assure proper use of Federal funds and integrity of data to support program performance measures. Additional funds for travel and systems support are needed to allow completion of these critical audits.

- Systems development for TANF is essential in order to provide critical data collection and validation. In the area of welfare reform, Congress has shifted the nature of ACF's role, to involve less oversight of policy and program decisions but more attention to data, results, and accountability. This data collection role is both critical and urgent, and it requires investment. As States and tribes put new data systems in place, ACF must build the capacity to provide basic technical assistance to them, to receive the data when submitted, and to verify and analyze the data. Adequate analysis of TANF data reports and their relationship to expenditures is essential to the continued success of welfare reform. Data used to track caseload movement, and to determine penalties and bonuses must be accurate so we can present a clear picture of the impact of welfare reform.

Staff Reallocation and Other Strategies For Addressing These Demands

Over the past several years, as the tension between increasing workload and decreasing staff has become acute, we have reallocated staff, reorganized, identified strategies to use staff more flexibly, relied on technology and on outside expertise to stretch our limited staff capacity as far as it can go, and implemented savings steps to free up resources for priority use. However, we are proposing to halt the decrease in FY 1999 and maintain those staffing levels in FY 2000 because we believe that we will not be able compensate through reallocations and other strategies for decreases below that level.

The Request

We are committed to taking advantage of all available strategies to use our existing staff and administrative support resources as effectively as possible. However, we have reached a point where we can no longer achieve the results we are accountable for without investments in systems capacity and in staff.

Therefore, we are proposing three investments in this administrative request:

- o Maintaining existing staffing levels, so that we will not lose further capacity and expertise through attrition;
- o Investing in systems and data analysis capacity; and
- o Creating a fellowship program, similar to the Service Fellowship Program at PHS, to address some of our specialized staffing needs. This will allow ACF to recruit persons with expertise in specific programmatic areas for designated periods of time, thus meeting our needs for flexibility and easy access to priority areas of expertise.

ADMINISTRATION FOR CHILDREN AND FAMILIES

FY 2000 Mandatory Budget Request

The FY 2000 mandatory budget is $32.5 billion, an increase of $826,598,000 over the FY 1999 current estimate. This request is consistent with the FY 1998 mid-session review and reflects an increase of $37 million over the FY 2000 column of the FY 1999 President's Budget.

Welfare Reform and Working Families

Since August 1996, when the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was enacted, we have seen many changes in the welfare programs in this country. We have seen dramatic declines in the welfare caseloads, with over 2.4 million recipients leaving the rolls. More recipients are now working, and more of those who have left the rolls are working. New partnerships are being forged, with government collaborating with business, community organizations, transportation providers, the media and religious leaders to help move families to work.

The passage of this legislation has presented all of us with a variety of opportunities and challenges. We must continue to give particular attention and support to programs designed to support and stabilize working families, as demonstrated by the Secretary's Initiative and the Vice President's Bold Goal, and we must build on the progress to date to ensure two key next steps for the future: we must work with states and communities to ensure that they reach and invest in all families including those with particular needs such as substance abuse, domestic violence, developmental disabilities, and those who live in isolated rural and inner city communities; and we must complete transition to a true focus on work by promoting success at work for low-income families.

Child Support Enforcement

The Child Support estimate does not include any legislative proposals. However, child support financing discussions continue to take place.

Independent Living

The FY 2000 request includes an increase of $35 million for Independent Living. This program has remained constant at $70 million since 1987. This increase will help keep children aging out of the foster care program from becoming homeless, jobless, or drug addicted. As we seek to ensure stable permanent homes for children and to promote work and self-sufficiency, we must include those children who, despite all our efforts, have not been adopted and reach adulthood directly from the foster care system without the supports to fall back on that most children and young adults can take for granted.

Child Welfare/Adoption and Safe Families Act Programs

All children deserve a safe and nurturing permanent home. When a child's biological family cannot provide such a home, children deserve prompt and permanent placement with a loving family, not a long period of uncertainty. While foster care offers these children a safe and nurturing temporary haven, as many as 100,000 foster care children will need permanent homes in the next few years. Many of these children have special needs and require the security and stability of an adoptive family to develop their full potential.

The President's Adoption 2002 initiative and the Adoption and Safe Families Act signed by the President in November, 1997 address the critical needs of these children for safety, permanence, and well-being. The Administration is committed to implementing the wide-ranging provisions of the statute designed to ensure that children's safety is paramount, that foster care is temporary, and that children have permanent, safe, loving homes. The President has set an Adoption 2002 goal of providing safety, permanency and well-being for at-risk children by doubling the number of adoptions and permanent placements from the public welfare system. The FY 2000 request will continue the joint effort by Federal, State and local governments, child welfare and adoption professionals, community leaders, and interested citizens to achieve this goal, thereby improving the lives of children who are backlogged, or at risk of being backlogged, in the child welfare system, by creating permanent homes for them.

Efforts to reduce barriers to the adoption process and strengthen our technical assistance to enable States to increase the numbers of children adopted, especially children with special needs will continue.

To further these efforts we are proposing an investment of $2 million from title IV-E funds for monitoring of child welfare and family service programs in the states, including family preservation and support, time-limited reunification services, adoption support services, child protective services, foster care, adoption, and independent living is requested. These reviews are essential to safety, permanency and child and family well-being. These funds will be targeted to providing technical assistance and monitoring of critical systems development, the systems which provide us with the information necessary to approve or disapprove state expenditures. A legislative proposal will be developed to allow use of funds for these critical activities.

Conclusion

In summary, this budget proposes increases in Head Start, Foster Care and Independent Living, Family Violence, Refugees Resettlement, Programs for Persons with Developmental Disabilities, Community-Based Resource Centers and Federal Administration. These choices represent our best judgment as to how ACF can satisfy its many responsibilities to America's vulnerable populations in a time of fiscal restraint. We believe this budget proposal strikes an appropriate balance between program responsiveness and fiscal prudence.