Budgetary Resources for Selected Programs
(In millions of dollars)

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RMO	Program	FY 2000 Enacted	FY 2001 Passback	Notes
General Government & Finance				
	Fair Housing	44	48	
	Community Empowerment Fund	275	0	Passback was zero because the bulk of FY 2000 funding was for Members pet project earmarks.
	DOJ: Crime Data Sharing	130	125	Justice program that is part of livability.
	HUD Revitalization -Regional Connections	0	25	
	HUD Revitalization - Abandoned Buildings	0	0	
	HUD Revitalization - Community Development Corporations	n/a	n/a	RMO needs clarification on this item.
	HUD Revitalization - CDBGs	4,800	4,800	
	HUD Vouchers	387	575	100,000 new vouchers total: 32,000 Welfare to Work; 50,000 Fair Share; and 18,000 Homeless.
	COPS: Police Officers	913	1,275	$1,275 is the total for COPS. Amounts for police hiring grants are still being developed
	COPS: Community Prosecution	10	200	Passback for COPS = $1,275, which, in 2000, included $200 million for Community Prosecutors
	Drug Testing for Probationers, Parolees and Releases	0	75	
	Zero Tolerance For Drugs (Includes Drug Testing)	103	190	
	Computer Crimes Training	2	n/a	RMO needs clarification on this item.
	Computer Crimes & Intell. Prop.	4	n/a	RMO needs clarification on this item.
	FBI Instant Check System (Brady Background Checks)	68	70	Proposed to be funded through a fee.
	US Attorneys/Firearms Prosecs.	0	41	amount for firearms prosecution not specified
	Civil Rights (Including ADA enforcement and hate crimes)	82	95	
	Civil Division/Tobacco Litigation	0	15	Either in DOJ of HHS, to be determined.
	Anti-Trust(PackerConcentr.-Ag)	110	134	
	SCAAP	585	500	
	DOJ/DOI: Tribal Law Enforcement Project	233	293	DOJ: $136; DOI: $157.
	SBA	877	834	
	ATP	143	166	
	TIIAP (renamed TOP)	16	20	
	E-Commerce (SBA & DOC)	7	27	
	Digital Divide (EDA)	0	0	
	Salmon Recovery (NOAA Fund & ESA)	126	215	
	NOAA: Globe	3	3	
	Empowerment Zones	70	150 mandate.	$70 includes $55 urban and $15 rural; Passback includes $150 urban only.
	EEOC	282	312	

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RMO	Program	FY 2000 Enacted	FY 2001 Passback	Notes
	Commerce: Public Broadcasting Digital Conversion	27	110	
	Corporation for Public Broadcasting: Digital Conversion	10	20	
	Public Safety Wireless Network	3	4	Part of $55 in funding from analog fee.
	Crime Mapping Technology	0	10	
	Public Safety Information Partnership	n/a	n/a	RMO cannot identify this item.
	INS Speedier Border Crossings	0	10	
	FAA	10,044	10,658	
	GPS - Civil	0	88	To be requested in DOD budget.
	Explosion Detection Equipment	100	100	
	Total TEA-21 Reallocations	15	806	
	Highway Research	0	164	Included above in TEA-21 Reallocations.
	Job Access	0	50	Included above in TEA-21 Reallocations.
	TCSPP	0	25	Included above in TEA-21 Reallocations.
	NDGPS	5	19	Included above in TEA-21 Reallocations.
	Positive Train Control	10	10	Included above in TEA-21 Reallocations.
	Trade Corridor/Border Crossing	0	140	Included above in TEA-21 Reallocations.
	FHWA Emergency Relief	0	398	Included above in TEA-21 Reallocations.
	Flight 2000 (has been renamed as Safe Flight 21)	16	20	
	Transportation (Proposal for flexible funding of alternative transportation initiatives)	n/a	n/a	RMO cannot identify this item.
	ATF Firearms Enforcement	64	98	
	Counter-Terrorism Initiative	0	25	
	Customer Satisfaction Survey (GSA & Treasury)	n/a	n/a	RMO cannot identify this item.
	Training Technology Innovation Fund (GSA)	0	0	The RMO assumes this item refers to the Innovation Fund Federal Technology Service program which has zero funding for both FY 2000 and FY 2001 Passback.
	Federal Information Gateway	0.1	0.6	Innovation fund in Federal Technology Service.
	International Trade Data System	5	5	Funded through Customs user fee.
	Customs Automated Commercial Environment	0	137	Funded through Customs user fee.
	Legal Services	305	340	
	Naturalization/Citizenship Services	124	0	No appropriation. Establish backing reduction
	New Markets Initiative	37	37	HUD portion only, does not include $64 for SBA.
	USDA: Farm Labor Housing Loan Program (Loans)	25	30	Figures shown are direct loan levels.
	USDA: Farm Labor Housing Grant Program	13	15	

Budgetary Resources for Selected Programs
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RMO	Program	FY 2000 Enacted	FY 2001 Passback	Notes
	PRIME Act -- technological assistance for micro-entrepreneurs	0	7	
	INS Restructuring/Late Amnesty	0	0	
	ONDCP: US Olympic Committee anti-doping Efforts	3	0	In ONDCP's appeal letter it requests 6.3 m for anti-doping efforts.
Natural Resources, Energy and Science				
	Community/Federal Information Partnership	2	32	$30 million increase under the Lands Legacy Initiative.
	Brownfields	90	91	
	Indian Housing	620	630	
	Globe: Multi-agency, Multi-Committee Total	11	11	Includes NOAA, NASA, EPA, NSF.
	NASA Space Station	2,319	2,111	
	NASA Aviation Safety	127	134	
	NASA: Triana	35	2	Development complete in FY 2000; launch in FY 2001.
	NASA: USGCRP	1,193	1,152	
	USGCRP: Multi-agency, Multi-Committee Total	1,715	1,697	
	EPA: Clean Water	630	706	
	EPA: Climate Change	103	227	
	NSF Digital Library	13	17	
	Digitization, Total (Including NSF Library)	13	22	Includes NSF, Smithsonian, and Park Service.
	Smithsonian	438	458	FY 2000 enacted includes 0.38% rescission.
	Lands Legacy:	652	962	
	Federal	446	441	
	State	40	150	
	CFIP	2	32	
	Other Livability	n/a	n/a	RMO cannot identify this item.
	Climate Change (CCTI): Energy Conservation	577	819	
	Climate Change (CCTI0: Multi-agency/Multi-Committee Total	1,099	1,348	Includes DOE, USDA, EPA, HUD, and DOC.
	Clean Water Action Program	1,800	2,065	Discretionary total includes EPA, USDA, DOI, NOAA, and Corps of Engineers.
	Clean Air Partnership Fund (CAPF)	0	100	
	Endangered Species Act	153	190	Includes DOI and NOAA.
	PNGV: DOE Conservation	134	143	
	PNGV: Multi-agency, Multi-Committee Total	227	259	Includes DOE, NSF, EPA, DOC, and DOT.
	DOE: 21st Cent. Truck Initiative	n/a	n/a	Numbers still under development.
	21st C. Truck Init: Multi-agency, Multi-Committee Total	n/a	n/a	Numbers still under development.

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RMO	Program	FY 2000 Enacted	FY 2001 Passback	Notes
	Bureau of Indian Affairs	1,873	1,949	
	Interior: GDIN	0	0	
	GDIN, total	0	7	DOI: $0; NOAA: $2; FEMA $5.
	Information Technology (IT): Includes Next Generation Internet and IT2	1,731	2,109	
	Solar and Renewables	315	365	
	Spallation Neutron Source	118	281	
	Army Corps: Chickamauga Lock	3	2	
	Paducah and Portsmouth	110	155	Includes non-allocated funds for all three GDPs.
	Reform Freedom to Farm	n/a	n/a	Mandatory, no Passback yet.
	WIC	4,005	4,100	
	USDA: Food Safety	135	162	
	Food Safety: Multi-agency, Multi-Committee Total	354	400	
	International Forests	4	5	
	Coops	n/a	n/a	RMO cannot identify this item.
	Carbon Cycle Initiative	n/a	n/a	Included in the Climate Change (CCTI0: Multi-agency/Multi-Committee Total
	ARS/CREES Integrated Science for Economic Challenges	1	n/a	RMO cannot identify this item.
	Market Concentration	117	n/a	RMO cannot identify this item.
	Business and Industry Loan Guarantees (Loan Level)	850	1,000	
	Expand Trade	140	n/a	RMO cannot identify this item.
	APHIS	441	497	
	Farmland Protection Program	0.25	20	
	Crop Insurance	n/a	n/a	Mandatory, no Passback yet.
	Farm Bill Reform	n/a	n/a	Mandatory, no Passback yet.
	Food Aid	1,400	n/a	Mandatory, no Passback yet.
	Ethanol	75	n/a	RMO cannot identify this item.
	Loan Rates	n/a	n/a	Mandatory, no Passback yet.
	Partnership for Change (Colonias)	5	n/a	RMO cannot identify this item.
	Research Fund for America (not including NIH)	22,133	22,900	
	Water Quality State Revolving Funds (EPA)	2,170	1,625	Cumulative SRF: $1,350; Drinking Water SRF: $825.
	Northwest Rural Economic Development (USDA, DOI, DOC)	n/a	n/a	OMB does not track this anymore. NW "Jobs in the Woods" numbers are contained below in NW Forrest Plan.
	Everglades	286	327	
	Cal-Fed	60	60	
	Great Lakes (EPA)	17	17	
	NW Forest Plan Implementation (USFS, BLM)	78	89	BLM: $47; USFS: $42.

Budgetary Resources for Selected Programs
(In millions of dollars)

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RMO	Program	FY 2000 Enacted	FY 2001 Passback	Notes
	Hispanic Education Partnership Grants (USDA)	3	4	
	NASA: Minority University Research and Education	54	46	FY 2000 enacted includes $8 in Congressional earmarks.
	HBCU Historic Preservation	11	8	
	NSF: HBCU-UP	10	8	FY 2000 enacted includes $2 in Congressional earmarks.
	NSF: Engineering Research Centers	60	57	
	NSF: Major Research Instrumentation Facilities	95	109	
	Ag: 1890s Payments	31	31	
	Ag: Smith-Lever 1890s Extension	27	27	
	Ag: 1890s Facilities Grants	12	12	
	Ag: 1890s Capacity Building Grants	9	10	
Health & Personnel				
	Veterans Medical Care Programs	19,387	20,360	Does not include $600 for medical care collections.
	Other Veterans Programs	1,551	n/a	Passback is under development.
	Automation of Veterans Benefits	10	n/a	Passback is under development. Included in "Other Veterans Programs."
	FDA: Food Safety Initiative	188	203	
	FDA: Internet Drugs	0	1	
	HRSA: Health Professions, Pediatric GME	40	40	
	HRSA: Health Professions, Health Careers Opportunities	28	28	
	HRSA: Health Professions, Centers for Excellence	26	26	
	HRSA: National Health Service Corp	117	117	
	HRSA: Ryan White	1,595	1,645	
	HRSA: Health Care Access for the Uninsured	25	50	
	HRSA: Family Planning	239	254	
	Program Management	125	125	
	Indian Health Service Total BA	2,398	2,497	
	CDC: Domestic HIV/AIDS Prevention	695	695	
	CDC: Global HIV	35	44	
	CDC: Environmental Health Lab	18	18	
	CDC: Asthma	11	11	
	CDC: Infectious Diseases	176	197	
	CDC: Buildings and Facilities	60	80	

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(In millions of dollars)

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RMO	Program	FY 2000 Enacted	FY 2001 Passback	Notes
	CDC: Race and Health Demonstration Grants	30	35	
	National Institutes of Health Total BA	17,913	17,913	
	SAMHSA: Mental Health Total	634	714	
	SAMHSA: Substance Abuse Total	1,962	1,992	
	Agency for Healthcare Research and Quality PL	200	220	
	HCFA Program Management Total PL	2,135	2,222	
	HCFA Nursing Home Initiative (included immediately above)	34	36	
	HHS Office of the Secretary BA	230	232	
	HHS Office for Civil Rights	22	23	
	HHS Office of the Inspector General BA	32	33	
	Bioterrorism (comparable, FY 2000 net of earmarks)	247	255	
National Security & International Affairs				
	UN Arrears	351	95	
	USAID	527	508	Operating Expenses.
	GEF	36	176	
	MDB's	1,115	1,203	
	Debt Relief	123	200	
	R&D (6.1 and 6.2 accounts)	4,597	n/a	R&D levels are still under discussion with DOD.
	Global Positioning Satellite Modernization Initiative	294	601	Includes $88 for civil signals previously funded in DOT. The Passback level may change significantly pending decision on how to accelerate capabilities.
	Climate Change -GEF	150	150	Includes AID estimates for biodiversity (no tropical forest breakout) and Treasury debt relief for tropical rainforest countries.
	Tropical Forests	94	106	
	UNFPA	25	25	
	UNICEF	110	110	
	Puerto Rico: research & experimentation tax credit extension to territories	n/a	n/a	RMO cannot identify this item.
	Section 30A for businesses in Puerto Rico	n/a	n/a	RMO cannot identify this item.
	Puerto Rico: Rum Tax	n/a	n/a	RMO cannot identify this item.
	Puerto Rico: Empowerment Zone Eligibility	n/a	n/a	RMO cannot identify this item.

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(In millions of dollars)

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RMO	Program	FY 2000 Enacted	FY 2001 Passback	Notes
	Development Assistance to Latin America (includes child survival	309	316	Includes child survival.
	North American Development Bank (NAD Bank)	n/a	n/a	No request, no Passback.
Education, Income Maintenance and Labor				
	Education (Constructing schools as community centers)	0	0	
	Technology Literacy Challenge Fund (TLCF)	425	525	
	Ed. Tech.Total (Includes TLCF)	769	802	
	Class Size Reduction	1,300	1,500	
	After School	454	525	
	Hispanic Education Action Plan	9,908	10,136	Includes Title I Grants to LEA's, HIS's, Bilingual Ed, Adult Ed, and other programs.
	Hispanic Serving Institutions	42	42	
	Bilingual Education	248	252	
	Migrant Education	22	22	
	State Agency Migrant Program	355	355	
	Adult Education	470	495	Increase is for ESL/Civics.
	TRIO	645	645	
	Teaching to High Standards	1,206	503	Consolidation of Eisenhower Professional Development, Goals 2000, and Title VI.
	GEAR UP	200	240	
	Office of Drop-Out Prevention & Program Completions	0	0	Congressional Hispanic Caucus proposal has not been enacted.
	Parent Training & Information Centers	0	0	
	Expansion of Qualified Zone Academy Bonds (Tax Credit)	0	n/a	Passback only included discretionary funding, not credits.
	Migrant and Seasonal Head Start	23	25	
	Outreach/education on employee rights	n/a	n/a	RMO cannot identify this item.
	Wage & hour enforcement officers	142	153	
	School Construction	n/a	n/a	Tax credits were not included in Passback.
	Pell Grants	7,700	8,180	
	Strengthening HBCUs	149	149	
	Strengthening HBGIs	31	31	
	Supplemental Education Opportunity Grants (SEOG)	631	631	FY 2001 enacted includes $10 in emergency funds.
	Work Study	934	1,011	
	LEAP Program	40	40	
	Perkins Loans, Capital Contributions	100	100	
	Graduate Assistance in Areas of National Needs	51	51	$20 for JAVITS scholarships.

Budgetary Resources for Selected Programs
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RMO	Program	FY 2000 Enacted	FY 2001 Passback	Notes
	Teacher Quality Enhancement Grants	98	98	
	National Research & Development Centers	33	n/a	RMO cannot identify this item.
	Access America for Students	n/a	n/a	No specific appropriation.
	School Modernization (Spending)	n/a	n/a	Tax credits were not included in Passback.
	Special Education to States	4,900	4,900	
	Universal Pre-School	0	0	
	Troops to Teachers	0	10	
	American Indian Teacher Corps	10	10	Portion of $72 Indian Ed account.
	Learning Anytime/Anywhere	24	15	Straight-line net of earmarks.
	Title I, Grants to LEAs	7,941	8,141	
	Title I Accountability (non-add)	134	204	Included in total immediately above.
	High School Reform	45	125	FY 2000 was for Small Schools.
	Recognition and Rewards	0	0	
	Charter Schools	145	145	
	Early Childhood Professional Development	0	20	
	School Leadership (Principals)	0	0	
	Community Technology Centers	33	33	Included in Ed Tech Total Above.
	Software Development	0	0	
	AgNET	0	10	
	International Labor	70	77	
	Create Office of Disability Policy in DOL	0	n/a	Decision pending.
	Work Incentive Assistance Grants For the Disabled	20	20	
	Welfare to Work Grants	0	0	
	OSHA	382	409	
	NLRB	206	210	
	Head Start	5,267	5,901	
	Child Care (Discretionary)	1,183	1,183	
	Child Support (Mandatory) Let welfare families keep more of their child support money	n/a	n/a	Mandatory has not had Passback.
	Employment and Training Administration/ Training and Employment Services	5,466	5,502	
	Food Stamps (Mandatory Side) - Raise Vehicle Asset Limit, Immigrants	n/a	n/a	Mandatory has not had Passback.
	Benefit Restorations for Immigrants	0	n/a	Benefit restorations for immigrants are mandatory spending and therefore were not included in Passback. This issue cuts across Food Stamps, SSI and Medicaid.

Budgetary Resources for Selected Programs
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RMO	Program	FY 2000 Enacted	FY 2001 Passback	Notes
	UI -- Paid Leave	0	0	Proposed regulation will permit States to create experimental programs for parental leave in UI system.
	WH Conference on Youth			
	NEA	98	150	NEA will not appeal.
	NEH	116	150	NEH will not appeal.
	DOI: Save America's Treasures	30	0	FY 2000 is the last year of this 2-year initiative.
	Social Security Administrative Expenses	6,756	7,083	The 2000 enacted amount reflects total budgetary resources of $6,656 in new BA and a redirection of $100 from unobligated automation funds appropriated in prior years.

Nicole R. Rabner

12/10/99 01:25:29 PM

Record Type: Record

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

cc: Ann O'Leary/OPD/EOP@EOP, Ruby Shamir/OPD/EOP@EOP
Subject: Paid Leave

Bruce, the memo below responds to your request for a proposal to create a federally funded, state-administered paid parental leave program through the Unemployment Insurance System. The numbers are highly speculative, and the assumptions are outlined. If, for instance, the federal gov paid 6 weeks of wage replacement benefits following the birth or adoption of a child (the average UI benefit of $200/week) to one parent in a household making below median income (c. $37 K), who has been in the workforce at least for one year, the annual cost to the government would be roughly $637 million, with an additional $200 million for annual administrative cost and an additional $100 million for first-year start up costs. Over ten years, therefore, the cost would be roughly $8.5 billion. The number would grow significanly if we cover all workers regardless of income and/or if we cover both parents in a household, and would decrease significantly if we introduce a state match requirement.

FY 01 fed paid leave.121099

PAID PARENTAL LEAVE OPTIONS
December 10, 1999

GOAL: Create a Federally-funded, State Administered Paid Parental Leave Proposal Administered through the Unemployment Insurance system.

Criteria:

- Eligibility: One parent per household (i.e. mother OR father, but not both). Tied to income (below family median income, which is roughly $37,000/year) to assist the families that are most likely to face a financial barrier to leave-taking. Non-FMLA covered workers (likely benefit recipients) would be eligible.
- Workforce Attachment: Eligible new parents must be authorized to work in the U.S. and have been in the workforce – full or part time – for 1 year prior to birth or adoption. Linking eligibility to the workforce reinforces the purpose of the plan as a wage replacement plan, and one-year requirement demonstrates pre-pregnancy workforce participation. Workers could receive the benefit regardless of whether they intend to return to their job, or whether they in fact return.
- Benefit Duration, Timing, and Amount: Benefit would be available for set time only immediately following birth or adoption. A worker with access to employer paid-leave who wanted to participate in federal paid leave would have to use the federal benefit before using employer-paid leave in order to minimize disincentives on employers who might otherwise provide benefits. The simplest benefit amount approach is used, setting one amount available to all eligible workers ($200 per week represents close to the U.I. average benefit).

Assumptions:

- Take Up: Assume 11 percent would not take time off (FMLA Commission data).
- Ineligibility: Assume 35 percent ineligible based on workforce attachment criteria.

	4 weeks leave	6 weeks leave	8 weeks leave	12 weeks leave
Annual cost estimate of $200/week wage replacement for workers below median income	$425 million	637 million	$850 million	$1.27 billion
With $200 mil. Admin. cost	$625 million	$837 million	$1.05 billion	$1.47 billion

** First year cost would require an additional $100 million for start-up costs.

NOTES: (1) To include both parents in this estimate, we would effectively need to *double* these annual costs; (2) These numbers are *HIGHLY* rough estimates, using various data from CPS and the FMLA Commission; (3) If we eliminate the income eligibility criteria, the cost estimate is somewhat less than double, e.g. for all workers, the annual cost to the gov. (minus one-year start-up costs but with admin cost) for 6 weeks of leave would be roughly $1.2 billion annually).

Draft

December 7, 1999

MEMORANDUM FOR GENE SPERLING

FROM BILL DAUSTER
BRIAN KENNEDY

RE PRESCHOOL INITIATIVE

This memorandum reviews programs and options for possible preschool initiatives.

Head Start: We are committed to enrolling 1 million children by 2002. We now serve 835,000 children, leaving 165,000 for the next 2 years. HHS proposed covering half of the difference in 2001, up to 920,000, at an incremental cost of about $800 million. OVP would very much like to do that or more. OMB's pass-back will likely recommend $634 million, which would fund one-third of the amount needed. Because of quality funding requirements Chairman Goodling wrote into the law, slots are more expensive to fill in the short run than over the long run. The Goodling language requires about 60 percent of the funds, then 50 percent, then 40 percent, to go to quality – half of which is essentially a floor on caregiver salaries. Thus it will be cheaper to fill slots in 2002 than in 2001. There may also be practical difficulties with getting all the way to 1 million children in 2001, as it is not clear that capacity exists to add all 165,000 children in one year. Taking that step might therefore require expansion grants. Another option would be to stay on a slower current path, but advance appropriate for 2002 the sum necessary to complete the task.

Early Head Start: Early Head Start, which funds efforts for children 0 to 3, covers 45,000 children in total. The president has committed to covering 75,000 or 80,000 children by 2002, as part of the overall million children on Head Start. The difficulty with Early Head Start is that its costs are high per child.

Education Programs: Title I helps to fund early childhood education, so a set-aside within Title I might be another possibility for funding. Another possibilities would be full-day kindergarten funding for disadvantaged areas, perhaps funded through Title I. Georgia apparently has begun a universal pre-school program. We would want to ensure that any proposal we offer does not simply substitute for state efforts. OMB is hearing from experts in the field and states.

Early Child Educator Professional Development in the ESEA: The Department of Education and others are very concerned that preschool needs to have a tangible education focus. To that end, we need a pipeline of caregivers well trained in teaching small children – caregivers, for example, knowledgeable in how reading is learned and able to spot developmental disabilities. Standards alone do not appear to be enough. A substantial increment in funding to this component – on the order of $200 million – would highlight its importance and help it to achieve its goals.

The Early Learning Fund: The President proposed the Fund in fiscal years 1998 and 1999, drawing on research that showed that children's earliest years are critical to their development and future success. The Fund would provide challenge grants to communities (distributed by states) to support programs to improve early learning and the quality and safety of child care for children ages 0 to 5. Communities could use funds to provide basic training to child care providers (including first aid and CPR); connect individual child care providers to centers for education and support; assist child care providers to meet accreditation and licensing requirements; link child care providers with health professionals; reduce group sizes and child-to-staff ratios; and provide home visits, parent education, and consumer education about child care. The Fund builds on state initiatives such as North Carolina's Smart Start, which helps North Carolina's children enter school healthy and ready to succeed. The President's fiscal year 2000 budget requested $600 million a year -- $3 billion over 5 years -- for this fund. As Congress has not picked the proposal up, some are considering other strategies to advance its goals. As well, OMB is evaluating whether we can provide greater detail for the program or perhaps language amendments that would increase the number of children served.

Child Care Appropriations: One possibility is acting through appropriations. The fiscal year 2000 Labor-HHS-Education appropriations act funded child care at $1.183 billion, of which it set aside $173 million for quality in response to the President's request, $50 million for infants, and $10 million for research. The appropriators fund child care in advance, so this year Congress debated funding for fiscal year 2001. The Senate sought $2 billion, but the final bill froze overall funding at $1.183 billion, of which $1.01 billion goes to subsidies and $173 million to the quality set-aside. During this year's consideration of the bill, Chairman Specter committed that next year, the Labor-HHS-Education bill would increase fiscal year 2001 funding to $2 billion (while also continuing the practice of advance appropriations, for 2002).

Move Early Learning to Discretionary Funding? OMB is considering adding discretionary funding advance the goals of the Early Learning Fund. Focus on cognitive development, in ages 0 to 5. Go to states through the CCDBG formula. States would have to put forward a plan for how to use the funds. If a state obtained Federal approval of its plan, it could give funding out as it wanted. This modified design is intended to reduce administrative costs. OMB staff are contemplating a proposal in the $2.5 billion range – a $1.3 billion increase -- of which about $500 million would be devoted to quality – a $300 million increase for quality. We would propose a limited change in appropriation language – orienting the funding to cognitive development -- and issue regulations to implement the proposal. The level that OMB seeks to propose for subsidies versus quality is in flux.

Jeffords ESEA Early Learning Proposal: Chairman Jeffords has floated a conceptual draft of a proposal for a program he is contemplating be included on the Elementary and Secondary Education Act. Some have concerns whether this should be in the ESEA at all, but we might acquiesce in it as a step toward advancing Early Learning.

Kennedy-Stevens Bill: Senators Kennedy, Stevens, Dodd, Jeffords, and John Kerry have introduced S. 749, the Early Learning Trust Fund, which would set up a program to provides flexible funds to states and localities to establish, maintain, or strengthen full-day, full-calendar-year early learning programs. The bill would provide $2 billion annually (entitlement funding) for 5 years, distributed to states on the basis of a formula tied to the number of children under the age of 6. Ninety percent of the funds received by the State would be passed through to localities. Funds would be required to supplement, not supplant, existing Federal, state or local public funds for early childhood programs. States would be required to provide a match of $1 for every $4 in Federal funds, and the match could be in cash or in in-kind contributions. The Department of Health and Human Services, in consultation with the Department of Education, would administered the program. Localities could use funds to increase the number of children in Early Head Start, increase the number of children in state pre-K programs, increase the number of children in full-day/full-year Head Start, and enhance education and comprehensive services provided to and through child care programs (including health screening and diagnosis, parent involvement and education, staff training in early childhood development, upgrading salaries, etc.) Although the proposal is promising, many in HHS and in the advocacy world worry that it might compete with Head Start.

Tax Credits: Although we are considering tax issues under another rubric, I wanted to note here as well that the Dependent Care Tax Credit, and proposals to increase it or make it refundable, are also major components of the Administration's preschool agenda.

Ann O'Leary
12/06/99 05:07:16 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP, Andy Rotherham/OPD/EOP@EOP, Nicole R. Rabner/WHO/EOP@EOP

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Subject: Universal Afterschool

Bruce -

Attached is a set of options for providing "universal" afterschool. Due to the fact that we have limited information on the number of current grantees that serve students in low-performing schools, the numbers are based on the percentage of Title I low-performing schools that already have some type of extended learning program.

There seem to be two broad options at this point in terms of an announcement. One is to ensure that any student attending a failing school can have access to a high-quality afterschool program. This goal realistically can be met with a FY '01 budget request of $900 million assuming that approximately 40 percent of the 7,000 schools in Title I school improvement need after-school programs.

The second broad option is to try to go beyond targeting the lowest performing schools and continuing the goal of providing both academic enrichment and quality child-care for school-age children. The programs success and the call for more funding has often come from a broad-based of middle-class parents who want and need quality after-school options for their children. This estimate is 15 million children in total.

In order to get these numbers more exact, I am following up with the Department to see if they can sample grantees to determine how many current grantees serve students in Title I school improvement or corrective action schools. The Department also hopes to soon get a better estimation of children "in need" of after-school that would narrow the 15 million children by looking at need in terms of poverty and educational disadvantage.

Let me know your thoughts.

-Ann

21st C universal option.

Universal Access to 21st Century After-School Programs

Option A: Provide universal access to after-school and/or summer school for any student that attends a low-performing school.

Background:

Failing schools: Under Title I, approximately 7,000 schools have been identified for "school improvement." (Note: There are approximately 45,000 Title I schools overall, 16% have been identified under the Title I accountability system.) Of these 7,000 schools, 900 schools have been in school improvement for more than two years and 560 for more than three years for a total of 1,460 that are now eligible for "corrective action."

While we do not have an exact number of schools that have been identified under other accountability systems (state or local), we do know that most schools being identified are Title I schools and that States widely vary in how they identify schools in need of improvement. In Texas, for example, less than 1% of their schools have been identified as "low-performing" or "in need of improvement" while in both New Mexico and Washington, DC more than 80% of their schools have been identified as "low performing."

Of these schools, we know that based on a sample of schools that in school improvement, approximately 80% already run some type of extended learning program (before, after, or summer school). And, for schools that have been in school improvement for more than 2 years, 62% reported having some type of extended learning program. We do not have information on the quality of these programs, however.

21st C grantees: Of the current 21st Century grantees, we know that 75% of the grantees are in schools with 50% or more students in poverty, but that only 45% of the grantees are Title I schools. Of these Title I grantees, we do not, however, have an indication of the number of these grantees that have been identified under Title I as "in need of improvement."

We also know that in terms of a break-down of extended learning time services, 95% of the grantees are providing after-school programs, 12% before school programs, and 76% summer school programs.

Assumptions and Cost Estimates:

Scenario 1: Target 21st Century grants to all schools identified in Title I school improvement that do not currently have extended learning opportunities for their students.

Assumption 1:

Targeting those schools identified under Title I as "school improvement" schools:

7,000 schools.

60% already have extended learning programs, 40 in need of quality extended learning program: 2800 schools.

Program will serve between 150-500 students per year and will cost $700/student making the range between $105,000 and $350,000 per grant.

Total Cost/year: $294 - 980 million per year

Cost with Match (assume 50% local match): $147-490 million

FY 01 high-end budget request: $453 million for continuation grants, $490 million for "universal access" to students in low performing schools = $943 million

Assumption 2:

Assume 80% already have extended learning programs, 20% in need of quality extended learning programs: 1400 schools

Program will serve between 150-500 students per year and will cost $700/student making the range between $105,000 and $350,000 per grant.

Total Cost/year: $147-490 million per year

Cost with Match (assume 50% local match): $74-245 million

FY 01 budget request: $453 million for continuation grants, $245 million for "universal access" to students in low performing schools = $698 million

Scenario 2: Provide 21st Century grants to <u>all</u> Title I schools in Title I corrective action.

Assume that all schools in corrective action, need additional assistance to provide or improve their extended learning programs: 1400 schools.

Same cost assumptions as above for a total request of $700 million.

Scenario 3: Provide 21st Century grants to any Title I school that has been identified under Title I, State, or local accountability system as "low-performing" or in "need of improvement."

Assume that of the 45,000 Title I schools, 25 percent of the schools have been identified under either Title I, State, or local accountability systems as "low-performing" or "in need of improvement." Total schools: 11,250

Assume 60% already have extended learning and 40% are in need: 4,500 schools

Same cost assumptions as above with match: $236-790 million
FY 01 Budget Request: $453 for continuation + $790 = $1.25 Billion

Assume 80% already have extended learning and 20% are in need: 2,250 schools

Same cost assumptions as above with match: $118-395 million
FY 01 Budget Request: $453 for continuation + $395 = $848 million

Option B: Provide universal access to quality after-school programs for all students in need.

Background: According to a 1993 National Study of Before and After-School Programs, 15 million children are "latch-key" kids in need of after-school services

The goal of this option is to keep the after-school program as a program that serves both the needs of educationally and economically disadvantaged students, as well as a program that helps fill a gap in child-care and can provide enrichment and extracurricular activities for all children.

In FY 00, the 21st Century program expects to support 3,960 21st Century Community Learning Centers and serve 861,000 children.
[NOTE: 95% of grantees in FY99 report that they are serving "at-risk" students]

FY 01 Request: Assuming a 50% match and $1 billion, the 21st Century Community Learning Centers could support 10,458 centers, 2.8 million children

Priority could be first to schools in Title I corrective action then to Title I school improvement schools and, finally, to any school identified under a state or local accountability system as low-performing.

Five-Ten year projections:

FY '01	$1 billion	2.8 million children
FY '02	$1.5 billion	4.2 million
FY '03	$2 billion	5.6 million
FY '04	$2.5 billion	7 million
FY '05	$3 billion	8.4 million

To: Bruce Reed
Barbara Chow
Bill Dauster

Fr: Nora Rabner

In case you haven't yet seen.

United States Senate

December 8, 1999

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

Dear Mr. President:

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

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

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

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

Sincerely,

Jim Jeffords
JAMES JEFFORDS

Edward M. Kennedy
EDWARD M. KENNEDY

cc: The Honorable Jacob J. Lew

CHILD CARE SUBSIDIES

BACKGROUND: As documented in HHS' September 1999 report, Access to Child Care for Low-Income Working Families, only 10 percent of children eligible for federal child care assistance through the Child Care and Development Block Grant (CCDBG) are receiving support. The report compiled state-by-state data of the number of children eligible for federal funds and found that the percentage of children helped ranged from a low of 4% in Mississippi to a high of 24% in West Virginia. Overall, the report estimates that 14.7 million children in low income families were eligible to receive a subsidy under federal income limits, but only 1.5 million children in 1998 received assistance. The President's FY 1999 and FY 2000 budget requests contained significant new mandatory resources for child care assistance through CCDBG ($7.5 billion over five years) to provide child care subsidies to 1.15 million additional children.

RECOMMENDATION: Move the President's subsidy expansion request to the discretionary side of the budget. Currently, the discretionary title is funded at $1.182 billion. Increase that by $818 million for FY 2001and 1.12 for FY 2002 (because CCDBG is an advance appropriated program, our budget should address both fiscal years). An increase of $818 million in FY 2001 would enable the program to serve an additional 220,000 low-income children, assuming no state match, and 275,000 additional low-income children, with an 80-20 match. While the current discretionary title contains no match, the President's FY 2000 budget request for additional mandatory subsidy dollars introduced a new 80-20 match. Therefore, we recommend maintaining the 80-20 match in the new discretionary budget request.

FURTHER RECOMMENDATION: If we decide to pursue a child care quality initiative on the mandatory side of the budget, we recommend re-proposing for FY 01 two items in CCDBG that exist in FY 00 but were not included in the Omnibus Appropriations, which forward-funding CCDBG for FY 01 – (1) the $50 million set-aside for infants and toddlers, and (2) the $10 million set-aside for child care research.

MEETING THE NEEDS OF THE NON-STANDARD WORKFORCE

Rationale

Approximately, 25 to 30 percent of the U.S. labor force work in non-standard arrangements; this group includes independent contractors, contract workers, temporary agency employees, on-call workers, day laborers and part-time workers. While this class of workers is diverse in its demographic make-up, income scale, and satisfaction with non-standard work arrangements, many of these workers share in common a lack of access to health and retirement benefits that most workers in the traditional workforce receive. According to estimates from the Economic Policy Institute only 12 percent of non-standard workers receive retirement coverage and health insurance benefits from their employers, compared to 66 percent of the traditional workforce.

Many temporary, contract and part-time workers are not eligible for benefits because they are not employed in any one place long enough or don't log enough hours. Additionally, while many temps are offered the opportunity to receive benefits from their temp companies, many decline because the employee contribution is too expensive. Independent Contractors are technically self-employed and therefore are excluded from employer provided benefits.

As a result of these arrangements a large and, by most estimates, growing segment of the working population does not have access to health insurance or pension benefits. This puts companies that do offer coverage under tremendous strain because they support families and spouses of their employees and therefore subsidize the cost of benefits for the companies that do not provide such coverage. This could potentially lead more companies to find ways to further skirt the obligation to provide benefits (such as hiring more non-permanent and part-time workers).

Ideas

The Department of Labor's Working Group on the Benefit Implications of the Growth of a Contingent Workforce surveyed representatives from labor unions, think tanks, temp companies, the Departments of Labor, Treasury, and the Census Bureau, and employers. In its soon to be released report, a majority of the witnesses reiterated the need to find ways to ensure that these workers have access to retirement and health benefits. Some of the Advisory Council's recommendations included extending the protections provided by labor and antitrust laws to independent contractors, temporary workers, and contract company workers; developing purchasing coalitions that would permit non-standard workers to obtain health insurance and pension benefits; supporting MEWA's; and changing the IRS definition of employee.

The DoL appears to be open to some of these ideas, however, they have not been fully vetted through the Department. Many of these recommendations reflect advocates of non-standard workers preferences as well, however, we have yet to test these ideas with other organizations such as unions.

RESEARCH OPTION

The Census Bureau's Current Population Survey (CPS) began measuring the occurrence of various types of contingent work in 1995 and collects data every two years (1997 data is the latest data that has been released; 1999 should be released within the next few weeks). According to analysis by a number of organizations, the data is not comprehensive enough for a few reasons:

(1) It does not include part-time workers. Part time work is tabulated monthly by the BLS and can be cross-analyzed for the time period contingent work data is collected.
(2) Rather than measuring the hours variability and the nature of the contract entered by the employee and employer, it only measures the employee's feeling of job stability or lack thereof; and
(3) It collects data on this class of workers only every two years. Because the nature of temporary, contract work is short term (the National Association of Temporary and Staffing Services estimates that the average job tenure for temporary employees is 9.6 weeks), and because it has a limited longitudinal component, it does not measure how this class of workers fares over time.

In brief conversations with BLS staff, the BLS appears reluctant to change the nature of the survey. However, in conversations with advocates and researchers outside the government, I have found that there is some desire to collect more detailed data more often.

We should consider developing a research fund to examine this workforce that could better inform future policy decisions that affect this population. Such a fund would enable researchers to better identify the character, growth, and nature of this population; its access to health and pension benefits; the relationship between temp companies and the non-standard workforce including, among other things, an examination of the growth of temporary companies, the types of workers they tend to employ, the services and benefits they provide (or don't provide), their effects on unemployment and welfare reform (over the course of a year or two); the effects of traditional labor protections on this population. This information currently exists in piecemeal form, and policymakers do not have adequate information to make informed policy decisions for this group of workers. [checking with DoL; would cost approximately $2 million, needs to be scored].

TAX INCENTIVES OPTION

Given the recommendations listed above, we could develop a tax incentive for temp companies and/or unions and/or other non-profit organizations to offer benefits packages. One such non-profit organization is "Working Today" which serves free-lancers and part-timers in the New York City area. Working Today offers access to group-rate health insurance for independent workers and their families, free and low cost legal advice from a specified network of attorneys, and discounts on computers, and office equipment and supplies.

We need to check in with Treasury/NEC to see if this is viable.

Various Ways to Package Welfare Budget Ideas
11/24/99 DRAFT

	Promote Responsible Fatherhood	Support Working Families	Help People Get to New Jobs	Move More People from Welfare to Work	Encourage Saving and Asset Building	Promote Faith and Community	Foster One America
1. Child Support Enforcement							
2. Welfare to Work Grants							
3. VP Fatherhood Ideas							
4. Ex-Offender Employment							
5. Nontraditional Employment for Women							
6. Tribal Welfare Reform							
7. Housing Vouchers							
8. Transportation							
9. Food Stamps							
10. IDAs							
11. Homeownership							
12. WOTC/WtW Tax Credits							
13. Transitional Medicaid							
14. Substance Abuse Trtmnt							
15. Legal Immigrant Benefits							
16. Promoting Faith and Community							
17. Work Expense Tax Credit for People with Disabilities							
18. Technology for People with Disabilities							
19. Funding for Employment of People with Disabilities							

Welfare to Work Budget Ideas
11/24/99 DRAFT

1. **Child Support Enforcement**: While child support collections have risen dramatically under the reforms enacted by this Administration, in too many cases child support is an unreliable source of income for families moving from welfare to work and other low income families. We could put forward a package of proposals to a) collect more child support; b) provide more reliable support for mothers and children; and c) help low-income fathers get jobs so they can support their kids. These proposals could be coupled with new collection data we expect to have shortly showing collections since 1992 have nearly doubled, from $8 billion to an expected $15.5 billion or more.

   a) **Collecting More Support:** We are exploring the feasibility of increasing federal involvement in garnishing wages in interstate child support cases. Currently, the federal government, through the newly created federal databases (FPLS), locates the jobs and bank accounts of deadbeat parents in other states, but then relies on the states to follow up and begin the process of establishing orders and/or sending withholding notices to employers of delinquent parents. The Federal part of this process has been extremely successful. According to HHS, in FY 1999 2.8 noncustodial parents owing child support had their home address or employer identified through the FPLS. Information gathered by advocates suggests that in many States the information from the FPLS is received but not used. Because we do not require state reporting on this information, these problems are difficult to verify.

   A partial solution to this problem would be to give the FPLS the authority to send income withholding orders directly to identified employers when a match is made. This approach would achieve three positive results:

      1. It would reduce the amount of information flowing back to the States on which state action is necessary. This reduction in volume might enable the States to process and act on the information they do receive.

      2. It would ensure the proper use of new hire information in cases with an order. If the FPLS sends the withholding order to the employer, it will know that action has been taken and that the purpose of creating the FPLS has been served.

      3. It will shorten the time the family has to wait for support. If the FPLS sends a withholding order immediately after making a match, considerably less time will pass before the employer begins withholding and the family receives payment.

   Two other provisions of PRWORA are also important to note here. PRWORA mandated that all states adopt the Uniform Interstate Family Support Act, which requires employers to honor income withholding orders in interstate cases, once a properly filled out income withholding order is received. Therefore, the law already requires employers to honor documents which would come from the Federal government. In addition, PRWORA mandated the development and use of an interstate income withholding form. This form has been developed and could be easily used by the Federal match system in communicating with employers.

Obstacles to this idea do exist. First, the Federal Case Registry (FCR), within the FPLS, does not maintain payment information or indicate whether the case is an interstate one. This information along with medical support information would require extensive State and Federal systems changes that would be needed to facilitate communication and to ensure that accurate payment data is maintained. Also, States currently enjoy the flexibility to apply a myriad of variables in income withholding of which HHS would have to be aware to issue orders correctly in the interstate context. For example, States define "income" differently. States have different child support guidelines and even within the same type of guidelines there are variations. States have different ages of majority when income withholding terminates. Some States charge interest on child support arrears that accumulate. Furthermore, States also treat medical support differently on factors such as what they consider to be an "unreimbursed' expense. We will work through these issues to see if they are surmountable.

Another, related proposal we could make would involve announcing targeted audits of states to ensure they are acting quickly to collect and distribute support. OMB has some ideas in this area we plan to discuss.

b) Streamlining Child Support Distribution Rules So Mothers Get More Reliable Child Support Income: The current child support distribution rules are complex and often counterproductive. When a father pays support in a given month, whether or how much of that support goes to his children depends on a complex set of rules involving whether the child is or ever was on welfare, and whether the father owes past due support that accumulated before the mother and child were on welfare, while they were on welfare, or after they left welfare. As a result, there is often little connection between what a father pays and what his family gets, parents have less incentive to cooperate with the child support system, families can't count on stable child support income, and state child support staff spend time figuring out how to distribute payments every month among 14 categories – time they should use to collect more support.

HHS has proposed a two part proposal, which simplifies the child distribution rules at a cost of $500 million over 5 years, and also provides federal match to states that pass through child support to families on welfare, at a cost of $100 million over 5 years. (These proposals cost money because collections which under the current rules would go to the state and federal governments for past-due support accrued before or while the family was on welfare would go instead to the family.) The cost of the pass through proposal is kept low by providing federal match only to states that increase their pass through from current levels (about half the states currently pass through $50 or more) up to a cap of $100 per month. We would suggest amending this to give the handful of states now passing through $100 or more some incentive by providing federal match for either additional pass through up to a total of $100 per month or $50 more than the current pass-through level.

Republican House members and states are very interested in reforming the distribution rules; in particular Rep. Nancy Johnson's Ways and Means subcommittee staff have indicated they plan to make this a priority in the coming months. House and Senate Democrats and some Republicans are interested in increasing pass through to families on welfare, including Senators Kohl, Snowe, Bayh, and Domenici who have introduced bills to do so.

HHS partially funds these proposals by an initiative to require states to seize gambling proceeds from parents who owe child support, raising just over $200 million over five years. This proposal makes sense conceptually, but needs work on implementation (currently HHS would give casino employees direct access to federal databases). OMB is working on other pay-for ideas (including some we proposed last year which were not enacted) which we will discuss with them shortly, with the goal of having a proposal which is fully paid for within child support.

c) **Child Support Law Enforcement Initiative**: We believe Congress enacted the first year of a five year $34 million increase in funds we requested last year to better enable U.S. Attorney's offices to prosecute the most flagrant child support violators (those who violate the felony laws under the Deadbeat Parents Punishment Act). We will get a more complete update, but in any case should support $5 to $8 million in FY 2001 for this purpose.

d) **Enable more Low Income Fathers to Work and Pay Child Support** (see Welfare-to-Work grants and Ex-Offender Employment sections below). In addition to proposals through DOL and DOJ, we may be able to identify funding through the Office of Child Support Enforcement's baseline resources for demonstration grant funds to support innovative responsible fatherhood initiatives.

2. **Welfare-to-Work Grants**: New investments in the Welfare-to-Work program could help both long-term welfare recipients (mostly mothers) and non-custodial parents (mostly fathers) get and keep jobs. Since 1998, the WtW program has invested more than $350 million in projects helping non-custodial parents of children on welfare to work and support their families. At the same time, the new technical amendments which include an explicit personal responsibility contract requiring child support cooperation for non-custodial parents and expand eligibility for non-custodial parents should increase the program's focus on fathers. There are several ways we could propose additional resources for Welfare to Work:

a) Propose additional $750 million - $1 billion in FY 2001, similar to our FY 2000 proposal, with some additional program changes we proposed this year that were not enacted as part of the technical amendments (including requiring states to spend at least 20% on low income fathers, increase funding for tribes, allow tribes to apply directly for competitive grants, rolling unallocated formula funds to competitive grants and giving preference to communities and tribes from states who chose not to apply).

b) **Propose $250 - $500 million only for competitive grants in FY 2001, with major emphasis on responsible fatherhood**. Depending on out-year funding situation, we could propose a multi-year request that totals $1 billion, which would prevent protests from the local officials who were the strongest supporters of our $1 billion FY 2000 proposal. Major advantages of this approach include: there has been strong unmet demand for competitive grants (DOL has received applications requesting $6.5 billion for about $700 million in available competitive grant funds), this gets funds directly to locals (many competitive grantees are cities and counties), it positions us for working with Hill on fatherhood proposals, and it targets resources where they are most needed. We may wish to broaden the purposes of WTW if we want to sell WTW as the vehicle for fatherhood grants to include marriage-promotion, which was a key focus of the Fathers Count Act which passed the House at the end of session.

In addition to targeting a substantial portion of resources to responsible fatherhood initiatives, we could also target other key priorities as we did in the FY 99 competition. Resources for tribes (see below) could be accommodated within this funding level.

Note: OMB has a proposal, still at the conceptual stage, for competitive grants to fund job retention, skills upgrading and Medicaid/Food Stamp outreach that would help those who have left welfare and other low wage workers and would operate through DOL's One Stops. They would propose such grants as the new WtW proposal, but understand now our interest in competitive grants that also focus on fathers. We will be meeting to discuss their ideas further and figure out whether they can work together.

c) **WTW and Cars**: We could allow a certain portion of WTW funds to be used to help people lease or purchase a car. DOL has opposed the concept to date, and it may take a statutory change, but this could be worth revisiting especially if we are trying to make other programs more car-friendly.

d) **WTW Resources for Tribes**: In order to ensure adequate resources for tribes, we could propose continuing tribal formula allocations of $15 - $30 million per year within the overall funding level identified above. Last year we proposed doubling resources from 1% of $1.5 billion, or $15 million, to 3% of $1 billion, or $30 million. In addition, we should again propose allowing tribes to apply directly for competitive grants. Based on the response received from Hill staff this year, we believe there is significant interest in this issue, particularly in the Senate. See below also description of tribal welfare to work proposals from Interior and other agencies.

e) **Extend the three year deadline** for formula and competitive grantees to spend down FY 1998 and FY 1999 funds. This may have outyear costs, though OMB's score would likely be less than CBO's.

3. **Additional Responsible Fatherhood Proposals Proposed by the Vice President**:

a) Require All Fathers Who Owe Child Support to Pay or Go to Work: As a condition of receiving federal child support funds, we could propose federal legislation requiring every state to have a law requiring all non-custodial parents -- mainly fathers -- to pay child support or go to work. "Deadbroke dads" who need a job in order to pay child support would get help in finding one. This initiative could be funded through existing TANF funds or Welfare-to-Work funds. This proposal would significantly expand upon successful initiatives in selected communities, such as Tampa Bay, Florida, which require non-custodial parents of children on welfare who owe child support to work or go to jail.

b) "Don't leave home without it" - No New Credit Cards For Parents Who Owe Child Support: Parents who have a history of not paying child support should not be rewarded with new financial benefits until they meet their responsibilities towards their kids. We could challenge credit card companies to deny new credit cards or additional lines of credit to parents who owe a substantial amount of child support (over $5,000). To help credit card companies meet this challenge, the Federal government could directly provide timely data on parents owing child support to the credit bureaus instead of relying on state reporting.

c) Increase the number of fathers establishing establish paternity by requiring programs that receive federal funds such as day care providers, Head Start centers, schools, health clinics, and food stamps offices to offer voluntary paternity establishment services to families. Short of a new mandate, we could probably accomplish a lot through MOUs and technical assistance, building on efforts HHS has already begun.

d) Eliminate the marriage tax penalty in EITC – this is on NEC's draft list.

e) Supporting Marriage. There are several ways to promote and strengthen marriage. As the Vice President proposed, we could support approximately $20 million per year in competitive grants to community and faith-based organizations to help couples prepare for and strengthen their marriage, become better parents, and reduce domestic violence. We could challenge states to use their TANF grants for these purposes. The High Performance Bonus measures proposed to go into effect October 1, 2000 will include a measure rewarding states for improvements in the percentage of poor children living with two married parents, so states will have an additional incentive to invest resources in such activities.

Something not proposed by the VP which we could add is funding for National Center for Health Statistics to improve data on marriage and divorce. In the past several years they have stopped collecting detailed information from states due to budgetary pressures and concerns about the quality of the data. This has received a surprising amount of press attention, some have used this to criticize the Administration for being 'weak on marriage', and House W&M staff have expressed interest in restoring funding. We could either wait for them to do so, or pre-empt them with a modest funding proposal [HHS has done only very preliminary estimates – probably no more than $10 million.]

f) **Increasing funds for Access and Visitation.** We could double funding from $10 million to $20 million a year for grants to facilitate non-custodial parents' access and visitation with their children through mediation, supervised visitation, and development of parenting plans. Fathers' advocates argue that this will result in increased child support collections. Some women's groups oppose these grants because they are perceived to favor fathers. Several communities are using these grants to promote connections between prisoners and their children, so we may want to link this into the re-entry/ex-offender proposal.

g) **Fund a National Clearinghouse and Public Service Campaign.** The Vice President proposed launching a national public service campaign to encourage fathers to embrace their responsibilities and establish a national clearinghouse for states and local communities to share best practices, but did not identify specific resources. Our FY 2000 WTW reauthorization proposal included a 1% set aside for research and technical assistance similar to a clearinghouse. House and Senate fatherhood bills currently include funding for a clearinghouse and public service campaigns, though in somewhat different forms. We might want to identify several million dollars in our Welfare-to-Work proposal for similar activities that would give us some leverage with the Hill on this issue.

4. **Ex-Offender Employment**: Because many low-income non-custodial parents have criminal records and a high proportion of men in prison are fathers, we're exploring ways to help men in prison become better fathers and prepare them for employment upon their release. DOL has proposed $200 million in the FY 2001 budget for ex-offender training through the Workforce Investment Act, and DOJ is proposing a re-entry program (see crime team memo). In concept, these proposals have merit and could be packaged into a strong initiative that promotes public safety, responsible fatherhood, and employment have merit.

5. **Increasing Nontraditional Employment for Women.** DOL has proposed $11 million for a Women Achieving Parity initiative, including $2 million for a demonstration program to provide non-traditional employment for low-income women, especially in hi-tech fields. We are learning more about the proposal, but it sounds appealing as a way to provide some balance to our fatherhood initiatives by helping us respond to women's group who have urged us to promote more high-wage, non-traditional jobs for former welfare recipients. This could be packaged with existing initiatives within DOT to help employ women in non-traditional highway jobs.

6. **Tribal Welfare Reform Employment Initiatives.** We are working with Mary Smith to review and possibly reshape proposals submitted by Interior's Bureau of Indian Affairs ($30 M), DOL ($6 M) and HHS ($10 M) related to helping tribes address welfare reform and promoting employment and self-sufficiency in Indian Country. We're not yet sure where OMB stands on these proposals. These could be packaged with roll-out of the final rule for

Tribal TANF, currently scheduled for February 2000.

7. **Housing vouchers**: We should support HUD's overall request for $983 million for 172,000 new Section 8 vouchers, with the caveat that 50,000, rather than the 25,000 HUD proposed, be used for welfare to work. In addition, we should propose designating approximately 1,000 vouchers for family reunification awarded on a competitive basis for responsible fatherhood demonstration projects that encourage non-custodial parents to re-unite with their families. This would build on a promising father's program implemented in Hartford. OMB advises that Congress has historically provided several thousand family unification vouchers, even in years when they provide no new vouchers, though these vouchers have traditionally focused on keeping families together to avoid foster care. In addition, OMB is proposing an initiative to make Section 8 vouchers work better in tough markets, such as where rents exceed the Section 8 amounts, where there is a shortage of affordable housing, or where landlords are reluctant to accept Section 8 vouchers. Senators Bond and Wellstone expressed concern about this issue this year, and both the Center on Budget and Policy Priorities and Urban Institute support taking some action. We will be getting more information from OMB shortly, but just wanted to get this on the radar screen for now as something that may be worth supporting.

8. **Transportation, with emphasis on Cars to Work theme:** There are several ways we could help low income families get the transportation they need to get to work.

   a) **Access to Jobs Transportation**: Support funding at full authorized level of $150 million. Funding of $150 million would roughly double the number of communities served (as many as 150 new projects) and provide continued funding for the multi-year projects approved in FY 1999. For FY 2000, Congress provided funding only at the guaranteed level of $75 million, then earmarked about $50 million of the funds, leaving only about $25 million for competitive grants.

   b) **Family Loan Program**: We could provide one-time seed funding totaling $15 million to one or more national organizations to provide loans to low-income families, which under current models families use primarily to repair or purchase cars. This could be done through a competitive process structured to attract a few qualified national organizations. The Ways to Work loan program has already provided $13 million in microloans averaging $1,800 to over 12,000 families in about 30 sites to help them move to self-sufficiency and is now seeking federal funding to expand this effort to reach over 50,000 families in 70 communities over the next 10 years. Language was included in the FY 2000 appropriations bill urging DOL to consider providing $1 million to this organization. TANF funds could be used for this purpose, though state by state investments may be an inefficient way to spur a national effort.

   c) **Promote Car Leasing**: Another option is to help low-income families lease cars, which provides access without the ongoing responsibility of ownership. We are working with NEC to investigate several ideas, including tax credits to encourage companies to enter this market (building on a model by former Detroit Lion Mel Farr who the President met with during his first New Markets Tour), more generous depreciation rules on used cars, making the tax code more favorable for working poor people who buy or sell used cars, or subsidies to families to offset leasing costs. As with loans, TANF funds could be used for this purpose.

d) **Auto Choice**: Since insurance is often a barrier to car ownership among the poor, PPI has suggested we explore a legislative proposal called "Auto Choice" that provides incentives for states to work with insurance companies to offer lower cost insurance options for a minimum level of coverage. We need to find out from NEC [Sarah Rosen] whether the Administration has views on this issue.

e) **Welfare-to-Work**: we may want to allow at least some portion of WTW funds to be used for car leasing or purchase (see WTW section above).

f) **Food Stamp Vehicle Limit**: See below.

g) **IDAs** -- Expand to Include Cars: See below.

9. **Food Stamps**: There are several proposals we could make to help ensure access to food stamps for working families. Unlike the executive actions we took last July, these require legislative changes.

a) **Food Stamp Vehicle Limit**: Currently families with incomes under 130 percent of poverty who own a car worth more than $4,650 are not eligible for food stamps. In recognition of the importance of a reliable car for families moving from welfare to work, most states have increased their vehicle asset limits for TANF. This proposal would give states the option to conform this food stamp vehicle limit to the vehicle limit used in their TANF or Medicaid program, ensuring families that work their way off welfare do not suddenly face the loss of their food stamps if they buy a reliable car. This builds on the executive action we took this summer, which clarified that states could use the higher TANF limit for families receiving TANF funded services, even if they did not receive TANF-funded cash assistance. This will cost $1.6 billion over 5 years, and is part of broader bipartisan anti-hunger legislation, introduced by Senators Specter and Kennedy and Representatives Walsh and Kaptur which is strongly supported by advocacy groups and also includes legal immigrant food stamp benefits (see below), an increase in the shelter deduction ($495 million over 5 years) and increased funding for TEFAP – emergency food ($20 million appropriation per year).

b) **Food Stamp Outreach**: We should propose at least $10 million for FY 2001 for on-going food stamp outreach efforts, including campaign materials and an enhanced 1-800 number. In addition, we are examining a $27 million proposal made by HHS for a "Neighborhood Innovation Program" designed to give grants to help low income working families, and think this could be used for outreach for Food Stamps, Medicaid, and other programs. We are also exploring whether a "Community Food and Nutrition" HHS program that Congress funded at $5.5 million for FY 2000 could be useful in this regard.

c) **Improving Nutrition Among the Elderly**: Less than 30 percent of the elderly who are eligible for food stamps actually participate. For many, the application process is too complicated while others are to embarrassed to seek out and use food stamps. To overcome these barriers, USDA proposes to spend $65 million over five years ($15 million in FY 2001 and $25 million in '02 and '03) to conduct a pilot program which will test an array of alternative application and benefit structures over three years. These alternatives would test a commodity alternative for the elderly, a streamlined food stamp application process, and provide assistance in completing applications. We plan to examine this proposal closely to see if it is worth supporting.

d) **Food Stamps for Legal Immigrants**: see section on Legal Immigrants below.

10. **Individual Development Accounts**: We should support HHS's request for funding the Assets for Independence IDA demonstration program at full authorized level of $25 million and should consider expanding IDA use to include cars needed to get or keep a job. Currently, both the IDA demonstration program and the IDA provisions under TANF allow these matched savings accounts for three purposes: to buy a first home, pay for higher education, or start a small business. This change could be included in a package of IDA technicals that the Corporation for Enterprise Development has proposed and the agencies are currently reviewing. Helping families to save for a car reinforces the importance of saving while giving them access to a vehicle which will allow them to get a job, keep a job, or take advantage of job opportunities they couldn't otherwise access, and reduce long and stressful commutes. In FY 2000, the Administration proposed $20 million for IDAs, but Congress only appropriated $10 million.

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

12. **WOTC/Welfare to Work Tax Credits**: We should support multi-year extension or permanent extension of these credits beyond the new December 31, 2001 date. Cost to be determined.

13. **Transitional Medicaid**: The transitional Medicaid program, which provides a year of Medicaid for families leaving TANF due to increased earnings or child support, is expiring in FY 2001 and we should propose to extend it. [Need to verify costs, whether HHS proposed it, what health team thinks].

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

15. **Legal Immigrant Benefits**: At a minimum we should repeat the proposals we made last year, and there are compelling reasons to go further in several areas.

    a) **Health Care**: Our FY2000 proposal would have provided a state option to cover children and pregnant women under CHIP and Medicaid, regardless of when they entered the U.S. (Under current law, states have this option only for immigrants who arrived in the U.S. before 8/22/96.) This proposal has bipartisan support and was introduced by Senators Chafee, Mack, McCain, Jeffords, Moynihan, and Graham and costs $325 million over five years.

       The immigrant groups support expanding our proposal by adding one introduced this year by Senator Moynihan and Rep. Levin that would expand this Medicaid state option to also cover disabled immigrants irregardless of when they enter the U.S. This proposal would cost about $2 billion over 5 years. The groups identified this as their highest priority to add to our proposals from last year.

    b) **Domestic Violence Victims**: The immigrant groups say their second priority above our proposals from last year is to allow legal immigrants who are qualified under the Violence Against Women Act due to domestic violence to be eligible for all federal public benefits, including SSI, food stamps, TANF, Medicaid, and CHIP, regardless of the date of entry. Cost is likely to be small, but is yet undetermined.

    c) **Refugees**: The groups' third highest priority is to eliminate the 7 year limitation on the exemption from all benefits for refugees and asylees. The argue many elderly or disabled refugees have a very hard time learning English or otherwise qualifying for naturalization and will lose benefits without this extension. The Balanced Budget Act extended these benefits from 5 to 7 years.

d) **Food Stamps**: Last year, our budget contained a modest food stamp proposal making legal immigrants in the United States on August 22, 1996 who subsequently become elderly eligible for food stamps, at cost of $60 million over 5 years. (The 1997 Agricultural Research Act covered those already elderly as of 8/96.)

There is growing support for a much broader restoration, which would make all legal immigrants eligible for food stamps (this principally adds adults who entered the U.S. before 8/96 and all immigrants who entered the U.S. after 8/96 to the restorations made by the Agricultural Research Act.) This proposal would cost $975 million over five years. This broader restoration was included in bipartisan anti-hunger legislation introduced by Senators Specter and Kennedy and Representatives Walsh and Kaptur which is strongly supported by advocacy groups and also includes expanding the food stamp vehicle limit (see above), an increase in the shelter deduction ($495 million over 5 years) and increased funding for TEFAP – emergency food ($20 million appropriation per year).

It is also possible to devise a proposal to restore food stamps to specific subsets of the legal immigrant population (e.g., all those eligible under our SSI proposal – see below; all immigrants who entered the U.S. before 8/96; all household with children and/or elderly, irregardless of date of entry).

e) **SSI Disability Payments**: SSI payments for the poor disabled also confer Medicaid eligibility. The Balanced Budget Act of 1997 restored disability and health benefits to 380,000 legal immigrants who were in U.S. before 8/96 and become disabled after entry. Our FY 2000 budget would have restored eligibility for SSI and Medicaid to legal immigrants who enter the country after that date if they have been in the United States for five years and become disabled after entering the United States, at a cost of about $1 billion over 5 years. This proposal needs to be rescored but will be much more expensive this year, since with the passage of time more immigrants would qualify.

Neither the Balanced Budget Act nor our FY 2000 proposal restored SSI to the poor elderly who are not disabled (who would be covered under SSI if they were citizens and many of whom eventually will qualify as disabled as they become frail). This provision is included in the Moynihan/Levin bill, but this expansion of our proposal has not been identified as high a priority as others listed above by the key groups we have consulted. We do not have a score of the cost of this addition.

16. **Promoting Faith and Community**: There are a variety of proposals we could make to promote faith and community including ones to increase charitable giving to community-based organizations, improve the performance of nonprofit community based groups, and increase the involvement of faith-based institutions in providing social services, including:

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

b) **Allowing Charitable Giving Until April 15**: If the charitable deduction is meant to provide some incentive for charitable giving, there should be consideration of the entire design of the program in order to achieve this purpose in the most effective manner. The cost of this proposal is negligible.

c) **Excise Tax on Investment Income of Private Foundations**: Private foundations pay an excise tax on their net investment income, which includes interest, dividends, and net capital gains and is reduced by expenses incurred to earn this income. While the intent of the distinction between a 1 and 2 percent rate of tax on investment income was to prevent foundation disbursements from falling, the mechanism is unduly complicated and may even reduce foundation giving. This excise tax should be eliminated or modified. Cost to be determined.

d) **Improving Disclosure by Charitable Organizations**: Because of the public nature of charities, their tax returns are open to the public and by far the most important source of public information about charitable organizations are the IRS Forms 990 annual information returns. Over the years, the amount of information to be included on these returns by charitable organizations has increased, as have the penalties for failure to file and accurately completing these returns. Despite the evolution, the Forms 990 are frequently criticized both by charities who have difficulty completing them and by the public that has difficulty reading them. Requiring electronic filing of Forms 990 would make it easier for the public to access this information and reduce fraud.

e) **Nonprofits Capacity Building Program (NCBP)**: In order to create a stronger and more effective nonprofit sector, capacity and technical assistance could be provided to train and manage assistance for nonprofit and community-based organizations through development centers nationwide. Two approaches to this concept include:

Option 1: Creating a Nonprofit Capacity Building Program (NCBP) to provide training and management assistance to nonprofits. The four objectives of the NCBP would be: 1) to strengthen the capacity and effectiveness of the nonprofit community; 2) to increase community development; 3) to assist a wide range of nonprofit organizations regardless of their size and development; and 4) to broaden the technical and management assistance delivery system to more nonprofit organizations.

The structure of the program could be through grants made by a Federal agency (i.e., HUD) to Statewide nonprofit associations or technical assistance providers (501(c)(3)) who would then provide services to other nonprofit and community-based organizations.

This approach could be funded at $50 million per year.

The NCBPs will provide counseling, training and technical assistance in all aspects of nonprofit management. These services may include: assisting nonprofits with start-up, budgeting and financial management, marketing, fundraising, board development, volunteer management, human resources, strategic planning, personnel management and program evaluation. They could also assist in creating and maintaining a centralized access point of information and databases about nonprofit organizations.

Option 2: Provide these type of services through existing programs, such as the Small Business Administration. We are going to talk to SBA about this approach but our initial sense is that there exists institutional hesitancy on the part of both SBA and nonprofits to pursue this path because of some of the different needs and goals of small businesses and nonprofits.

f) **Social Venture Capital Fund**: We are working with NEC to explore the idea of setting up a quasi-governmental social venture capital fund to make investments in social programs in priority areas such as education/training, child care, and other anti-poverty initiatives. The Fund would draw its staff from the private and non-profit sectors and not be part of the civil service. Salaries would be pegged to the performance of the programs to improve incentives for the staff to identify promising programs and cut off funding for repeatedly poor performing programs. The fund could be modeled after Venture Capital Funds, but investments would be targeted to effective social programs. Formulas would be developed to account for the social value of the programs to determine clear returns to capital.

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

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

i) Faith Based Involvement in Substance Abuse Treatment, Juvenile Justice, and After-School Programs: Propose to allow federal substance abuse treatment, juvenile justice, and after-school funds to be used by faith-based organizations. The substance abuse treatment idea is included in the Frist-sponsored Senate SAMSHA reauthorization bill. A House bill, by Representatives Watts and Talent, allows faith-based groups to receive funded through both SAMSHA and Medicaid. (Currently, faith-based groups can be Medicaid providers only if they are actually health care providers (for example a

Methodist hospital) or are involved in certain outreach activities). The Juvenile Justice bill in conference included provisions allowing faith-based groups to provide certain services. Faith-based groups are not currently eligible for direct funding through the 21st Century Community Learning Centers program, but the Department of Education has made clear that faith-based groups can be partner with programs that receive direct funds.

17. **Tax Credit for Work Expenses for People with Disabilities**: We should propose again the tax credit developed by our health team, which would providing a $1,000 tax credit for work-related expenses for people with disabilities. Under this new proposal, workers with significant disabilities would receive an annual $1,000 tax credit to help cover the formal and informal costs that are associated with employment, such as special transportation and technology. Last year, this tax credit was estimated to cost $700 million over 5 years and projected to help 200,000 to 300,000 Americans.

18. **Increased Access to Technology for People with Disabilities**: We should make again the proposal NEC developed for last year's budget which would: (1) help make the federal government a "model user" of assistive technology; (2) support new and expanded state loan programs to make assistive technology more affordable for Americans with disabilities; and (3) invest in research, development and technology transfer in areas such as "text to speech" for people who are deaf, speech recognition, and eye tracking for people who cannot use a keyboard. Last year's proposal cost $35 million in FY 2000, more than doubling the government's current investment in deploying assistive technology.

20. **Labor Department Funding for Employment of People with Disabilities**: The Department of Labor has proposed $148 million in FY 2001 to help increase the employment of people with disabilities. The concept is worth considering, but we need to work with DOL and OMB to better define what the funds would be used for.

Supporting Child Welfare Activities. SSBG plays a significant role in the funding of services to support child protection, foster care and adoption, providing over $700 million in FY 1995, the most recent year for which complete data is available. This amount exceeds the total provided by the two most significant categorical Federal programs, the Child Welfare Services Grant ($292 million), which has been flat-lined since 1993, and the Promoting Safe and Stable Families Grant ($305 million in FY 2001). States rely on SSBG to supplement the funds provided by these programs, as well as to pay for important support services, such as respite care for foster parents, health-related services, and drug-treatment.

Funding for services has not kept pace with the large increase in foster children and their increasing need for services. While mandatory spending for foster care payments and State administration increased from $600 million to $3.6 billion as the number of children in foster care climbed from 280,000 in 1986 to 520,000 in 1998, Federal funding for child welfare *services to individuals and families* increased at a much slower pace, rising from $198 million to $547 million. Most of the increase reflects the creation of the Family Preservation Program in FY 1993. Given the size of the SSBG cut in FY 1999 and FY 2000, it is likely that child welfare services formerly funded by SSBG will bear the brunt of the impact. This will occur at a time when the nation's child protection system is its most crisis-ridden in recent history.

Supportive Services for Foster Care and Adoptive Families

To highlight the importance of SSBG, we recommend that the entire $209 million increase proposed for FY 2001 be earmarked for services that support foster care and adopted children and their families. The increase would specifically fund respite care, case management, counseling and mental health services. These services are not well-funded by existing child welfare programs, which are focused primarily on case management and providing maintenance support for foster care and adopted children. Many experts agree, however, that mental health and other services are critically needed, particularly as the number of adoptions continues to rise.

Mental Health Treatment. Although upwards of 80% of children in foster care have mental health problems, these often go overlooked by social workers and aren't treated until a child shows severe symptoms. Often, only the most severely disturbed receive psychiatric or psychological treatment. Although Medicaid pays for mental health treatment for foster children who are Title IV-E eligible, a State's Medicaid plan may not allow the intensity of treatment (e.g. twice weekly psychological counseling) that may be needed. Foster children who are not Title IV-E eligible, or who have been adopted, also are underserved, because of the lack of State funds devoted to their mental health needs.

This initiative would commit $100 million in SSBG funding, earmarked solely for treating the mental health needs of foster and adopted children. In keeping with the existing flexibility of SSBG, all foster and adopted children, whether eligible for Title IV-E or not, would be eligible for these services. To ensure that States did not reduce their current Medicaid and State-only spending on mental health, the program would include a maintenance-of-effort requirement stipulating that receipt of the new funds is contingent upon maintaining or increasing the total of a State's other mental health spending on foster care and adopted children.

Support for Foster and Adoptive Families. The remaining $109 million would be used to fund support services to help foster and adoptive families adjust to their new structure and avoid the parental burnout that frequently occurs today. More intensive support and monitoring by social workers, the availability of child respite care to give parents a needed break, and access to new parent training and family counseling, can all help ease what is often a difficult transition for a new family. These services are particularly needed as more children are adopted, raising concerns that children are being "rushed" to adoption, and that adoptive families may be inadequately prepared. These additional funds in SSBG should support the Administration's goal of doubling the number of adoptions to 56,000 per year by FY 2003 from 28,000 in FY 1996.

DRAFT: DPC/NEC HEALTH CARE INITIATIVES: December 2, 1999

1. MEDICARE

President's plan to strengthen and modernize Medicare. This would be our same plan, with several potential modifications to reflect likely higher prescription drug cost estimates, reduced baseline spending and lessened appetite for provider payment reductions, and likely improved Medicare trust fund solvency: (1) drop / reduce BBA extenders – in the wake of the Balanced Budget Refinement Act, these policies are harder to sustain; (2) dedicate more surplus / tobacco tax to help pay for drug benefit; and (3) dedicate less of the surplus to trust fund solvency. We do not need the $7.5 billion for provider give-backs but we may need to be more aggressive on the Medicare Board issue.

Policies to reduce fraud, abuse and overpayments. This would include new and previously supported policies to reduce overpayments, fraud and abuse. We could also rescind some of the managed care payment increases in the give-back bill.

Medicare preventive benefit authority. This proposal would allow the Secretary to add new preventive benefits to Medicare if their cost when fully implemented costs less than a fixed dollar threshold. This could be packaged as part of the Medicare reform package's Medicare Board proposal.

Low-income premium / cost sharing protections for seniors. To address the very low participation rates by Medicare beneficiaries in Medicaid cost sharing protection programs, this proposal would allow SSI eligibility workers to give Medicare beneficiaries presumptive eligibility for these programs.

Cancer clinical trials.* A three-year demonstration would cover the patient care costs associated with certain clinical trials. This proposal was in the President's FY 1999 and 2000 budgets. (Cost: $750 million over 3 years)

2. HEALTH INSURANCE COVERAGE OPTIONS

Addressing arbitrary limit on Medicare coverage for people with disabilities. In the compromise on the Work Incentives Improvement Act, its Medicare benefit was limited to an additional 4 and a half years. This policy postpones rather than eliminates the disincentive to work since Medicare provides the necessary coverage that is often unavailable or unaffordable on the job. (Cost: $0 for 2001-05, about $200 million for 2006-10)

Medicare buy-in for certain 55 to 65 year olds. This initiative expands the health options available for older Americans by: enabling Americans aged 62 to 65 to buy into

Medicare; providing a similar Medicare buy-in for vulnerable displaced workers ages 55 and older; and providing COBRA to Americans ages 55 and older whose companies reneged on their commitment to provide retiree health benefits. This proposal was in the last two budgets. (Cost: about $1.6 billion over 5 years)

Allowing states to cover of parents of children in Medicaid and Children's Health Insurance Program (CHIP)*. This option, which was included in the Gore health proposal, would allow states to use their enhanced Federal match rate from their CHIP allotments to cover parents of eligible children. This has the benefit not only of efficiently enrolling uninsured adults (since most parents of uninsured children are also uninsured) but could increase enrollment of children since there is a greater incentive for the family to enroll them. (Cost: about $4 billion per year)

Outreach to enroll uninsured children in Medicaid and CHIP, with emphasis on schools.* A number of proposals could decrease the number of uninsured children including allowing: (1) school lunch application information to be shared with Medicaid and CHIP for outreach; (2) states let school lunch workers (and TANF and other workers) give "presumptive eligibility" to children while their formal applications are being processed; and (3) deemed or adjunctive eligibility, meaning that a child enrolled in school lunch (or Food Stamps or WIC) are automatically enrolled in Medicaid or CHIP; (4) states to draw from their CHIP allotments the same, enhanced match rate for any newly enrolled child over a base-year number; and (5) a new grant program to help states find and enroll uninsured, homeless children. (Cost: being scored by OMB)

Restoring state options to cover legal immigrants. Welfare reform prohibited states from providing health insurance for certain legal immigrants. This proposal would restore this option for pregnant women, SSI recipients and children in Medicaid and CHIP. This proposal was in the last two budgets. (Cost: being estimated by OMB)

Medicaid coverage for certain women with breast cancer. This proposal is the Breast and Cervical Cancer Prevention Act (HR 1070) that has 272 House cosponsors and passed unanimously by the House Commerce Committee (there is a Senate bill, but it has not yet been marked up). It would give states the option to provide temporary Medicaid coverage to uninsured women who have learned that they have breast or cervical cancer through a CDC screening program. To encourage states to participate, the bill makes the Federal matching rate for this coverage 75 percent. (Cost: being estimated by OMB)

Encouraging small businesses to offer health insurance. This initiative would encourage small businesses to offer health insurance through: (1) a new tax credit for small businesses who join coalitions; (2) tax-exempt status for foundation contributions to create coalitions; and (3) technical assistance. It would be different from last year's budget because the credit would be increased to 25 percent of the employer contribution, and all firms (not just those that previously did not offer coverage) would be eligible for the credit. This proposal was in last year's budget and could be broadened. (Cost: being estimated by Treasury)

Tax credit for individual insurance to address current tax inequity.* Unlike employees who work at firms that provide coverage, workers who are not offered insurance by their employers and buy it for themselves receive absolutely no tax subsidy. To address this inequity, this policy would give people without access to employer-based insurance a tax credit, equal to 25 percent of the cost of coverage and similar in value to the 100 percent tax deduction employers now receive, for purchasing individual insurance. This credit could only be used for qualified individual insurance plans or Medicare, Medicaid, or CHIP buy-in options. Because the credit is relatively small, it likely would not have an adverse incentive impact on employers now offering to drop coverage. However, although it would be popular, it would be relatively unsuccessful at leading to much pick-up in coverage for the currently uninsured. (Cost: being estimated)

3. QUALITY & CONSUMER PROTECTIONS

Patients' Bill of Rights. The President will continue to encourage Congress to pass the bipartisan, Norwood-Dingell legislation. We would anticipate that, like last year, we would not offset the costs of the revenue loss associated with this legislation.

Privacy protections. We could initiate and/or endorse legislation to expand our authority to regulate in this area to include paper claims (not just electronic claims), to provide for greater enforcement authority to ensure the protections promised are real, and to allow earlier implementation of these protections.

Ensuring high quality health care and protecting patients from avoidable medical errors. Computerizing and streamlining health care processes can improve health care quality, eliminate dangerous medical errors, and lower costs by improving communications between doctors, eliminating redundant tests and procedures, and building automatic safeguards against harmful drug interactions and other adverse side effects into the treatment process. An intensive research-based and Federal coordination effort would encourage more appropriate and cost-effective medical interventions.

4. POTENTIAL/ PERILS OF NEW TECHONOLOGIES AND BIOMEDICAL SCIENCE

Investment in biomedical research.* The potential breakthroughs in diagnoses, treatments and cures resulting from the nation's increasing investment in biomedical research are impressive. They include: decoding the complete gene sequence by the spring of 2000 the development of new treatments to delay the onset of Parkinson's, Alzheimer's, and cancer, and new interventions to prevent paralysis with spinal cord injuries.

The Administration's last budget dedicated a $360 million increase to the NIH, which is far short of the over $2 billion that was included in the final budget. This has resulted in criticism from the scientific and patients' advocacy communities and may suggest a significant bump up in the President's FY 2001 budget. (Cost: Probably between $500 million and $1.5 billion)

Preventing the sale of unapproved or unsafe drug products over the internet. This initiative would launch strong new efforts to investigate, identify, and assist in the prosecution of entities selling unapproved new drugs, counterfeit drugs, prescription drugs without a valid prescription, expired or illegally diverted pharmaceuticals, and the marketing of products based on fraudulent health claims. It would also establish new Federal certification requirements for all internet pharmacy sites to ensure that internet pharmacies meet all state and Federal requirements. This would provide the national Federal authority necessary for a coordinated prosecution of rogue internet sites, maintains the integrity of state enforcement mechanisms, and provides a clear consumer identification mechanism. Finally, it would update the current penalty structure to make dispensing without a valid prescription over the internet a felony rather than a misdemeanor, create new felony penalties for selling drugs without a Federal certification; and provide FDA with new administrative subpoena authority in order to gather the information necessary to build a case against offenders. (Cost: $20 million)

Protecting against and preventing bioterrorist attacks. This initiative would: train epidemic intelligence officers who can coordinate with state health departments and other intelligence officers to identify and respond to attacks; develop a Metropolitan Medical Response System, a mass casualty emergency response system, that includes primary care, emergency transportation, and decontamination abilities that will be critical to save lives in the event of an attack; and improve research to develop new vaccines and antibiotics that could be used in the event of an attack. The FY 2000 budget agreement fully funds the President's request of an additional $52 million for bioterrorism prevention. (Cost: $40 million)

Preventing the inappropriate patenting and licensing of genetic material. The Department of Justice will explore the legal issues surrounding the patenting and licensing of genetic material.

Increasing oversight of gene therapy clinical trials. This proposal would invest new funds to update a publicly accessible database that includes a description of and the side effects associated with gene therapy experiments being conducted nationwide. In addition, the Office of Recombinant DNA Activities would receive new authority to review the informed-consent forms explaining the risks associated with study participation to potential subjects. (Cost: $2 million)

5. FAMILY SUPPORT (broad-based initiative that extends beyond health)

Long-term care initiative. As a part of any family policy-oriented section of the State of the Union Address, a logical initiative that has already been well received and has already begun to receive bipartisan support is the President's long-term care proposal. Last year, the President proposed a major, seven-part initiative that would: (1) provide a $1,000 tax credit for people with long-term care needs or their families to offset the costs of care; (2) create a new Family Caregivers Program that offers respite services, information, and other assistance;* (3) offer private long-term care insurance to Federal employees; (4) improve nursing home quality; (5) expand Medicaid options for community-based services; (6) encourage assisted living facilities for Medicaid beneficiaries; and (7) conduct a $10 million education campaign on long-term care for Medicare beneficiaries. (Cost: About $6 billion over 5 years).

Tax credit for workers with disabilities. The President's FY2000 budget proposed a $1,000 tax credit for people with disabilities who work of $1,000. It would phase out for higher income tax payers (taxpayer with modified adjusted gross income exceeding $110,000 for couples, $75,000 for unmarried taxpayers, and $55,000 if the taxpayer is married but filing a separate return; same phase-out as the child tax credit). This credit may be refundable for taxpayers with 3 or more dependents. A taxpayer (or his or her spouse) would qualify for the proposed tax credit if he or she had earnings and was disabled. "Disabled" for this credit would be defined as being certified within the previous 12 months as being unable, for at least 12 months, to perform at least one activity of daily living without personal assistance from another individual, due to loss of functional capacity.

6. PUBLIC HEALTH AND UNDERSERVED POPULATIONS

Preventing and treating asthma. This initiative would create a demonstration program to develop appropriate disease treatment protocols and beneficiary and provider outreach and education programs for the treatment of asthma in children enrolled in the Medicaid program. The grant funds provide an incentive for more effective spending for outreach, case management, and treatment benefits to reduce costly asthma-related medical crises (such as emergency room visits and hospital stays) and to improve quality of life (such as school attendance) for children with asthma. In addition, up to 20 percent of the disease management grant funds would be used as a performance bonus fund to provide awards to states that document a reduction in Medicaid costs and/or improved health outcomes through disease management efforts against a pre-demonstration baseline. This proposal, funded at $50 million, was included in the President's FY 2000 budget. It was not included in the final budget agreement. (Cost: $100 million over 5 years)

Effective diagnosis of lead poisoning in low-income children. This proposal would provide states with the option to receive Medicaid reimbursement for all costs associated with performing the environmental tests necessary to conclusively identify the presence of lead based paint in households where Medicaid enrolled children are at risk of lead poisoning. If lead based paint is present, state Medicaid agencies will be required to conduct comprehensive lead screening for all children in the household under the age of six under EPSDT. Children do not have to be diagnosed with elevated blood lead levels in order to have their homes tested. (Cost: being estimated)

Providing critical dental services to low-income children. This initiative provides demonstration funds to states for: 1) implementing new efforts to educate low-income families about the availability of comprehensive dental services for children enrolled in the Medicaid program; 2) using health care providers and peer counselors to identify high risk patients for intensive interventions; 3) and increasing the participation of dentists in the state's Medicaid program to a provider to patient ratio of X to Y. In addition, 20 percent of the grant funds would be used as performance bonuses to provide funds to states who document an increase in children receiving services and/or a decrease in expenditures on emergency oral care. (Cost: currently under review)

Expanding efforts to prevent breast and prostate cancer. This initiative will fully fund the National Environmental Health Laboratory, which systematically evaluates the exposure of men, women, and children to toxic substances that cause cancer in order to guide national cancer prevention efforts. In addition, funds will be used to assist state and local public health officials in their investigation of cancer clusters and in their efforts to rapidly evaluate the impact of public health disasters, such as chemical spills and groundwater contamination. (Cost: $20 million)

Supporting graduate medical education at children's hospitals. This proposal would provide children's hospitals with Federal financing for graduate medical education commensurate to that received by other teaching hospitals through the discretionary grant program created by the FY 2000 budget agreement. This proposal, funded at $40 million, was included in the President's FY 2000 budget and included in the final budget agreement. (Cost: $104 million)

Increasing prevention and treatment services for individuals with mental illness. This proposal will increase funding for treatment for the severely mentally ill and establish a new local mental health enhancement program that would provide new prevention, early intervention, and treatment services for Americans with less severe mental illnesses. The final budget included an increase of $64 million. (Cost: $100 million)

Eliminating racial health disparities. This initiative would fund new incentives to public health programs to target disparities, including creating incentives for communities to develop effective private-public cardiovascular outreach campaigns and developing new networks with managed care and minority-based organizations. The final budget agreement included $30 million for this initiative. (Cost: $5 million)

NOTE: All discretionary cost estimates are increases over the FY 2000 enacted levels.

* These proposals have either been initiated by or are of great interest to the Vice President's office. They need to be discussed in the broader context of if and/or how we are including such proposals in the President's budget.

I/01bud/EIML settlement tracking (Excel)

EIML Settlement Tracking - Large Agencies
(in millions)

Department of Education		**2000 Enacted**	**Agency Request**	**Passback**
Department of Education - Total Funding				
	BA	**35,703.235**	**41,488.838**	**35,703.235**
	Outlays	**31,727.355**	**38,025.524**	**35,295.135**
Possible Appeals				
After School				
	BA	453.710	1,000.000	525.000
Community-Based Technology Centers				
	BA	32.500	65.000	32.500
Title I Grants to States				
	BA	7,941.397	8,800.000	8,141.397
Comprehensive School Reform Demos				
	BA	170.000	200.000	170.000
HEP/CAMP				
	BA	22.000	24.000	22.000
Class Size				
	BA	1,300.000	1,700.000	1,500.000
Impact Aid				
	BA	910.500	914.171	729.710
Teaching to High Standards				
	BA	826.000	1,700.000	503.000
Safe and Drug Free Schools				

Department of Education		2000 Enacted	Agency Request	Passback
	BA	605.750	691.000	605.750
America Reads				
	BA	260.000	386.000	286.000
Indian Education				
	BA	77.000	91.735	77.000
Bilingual Education Instructional Services				
	BA	162.500	180.000	162.500
Special Education				
	BA	6,036.646	6,676.325	6,036.646
Vocational Education				
	BA	1,055.650	1,200.000	830.650
Adult Education State Grants				
	BA	450.000	515.000	450.000
Adult Education National Activities				
	BA	14.000	101.000	39.000
Pell Grants Max Award (non-add)		*$3,300*	*$3,525*	*$3,350*
Pell Grants				
	BA	7,700.000	8,715.000	8,180.000
Pell Surplus				
	BA	238.000		
Strengthening HBCUs				
	BA	148.750	160.000	148.750
Developing HSIs				
	BA	42.250	50.000	42.250

Department of Education		2000 Enacted	Agency Request	Passback
GEAR UP				
	BA	200.000	360.000	240.000
Teacher Quality and Recruitment				
	BA	98.000	200.000	98.000
ED Research and Dissemination				
	BA	168.567	250.000	168.567
New Initiatives				
High School Reform				
	BA	45.000	125.000	125.000
Strengthening TA Capacity Grants				
	BA	28.000	60.000	28.000
Total of above		28,986.220	34,164.231	29,141.720
Other ED Programs				
	BA	6,717.015	7,324.607	6,561.515
TOTAL		**35,703.235**	**41,488.838**	**35,703.235**

I/01bud/EIML settlement tracking (Excel)

EIML Settlement Tracking - Large Agencies
(in millions)

Department of Labor		**2000 Enacted**	**Agency Request**	**Passback**
		11,256	13,361	11,529
Possible appeals to Passback				
Universal Re-employment		1,716	2,230	1,851
Dislocated workers		1,596	1,786	1,721
Re-employment services		0	125	35
One-stops		120	319	95
Youth strategy total		1,001	1,551	1,071
Formula grants		1,001	1,251	1,001
Youth violence		0	100	40
Youth offenders		0	200	30
Adult strategy total		950	1,405	900
Formula grants		950	1,055	900
Incumbent workers		0	100	0
Welfare-to-Work		0	250	0
Office of Disability Policy		10	140	10
Labor law enforcement agencies		1,117	1,327	1,184
Information Technology		0	89	60
Homeless veterans		10	15	10
Alien labor certification		49	35	27
ILAB		70	113	77
Office of Inspector General		52	64	55
Miscellaneous training		80	119	72
Technical appeals (pricing)		0	0	0
Other Salaries & Expenses		0	0	0
Total, DOL	BA	5,055	7,088	5,317
	OL			

Independent Agencies		Enacted	Request	Passback
National Labor Relations Board		206	216	210
Corporation for National and Community Service		734	1,064	734
Federal Election Committee		38	41	40
Total, Independent	BA	978	1,321	984
	OL			

I/01bud/EIML settlement tracking (Excel)

EIML Settlement Tracking - Large Agencies
(in millions)

Department of Agriculture		**Enacted**	**Request**	**Passback**
Food and Nutrition Service		4365	4696	4614
		4377	4678	4609
Possible appeals				
Nutrition Program for the Elderly	BA	140	153	145
	OL	140	150	144
Nutrition Education and Training	BA	0	2	0
	OL	0	1	0

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EIML Settlement Tracking - Large Agencies
(in millions)

HHS		2000 Enacted	Agency Request	Passback
Administration on Aging - Total Fundin	BA	934	1,223	1,080
	O	893	1,117	1,012
Possible appeals				
Support Services	BA	310	350	310
	O	306	341	310
Congregate Meals	BA	374	423	374
	O	374	417	374
Vulnerable Older Americans	BA	13	41	13
	O	12	28	13
Fed. Admin.	BA	17	21	17
	O	16	20	17
Other AoA Programs	BA	220	388	365

I/01bud/EIML settlement tracking (Excel)

EIML Settlement Tracking - Large Agencies
(in millions)

HHS		**2000 Enacted**	**Agency Request**	**Passback**
Administration for Children and Families -- Total Funding				
	BA	9,556*	10,400*	10,146*
	O	9,003	9,791	9,701
Possible appeals				
Head Start				
	BA	5,267*	6,150	5,901*
	O	4,859	5,551	5,458
Federal Administration				
	BA	148	172	160
	O	147	168	158
CSBG, Discretionary Activities (NIP, JOLI)				
	BA	5.5	37.5	0
		0.8	5.6	0
All other, ACF Services				
	BA	1,296	1,208	1,238
Refugee and Entrant Assistance				
base appropriation	BA	427	447	431
carry-over	BA	12	[15]	[15]

*Includes Head Start advance appropriation of $1.4 billion.

I/01bud/EIML settlement tracking -- SSA (Excel)

EIML Settlement Tracking - Social Security Administration
(in millions)

Social Security Administration		**2000 Enacted**	**Agency Request**	**Passback**
Total Funding		6656	7459	7083
Ongoing Operations				
	BA	6192	6866	6449
	OL	6180	6835	6415
Continuing Disability Reviews				
	BA	405	450	450
	OL	400	446	446

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Record Type: Record

To: Nicole R. Rabner/WHO/EOP@EOP, Ann O'Leary/OPD/EOP@EOP

cc:
Subject: Fed Temps

Government "Temps" Access to Benefits

There are a number of categories of "temps" that are employed by the Federal government, and each category has different access to benefits.

Temporary Appointment: These employees are employed by the government for a year, during which time they receive no benefits. If the contract for the temporary appointment is extended, this employee may receive access to health benefits, but must pay both shares (employee and employer). [checking: This employee receives no access to pension benefits.]

Term Appointment: The term appointment is an appointment for up-to four years. This employee receives access to health benefits, retirement benefits and life insurance.

Contractor with Temporary Service Firm: The government does not provide benefits to contractors with temporary service firm (presumably, this employee should receive benefits from the temporary service firm).

Straight Contractor: The government does not provide benefits to straight contractors (presumably, this person is self-employed).

Part-Time Permanent Employee: This employee receives health and retirement benefits and life insurance on a pro-rated basis.

Child Care Option: Enhance the Educational Component of Child Care Programs

The Child Care and Development Fund (CCDF) provides child care subsidies for low-income children and quality enhancement efforts. Although there are federal guidelines, under current law the parameters of the subsidy program are primarily determined at the state level. States are free to provide subsidies to any legal provider–licensed or unlicensed, organized or informal–selected by a parent. As a result of the flexibility within the program the educational quality of providers varies dramatically. Child care settings could play a role in a proposal to offer universal preschool to all low-income 4 year olds if funds were used to add an educational component.

A slot in a Head Start program costs approximately twice as much as a slot in a child care program. A CCDF expansion could be used ensure that all CCDF slots for 4 year olds meet educational standards comparable to Head Start or school-based programs. For example, funds could be split between grants to providers to develop an educational program and providing enhanced subsidies to children in those programs. These funds could be targeted to 4 year olds in order to complement Head Start and school-based programs for 4 year olds.

Targeting 4 year olds within the child care context would be most desirable if coupled with additional funds to enhance the educational aspect of infant and toddler care. Both access and quality problems are particularly acute with regard to programs for infants and toddlers and it would be inadvisable to simply create an even greater incentive for providers to serve older children. While including the entire universe of low-income 0-3 year olds in the proposal might be prohibitively costly, we could include a child-care specific component for 0-3 year olds. The infant and toddler piece could take the form of creating educational slots for 0-3 year olds or could be a revised version of the Early Learning Fund that would fund specific cognitive development activities and measure progress toward related performance goals (possible alternatives to the Early Learning Fund are described in a separate document).

	Number of children	Cost Estimate
Create an educational slot for all 4 year olds receiving CCDF subsidies	235,300	$ 679 million
Create an educational slot for all low-income 4 year olds not already participating in Head Start	301,000	$1,095 million

School-based Option: Expand Title I Preschool Programs

A school-based approach would help focus preschool on academics and ensure links to kindergarten so that participating children build the literacy and numeracy skills they need to enter school ready to learn. One school-based option for universal preschool is to create a set-aside in Title I (Education for the Disadvantaged). The most targeted of all the Federal elementary and secondary education programs, Title I provides funds to low-income school districts to help low-achieving students catch up with their peers. School districts may use Title I funds for preschool programs, however it is estimated that no more than 3 percent of this $8 billion program is used for that purpose. Nonetheless, some infrastructure exists for preschool programs in high poverty schools. Over 60 percent of the highest poverty elementary schools (75+% poverty rate) have preschool programs, and 35 percent of all Title I elementary schools have them. However, these programs serve only about one-quarter to one-third of the four-year-olds in their school attendance area.

Since the Title I funding formula is based on poverty levels, a Title I-based program would automatically be targeted on children in poverty. In addition, the program could be expanded or contracted to serve all low-income districts, or only the highest poverty districts depending on available funds. Below are preliminary and very rough estimates of the cost to serve children not currently in preschool for both all Title I schools and for the highest poverty schools, and for half-day preschool as well as full-day for all four-year-olds in the targeted districts. We also provide costs net of the children who are already served under Head Start. We assume that a school-based program would cover only the academic school year and not include summer school.

The following are annual costs when the program is at full capacity. The program could be ramped up over several years, therefore first year costs could be much lower.

	# of 4-year-olds	**Half Day**	**Full Day**
All Title I Schools	2,749,000	$11.0 - 13.7 billion	$16.0 - 19.2 billion
75+% Poverty Schools	587,000	$2.3 - 2.9 billion	$3.5 - 4.1 billion
All Title I school 4-year-olds minus Head Start 4-year-olds	2,264,000	$9.1 – 11.3 billion	$13.6 - $15.7 billion

Assumptions: Average cost per pupil is $4,000-$5,000 for half-day and $6,000-$7,000 for full day. 65% of Title I schools do not provide preschool, and in those that do, 70% of the eligible students are not being served. 40% of high poverty schools do not offer preschool and, in those that do, 60% of the eligible students are not served. There are 40,652 Title I elementary schools and 10,349 high poverty Title I elementary schools.

Universal Afterschool Options

Definition A of Universal:
All "latch-key" kids, approximately 15 million children

OPTION A: After-school only[1]

	2001	2002	2003	2004	2005
Kids served	3,000,000	6,000,000	9,000,000	12,000,000	15,000,000
Annual cost w/o inflation	$1.05 B	$2.1 B	$3.15 B	$4.2 B	$5.25 B
Annual cost w/ inflation	$1.05 B	$2.14 B	$3.28 B	$4.47 B	$5.71 B
			5-year total w/o inflation=	$15.75 B	
			5-year total w/inflation=	$16.65 B	

OPTION B: After-school and summer school[2]

	2001	2002	2003	2004	2005
Kids served	3,000,000	6,000,000	9,000,000	12,000,000	15,000,000
Annual cost w/o inflation	$2.1 B	$4.2 B	$6.3 B	$8.4 B	$10.5 B
Annual cost w/ inflation	$2.1 B	$4.29 B	$6.57 B	$8.94 B	$11.41 B
			5-year total w/o inflation=	$31.5 B	
			5-year total w/inflation=	$33.31 B	

Definition B of Universal:
All "latch-key" kids in poverty, approximately 2.8 million children[3]

After-school only:

	2001	2002	2003	2004	2005
Kids served	567,000	1,134,000	1,701,000	2,268,000	2,835,000
Annual cost w/o inflation	$198.45 m	$396.9 m	$595.35 m	$793.8 m	$992.25 m
Annual cost w/ inflation	$198.45 m	$405.24 m	$620.62 m	$844.87 m	$1.08 B
			5-year total w/o inflation=	$2.98 B	
			5-year total w/inflation=	$3.15 B	

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[1] Average cost of $700 per student.
[2] Average cost of $1400 per student.
[3] Assuming Census Poverty Data – 18.9% of children in poverty

After-school and summer school:

	2001	2002	2003	2004	2005
Kids served	567,000	1,134,000	1,701,000	2,268,000	2,835,000
Annual cost w/o inflation	$396.9 m	$793.8 m	$1.19 B	$1.59 B	$1.98 B
Annual cost w/ inflation	$396.9 m	$810.47 m	$1.24 B	$1.69 B	$2.16 B
			5-year total w/o inflation=	$5.95 B	
			5-year total w/inflation=	$6.29 B	

Definition C of Universal: All poor kids in academically failing schools[4], approximately 1,760,000 children

After-school only: 616,000,000

Adding $616 million to '01 would allow us to ensure that all children in Title I school improvement schools receive 21st Century funding.

After-school and summer school:

Adding $1.23 B to '01 would ensure that all children in Title I school improvement schools receive both after-school and summer school programs.

[4] Failing schools as defined under Title I "school improvement." In 1997-98, there were 7,000 schools in Title I school improvement or 16% of all Title I schools. Assuming that 16% of Title I students are in those schools,