Bill Bradley for President

Helping Children in Poverty

This proposal is the last in a series of three to help America's families. The first (on health care) was released on September 28, 1999. The second (on the stress on working families) was released on October 7, 1999.

HELPING CHILDREN IN POVERTY
A PROPOSAL FROM BILL BRADLEY

Today, 13.5 million American children (18.9 percent or almost one in five) live in poverty. The percentage of minority children who live below the poverty line is even higher – 34.4 percent for Hispanics and 36.7 percent for African Americans.

Bill Bradley's goal is to eliminate child poverty as we know it. He will commit to lifting 3 million children out of poverty in his first term, and at least an additional 4 million children in his second term.

Increases he is proposing in the minimum wage, EITC, and dependent care tax relief, coupled with improvements in child support and food stamps, will lift 1 to 1.5 million children and 1 million parents out of poverty. These estimates do not include large numbers of additional children who would be lifted out of poverty with Bradley's health care, child care, and education proposals.

The Bradley Proposal to Help Children in Poverty is based on two fundamental beliefs:

- As the most prosperous nation on earth, America can – and must – do better when it comes to protecting our children.
- If we fail to care for our most defenseless citizens, we fail to fulfill our responsibility not only as Americans, but, more importantly, as human beings.

The Bradley Proposal to Help Children in Poverty recognizes that very large numbers of children who live below the poverty line come from hard-working families with parents whose wages simply are not adequate to support them. These parents do not have enough access to child care, health care, or programs designed to reduce economic hardship.

Bill Bradley recognizes that a comprehensive proposal to help children in poverty must address a child's need for economic security and provide hope for a better future.

To address both components, the Bradley proposal will:

Increase the income of poor families by:

- Increasing the minimum wage over two years and indexing it to the growth of the median wage
- Expanding the Earned Income Tax Credit

- Permitting mothers on welfare to keep their child support
- Making the Dependent Care Tax Credit refundable
- Increasing subsidies for child care through the Child Care Development Block Grant
- Investing in child care and early education programs for children age 0-5
- Guaranteeing health care for all children
- Improving access to existing programs for eligible low-income families (particularly food stamps)

Provide hope for a better future by:

- Enrolling an additional 400,000 children in Head Start
- Creating Teach to Reach Partnerships to place 60,000 new qualified teachers a year in urban and rural school districts
- Creating a National Beacon Centers Program to provide afterschool care and community development centers to offer a range of academic and social services to 5.6 million children and adults a year
- Matching senior volunteers with children's programs that need them
- Creating Second-Chance Homes for pregnant teens that offer young mothers a positive and supportive environment during their pregnancy and their baby's first year

INCREASING THE INCOME OF POOR FAMILIES

The Bradley proposal recognizes that the optimal way to help poor children is to make sure fewer families live in poverty. To encourage more work and put more money into the pockets of people who need it, the Bradley plan will:

1. Increase the minimum wage from $5.15 to $6.15 over two years and index it to the annual increase in the median wage.

Twelve million workers (10 percent of the labor force) earn the minimum wage – 33 percent of them are working parents; 58 percent are women; and, one million are single mothers. Adjusted for inflation, a $1 increase in the minimum wage beginning in mid-2001 will raise real wages 11 percent over their current levels. The increase will be implemented in equal installments over two years.

Indexing the minimum wage to the annual increase in the median wage means that the minimum wage will rise by the same percent that the median wage rises each year (i.e. if the median wage rises 3 percent, the minimum wage will also rise 3 percent). This will ensure that the low-income workers who earn the minimum wage do not fall further behind most Americans.

2. Expand the Earned Income Tax Credit to:

a. **Provide a more adequate reward for work among families with three or more children and achieve a more substantial reduction in poverty among children in these families;**
b. **Reduce the marriage penalties that some low-income families face as a consequence of the EITC structure; and**
c. **Reduce the portion of each added dollar earned by working poor families that is taxed away by the phase-down of the EITC.**

The Earned Income Tax Credit is one of America's most effective anti-poverty programs. Bill Bradley has played a leading role in expanding and strengthening it four times – in 1984, 1986, 1990 and 1993. The Earned Income Tax Credit lifted an additional 2.6 million children out of poverty in 1998.

As valuable as the EITC is, it can be and should be improved. The poverty line is adjusted for family size; this reflects the fact that families with more children need a somewhat higher level of income to avoid poverty than families with few or no children. The EITC should also take recognition of the number of children in a family.

The current EITC has two tiers – one for families with one child and another for families with two or more children, but it needs to be strengthened by adding a third tier for families with three or more children. The poverty rate among children in families with three or more children is more than double the poverty rate for children with smaller families.

In 1997, Congress enacted a child tax credit of $500 per child, and made the credit partially refundable for a small portion of families with three or more children. The Bradley proposal would convert the limited and complex refundable component of the child credit for families with three or more children into a third tier of the EITC for families with three or more children. This change would increase the EITC for these families, reducing poverty among them and increasing the value of work by them.

In addition, the Bradley proposal reduces the marriage penalty the EITC can engender among some low-income families. Under the Bradley proposal, the level of income at which the EITC begins to phase down would rise by $2,000 for married filers so that it is set at a higher level than the level of income at which the EITC begins to phase down for other filers.

Finally, the Bradley proposal would reduce the very high marginal tax rates that working families modestly below the poverty line can face when their earnings rise because their EITC, food stamp benefits, and (if they receive them) child care subsidies all phase down at the same time, while their payroll taxes (and in some states, their state income taxes) rise. Many working families below the poverty line but above the level at which the EITC begins to phase out are effectively taxed at a rate above (often well above) 50 percent. In other words, more than half of each added dollar they earn is effectively taxed away as a result of the reduction in EITC, food stamps and other benefits, and the increase in taxes withheld from their paychecks. The Bradley proposal would ease these high marginal tax rates by substantially reducing the rate at which the EITC phases down for most working families in the EITC phase-out range whose incomes fall below the poverty line. For poor families with at least two children, the rate at which the EITC phases down as earnings rise would be cut about in half. This change will increase the value of work for these families and provide incentives for them to increase their earnings, while also reducing poverty.

3. Improve the child support system so that it serves children better. Ensure that child support paid by a parent goes to the child instead of to the state bureaucracy.

A child's economic well-being is the responsibility of both mothers and fathers. But children who grow up in single-parent families are five times as likely to live in poverty as those who do not. Clearly we need to do more to ensure that non-resident fathers help provide for their children. This means both giving fathers incentives to support them and removing disincentives to their doing so.

Bradley recognizes that many non-resident fathers want to help their children but that the system effectively discourages it. Under the current system, mothers on welfare are required to turn over their claim to child support to the state. The state then collects child support from the father and, in most cases, keeps it to reimburse itself for the welfare assistance it provides to the mother. (For example, a mother with one child who receives $4,500 from the state through welfare and is entitled to $2,000 in child support takes home only $4,500. The $2,000 is retained by the state in exchange for welfare assistance.) Under the Bradley plan, a father's child support will go to the mother and child.

4. Make the Dependent Care Tax Credit refundable.

Unless parents have relatives who live nearby they need child care for their children when they are at work. Often this child care can be prohibitively expensive for families who live below the poverty line. The Bradley proposal will make child care more available and affordable. The first step is to make the Dependent Care Tax Credit refundable.

The Dependent Care Tax Credit is a non-refundable credit for expenses incurred in caring for children under 14 or a disabled dependent/spouse. The credit is capped at $1,440 a year for a family with two children, regardless of income. Because the credit is non-refundable, however, it is not available to poor families that have no tax liability. This includes a family of four with an income up to $18,000. This, in effect, means the Dependent Care Tax Credit is not available to those who need it the most – low-income working parents who require child care for their children while they work.

The Bradley Proposal to Help Children in Poverty will make the Dependent Care Tax Credit refundable so that low-income families will benefit from the same tax credit now available only to higher-income families. This will help 1.9 million low-income families – 1.2 million of whom don't currently receive any tax credit and 700,000 of whom will receive a larger credit. The average credit for these 1.9 million families will be $474.

5. Increase funding for the Child Care Development Block Grant program.

The Child Care Development Block Grant program is the main source of child care assistance for poor families. It provides block grants to states to subsidize child care expenses for children under age 13 whose parents work or are in school. Services are provided on a sliding scale based on need.

In 1999, the Child Care Development Block Grant program provides assistance to 1.4 million low-income children, just one in seven who are eligible for subsidies. In many states, the waiting list for child care assistance is very long. The Bradley Proposal to Help Children in Poverty will increase access to child care for low-income families by increasing funding for the Child Care Development Block Grant program from $3.3 billion per year to $4.3 billion per year. This additional funding will increase the number of low-income children who receive child care by 420,000 (30%). It will also increase the number of poor parents who work by removing one of their major roadblocks. Because studies have shown that a considerable portion of current child care fails to meet basic quality standards, 10% of the new funding must be used for quality improvements such as teacher training, child care center renovations, and recruiting qualified child care providers.

6. Invest in child care and early education for children age 0-5.

Bill Bradley understands that quality care and education at an early age are an essential part of a child's development. Research has demonstrated that the first years of a person's life are critical in terms of cognitive, emotional and social development. For this reason, Bradley will create an Early Care and Education Partnership program to ensure that America's youngest citizens are nurtured and cared for in a manner that maximizes their development. The program, first proposed on October 7, 1999 as part of Bradley's Proposal to Help Working Families, will be funded at $2 billion per year. The program will supplement the above programs with initiatives such as activities for infants and toddlers or preschools. Because the needs of each community differ, the Early Care and Education program will be based on public-private partnerships that put decision making in the hands of leaders in the communities where funding will be spent.

More information on the Proposal to Help Working Families, including the "Early Care and Education" initiative, may be found on the Bill Bradley for President website (www.billbradley.com).

Note: the Bradley initiatives for child care mentioned above complement each other and work as a comprehensive package. They do not allow low-income families to "double dip." For example, if a family receives a subsidy under the Child Care Development Block Grant program, it may not claim that subsidy as part of the Dependent Care Tax Credit. The credit, however, may be claimed for expenses that are not covered by the subsidy.

7. Guarantee health care for children.

The Bradley Proposal to Help Children in Poverty recognizes that a primary concern of low-income parents is the health of their children. The Health Care Proposal From Bill Bradley (released on September 28, 1999) addresses this concern and guarantees health coverage for every child in America. Low-income parents who are unable to purchase insurance will receive a full subsidy from the government.

More information on the Health Care Proposal from Bill Bradley, including how it helps low-income adults, may be found on the Bill Bradley for President website (www.billbradley.com).

8. Improving access to existing programs for eligible low-income families.

The Bradley Proposal to Help Children in Poverty recognizes that many low-income families that are eligible for benefit programs such as food stamps, Medicaid and child care do not participate in them either because they are difficult to access or the application/renewal process requires a potential recipient to miss work (forcing a choice between potentially losing a job or receiving essential benefits).

To support low-income families that work and ensure they participate in benefit programs designed to help them, the Bradley proposal will better coordinate the application/renewal process and enable potential recipients to complete it at accessible locations during non-work hours. Streamlining this process will support work among welfare recipients, lift more children out of poverty, and reduce inefficiency and bureaucracy.

The Bradley proposal will also give states the flexibility to apply the same standards used by TANF or Medicaid in determining the maximum value of a car that a welfare recipient may own without losing food stamps. The value of the car has barely been adjusted at all since 1977. This makes it difficult for a welfare recipient to own a car -- which is often required to get to work -- without jeopardizing his or her food stamp benefits.

PROVIDING HOPE FOR A BETTER FUTURE

The Bradley Proposal to Help Children in Poverty recognizes that a child's education is one of the critical determinants of his or her success. Education can be the ticket out of poverty. To improve education opportunities for poor children, the Bradley proposal will:

1. Increase funding for Head Start and Early Head Start.

Head Start provides part-day child development to almost 850,000 poor children age 3-5. Its four main components are early education, health services, parent involvement, and social services.

Head Start (which includes 40,000 children age 0-3 in Early Head Start) is currently funded at $4.7 billion per year. The Bradley Proposal to Help Children in Poverty will increase this funding by $1 billion in year one, $2 billion in year two, $3 billion in year three and $4 billion in year four (for total funding of $8.7 billion). At the end of this period, almost every eligible child who wants to enroll in Head Start will be able to do so.

Does this replace need for CCDBG?

2. Create Teach to Reach Partnerships to train 60,000 new teachers every year for urban and rural schools.

The country will need 200,000 new teachers each year for the next ten years. Nowhere are teachers more needed than in low-income urban and rural schools. To confront this urgent reality, Bill Bradley proposes to create Teach to Reach Partnerships to train 60,000 high quality teachers each year for low-income urban and rural schools, and to improve the effectiveness of teachers currently in high-need schools.

There are four components to the program -- all designed to ensure high quality teaching in disadvantaged schools. The program encourages the development of partnerships between universities and high-need elementary and secondary schools in their area. Collaboration between schools and universities will maximize the educational possibilities for all participants.

First, to attract new teachers, the program would offer up to 4 years of loan forgiveness for 50,000 students each year – up to $5,000 per year for 4 years – for a 4 year commitment to teach in an elementary or secondary school of high need. The student *must attend a university that is part of a recognized consortium,* and must commit to teaching after graduation in a low-income urban or rural school. Students would receive rigorous training during college, including practical training in a participating public school, and would have to be certified before they teach. Under the Bradley proposal, certification would be based on a demonstration of competency to teach, not simply acquiring the necessary classes and credit hours.

Second, the Bradley proposal would establish 10,000 scholarships per year for high school graduates who show academic promise and are willing to commit to teaching for 5 years in an area of high educational need. As above, the student must attend a consortium university and then teach in a low-income public school. The student also must commit to teaching in critical-shortage subject areas: science, math, technology and foreign languages. Scholarships will be targetted to students who will bring economic, racial and cultural diversity to the nation's teaching force. In exchange, students will receive 4 year scholarships of up to $7,500 per year or $30,000 over 4 years.

Third, the Bradley proposal would create a "Teachers Teaching Teachers" program to offer existing teachers lifelong learning opportunities. This program would allow public school teachers to stay current in their subject and update their skills and knowledge throughout their teaching careers. Under the program, consortia *university and local schools could apply for federal funds to* conduct university-led professional development programs for teachers. University professors would lead seminars or site-based activities which would foster collegial exchange, mutual learning, mentoring relationships and pride in the profession of teaching.

Finally, there are literally thousands of people who have valuable skills and knowledge who are interested in teaching as a second career. The current certification process often discourages highly competent people from entering the profession. The challenge we face is to create greater flexibility in the certification process without sacrificing rigor.

The Bradley proposal would encourage consortia universities to devise certification programs that are competency-based for second-career teachers. Second-career teachers who receive alternative certification from a consortia university in the consortia would be eligible to receive the same $5000 per year loan forgiveness. In exchange for the loan forgiveness, the second-career teacher would be required to teach in an urban or rural school for each year of loan forgiveness.

The overall budget for the Teach to Reach Partnerships would be $1.3 billion.

The Bradley proposal further recognizes that a child's needs do not end when school ends. Most youth violence occurs between 3:00 p.m. and 8:00 p.m., after school but before the parents return from work. This is when working parents feel most helpless. In addition to the education and child care initiatives specified above, the Bradley proposal will expand and invest in after school programs for children. Specifically, it will:

3. Create a National Beacon Centers Program to provide community centers for school-aged children and their parents.

Increasingly, both parents are required to work to make ends meet for their families. Single parents struggle even more to provide for their children. This trend has left millions of our nation's children unsupervised after school until their parents return home from work. These hours are at best a lost opportunity to develop skills, interests and assets. At worst, they are hours that invite violence, teen pregnancies and other aberrant behavior.

The Bradley proposal seeks to address this problem by creating a national program of community centers modeled on the Beacons program in New York City. The Beacons are recognized as one of the best examples of community schools in the country. They are located in schools, run by a designated non-profit, and open 7 days a week until 11 or 12 p.m. They offer a wide range of services, including: homework help, arts and recreation, mentoring, career counseling for students or parents, literacy classes, health information and neighborhood involvement activities. They are much broader than just afterschool programs: they are open late in the evening, on weekends and in the summer. They are one-stop shopping centers for families facing the new realities of the new economy.

The National Beacons program builds on Bradley's 1994 Community Schools Program. It is yet another example of Bradley's belief that unleashing the positive power of civil society is key to successfully addressing needs that exist in individual communities.

Bradley will provide $1 billion in grants to non-profits who want to start Beacon-like Centers. The non-profit may run a Beacon out of any community organization: schools, YMCAs, Boys and Girls Clubs, settlement houses, faith-based organizations and others. They will be coordinated by a lead local community-based organization, advised by a community council that includes principals, teachers, parents, young people, local police and other residents to ensure that the programs are tailored to fit the needs of the community. While Beacons serve as the primary model for this program, there are multiple models of community schools that could meet the goals of this program and qualify for funds.

Non-profits can apply for grants between $250,000-$500,000. At a total funding level of $1 billion, the Beacon Program could fund 2,000 or more centers and serve 5.6 million children and their families. Priority for grants would be given to low-income urban and rural areas.

4. Create a Senior Volunteers Program that matches senior citizen volunteers with school and community-based programs that need them.

The program, first proposed on October 7, 1999 as part of Bradley's proposal to help working families, will be funded at $300 million in its first year. As the number of senior volunteers rises to a maximum of 500,000, the cost will increase to $1.2 billion. Seniors could work in Beacon Centers.

More information on the Proposal to Help Working Families, including the Senior Volunteers Program, may be found on the Bill Bradley for President website.

5. Establish Second-Chance Homes for teen mothers.

Being a teen mother is a difficult and often disorienting experience. The primary goal of the Bradley Second-Chance Homes would be to reduce additional teen pregnancies by providing disadvantaged young mothers a supportive and nurturing environment during their pregnancy and their baby's first year. Second Chance Homes can be the road to hope for women whose future might otherwise look bleak.

The Homes would offer young mothers parenting skills, job counseling, and offer educational and housing referrals. They may also link up teen mothers with other supportive services in the community.

The program would provide $300 million in federal funds to the states, which will disperse the funds and provide a 25% match. The overall $375 million would fund approximately 550 group homes and more than 10,000 women.

ANNUAL COST

Expanding the Earned Income Tax Credit	$4 billion
Making the Dependent Care Tax Credit refundable	$740 million [1]
Enrolling an additional 400,000 children in Head Start	$1 billion [2]
Increasing funding for Child Care Development Block Grants	$1 billion [3]
Child Support	$700 million
Food Stamps	$500 million [4]
Teach to Reach	$1.3 billion
Beacon Centers	$300 million [5]
Second-Chance Homes	$300 million
Total Annual Cost	$9.84 BILLION

Footnotes for Annual Cost

(1) $3.7 billion over five years.
(2) New funding in addition to current funding ($4.7 billion). This will increase by an additional $1 billion each year, for a total of $8.7 billion by year four. This will enroll nearly all children who want to participate.
(3) New funding in addition to current funding ($3.3 billion).
(4) First year costs. As participation in food stamp program by currently eligible families increases, costs will rise over four years to $1.7 billion (assuming 500,000 more families participating).
(5) Year one estimate. Estimated cost for full funding for 2,000 or more centers per year is $1 billion.

IMPACT OF INDIVIDUAL POLICIES

In the past month, Bradley has announced proposals that will:

- Raise the minimum wage for 12 million workers (an additional $2,000 for someone working full-time year round at the current minimum wage).
- Expand the Earned Income Tax Credit for 10 million working families.
- Enroll an additional 400,000 children in Head Start (currently 835,000 enrolled).
- Provide an additional 420,000 child care subsidies for low income families (a 30% increase over the current 1.4 million).
- Give 1.9 million low-income families tax relief on their child care expenses (additional credit of $475).
- Provide Beacon community centers for 5 million people that are open 7 days a week, 12 months a year.
- Enlist 500,000 senior volunteers to provide mentoring for children in and out of schools.
- Put 60,000 qualified new teachers in urban and rural high-need schools every year.
- Mandate health care coverage for the 11 million American children who are currently uninsured.

Bill Bradley for President

Proposal to Help Working Families

This proposal is the second in a series of three to help working families. The first (on health care) was released on September 28, 1999. The third (on children in poverty) will be released on October 21, 1999.

Helping Working Families Today and Tomorrow

Bill Bradley's Proposal to Help Working Families recognizes the stress most working parents experience in their daily lives and provides them with some of the tools they need to meet their biggest challenges.

The Bradley Proposal to Help Working Families is based on the recognition that the two most important commitments Americans have are to their families and their jobs. These commitments often compete against each other, forcing parents to choose between working longer hours to provide more for their families, or spending more time with their families but providing them with less.

The proposal recognizes that all working parents, at a minimum, want the following:

- To ensure that when they are at work, their children are well cared for.
- To spend enough time with their children to raise them as they see best and to have the flexibility to be with them at important moments in their life.
- To ensure the health of their families, particularly their children.
- To know that amidst the increasing stress of daily life, it is possible not just to survive, but to build a better life - to advance.

The proposal is based on two core philosophies:

1. **Parents play the primary role in raising their children.**

   The government and the private sector cannot - and should not - replace parents, but they should make it easier for parents to fulfill their duties by removing the roadblocks in their way.

2. **The needs of working families differ.**

   Most working families have the same basic needs, but a "one-size-fits-all" solution mandated by the federal government doesn't work. Initiatives to help working families must be developed at the state and community level, where they can be specifically tailored to the people they are designed to help. The federal government's role should be to serve as a catalyst and make sure no child gets left behind.

Based on the above, the Bradley Proposal to Help Working Families will:

- Create an Early Care and Education partnership program.
- Create a Senior Volunteer program.
- Expand the Family and Medical Leave Act.
- Address the health care concerns of working families.
- Invest in community colleges.

These initiatives are public-private partnerships, primarily developed and implemented on the state and local level. A more detailed explanation of each is provided below:

Child Care and Education

The Bradley Proposal to Help Working Families recognizes that one of the primary struggles working parents, particularly mothers, face is how to ensure their children receive safe, quality and nurturing pre-school care while they are at work. The Bradley proposal recognizes that quality care and education at an early age are an essential part of a child's development. Research has demonstrated that the first years of a person's life are critical in terms of cognitive, emotional and social development.

To help ensure that children receive the tools they need to develop to their full potential, the Bradley Proposal to Help Working Families will:

Create - for the first time - a federal Early Care and Education (ECE) Partnership Program.

The ECE program builds upon North Carolina's successful "Smart Start" initiative, and will ensure that America's youngest citizens (age 0-5) are nurtured and cared for in a manner that maximizes their development. The ECE program will be based on public-private partnerships that put decision making in the hands of leaders in the communities where funding will be spent. The federal government can - and should - assist local communities, but it should not micro-manage.

Specifically, the ECE partnership program will:

- Provide $2 billion per year to states for early care and education activities. Funding will be provided by the federal government in the form of generous 5:1 matching grants. States must provide the seed funding (preferably contributed by the private sector) to trigger matching funds.
- Each state will create a public-private partnership to determine broad early-care-and-education goals specific to that state. The partnership will include, among others, educators, parents, child care providers, relevant government agencies, and representatives from the business, non-profit and faith communities.
- Individual counties within each state will create similar local public-private partnerships to determine early-care-and-education initiatives tailored to their specific counties and the communities within them. These initiatives

may include programs that focus on school readiness, infants and toddlers, family support, parenting, children with disabilities, and children whose primary language is not English.

- After confirming that the initiatives selected by the county promote state goals, the state partnership will distribute the funding to the county partnerships. The state partnership will be responsible for ensuring the accountability of county partnerships. The private sector will be encouraged to support county initiatives through additional funding or in-kind contributions.
- 40% of funding must be used to enhance the quality of existing programs and/or improve infrastructure. The remaining 60% of funding must be used to provide direct services and programs.

Create the Senior Volunteers Program

The Senior Volunteers Program, which builds upon the successful "Experience Corps," recognizes that America's greatest generation has a valuable role to play in cultivating its youngest generation. Research has shown that one of the best predictors of a child's success is regular contact with a caring adult. To ensure that more children have contact with senior citizens who can mentor them, expand their educational opportunities, and build their self-esteem, the Bradley proposal will: 1) remove the roadblocks to seniors who wish to volunteer; and, 2) provide seed money for fledgling programs that match senior volunteers with child care/development efforts. These programs will cover grades K-12.

Specifically, the Bradley proposal will:

- Make tax-free stipends of up to $200 per month available to seniors who volunteer at least 15 hours per week in an approved program for children in grades K-12. Stipends will be used to offset transportation and other expenses.
- Provide "volunteer coordinators" to help communities better match senior citizen volunteers with programs for children. The government will also direct the Volunteers In Service to America (VISTA) program to give special attention to finding volunteer coordinators for schools and community organizations that work directly with children during after-school hours.

Helping Parents Spend Enough Time with Children and Giving Them the Flexibility to Be There at Important Moments

Family and Medical Leave Act

The Bradley Proposal to Help Working Families recognizes that many working mothers are unable to leave work for a short period of time to attend events that may not qualify as emergencies, but are nevertheless central to their lives and the lives of their children or elderly relatives. Such events, which are common to our daily life, include taking a child to the doctor, attending parent-teacher conferences, or taking a parent to a nursing home.

Under the Bradley Proposal to Help Working Families, parents will have the flexibility to attend these events - events which bind us as families. The Bradley proposal will extend the Family and Medical Leave Act to include firms with 25 or more employees. The current FMLA applies only to companies with 50 or more workers. This extension will cover an additional 10 million workers.

The Bradley proposal will also expand the FMLA to provide an additional 24 hours (3 days x 8 hours) of unpaid leave. No more than four hours may be used in a single month. Unlike the current FMLA, workers will be able to use this time in short increments that they determine to attend events important in their family life. The Bradley proposal will retain all other provisions of the current FMLA.

Forced Overtime

The Bradley Proposal to Help Working Families recognizes that in today's fast-paced world, it is increasingly difficult to coordinate the schedules of working parents and their elderly relatives or children. In major cities, for example, over-crowding in schools has resulted in staggered school hours, creating a situation in which some children attend class in the late afternoon and others in the early morning. Parents have to juggle competing demands of work and family life to adjust to these changes, most of which are beyond their control. Even when schedules remain unchanged, balancing the rising demands of work and family is difficult. Working mothers know that no matter what demands they face at work, the child care center where their child is enrolled closes at a certain hour, no exceptions.

Bill Bradley recognizes that overtime work is sometimes unavoidable and that it often helps families generate much needed extra income. He also recognizes, however, that too frequently employees feel powerless to refuse a last minute request to work extra hours even when it forces a mother to miss her daughter's doctor appointment or makes her son wait alone for an hour after basketball practice. To address this concern, the Bradley proposal will encourage employers to be flexible on the issue of forced overtime work. Businesses must have the manpower they need to excel, but families must also have the time they need to be families. Recognizing both of these realities, Bill Bradley, as President, will direct his Cabinet officials to work with employees in their departments to establish "fair time" policies for overtime work, including advance notice and worker choice. He will also encourage private-sector employers and employees to work together to do the same.

Health Care

The Bradley Proposal to Help Working Families recognizes that health care is a primary concern for working parents, many of whom are responsible for the health not only of their children, but, increasingly, their aging parents. Parents are further concerned about their ability to purchase and maintain insurance for themselves, particularly if they are part-time workers who don't receive insurance or full-time workers who lose or change their job.

The Health Care Proposal From Bill Bradley (released on September 28, 1999) addresses the health care concerns of working parents, specifically their concerns about access, affordability, quality and choice. The proposal, a recap of which follows below, is part of the package of Bill Bradley's broader initiatives to help working families.

The Health Care Proposal from Bill Bradley will:

- Guarantee health coverage for every child in America. (Parents who are unable to purchase insurance for their children will receive a full or partial subsidy from the government.)
- Preserve the Medicare guarantee and expand it with two optional programs: 1) a catastrophic and chronic drug benefit program; and, 2) a program that provides the elderly

with the professional support they need to remain independent. (The latter will significantly relieve the burden on working family members who double-up as caregivers.)

- Guarantee access to and portability of insurance for all Americans by allowing them to participate in a federally approved program of private plans that will be available to them whether they lose or change their job. (Adults who cannot afford to the cost of premiums will receive a full or partial subsidy from the government.)
- Maintain all current health plans and systems, including employer-provided insurance, for those who are happy with their current coverage.

More information on the "Health Care Proposal from Bill Bradley" may be found on the Bill Bradley for President here

Building a Better Future

The Bradley Proposal to Help Working Families recognizes that working families in America have two sets of concerns - overcoming the stress in their lives today and building a better future for tomorrow. Increasingly, they feel the latter is impossible and that the most they can hope for is to work harder and harder just to stay even.

The Bradley proposal acknowledges that any comprehensive package of initiatives to help America's working families must address the present and the future: it must help working parents overcome their struggles today and achieve their dreams - the American Dream - tomorrow.

Lifelong Learning

The technological revolution has changed the way Americans live and work. To ensure that all Americans have the skills they need in this new, knowledge-based environment, the Bradley proposal will provide high school graduates and working adults with the tools they need to be sufficient in their current job and, if desired, to advance to a new, better one. Individual workers and the American economy will benefit from this initiative.

To improve access to lifelong education and give working parents a chance not just to stay even, but build a better future, the Bradley Proposal to Help Working Families will invest in community colleges. These colleges, long underappreciated, have served as learning centers for older, working Americans and career training programs for high school graduates. Today, there are over 1,000 community colleges in the country.

Specifically, the Bradley proposal will provide $2 billion over five years for community colleges. Funding will be disbursed in the form of competitive grants designed to:

- Build strong partnerships with the local private sector, local high schools and universities.

  This will provide a comprehensive approach that allows students to enter a community college from high school and exit to a four-year institution or a job in the private sector which demands the skills and training they have received.
- Improve the technology infrastructure of community colleges.

  This will allow community colleges to provide students with the technological and other skills they need to remain qualified for their current job and to advance to a better one. (Community colleges must form technology-related partnerships with local businesses to qualify for these funds.)

- Remove the barriers to access, including providing appropriate child care for students who need it and ensuring that class schedules are arranged in a manner that allows working adults with full- or part-time jobs to attend.

Health Care	See Bill Bradley health care proposal for detailed cost
Child Care Ensuring that when parents are at work, their children are well cared for	$2 billion (ECE program) $200 million (Sr. Vol. Program)
Investing In The Future Lifelong Learning/ Building a Better Tomorrow	$400 million (Community College)
TOTAL	**$2.6 billion per year**

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CENTER ON BUDGET AND POLICY PRIORITIES

To: Jack Lew
Sylvia Mathews

From: Bob Greenstein

cc: Barbara Chow

Subject: Poverty Initiatives and the Next Budget

Date: December 3, 1999

Nicole,
This is from
MV
- ERIC

Last week the NEC suggested I prepare a memo with ideas for initiatives to include in the final Clinton budget. I recognize that the list that follows is considerably longer than what you will have room for in the budget. This is a slightly revised version (after more thinking) of what I sent to Gene.

1. EITC

The time is propitious to propose a final set of Clinton EITC improvements. As you know, the vetoed Republican tax bill included an EITC increase (in the form of EITC marriage-penalty relief).

The 1993 EITC expansion has been one of the signature achievements of the Clinton Administration. This legacy can be enlarged upon by enhancing the EITC's effectiveness at reducing poverty among families with three or more children, simplifying the EITC/child tax credit relationship, and reducing for families close to the poverty line the high marginal rates to which the EITC contributes (something George W. Bush's proposal fails to do). There are three specific areas where important EITC improvements could be made.

- *A third tier*: I would strongly recommend adding a third EITC benefit tier — i.e., a benefit tier for families with three or more children. The poverty rate in 1997 was 12% for children in families with one child, 14% for children in families with two children, and over 25% for children in families with three or more children. Moreover, the poverty line and welfare benefits are adjusted for the number of children in a family, while wages are not. As more and more families move from welfare to low-wage work, we need more of an EITC boost for larger families.

  Bradley's child poverty plan includes a proposal for a third benefit tier. But Al Gore who was here first — the 1991 Gore-Downey bill featured this proposal. And it was the Clinton Administration that established the precedent in law for this approach when it secured inclusion in the 1997 budget deal of a refundable

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component of the child tax credit for families with three or more children whose payroll taxes exceeded their EITC.

This refundable child credit approach was an excellent foot-in-the-door. But it does not kick in until family income reaches about $25,000 and it is complicated. I'd suggest establishing a third EITC tier in a way that reduces the proposal's cost (and simplifies the tax code) by converting the refundable component of the $500 child credit into a new EITC benefit tier for families with three or more children. This approach also should make this initiative somewhat more palatable to Republicans, as it would convert one refundable credit component for larger families into another refundable credit for such families; that should be more acceptable to Republicans than adding a third EITC tier on top of the refundable component of the child credit. A third EITC benefit tier would be simpler and much better targeted than the refundable element of the child credit.

If the idea is adopted of converting the refundable component of the child credit into a third EITC benefit tier, I think this can be done for under $1 billion a year.

There would be some very large families with incomes around $30,000 that would be worse off, because the refundable component of the child credit they would lose would exceed the EITC benefits they would gain. But this is a price well worth paying to establish a third EITC tier.

Incidentally, one state has pioneered this approach and has established a state EITC with a third tier — Wisconsin under Governor Tommy Thompson. (I'd also note that a third EITC tier is a high priority for Hispanic groups like the National Council of La Raza. The proportion of poor families that work is higher among Hispanics than among non-Hispanic whites or blacks. In addition, Hispanic families have a larger average number of children than non-Hispanic families do.)

- *EITC marginal tax rate relief:* Combined marginal tax rates can be extraordinarily high on working families whose EITC, food stamp, and other benefits (such as child care) all phase down at the same time. These families can encounter marginal tax rates in the 50% to 100% range. George W. Bush has emphasized this problem and claimed incorrectly that his tax plan responds to it.

  The final Clinton budget could contain a proposal here. Such a proposal would demonstrate that progress can be made in addressing this problem without having to pass a $1 trillion 10-year tax cut and that the Administration's budget, unlike the Bush plan, is actually responding to this problem. Perhaps the best way to do this would be to lower the EITC phase-down rates for families in the part of the EITC phase-down range in which substantial numbers of families lose EITC and food stamp benefits at the same time and then to raise the EITC phase-down rates back up to current levels in the part of the phase-down range in which families no longer are eligible for food stamps or are very unlikely to be receiving them.

- *EITC marriage-penalty relief*: EITC marriage-penalty relief also can be provided. The vetoed tax bill and the House and Senate Democratic tax bills contained such a feature. But such a proposal probably does not make sense politically unless the budget also proposes middle-class marriage penalty tax relief, which would be costly and (in my view) is not a priority.

2. A related proposal to "make work pay"

Achieving the goal that President Clinton set for the nation — that if a parent works full time, the parent and his or her children should not live in poverty — entails that a family have a combination of full-time minimum wage earnings, the EITC, *and food stamps*. If a family of four or more fails to receive food stamps, it will be several thousand dollars below the poverty line. In fact, the food stamp benefit for which a family of four with full-time minimum wage earnings qualifies is nearly equal to the EITC benefit for which such a family qualifies.

Food stamp participation, however, is quite low among working poor families, a problem to which you have been devoting increasing attention. I think the Administration should include several proposals in the budget to help address this problem. The first two steps outlined below would be welcomed and endorsed by the governors on a bipartisan basis.

The first and principal such step is to give states the option of conforming the food stamp limit on the value of a vehicle that a household may own to the vehicle limit that the state has established in its TANF or Medicaid programs (so long as the TANF or Medicaid limit used is not more restrictive than the food stamp vehicle limit). The food stamp limit was originally set in 1977 to bar participation by families with luxury cars. Some 22 years later, however, the food stamp vehicle limit disqualifies families with very modest cars, because the limit is essentially the same in nominal terms as when it was first established in 1977. (It was established in 1977 as a $4,500 limit on the market value of a vehicle; today, the federal food stamp vehicle limit is $4,650 in market value.) During this 22-year period over which the food stamp limit has remained essentially unchanged, the CPI for used cars has *nearly tripled*. For the vehicle limit to have the same effect today as it had in 1977, the limit would need to be nearly $13,000.

When the food stamp vehicle limit was established in 1977, it was higher than the vehicle limits that most states used in their AFDC programs, reflecting the importance of food stamps to working poor families, many of which own modest cars that they must use to commute to their jobs. Today, by contrast, nearly every state has a more liberal vehicle limit in its TANF program than the federal food stamp limit.

Moreover, because the federal food stamp vehicle limit is *not* indexed to inflation, a larger share of working poor families become ineligible for food stamps each year. The 1993 reconciliation act contained a Clinton proposal to address this problem, but the welfare law repealed that provision.

This problem is taking on increasing importance. Recent research by Sandra and Sheldon Danziger in which they examined barriers to employment among welfare mothers in Flint, Michigan found the two top barriers to employment to be lack of a high school diploma and lack of access to a car. With a greater share of low-skilled jobs now in outlying suburbs and exurbs, lack of a car makes it more difficult for many low-skilled inner-city residents to hold jobs.

Over the past 12-18 months, states with governors of both parties have been increasingly vocal in attacking the food stamp vehicle limit as being anti-work and counter to welfare reform. Some Republican state officials use the food stamp vehicle limit as an example of why we should block-grant food stamps when the welfare law comes up for reauthorization in 2002. Fixing this problem would help make work pay, strengthen and reinforce welfare reform, and show we can address such problems without replacing the food stamp program with a block grant.

Furthermore, some bipartisan support for this proposal is developing on the Hill. The proposal is a central feature of a hunger relief bill that Senators Specter, Kennedy, Jeffords and Leahy introduced a few weeks ago in the Senate and Rep. James Walsh and some bipartisan co-sponsors introduced in the House. In addition, I believe Senator Lugar would be favorable to this proposal. CBO cost estimates show this proposal costing $1.3 billion over five years; the cost would be lower if a related regulatory change is made.

The second proposal to improve food stamp use among working poor families is a modest proposal to allow states to conform the treatment of several forms of income in the food stamp program to the treatment used in Medicaid. This would enable states to use a single definition of income in Medicaid and food stamps, which in turn should facilitate the development of simplified, joint Medicaid/food stamp applications for working poor families with children. This should help states boost participation by working poor families in both programs. I believe OMB attempted to secure inclusion of this proposal in the ticket-to-work bill. It costs only $18 million over five years, which makes it a bargain.

A final food stamp proposal that deserves consideration, a version of which is in the Specter-Kennedy/Walsh hunger bill, is a provision to adjust the cap on the food stamp shelter deduction for low-income households that do not contain an elderly or disabled member. The vast array of these households are families with children.

Eliminating that cap was the top food stamp priority of Leon Panetta and the Clinton Administration in 1993 and was part of the 1993 reconciliation law. The 1996 welfare law, however, repealed the 1993 provision. This was one of the features of the welfare law that President Clinton criticized most strongly in signing it, and in 1997, the Administration sought unsuccessfully to reverse this provision. The new bipartisan hunger bill on the Hill seeks *not* to eliminate the cap on the shelter deduction but takes a more moderate approach, raising the deduction cap a modest amount and indexing it.

Indexing the cap is particularly important. If the cap is frozen in perpetuity without any indexing mechanism, a growing number of poor families with children will hit the cap each year and have a more difficult time paying the rent and feeding their children adequately at the same time. I'd recommend restoring indexation. This will be increasingly significant over time.

Those who would be helped by such a provision such are primarily working poor families.[1] This provision would cost $150 million over five years.

3. **Health Insurance**

I hope the budget proposes some significant new steps to expand health insurance coverage. There is a renewed focus in the country on the issue of the uninsured. Moreover, Republicans are proposing unwise tax cuts for the purchase of health insurance, and the Administration and Democrats need an alternative. This may be an opportunity to make important progress here.

One of the biggest problems in this area is the large number of children in working poor families who are eligible for Medicaid but unenrolled. We'd recommend the following:

- The CHIP program provides an enhanced matching rate to states to cover children primarily between about 133 percent and 200 percent of the poverty line. We'd urge you to propose an enhanced matching rate to states to enroll more of the eligible children who are *below* these income levels. This could be done by taking the CHIP matching rate for each state and applying it to increases in the state's child Medicaid enrollment above the state's enrollment level in a base year. (Adjustments would be made so the enhanced match did not apply to older children aging in to Medicaid eligibility under the final stages of the 1990 mandate to cover children below the poverty line who were born after September 30, 1983.) This would give states more incentive to reach and enroll more working poor children.

  This might be accomplished simply by allowing states to use CHIP funds for this purpose. I'm not sure whether it would be best to augment CHIP funding or this simply should be made an allowable use of CHIP funds. (Note: Since children on welfare already are on Medicaid, and welfare rolls are continuing to fall, providing enhanced matching funds for increases in Medicaid child enrollment would result in providing these funds primarily to increase Medicaid coverage among children in working poor families.)

We even more strongly recommend that the Administration propose an initiative for states to extend coverage to more low-income adults. The best approach would be a new Medicaid option to cover all individuals up to the poverty line. That would be a terrific advance.

Another important advance would be an initiative to cover more low-income working parents. Census data show that nearly half of all working poor parents are uninsured throughout the year. Covering these parents would encourage work and help ensure that work is more

[1] Those aided would largely be families with children that do not live in public or subsidized housing and have cash incomes between 50 percent and 100 percent of the poverty line. These are principally working families; in most states, families on welfare have cash incomes below 50 percent of the poverty line.

remunerative than welfare. It also should improve *child* health insurance coverage; research indicates that children are more likely to be insured where the whole family can secure coverage.

Under this approach, the Administration would propose a CHIP-like block grant for parents with incomes up to a certain level. The block grant would have an enhanced federal matching rate like that which CHIP provides. States would have broad flexibility over use of these funds, but there would be two basic rules the states would have to follow:

- In using block grant funds to cover low-income working parents, states would have to cover parents through the same program as their children. In other words, if a family's income was such that its children were Medicaid-eligible, and the state used block grant funds to extend coverage to the parents, it would make the parents eligible for Medicaid. Similarly, if a family's income made its children eligible for a separate state insurance program rather than Medicaid and the state elected to use its block grant funds to provide coverage to parents at that income level, the state would make these parents eligible for the same state insurance program as their children.

- States would have to cover poorer parents before less-poor parents. A state couldn't use block grant funds to extend coverage to parents above the poverty line until it had used block grant funds to cover the parents below the poverty line.

Other Health Insurance Issues

We also recommend that the Administration again include in the budget its proposal to expand the scope of the Medicaid "presumptive eligibility" option for children. Under the Administration's proposal, a state could use schools and other entities the state deems appropriate as presumptive eligibility providers. This fits very well with the Administration's increased emphasis on using schools to reach and enroll children in health insurance. This proposal was in the FY 1999 budget; it also was in the 1999 McCain tobacco bill. I'm told it fell through the cracks when the FY 2000 budget was put together.

In addition, I assume you will include in the budget a provision lifting the sunset on Transitional Medicaid Assistance for families that have just worked their way off welfare. TMA, which has been in federal law since 1988, sunsets on September 30, 2001. The Administration should propose to make it permanent. This can be coupled with two small but important proposals to make TMA more effective that were included in your FY 2000 budget.

I'd urge that another Medicaid-related proposal that OMB sought to attach to the "ticket-to-work" legislation also be included in the budget. The proposal in question is a Lugar bill to enable state and local Medicaid and CHIP agencies to make greater use, for Medicaid and CHIP outreach and enrollment purposes, of the lists that schools compile of children who are certified for free and reduced-price school lunches. This costs only about $50 million over five years.

Last, but not least, is the issue of expanding health care coverage for low-income legal immigrants. I assume the Administration will re-propose giving states the option to make legal immigrant children who have entered the country after August 22, 1996 eligible for Medicaid and state child insurance programs funded under CHIP.

We, and the principal groups that work on immigrant issues, have suggested one additional expansion related to health care coverage for legal immigrants. This year's Clinton budget proposed to make legal immigrants who enter the country after August 22, 1996 — and who become disabled after entry — eligible for SSI after they have been in the United States for five years; under that proposal, most such immigrants would become eligible for Medicaid at the same time. We assume this proposal will be in the FY 2001 budget. Our suggestion is to accompany this with a proposal giving states the option of extending Medicaid coverage during their first five years in the country to legal immigrants who have entered after August 22, 1996 and have become disabled after coming here.

4. A refundable tax credit for child care or higher-education costs

Consideration could be given to making either the Dependent Care Tax Credit or the Hope credit into a refundable credit. When the Administration considered such steps a few years ago in formulating the 1998 budget, I thought a proposal to make these credits refundable would be a political mistake. But I think the political climate has eased now and the Administration could consider making one, but not both, of these credits refundable.

- When the 1998 budget was being developed, the White House, Treasury, and we were all concerned that Republicans would strongly oppose creation of another refundable tax credit and fight such a credit by waiving the banner of EITC fraud and abuse. We believed the likely result would be that the Administration would not get the refundable credit and that the EITC would be further weakened politically.

- But the atmosphere seems to have changed. The EITC appears stronger now politically for at least two reasons. First, in the last two years, new research has demonstrated that the EITC has induced large increases in employment among single female parents. As a result, a number of Congressional Republicans now see the EITC as integral to the success of welfare reform. Second, in 1995-1996, Republicans believed their own rhetoric that the EITC was the most out-of-control entitlement in the budget, because its cost had risen exponentially over the previous decade. When we all responded that this growth was the result of the 1986, 1990, and 1993 EITC expansions and that the explosive cost growth would end when the 1993 expansion finished phasing in, many Republicans refused to believe it. Of course, the rapid cost growth did end when the expansions phased in, and EITC costs are now "well behaved." This has removed a significant source of EITC criticism.

- In addition, while only a few years ago Republicans vehemently opposed any more refundable credits and argued that such credits are inherently fraud-ridden, today key Republicans such as Dick Armey and a cadre of influential conservatives are promoting the creation of a refundable tax credit for the purchase of health insurance. This approach presents an array of problems as a way to expand health care coverage, but its emergence makes it harder for Republicans to argue that refundable credits are inherently fraud-ridden and that a refundable credit for child care or higher education costs is a terrible idea on those grounds.

We have not done work on the relative merits of making the HOPE credit refundable versus making the DCTC refundable, so I hesitate to rank them. But I'd suggest consideration of making one of these credits refundable.

5. Promoting Mobility Through Housing Vouchers

A growing body of research is finding positive outcomes from housing vouchers that enable poor families to move to areas with better job opportunities and/or schools and less crime. You did a fabulous job in securing 60,000 new vouchers in this year's HUD-VA bill. I hope the new budget includes either 100,000 more incremental vouchers (the same incremental level as was proposed in this year's budget), or 140,000 vouchers, the full level authorized under the 1998 housing bill.

6. Unemployment Insurance

Unemployment insurance reforms are badly needed. And there is a possibility for UI changes next year. The states want changes in UI administrative costs, and the Ways and Means Committee Republicans have told us they plan to push this next year. Employers want elimination of the 0.2 percent federal FUTA surtax. If such changes are made, reforms in the UI benefit structure ought to be secured in return. To do so, the Administration should have a UI reform package in the budget.

As Janet Norwood, the former BLS commissioner and former chair of the Congressionally-chartered UI advisory commission in the mid-1990s, has stated, the current UI system essentially discriminates against low-income workers. Only about one in three unemployed workers receive unemployment insurance benefits. Among low-income workers, the percentage is much lower.

The problem is most severe among low-income women with children. The UI system does not reflect current labor-market realities and is not very family friendly. It does not account for the part-time and intermittent employment patterns common among many low-skilled workers in today's employment market, particularly those who must juggle work and child-rearing responsibilities. In the mid-1990s, only one in six single mothers who worked in jobs paying $5.15 an hour or less (in 1997 dollars) and then became unemployed received unemployment insurance.

Last fall, the Labor Department advanced a package of relatively modest but solid UI reforms. My understanding is that there was significant White House interest in these proposals, but that most of the proposals did not make it into the FY 2000 budget due to lack of an offset of about $1 billion over five years.

This budget is the last chance for the Clinton Administration to propose needed UI changes. If such changes do not become law, the Clinton legacy may look harsher when the next recession hits; at that time, a sizeable fraction of mothers who have been working at low-paid jobs but are then laid off will not be able to get either UI (because of the deficiencies in the UI program) or cash welfare assistance (for such reasons as having exhausted their time on welfare under the welfare time limits). Welfare reform has made UI reform more urgent.

There also is another reason why this is a good time to pursue UI reform. Since the economic outlook is so sunny, 5-year and 10-year cost estimates for UI improvements will be very low. If we wait to seek these reforms until the economy weakens, the price tag will be much larger.

There is substantial agreement among people working in the field about some of the types of changes that are needed. Many of these changes were recommended by the UI advisory commission a few years ago.

- Financial incentives are needed for states to adopt an "alternative" base period for determining UI eligibility. Unemployed workers are eligible for UI benefits only if they earned sufficient wages during the "base year;" in most states, the base year is defined as the first four of the five *completed* quarters preceding the time a worker has become unemployed. This definition of base period ignores up to six months of the worker's most recent work history. Research indicates that use of this base period is a major barrier to UI receipt among low-wage workers, who tend to enter and leave the labor force more frequently than higher-wage workers. Low-wage workers are much better served if states adopt an alternative base period that bases eligibility for benefits on work during the four completed quarters preceding the time the worker became unemployed. A number of states (I think about eight or ten) have successfully adopted this more up-to-date base period.

  Most of the states established their UI systems at a time when the data and technology needed to process claims quickly were not available and it was necessary to use a base period that did not account for the most recent quarter of work. The technology has improved since then. More timely reporting is now available.

  A mandate requiring states to use the more recent base period would be the best approach from a policy standpoint but may not be feasible politically. If not, then financial incentives are needed for states to adopt the alternative base period. When past efforts have been undertaken to persuade states to adopt this base period, the administrative costs entailed have been a principal source of state concern and opposition. Federal legislation is needed under which the Labor Department would pay for, or share in, the costs of start-up and ongoing administration of the alternative base period; these costs principally involve additional staff-time to collect more up-to-date information about claimants. Funds also should be provided for DOL to provide technical assistance to states about the most efficient means to implement the alternative base period; this might include the development and distribution of software that enables employers to comply more readily with more timely reporting rules.

- Improving access to UI benefits for part-time workers also is important. A large number of workers are limited to part-time work due to changes in the labor market or family responsibilities.

  One problem faced by individuals who must limit their employment to part-time hours are the UI rules that most states use under which UI benefits are denied to individuals who seek only part-time work. These restrictions have an adverse impact on many women who must balance work and family obligations and attempt to do so by working part time.

  There are several possible approaches. One would be a requirement that a claimant who limits work search to part time work may not be disqualified on the grounds that the claimant is unavailable for full-time employment *if* there is good cause for the claimant to restrict her hours of work and there is a demonstrated labor market for part-time work in the area.

- A third area where reform is needed involves the definition of "good cause" for leaving a job. The UI program needs to be more family-friendly in this regard. Many women have to leave a job because of personal circumstances and family responsibilities. Such situations include moving to a new area because a spouse takes a new job there, changes in child care arrangements that alter a parent's potential work schedule or temporarily preclude work outside the home, and dealing with a range of family crises or emergencies such as domestic violence.

  Many states have rules that narrowly limit the definition of good cause for leaving a job to circumstances that relate to the job itself; these rules exclude circumstances that involve the types of family situations described above. By contrast, some other states have made it possible for an individual who leaves work for important family reasons such as those noted here to qualify for UI benefits when the individual again is available for work. Federal action is needed to induce or require states to adopt more family-friendly rules here.

Finally, improvements are needed in the extended unemployment insurance benefits program. Only about seven states have adopted the most responsive of the "extended benefits" triggers. As a result, if a major recession occurs, unemployed workers in a substantial number of states with high unemployment rates will not be able to receive extended benefits when their regular UI benefits run out.

Consideration should be given to establishing a higher federal matching rate for extended benefits, such as a 75 percent matching rate rather than the current 50 percent rate. The cost estimate for such a reform would be tiny now because the economic forecast is so bright. Such a reform could prove extremely important when the next significant recession occurs.

It makes sense for the federal government to pick up more of the unemployment compensation burden in areas experiencing high unemployment. In addition, if more states provide extended benefits, there will not be a need to move as quickly to 100-percent federally funded supplemental unemployment benefits in the next recession or to maintain the 100 percent federally funded benefits for as long a period.

7. Immigrant Benefits

We and several civil rights and religious organizations have discussed in detail with Barbara Chow and DPC our recommendations for immigrant benefit restorations in the FY 2001 budget. I won't repeat the full list of recommendations here but did want to emphasize the importance of this area. With Republican nervousness about Hispanic (and possibly Asian) voters in 2000, especially in California, the year ahead may provide an opportunity to extract further benefit restorations for legal immigrants.

OMB — and you and Barbara in particular — have been magnificent on these issues. Immigrants benefits would look very different today without your efforts. I know this remains an area of keen interest to you. I hope as you craft the FY 2001 budget, you can expand on the immigrant benefits proposals in last year's budget.

8. Child Support

Another area in need of change involves federal and state rules for the distribution of child support payments made on behalf of children in low-income families. Federal rules call for states to send to the federal government a portion of the child support paid for a child who is receiving cash assistance benefits. Most states divide *all* of the child support payments made for such children between the feds and the state, with the child receiving *none* of the payment. This also holds true for arrearage payments that cover months when the family was receiving cash assistance.

This procedure is supposed to result in the reimbursement of federal and state welfare costs incurred on behalf of such children. But this procedure is increasingly recognized as unwise — it effectively results in a 100 percent marginal tax rate on these child support payments. The child has the same income regardless of whether the father pays or not. Little wonder that many of these fathers fail to pay (or pay lesser amounts "under the table"). The result is lower child support payments than would otherwise be made — and greater child poverty. Moreover, this system creates disincentives for these fathers to work "on the books;" if they do so, they will have their paychecks garnished for child support payments that will go entirely to the federal and state governments rather than their children.

Reforms in child support financing are needed. Such reforms should include changes that result in a greater share of child support payments actually going to the custodial families.

9. Elderly Poverty/SSI Improvements

Poverty among elderly widows — and for that matter, among all elderly women living alone — is about as high as poverty among children. The Administration has spoken of improving the Social Security widows' benefit as part of Social Security reform. While excellent, such a step would not reduce poverty among elderly women that much by itself. Accompanying SSI improvements also are needed.

In particular, the SSI disregard that is applied to Social Security income, a disregard that has not been adjusted for inflation since SSI started more than a quarter century ago, needs to be increased. If this isn't done, an increase in Social Security widows' benefits will cause some low-income widows to become ineligible for SSI, and as a result, to lose their Medicaid coverage as well. That could make them worse off. Other poor widows would retain their Medicaid coverage but have their SSI benefits reduced one dollar for each dollar their Social Security benefits are increased. This would leave them no less poor. Also needed are improvements in the SSI assets limits, which have not been adjusted for inflation in over a decade.

I don't know whether you intend to include in the budget a specific proposal related to an improvement in Social Security widows' benefits. If you seek to finance the widows' benefit from the budget surplus, you presumably would include the proposal in the budget. But if you want to finance a widows' benefit improvement within Social Security, you either could include it in the budget or say, as you did last year, that it would be worked out as part of Social Security reform.

SSI improvements, however, are not financed from within Social Security; they must be accommodated within the *non*-Social Security budget. The question this raises is: do SSI improvements need to be part of the budget in order to be part of possible Social Security negotiations next year? Such SSI improvements would be very important, and they probably can be secured only in the context of Social Security reform. They could be phased in so they do not entail large costs over the next five years.

CENTER ON BUDGET AND POLICY PRIORITIES

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To:	Melanne Verveer
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REGARDING:	Initiatives for the President's Budget
DATE:	December 3, 1999
NUMBER OF PAGES: (including cover sheet)	13

Comments:

Melanne,

Enclosed is a copy of a memo I've sent both to Gene Sperling and to Jack and Sylvia about potential initiatives for the final Clinton budget. I think there are some exciting and important things that could be proposed. I'd very much like to talk to you about this. Please give me a buzz.

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TO: Nicole Rabner

FROM: Joan

It was great to see you today and spend time once again thinking through issues. I really hope we can nail the child care money this year and shine a light on issues facing young children.

Enclosed is an article I just did that reflects what I'm out there talking about.

Let me know if there is anything I can do to help and Happy Holidays!

Guest Editorial

Preschool Meets Child Care

by Joan Lombardi

As the national debate on education reform heats up, preschool has suddenly become a hot topic. For those of us who have been working on early childhood issues long before they moved to the front page, the attention is welcome. During Labor Day celebrations, we heard about working families. When school started, we heard about the need for preschool. We can no longer have a national debate on these issues as if they are separate and unequal. From World War II to welfare reform, child care has been viewed as a place to "put" children while their parents work. Nursery or preschool has been seen as a place where children go to "learn." It is time we help others recognize that child care is an educational opportunity — a place to promote language, literacy, and a love of learning. For many young children, child care is a preschool.

Over the past few decades, we have seen tremendous growth in early childhood services. More than 10 million preschoolers in the United States have employed mothers. Almost half of these young children spend part of each week in organized programs including child care centers or family child care homes. Almost 2 million children with mothers not in the workforce also attend early childhood centers.

Ten years ago, the President and the nation's governors signed the education goals, with school readiness heading the list. The very next year, after many many years of debate, Congress passed and the President signed a child care bill. Although this was a big step towards helping low-income parents gain access to affordable services, the bill (and its 1996 successor) included very few provisions to promote quality — no one required literacy training for staff, there was limited attention to paying decent wages so we could recruit and retain qualified teachers. In fact, even basic health and safety protections were reduced to the bare minimum.

So here we are coming into an election year and everyone is concerned about early education. It is time for a national dialogue on this issue — but it cannot be separated from the needs of working families, and at the same time, it cannot be pitted against our strong belief in the importance of parents in the lives of young children.

The next century calls for new ways of thinking. How can we promote the early education of young children at home, in child care, and in other early childhood programs? How can we promote the best services not just for four and five year olds but for those infants and toddlers being cared for in centers and family child care by neighbors and by relatives? How can we ensure equal access to quality services for the children of low-income families, particularly now that their parents are moving from welfare to work? And above all, how can we make sure that Head Start, child care, and other early childhood issues remain bipartisan? All of us have to help this dialogue move forward as we go into the next phase of public interest in young children and their families in the decades ahead.

Joan Lombardi, Ph.D., serves as an advisor to a number of national organizations and foundations. She served as the first associate commissioner for the Child Care Bureau from 1995-1997.

Part I – General Provisions

Maintains provisions from current law; adds a definition for "highly qualified."

TITLE III – Early Childhood Programs and Enrichment Initiatives

Part A: Early Childhood Education

IN GENERAL - Early Childhood Education plays a critical role in academic success for our young people. Research into the development and growth of the human brain clearly demonstrates that learning begins at birth, and that the years between birth and the age of mandatory school enrollment are critical for future academic success. Part A: Early Childhood Education brings together new early learning initiatives and existing provisions in the Elementary and Secondary Education Act to build a cohesive federal policy that provides parents, caretakers, child care providers, and educators with the tools they need to better ensure that our children have the opportunity to enter school ready to learn.

Subpart 1: Early Learning Initiative

Purpose: The purpose of Title III, Part A, Subpart 1 is to increase the availability of voluntary programs, services, and activities that support early childhood education and promote school readiness of young children (age birth to 6) by helping parents, caretakers, child care providers, and educators who desire to incorporate appropriate developmental activities into the daily lives of pre-school age children and to facilitate broader involvement of other members in the community to develop a cohesive network of early learning opportunities. The "Early Learning Initiative" blends two new components with the Parent Assistance program formerly in Goals 2000. Because of the preponderance of early learning and related health and human service programs within the Department of Health and Human Services, the Secretary of HHS is responsible for administering this initiative (except for the Parent Assistance Program) in collaboration with the Secretary of Education.

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Coordination of Federal Programs: Requires and provides the authority to the Secretaries of the Department of Health and Human Services and Education to develop effective mechanisms to resolve conflicts between early learning programs and remove barriers to the creation of a community-driven, unified system of services, activities, and programs for young children and their families.

Preserving Parental Rights and Roles: Clearly states that parents are not required to participate in any programs, services or activities funded under this part and reinforces that parents are responsible for directing the education of their children.

Federal Funding: $7 billion over 5 years is the amount authorized to carry out this early learning initiative. The amount starts at $1 billion and increases to $1.8 billion a year during the fifth year of the authorization.

Allotments to States: The federal share is 80% for the first two years of the grant, decreasing to 70% in the second and third years, and to 50% for the remainder of the initiative. There is a broad definition of how states can meet the match requirements, including cash or in-kind facilities, equipment, or services. The funds are allocated to the states based equally on the population of children aged 6 or under and the number of children aged 6 or under who are living in poverty. There is a small state minimum of .35% and a 1% set-aside for Indian Tribes, Native Alaskans, Hawaii Natives, and the Outlying areas. States are not permitted to use the funds to supplant existing funding for child care, Head Start, and other early learning programs.

Limit on Administrative Costs: Administrative costs are limited for both the Department of Health and Human Services (5%) and the States (3% for state-level coordination of services and 5% for administrative costs).

State Eligibility: To receive a grant allotment, States must submit an application, designate a lead entity, ensure that funds are distributed on a competitive basis throughout the state, ensure that a broad array/variety of early learning programs, activities, and services receive funds, and develop mechanisms to ensure compliance with the requirement of the initiative. States also are required to develop performance goals based on an assessment of needs and available resources and annually report the State's progress towards meeting those goals.

Awarding Grants to Localities: States must award grants consistent with the performance goals set by the State. Preference is given to grants which include services to help parents as well as those which provide direct activities for young children, and to grants which increase local collaboration to maximize the use of existing resources. There is no definition of entities eligible to receive grants, in order to facilitate the broadest possible participation among local community resources.

Use of Funds: Entities receiving funds from the State grant allotment will use the funds to:

1) Help parents increase their capacity to facilitate the development of cognitive, language comprehension, expressive language, social-emotion, and motor skills and promote learning readiness in their young children;
2) Provide increased opportunities for parents, caretakers, child care providers and educators to participate, with their children, in a variety of early learning programs, activities and services;
3) Remove barriers to the provision of an accessible, unified system of early childhood learning programs;
4) Establish and support local councils or partnerships to facilitate coordination and encourage broad-based involvement in expanding early learning opportunities within the community;
5) Develop linkages among early learning programs within a community and between early learning programs and health care services for young children; and
6) Early learning activities may include: formation of community-based early learning

councils, parent education, traveling or mobile pre-schools, home visiting, mother's-day-out programs, family literacy, library and other reading programs, parent-child exercise activities, recreational programs, formalized play groups, family resource services, home extension services, museum programs, respite services for parents, English as a second language programs for parents and their children, parent support groups, fine arts, performance arts and cultural activities, nutritional guidance and services, computer skills training for children, activities in non-profit cultural institutions, expansion of existing Head Start programs (including early head start), child care services, and other voluntary programs, services, and activities of sufficient intensity to ensure the likelihood of sustaining early learning gains and learning readiness.

Accountability: The State is primarily responsible for monitoring the use of funds by state grantees. If the State determines that the grantee is not complying with the requirements of the grant, the state must inform the grantee of the problems, provide training and technical assistance to help them correct the problems, and if that fails, terminate the grant.

Availability of Funds: The State has 2 years to expend the funds received under the State's allotment. Any unexpended funds will be redistributed to other states which have expended their allotment using the same formula as the original allocation. Of the allotment to Indian Tribes, Alaska Natives, Native Hawaiians, and Outlying areas, any funds not expended withing 2 years is redistributed to other entities receiving funding under this set-aside.

(b) - PARENTAL ASSISTANCE:

The Parental Assistance Program, formerly included in the Goals 2000: Educate America Act has been moved to the Early Learning Initiative to more effectively integrate community-based early learning activities within the States. The legislation continues to authorize the Parental Information and Resource Centers that currently operate in every state. These Centers work to increase parents' knowledge and confidence in child-rearing activities, strengthen partnerships between parents and professionals in meeting the educational needs of children between birth and age 5, and enhance the developmental progress of children assisted under the Individuals with Disabilities Education Act. A portion of the funds for this program supports the development of Parents as Teachers and Home Instruction for Preschool Youngsters programs in communities throughout the country. Currently funded at $30 million, the legislation changes the authorization to a $50 million set-aside within the Early Learning Initiative, and requires that at least half of those funds be used to establish, expand, or operate community-based early learning programs such as Parents as Teachers and the Home Instruction for Preschool Youngsters programs. The Department of Education will continue to administer this program.

(c) NATIONAL RESOURCES FOR EARLY LEARNING:

The National Resources for Early Learning provision of the legislation supports and enhances the toll-free hotline which links parents, caretakers, child care providers, educators, government entities, and private entities with community based resources to help them identify and access early learning resources, including child care services, available in the local area. It creates a national clearinghouse on effective practices in the field of early childhood education and early learning programs, services, and activities. This clearinghouse is linked to community-based early education and child care resources to facilitate the sharing of information among parents, providers, and educators. The hotline and clearinghouse will provide a single point of contact for parents, care givers, child care providers, and educators. In addition, the legislation authorizes the Secretary to work with the broadcast media to explore innovative ways to extend early learning opportunities beyond television programming. Built upon the groundwork laid by the Ready to Learn Act, this provision creates a collaborative process designed to engage the commercial arena in efforts to reach out to parents, service providers, and educators through the distribution of early learning materials, Internet-based activities, and viewing guides that supplement educational programming by expanding early learning opportunities beyond the television screen and in the home and community.

The Secretary is authorized to use no less than 3% and no more than 5% of the appropriations for the Early Learning Initiative to contract for these three activities. The intent is to enhance and expand hotline and clearinghouse resources by building on existing services.

Subpart 2: Ready to Learn Television

Purpose: The Ready to Learn Television program authorizes the Secretary of Education to award grants or enter into contracts or cooperative agreements to develop, produce, and distribute educational and instructional video programming for preschool and elementary school children and their parents. Recognizing that television is part of the daily experience of most young children, the program supports efforts to teach parents, care givers, and child care providers how to use television as a means to help learn, develop, and play creatively.

Program: The proposed reauthorization fundamentally maintains the current Ready to Learn Television program. It makes funds available to local public television stations to work in partnerships with State education agencies (SEAs), local educational agencies (LEAs), local schools, institutions of higher education, or community-based organization to:

1) Address the learning needs of limited English proficient households;
2) Develop programming and support materials to increase family literacy skills;
3) Identify, support and enhance the effective use of innovative programs that promote school readiness; and
4) Develop and disseminate training materials that support efforts to integrate developmentally appropriate games and activities based on Ready to Learn Television programming.

Federal Funds: The Ready to Learn Television Program is currently funded at $11 million. This legislation increases the authorization of the program to $50,000,000 for fiscal year 2001 and such sums as necessary for the four succeeding fiscal years.

Subpart 3: Inexpensive Book Distribution Program

Purpose and Program: Funds made available under the Inexpensive Book Distribution Program" support "Reading is Fundamental" (RIF). Currently funded at $18 million, RIF supports and promotes programs, including the distribution of inexpensive books to students, to motivate children to read. RIF is a public private partnership program that operates nationwide and serves 3.5 million children annually in schools, child care centers, libraries, hospitals, clinics and homeless centers. The proposed reauthorization allocation for the first fiscal year following enactment is $25,000,000 (current funding level is $15,000,000).

PART B: 21st CENTURY COMMUNITY LEARNING CENTERS
(Title III, Part B, Subparts 1 and 2)

OVERVIEW

The 21st Century Community Learning Centers initiative is designed to give public schools the opportunity to create facilities that deliver lifelong learning and related services to individuals of all ages. To carry out the purpose of the program, schools are strongly encouraged to collaborate with other public and nonprofit agencies and organizations, local businesses, and other entities so that services may be maximized.

Several key changes have been made in the reauthorization proposal from the current law. First, the authorization level has been substantially increased from $20 million to $800 million. Second, the reauthorization establishes two programs: 21st Century Community Learning Centers–Subpart 1 and Subpart 2. Subpart 1 continues the intent of the current law program which enables schools to offer an array of activities for lifelong learners. Subpart 2 creates a grant program that will fund non-school hours care for children and youth and will be administered by the Department of Health and Human Services. Funds appropriated for the 21st Century Community Learning Centers will be evenly divided between Subparts 1 and 2. Third, the process for awarding grants for Subpart 1 significantly differs from current law. Presently, the Secretary of Education awards the grants directly to ~~schools~~. Since the proposed authorization level has substantially increased, States will receive funding based on a formula and will then make the awards to schools through a competitive process. Subpart 2, entitled "Nonschool Hours Care," is designed to make the most effective use of existing after-school, youth development, and youth services resources within a community. It focuses on fostering local collaboration, eliminating barriers, providing a broad array of activities to encourage children and youth to participate, and meeting the needs of working parents. Funds are allocated by formula to States, for distribution to local entities and collaboratives on a competitive basis.

SUMMARY OF PROVISIONS

SUBPART 1: 21st CENTURY COMMUNITY LEARNING CENTERS

PURPOSE -- The purpose is to enable public schools to establish and develop centers that deliver education and human resources to all members of the communities served by the public schools. Schools collaborate with other public and nonprofit organizations, local businesses, other educational entities, recreational, cultural, and human service organizations to address the needs of the community.

FEDERAL FUNDING -- $800,000,000 is authorized for the first fiscal year following enactment.

ALLOTMENT TO STATES -- The Secretary allots to each State an amount based on a ratio of a State's school-age population to the school-age population of all States. A small state minimum is also included which is 1/2 of one percent.

GRANDFATHER CLAUSE -- All current grantees that have been awarded funds under the 21st Century Community Learning Centers program will continue to receive funds under the original terms of the grant until the time period for that grant has expired.

STATE APPLICATIONS -- Any State seeking a grant will include the following information in their application to the Secretary:

a) designation of the State educational agency as the agency responsible for the administration of the program, including dissemination of data; and

b) provides for a biennial submission of data regarding use of funds

c) period of application -- the application is for 3 years and may be amended annually as may be necessary.

STATE USES OF FUNDS -- A State educational agency may use not more than 15 percent of funding for the following activities:

a) a peer review process for grant applications;

b) supervision of the awarding of funds to public elementary schools, secondary schools, or consortia of these schools;

c) monitoring and evaluation of programs; and

d) providing technical assistance.

DISTRIBUTION TO SCHOOLS -- A State educational agency shall use not less than 85 percent of funds to award grants, on a competitive basis, to elementary schools, secondary schools, or consortia of schools. A State educational agency shall not award a grant in any fiscal year that is less than $75,000.

a) Priority -- In awarding the grants, the State educational agency shall give priority to funding applications that describe projects that offer a broad selection of services that address the needs of the community to be served by the school or consortium.

LOCAL APPLICATION CONTENTS -- Any public elementary school, secondary school, or consortium seeking a grant will include the following information in their application to the State educational agency:

a) a comprehensive plan that enables the school or consortium to serve as a center for the delivery of education and human resources for members of a community;

b) an evaluation of the needs, available resources, and objectives for the proposed project; and

c) a description of the proposed project, including --

1) identification of Federal, State, and local programs to be merged or coordinated so that public resources may be maximized;

2) a description of the collaborative efforts to be undertaken by community-based organizations, related public agencies, businesses, or other appropriate organizations;

3) a description of how the school or consortium will serve as a delivery center for existing and new services; and

4) an assurance that the school or consortium will establish a facility utilization policy regarding utilization of the building and supervision guidelines.

LOCAL APPLICATION SPECIAL RULE -- A local educational agency may apply for a grant under this part on behalf of a public elementary school, secondary school, or consortia if the school building officials lack the authority to apply for Federal funds.

LOCAL USES OF FUNDS -- A public school or consortium may use their grant to carry out not less than four of the following activities:

a) literacy education programs;

b) senior citizen programs;

c) integrated education, health, social service, recreational, or cultural programs;

d) extended learning programs, including summer and weekend school programs in conjunction with recreational programs;

e) nutrition and health programs;

f) expanded library service hours to serve community needs;

g) telecommunications and technology education programs for individuals of all ages;

h) parenting skills education programs;

i) employment counseling, training, and placement;

j) services for individuals who leave school before graduating from secondary school, regardless of the age of such individuals;

i) services for individuals with disabilities

SUBPART 2: NON-SCHOOL HOURS CARE

PURPOSE – The purpose of Subpart 2 is to increase the availability of care for school-age children and youth during the non-school hours, including before- and after-school. It expands the types of programs and activities eligible to receive funds to encourage the participation of a wide variety of community-based youth service providers, such as schools, youth development organizations, parks and recreation services, and other local resources.

ADMINISTRATION AND FUNDING – The Secretary of Education is required to transfer 50 percent of the amount appropriated for the 21st Century Community Learning Centers to the Department of Health and Human Services for the administration of this Subpart.

COORDINATION OF FEDERAL PROGRAMS -- The Secretary of Health and Human Services, the Secretary of Education, and the Assistant Attorney General for the Office of Justice Programs are authorized and required to develop effective mechanisms to resolve conflicts between early learning programs and remove barriers to the creation of a community-driven, unified system of nonschool hours activities and programs.

GRANTS TO STATES – The legislation creates a State grant program in which funds for this Subpart are allocated to States based equally on the total number of children and youth aged 5 to 17 and the number of those youth living in poverty. There is a small state minimum of .35% and an allocation of 1 percent for Indian Tribes, Alaska Natives, Native Hawaiians, and Outlying areas. States are not permitted to use the funds to supplant existing funding for before- and after-school care, youth development programs, parks and recreational services, academic enrichment or summer school programs, and other activities for children and youth in the non-school hours.

STATE MATCH -- The federal funds can be used for 80 percent of the costs of the programs and activities, with state or local match being cash or in-kind, including facilities, equipment, and services. Fee-for-service funds can be used to achieve the match, as long as no fee is charged to children living in families who qualify to receive free- or reduced price lunches.

ADMINISTRATIVE COSTS -- The Department of Health and Human Services may use up to 7% of the funds transferred by the Department of Education for the costs of monitoring, evaluating, providing training and technical assistance, and administering the grant program. States may use not more than 4 percent of the State's grant to carry out training and technical assistance and an additional 4 percent for the costs associated with administering the grant.

STATE ELIGIBILITY -- To receive a grant allotment, States must submit an application to the Department of Health and Human Services, designate a lead entity, ensure that funds are distributed on a competitive basis throughout the state, ensure that a broad variety of non-school hours programs and types of service providers receive funds, and develop mechanisms to ensure compliance with the requirements of the initiative.

AWARDING GRANTS TO LOCAL ENTITIES -- The state may award grants to public and private entities with demonstrated experience in providing services to children and youth. Preference is given to activities which remove barriers to the provision of nonschool hours care (such as the lack of transportation services between school, home, and program locations), coordinated programs which connect resources from a variety of community-based resources to achieve a continuity of care across the age and activities spectrum, and programs which use at least 20 percent of the funding received in the community under the Safe- and Drug-Free Schools and Communities Act to provide nonschool hours activities for school-aged youth. For the first three years of the grant program, communities which have received funding under the 21st Century Community Learning Centers Act for after-school care will receive a preference if they have formalized cooperative agreements that demonstrate that such program operates on a collaborative basis with other youth serving entities in the community.

ELIGIBILITY OF LOCAL GRANTEES -- To receive a grant from the State, local entities or collaborations must maintain cooperative agreements with a broad range of public and private agencies, organizations, and other service providers (including, to the maximum extent possible, local elementary and secondary schools) to facilitate a continuity of care across the age and activities spectrum. Activities receiving funds must be designed to meet the needs of working parents and assist youth in acquiring the skills and competencies needed to make successful transition from childhood to adulthood. Those competencies include the social, physical, emotional, moral, and cognitive development of children and youth. Although activities should be primarily non-academic in focus, they can include tutoring and a wide range of academic enrichment programs conducted outside the traditional classroom environment.

AUTHORIZED ACTIVITIES – The legislation includes a illustrative list of types of programs and activities that may receive funding under this Subpart, including: leadership development, mentoring, peer counseling and teaching, literacy and other reading activities, community service, sports and recreation, arts and cultural activities, character development, mediation skills, substance abuse prevention, camping and environmental education, tutoring, academic enrichment, and homework help.

HELPING LOW-INCOME FAMILIES – At least 30 percent of the funds received by a grantee must be used to subsidize the cost of activities for low-income youth (living in families qualified to receive free- or reduced-price lunches).

ACCOUNTABILITY – The Secretary of the Department of Health and Human Services is responsible for monitoring and evaluating the effectiveness of activities receiving funding under this Subpart and shall consult with other appropriate federal agencies to ensure effective coordination of this Subpart with other programs providing similar services for children and youth (including child care, delinquency prevention, substance abuse, pregnancy prevention, school-to-work transition, and extended school day/year programs). The State is primarily responsible for monitoring the use of funds by local grantees. If the State determines that the grantee is not complying with the requirements of the grant, the state must inform the grantee of the problems, provide training and technical assistance to help them correct the problems, and if that fails, terminate the grant.

Part C: High School Initiative

The purpose of this part is to create initiatives that will better prepare high school students to meet the challenges of the global economy. The part consists of two subparts which are: (1) a high school reform program and (2) Part D from the current Title I law--which is the Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At Risk of Dropping Out.

To implement the high school reform program, States will award funds competitively to high schools for the development of activities to motivate students to complete their high school education. Such efforts include: articulation agreements between secondary and postsecondary institutions; promoting partnerships with both business and the community; and alternative school efforts that match a student's readiness to learn with a curriculum that addresses the student's learning needs.

The Title I, Part D, program for youth who are neglected, delinquent, or at risk of dropping out primarily serves youth who have been assigned to institutional facilities. The purpose of the program is to provide those youth with the opportunity to make a successful transition from institutionalization to further schooling or employment. Most of the current law provisions would be retained in this proposal.

Option 4 -- Make Child and Dependent Care Tax Credit Refundable

Pros:

- Making the credit refundable will increase the share of federally-assisted child care benefits accruing to low-income families, particularly those with income below the poverty level.

- Among working mothers who pay for child care, low-income working mothers typically spend a greater share of their income for child care than those with higher incomes. In 1991, working mothers with child care expenditures and income below the poverty level spent 27 percent of their family income on child, while those with higher income spent 7 percent.

Cons:

- Families need funds for child care assistance in "real time." But most recipients will not be able to obtain the credit until they file a tax return at the end of the year, long after the child care bills have come due. Low-income families may find it difficult (if not impossible) to rearrange their finances or borrow against the receipt of a tax credit at the end of the year.

    -- To address this concern, advance payments of the credit could be made available, but experience with the EITC suggest that most taxpayers will not take advantage of this option. Eligibility for advance payments may be difficult to verify, unless a government office or employer is required to monitor claims.

- The IRS cannot verify child care expenditures prior to the payment of the credit to the taxpayer, but will not find it cost-effective to recapture erroneous payments to lower-income taxpayers with small tax liabilities. A social service office may be better able to check the authenticity of child care expenditures prior to paying out a voucher.

- Efforts to create new refundable credits have led to intensified scrutiny of the EITC and its compliance problems. The EITC provides a credit of $3,656 to families with two or more qualifying children with incomes between $9,140 and $11,930. The credit for families with one child and income between $6,500 and $11,930 is $2,210. The credit has been sharply attacked by Congressional critics in recent years (and will be attacked again this fall).

    -- In the income range where making the child credit refundable matters, the EITC exceeds substantially the sum of income and payroll taxes. Hence, critics of a refundable child credit will be quick to label these payments "welfare" and vigorously fight this proposal.

11/13/99 wrg

2001 Budget Proposals:
The Working Families Project

- **EITC**

  1) Eliminate marriage penalty (increase the level of income for married filers)

  2) Reduce the marginal tax-rate (reduce the phase down rate) 60 percent of EITC recipients are in the phase down region of the credit and face marginal tax rates of 50 percent.

  3) Create a third tier for families with three or more children

- **Child care/Early education funding**

  increase funding for child care of working poor thru CCDBG, require states to move in the direction of horizontal equity. Create new block grant, improve quality, create standards in exchange for funding and local decision-making on who benefits (0 -5). ← goals

- **Dependent Care credit**

  Increase, target, and make refundable. (Or fold into child credit and increase/target credit to low-income families with young children)

- **Transportation**

  1) Change food stamp statute to require states to use TANF vehicle asset limit for food stamps.

  2) Set-aside HHS funds for car research. There are two studies that provide evidence that cars improve job and earning prospects significantly. They are local studies (Michigan and L.A.). More evidence would be helpful. A small set-aside for research that compares car/no car prospects in several different areas (city with transit, older suburb, rural) would be very helpful.

  3) Promote auto-choice legislation (Lieberman, Moyn. McConnell) ↓cost of insurance

  4) Fully fund (with no earmarks) Access to Jobs and target only to public/private partnerships with employer contribution.

  5) Change TANF IDA legislation to permit use for car purchase. → could help grow IDA
  · car leasing

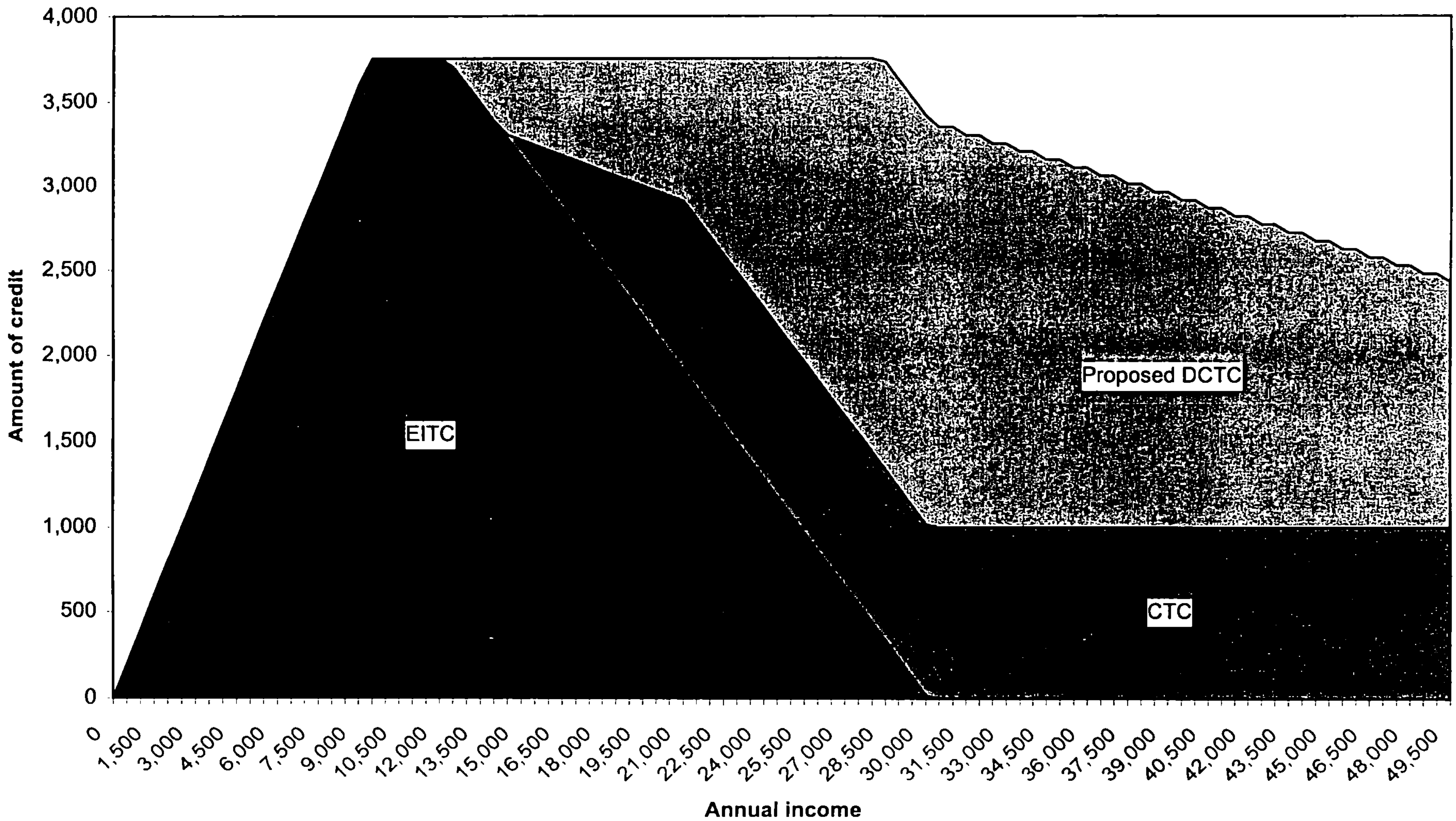
- **Child support**

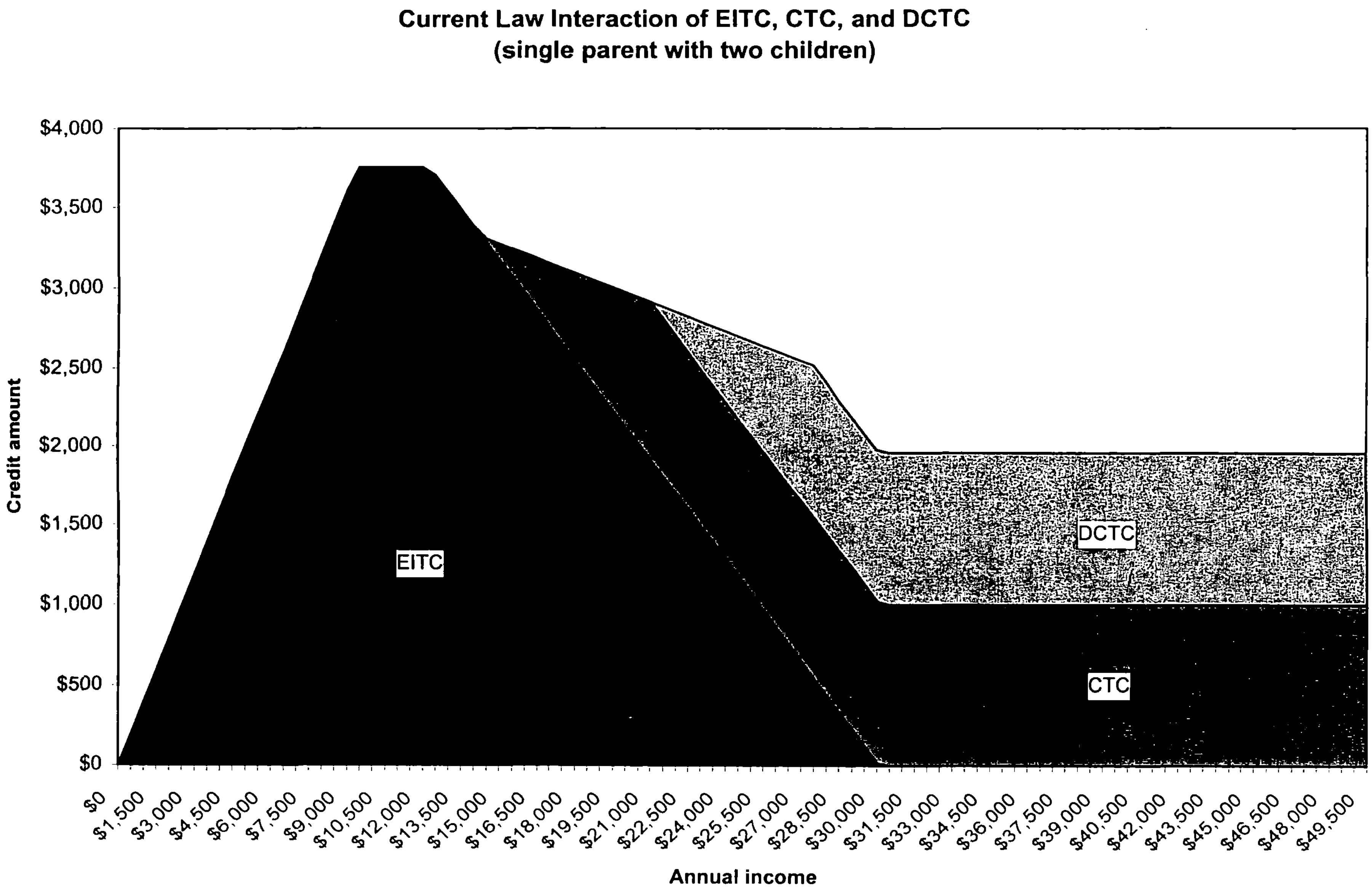
  Pass - thru to working parents.

- **Welfare - to - Work Grants**

  New funds targeted to community service jobs to create infrastructure for future when there are more welfare recipients who cannot find a job - and meet the needs of those (especially in the cities.)

Interaction of EITC, CTC, and DCTC under Combined Proposal
(single parent with two non-infant children)




Current Law Interaction of EITC, CTC, and DCTC
(single parent with two children)
Credit amount
$4,000
$3,500
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
EITC
DCTC
CTC
$0
$1,500
$3,000
$4,500
$6,000
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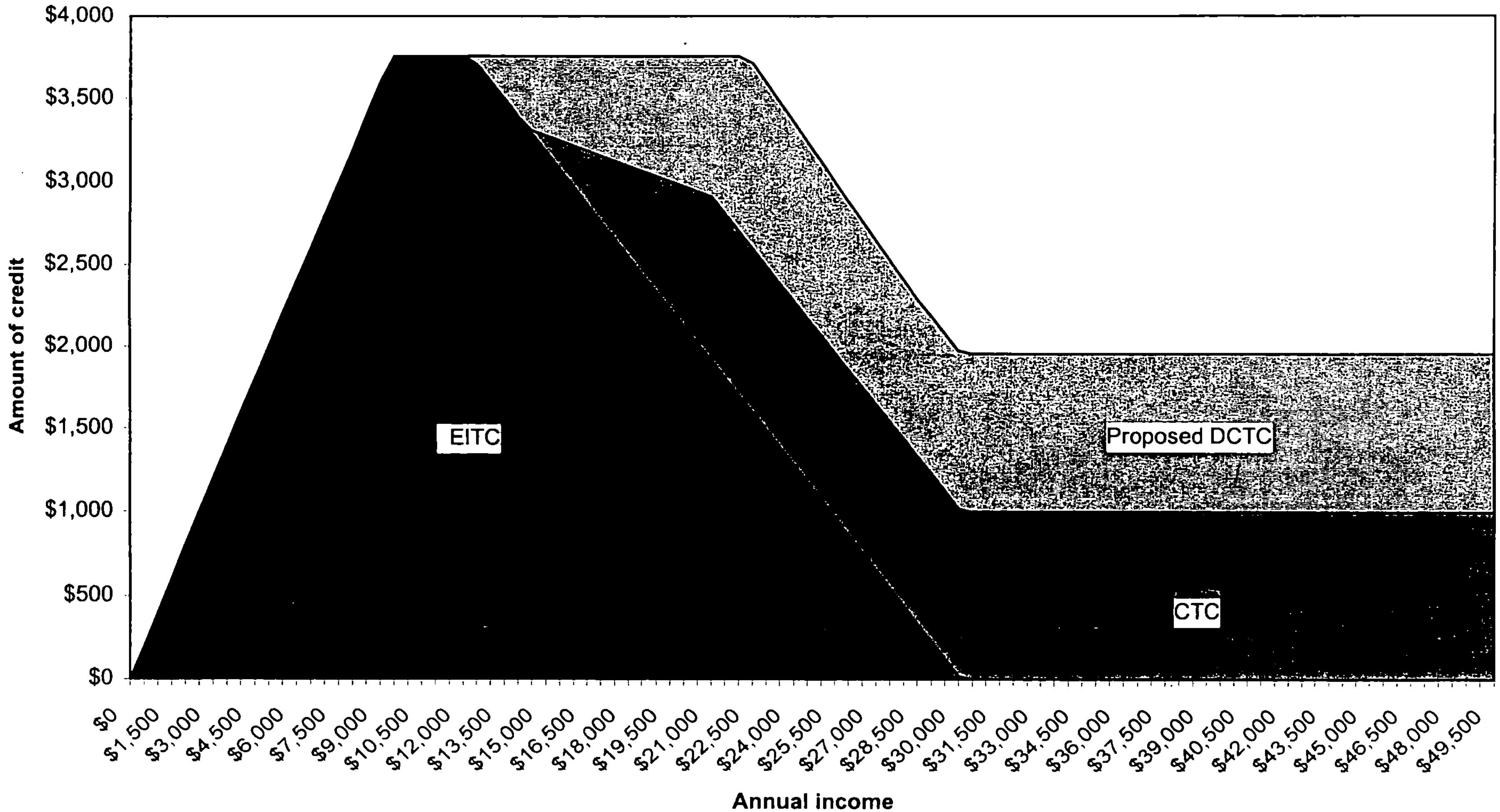
$48,000
$49,500
Annual income

Proposed Interaction of EITC, CTC, and Refundable DCTC
(single parent with two children)



FAX COVER SHEET

Executive Office of the President
Office of Management and Budget
Education, Income Maintenance and Labor Division
Room 260, Old Executive Office Building
Washington, DC 20503
(202)-395-4844

TO: Nicole Rabner

FROM: ~~Barbara Chow, Associate Director~~
Jennifer McGee, Special Assistant
Sarah Zambon, Intern

DATE: 12-10-99

FAX#: 62878

OF PAGES INCLUDING COVER SHEET: 15

NOTES: Barbara wants you to see this

MEMORANDUM

December 10, 1999

To: **OMB Staff**

From: **Senator Kennedy's Staff**

Re: **Funding Requests for President Clinton's FY 2001 Budget**

Attached are brief descriptions of the priorities that Senator Kennedy recommends for the Administration's FY 2001 budget. These descriptions only focus on the areas of education, labor, poverty, disability, job training, and immigration. We greatly appreciate your consideration of these requests, and look forward to continuing to work with you throughout the budget process next year.

Senator Edward M. Kennedy

EDUCATION BUDGET PRIORITIES

GOAL: Increases in the education budget in FY2001 are essential to the success of ongoing standards-based reforms. A funding freeze not only will earn opposition from Democrats and the education community, but also will hand Republicans a political opportunity to "one-up" Democrats on education. An increase of $5 billion is warranted.

BACKGROUND: Enrollments are rising, teachers are retiring, standards are higher, and children's needs are more diverse -- we need more resources to help communities meet those needs and help all children meet higher standards. We are reauthorizing ESEA this year. We should make clear early on that when we improve the law and increase accountability for results, we will <u>also</u> increase the resources to help schools accomplish the goals of the new law.

PROPOSAL: In addition to the signature Clinton programs, we need to support programs that are important to our core constituencies. The education community has been very supportive of the President's/Democrats' new programs such as after-school and class size, and will continue to be. But, the core programs that are critical to the groups' members such as Title I, Eisenhower, IDEA, bilingual education, and Technology are not getting the same support from the White House and Congress. For example, between FY98-FY2000, Title I received only an 8% increase, Eisenhower received 0% increase, Technology Literacy Challenge received a 0% increase. However, the new Class Size initiative received $1.2 billion last year and $1.3 billion this year (an 8% increase in Title I is only $510 million), and after-school went from $40 million to $450 million. National, state, and local constituencies are blaming both Republicans and Democratsfor this failure to increase key programs. Republicans have only fought for increases in Pell (+$175 in the max. grant) and IDEA ($700 million increase) this year. The education community believes that no one is fighting for real increases in core programs of ESEA. Even Bush is making Title I a signature issue.

POLITICS: Education polls high in every national poll. The education budget will be as much about message as it is about funding. As evidenced by the past year, Republicans are making headway on the education funding issue, and they will continue to try to do so this year. Even Bush is talking about more money for education and a strong federal role. The President's increase last year was modest ($1.2 billion) and Republicans were able to make Democrats go on the defensive (they pushed for a $3 billion increase). Republicans have also been able to make some headway on IDEA and Pell grants (core Democratic issues). We need to regain control over the education funding issue. We should not leave Gore and Congressional Dems susceptible to criticism on education funding -- especially in an election year.

COST: The education community is probably going to advocate for a $5 billion increase (approximately 15%) in education funding. In a year when education is such a hot national, state, and local topic, and when even Republicans are arguing for increased funds, Democrats should come out strong for a substantial new investment in education.

Senator Edward M. Kennedy

EARLY LEARNING INVESTMENTS

GOAL: Ensure that every child starts school ready to read, ready to learn, and ready to succeed by providing quality early educational services and development for children under the age of 6 by providing long-term investments necessary to create an early learning system that will sustain our nation's prosperity and ability to lead the world through the 21st century.

BACKGROUND: Medical research conducted this decade shows that adequate stimulation before age 5 (specifically ages 0-3) is necessary for children's brains to develop to their full potential. Proper stimulation consists of varied interactions and positive relationships with adults and other children, including music, exercise, reading, games, and other forms of creative expression. However, advances in scientific understanding are not reflected in our nation's practices. Unlike most European countries, America wholly lacks an early-learning infrastructure. Parenting support and early education programs are available in a few localities, but no coordination of programs or identification of best practices exists, and program quality varies widely.

Moreover, 60% of children under age 5 are cared for by someone other than a parent during the workday. No federal early learning standards exist, and state accreditation and regulation in this area is inconsistent, sparse, and largely limited to safety matters as oppose to education or development. Pay is barely above minimum wage for college-educated early learning instructors. The federal government runs a variety of programs for pre-school children but serve far less than those who are eligible. For example, some 40% of pre-school age children are served by Head Start, and less than 2% of eligible children are currently served by Early Head Start. Furthermore, federal support for early learning is scattered among Early Head Start, Head Start, the Child Care and Development Block Grant, and the Individuals with Disabilities Act. While these programs are effective, they are all severely underfunded, they are largely limited to low-income families, and no coordination exists among them. Many states have begun pre-kindergarten in recognition of the importance of early learning, but these reach no one below age four.

PROPOSAL: A major federal investment on the order of $2 billion per year should be made to build our early learning infrastructure. This program should be administered by the Department of Health and Human Services. A mechanism akin to mandatory funding must be found to protect funding for effective programs that already exist while enabling providers to confidently engage in long-range planning. State matching funds should be required, and local and private cooperation encouraged. The object is to make early learning resources universally available to children before they enter kindergarten. Local organizations can best identify each community's most urgent needs, and they should be responsible for targeting resources. State and national initiatives can help monitor use of funds among localities, identify best practices and disseminate information, and make appropriate policy decisions. Virtually all of the new early learning resources should be used for seven specific early learning activities, as each locality deems most appropriate: (1) enhancing childhood literacy; (2) providing parenting education and support; (3) increasing access to Early Head Start and State pre-K programs; (4) increasing early learning access for young children with special needs; (5) expanding existing Head Start programs to full-day, full-year; (6) linking early learning programs with health services; and (7) improving quality of child care programs. In short,

HHS

the new federal support would be used to build and coordinate both existing programs and new ones as each locality believes will best promote early learning.

POLITICS: Republicans (Stevens, Jeffords, Voinovich, DeWine) have already joined Democrats' call for a new early learning initiative. Moderates like Snowe, Specter, and Collins should have cover to join a call for prompt passage of an initiative in the Senate. Education and health are consistently among the issues of highest concern to Americans today, and early learning can be cast as both an education and a health issue. Head Start, which should be preserved intact and helped by any new initiative, consistently enjoys broad public support.

COST: $10 billion over 5 years of mandatory funding.

Senator Edward M. Kennedy

PROTECTION FOR WORKING FAMILIES

NATIONAL LABOR RELATIONS BOARD

GOAL: To ensure that the National Labor Relations Act is enforced properly to protect workers.

BACKGROUND: Until last year, the National Labor Relations Board rarely received the resources necessary to carry out its important mission. Past years' cuts have seriously eroded the NLRB's service to the public. Although the Board received a substantial increase for FY2000, a one-year boost alone will not enable it to sustain a full level of service. Funding must be maintained, with sufficient allowance for inflation, to permit full staffing through a multi-year hiring program, on-going training, and acquisition and maintenance of current technology, as well as travel to the sites of labor disputes and other necessary tools of investigative. The Administration insistence that the NLRB receive a significant $205 million FY2000 budget was an important step in allowing this agency to turn the corner. A FY2001 budget of $216 million would allow the agency to continue the progress that it has already made.

PROPOSAL AND COSTS: I urge your strong support for an additional increase in funding for the NLRB to $216 million in FY2001 to enable it to fully carry out its mission of prompt, thorough investigation and resolution of workplace disputes.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION WAGE AND HOUR ADMINISTRATION

GOAL: To ensure that the laws protecting workers' safety and health and minimum wage, overtime pay, equal pay, prevailing wages, child labor, immigration are enforced.

BACKGROUND: While overall OSHA funding is important, a few programs deserve special attention for funding increases. In hearings in the HELP Committee this year, both the majority and minority agreed that whistleblowers are a crucial part of ensuring safe and healthy workplaces. OSHA should receive additional resources to fund 20 new positions focusing on assisting whistleblowers. OSHA also needs to devote additional resources to training its staff. The Susan Harwood Training Grant Program should be doubled to approximately $14 million. This program provides grants to organizations around the country to offer training.

PROPOSAL AND COST: The Occupational Safety and Health Administration and the Wage and Hour Administration received significant increases in FY2000 and deserve a full 10% increase in FY2001.

Senator Edward M. Kennedy

GRANTS FOR FAMILY LEAVE

GOAL: To establish demonstration projects to provide family income to respond to the needs of working families.

BACKGROUND: As you may know, Senators Dodd, Leahy, Murray, and I sponsored the Family Income to Respond to Significant Transitions Insurance Act, or FIRST bill, this past year. It would provide funds for states and to set up demonstration projects that offer wage replacement to workers taking family leave. The FIRST bill would build on President Clinton's initiative to allow the states to expand their unemployment insurance programs, so that new parents can take paid family leave to care for their children, and on the Family and Medical Leave Act of 1993. As you know, workers covered by that law can take up to 12 weeks of unpaid leave a year to care for a newborn or adopted child, or a seriously ill family member, and know that their jobs will be there when they return. That Act was one of President Clinton's most important achievements, and it has given millions of workers the time they need to care for their families. But as recent studies have shown, the loss of a paycheck during unpaid leave prevents millions of other workers from taking leave when they need it. President Clinton's initiative and the FIRST bill are important steps towards solving that problem, and I urge funding of such a grant program.

PROPOSAL AND COSTS: I ask that you fund $400 million in grants to allow states and localities to set up demonstration projects that offer wage replacement to workers taking family leave.

Senator Edward M. Kennedy

HUNGER RELIEF

GOAL: Repair gaps in the Food Stamp Program, increasing Program costs by 2% to cure hunger in working families.

BACKGROUND: Recent studies consistently show that hunger remains a serious problem in America. Food pantries across the nation report 15-20% increases in requests for emergency assistance during 1998. USDA determined that 6.1 million adults and 3.3 million children lived in households that experienced hunger during 1998, comprising 3.5% of all U.S. households. A 1997 Urban Institute study of former welfare recipients concludes that 33% have to skip or cut meals due to lack of food. One of every five U.S. children is poor and lives in a family that receives food stamps. America's core defense against hunger is the Food Stamp Program. 90% of recipients have incomes below the poverty line. Despite essentially unchanged hunger rates, about eight million fewer people *who live in poverty* access food stamps today than did in 1995. A July 1999 GAO study concludes, "children's participation in the Food Stamp Program has dropped more sharply than the number of children living in poverty, indicating a growing gap between need and assistance." Much of the decline in food stamp participation is due to the 1996 welfare reform law, which restricted eligibility and made other changes designed to save $22.5 billion over five years.

The cure for hunger is known, and under the Food Stamp Program it costs on average $2.30 per person per day. With a cure so readily in sight, Hunger should not be tolerated even for a short time.

PROPOSAL: Approximately $2.5 billion of the 1996 mandatory spending cuts should be restored as quickly as possible to meet the most urgent nutritional needs, which are concentrated in families of the working poor, including many legal immigrants. More should be done to eliminate hunger in America, especially among children. Specifically, the Hunger Relief Act: (1) restores food stamp eligibility to all legal immigrants ending the status-based limitations on eligibility imposed by the 1996 welfare reform law; (2) permits states to count the value of one vehicle for food stamp purposes the same way states do for TANF purposes, enabling more working families to have safe transportation for work and children while remaining eligible for food stamps; (3) raises the "shelter deduction cap" and then indexes it to inflation, which helps families who live in high-rent metropolitan areas qualify for more food stamps whenever they must spend more than half of their income on housing and energy costs; and (4) increases federal support for emergency food programs (commodity distributors, pantries, and soup kitchens) by 10%, or $20 million per year. In short, this bill repeals about 10% of the food stamp cuts that were made in 1996 to address the most urgent nutritional needs of working families.

Cap Immigrant

POLITICS: The bill is cosponsored by Senators Kennedy, Specter, Leahy, and Jeffords. Over 500 organizations, including some in every state and others of national renown, have signed a letter supporting the Hunger Relief Act. It appeals to religious, social services, educational, immigrant, poverty, homelessness, and nutrition groups. The Act's four components specifically attract support of immigrant advocates, rural populations that rely on vehicles to work, urban populations with high rents, and the families most urgently in need of emergency food. The

Senator Edward M. Kennedy

Administration hasn't completed a major anti-poverty initiative in over two years, and moderate Republicans in the House and Senate have already recognized the appeal of the Hunger Relief Act by cosponsoring it.

At a cost of $2.30 per person per day, and especially in this time of prosperity, our nation can readily afford to restore $2.5 of the $22.5 billion (over 5 years) that was cut from the Food Stamp Program in 1996. This is true especially considering that adequate nutrition helps reduce health, education, and unemployment. Preventing hunger is the anti-poverty initiative likely to attract the most universal public support.

COST: $2.5 billion over 5 years of mandatory funding.

Senator Edward M. Kennedy

TICKET TO WORK AND WORK INCENTIVES IMPROVEMENT ACT

GOAL: Ensure that adequate funding is made available for the remainder of this year , and in the 2001 budget for the work incentives planning, assistance and outreach provisions of the work incentives legislation.

BACKGROUND: With the passage of the Work Incentives Improvement Act, 2 million of the 9 million individuals with disabilities currently receiving health care and cash subsidies have the potential of becoming employed. If only 1% of the 9 million current beneficiaries are successfully employed, savings in cash assistance alone would total over $3.5 billion over the work life of those individuals.

$1.5 million in supplemental funds should be made available in FY2000 to set up the Work Incentive Planners and protection and advocacy infrastructure grants prior to the implementation of the health care and ticket to work provisions that become effective in FY2001. In FY2001, $30 million is required to fund these same infrastructure grants which support consumer outreach and enrollment efforts.

5A ***PROPOSAL:*** Include in the 2001 budget the $30 million ($23 & $7) that is needed to fund the Work Incentives Planning, Assistance and Outreach provisions of the Act, and to provide $1.5 million in supplemental funding which is needed this year to begin implementation of the new infrastructure grant provisions. 55I

COSTS: Supplemental Dollars – FY2000 = $1.5 million
FY2001 budget = $30. million

Senator Edward M. Kennedy

HIGH TECH TRAINING INITIATIVE

GOAL: Now that our long-term effort to reform the employment training system has resulted in enactment of the Workforce Investment Act, the Administration should propose a major increase in the resources devoted to providing America's workers with the skills they will need to succeed in the 21st century workplace. It is one of the best investments we can make to keep the economic expansion going and to extend the current prosperity well into the next century. Across the nation from Massachusetts to Virginia to California, high tech companies are experiencing a serious shortage of employees possessing the necessary skills. Nationally, the number of unfilled high tech positions is believed to exceed 300,000. We need to provide additional resources through the workforce system to accelerate training in these specialized skills.

BACKGROUND: Enactment of the Workforce Investment Act in 1998 provides a modern and effective framework to reach those workers seeking to upgrade their skills. But, the financial resources to meet the challenge are not currently available. The only portion of the workforce system which has received a substantial increase in funding is the Dislocated Workers Program. The need for additional resources to retrain dislocated workers is very real and the Administration's on-going efforts to expand that program should continue. However, participation in the dislocated worker program is limited to workers who have been discharged by their former employer and are currently unemployed. That is a very narrow segment of the workforce. There has been no significant increase in funding for other portions of the overall workforce training system. We must also create training opportunities for those who currently hold relatively low paying jobs and wish to obtain new skills to enhance their employability and improve their futures. The demand for workers possessing high tech job skills is well documented. The federal government needs to bridge the high tech skill gap which today separates millions of workers from the 21st century jobs they desire.

PROPOSAL: The Administration should propose the creation of competitive grants to regional workforce boards in areas experiencing a substantial shortage of high tech workers to fill currently available positions. The grants would be in addition to those funds which the federal government currently provides for training, and would be awarded based on innovative high tech training proposals developed jointly by the board and area employers who are willing to commit to hiring a specific number of the graduating trainees. This will target the additional resources effectively to areas where the shortage of employees with high tech skills is greatest. I believe such a plan would receive broad-based support from the business community. It would respond directly to the concern of high tech employers over the inadequate number of skilled employees to meet their needs. It would greatly enhance the productivity of the workers trained. It would be a wise and prudent investment which would stimulate economic growth for years to come.

COST: The cost of training in the existing JTPA adult program averages $2,500 per worker. It is likely that the cost of teaching the high tech proficiencies which these businesses now require will be somewhat higher -- $3,000 to $4,000 per employee. An investment of $500 million

Senator Edward M. Kennedy

would enable us to upgrade the skills of approximately one hundred and fifty thousand workers. If we required the high tech employers who are benefitting to pay a portion of the training cost, we could reach even more workers. Spread over two or three fiscal years, a federal investment of this magnitude should be manageable.

Senator Edward M. Kennedy

RESTORATION OF PUBLIC BENEFITS TO LEGAL IMMIGRANTS

HEALTH CARE

GOAL: Medicaid and CHIP coverage to all children who are lawfully in the U.S., regardless of their date of arrival. Prenatal care to all pregnant women legally present in the U.S., regardless of their date of arrival.

BACKGROUND: Although the 1996 welfare laws continued Medicaid coverage for most indigent immigrants who were in this country on August 22, 1996, states are barred from enrolling immigrants who arrived in the United States after that date. This bar extends to the enrollment of children in the Children's Health Insurance Program (CHIP). Also barred are children who were in the country by August 22, 1996, but were not deemed "qualified aliens."

A closely linked and equally important proposal would be to give the states the ability to provide prenatal care to pregnant women. Expanded health care coverage for pregnant women significantly reduces the number of high risk pregnancies and results in healthier children. Currently, emergency Medicaid covers the cost of delivery for pregnant women, but not health care for prenatal services.

PROPOSAL: Include in the budget funding to allow states to provide Medicaid and CHIP coverage to all children who are lawfully in the U.S., regardless of their date of arrival. Additionally, allow states to provide prenatal care to all pregnant women legally present in the U.S., regardless of their date of arrival.

COSTS: The estimated cost of restoring Medicaid and CHIP is $300 million dollars over a five year period. The estimated cost of providing prenatal care to those lawfully residing is $10 million for five years.

FOOD STAMPS

GOAL: Full restoration of food stamps for all legal immigrants, regardless of date of arrival.

BACKGROUND: Last year, Congress restored food stamps to some legal immigrants (children, elderly, and disabled) who were in the U.S. before August 22, 1996. Although an important first step, this legislation only benefitted one third of the 935,000 legal immigrants who were receiving food stamps before the 1996 law made them ineligible. Children continue to be denied food stamps because they arrived in the U.S. after the cut off date. Many other children continue to go hungry because their family members are ineligible for food stamps, therefore, the household is not able to purchase the food they need. Earlier this year, I co-sponsored the "Hunger Relief Act," which ensures that all legal immigrants who need food stamps may obtain them, regardless of their date of arrival to the U.S. I recommend that you include in your budget request the $630 million over 5 years that is needed to fully restore food stamps to all legal immigrants. This is an important step in our struggle to eradicate hunger in our country.

PROPOSAL: Include in the budget funding to fully restore food stamps eligibility to all legal immigrants, regardless of their date of arrival.

COST: The estimated cost of restoring food stamps is $630 million dollars over a five year period.

SUPPLEMENTAL SECURITY INCOME

GOAL: Restore SSI eligibility to all legal immigrants.

BACKGROUND: The Balanced Budget Act made significant steps in restoring SSI eligibility to legal immigrants. However, much more can be done. Most low-income, legal immigrants who entered the United States after August 22, 1996, are still barred from SSI, even if they experience an unforseen accident or disabling illness. SSI should be extended to qualified immigrants who arrived after August 22, 1996, and later become disabled.

SSI coverage for elderly immigrants remains extremely restricted. Only elderly immigrants who were on the SSI rolls on August 22, 1996, may receive SSI benefits. Immigrants who were in the United States, but not receiving SSI should not become destitute when they grow old. Immigrants who were living in the United States prior to August 22, 1996, should qualify for SSI as they reach age 65.

PROPOSAL: Include in the budget funding to extend of SSI to qualified immigrants who arrived after August 22, 1996, and later become disabled. Additionally, include in the budget funding to extend SSI to legal immigrants who were living in the United States prior to August 22, 1996 as they reach age 65.

COST: SSI coverage for legal immigrants who become disabled after arrival is estimated to cost $1.5 billion over 5 years. The estimated cost of SSI coverage to legal immigrants who were living in the United States prior to August 22, 1996 as they reach age 65 is $1.5 to 2 billion over a 5 year period.

Senator Edward M. Kennedy

FUNDING FOR IMMIGRATION SERVICES

GOAL: Create an Immigration Services Capital Investment Fund.

BACKGROUND: The Immigration and Naturalization Service (INS) in all likelihood will undergo fundamental restructuring in the next few years, resulting in a separation of services from enforcement functions. While separating these two functions is an excellent idea, such a separation will exacerbate funding problems for services. Under existing law and practice, the service core functions of the INS -- the adjudication of applications for naturalization and residence -- are funded almost entirely through examination fees, a practice that has lead to serious financial shortfalls and resulted in unacceptable delays and backlogs. Enforcement functions, on the other hand, are largely funded by directly appropriated funds.

Service funding shortfalls will only be resolved by appropriating adequate funding levels, to supplement examination fees. As such, an Immigration Services Capital Investment Fund should be enacted. Such a fund, appropriated to the Attorney General, would be used to fund service-related infrastructure improvements, major capital acquisitions, backlog reductions, and any other service-related expenses that the Attorney General determines are not adequately funded by examinations fees. We need only look at the recent successes in naturalization processing to see the results that adequate funding produces – the completion of 1.2 million naturalization applications during FY 1999, a 105 percent increase over FY 1998. This result, however, was only possible by reprogramming funds and diverting resources from the adjudication of residence applications. The neglect of residence cases has now resulted in a backlog of over 900,000 cases. Appropriating funding for immigration services will enable the Attorney General to authorize needed funding and avoid future harmful trade offs.

PROPOSAL: Include in the budget funding to create an Immigration Services Capital Investment Fund to be used to fund service-related infrastructure improvements, major capital acquisitions, backlog reductions, and any other service-related expenses that the Attorney General determines are not adequately funded by examinations fees.

Senator Edward M. Kennedy

INCREASED REFUGEE ADMISSIONS

GOAL: Increase the refugee admissions ceiling to 100,000.

BACKGROUND: As a leader in refugee policy, America has a duty to maintain a strong refugee program. Such an obligation reaffirms our country's most cherished values and our long-standing humanitarian tradition to assist the persecuted and oppressed. By maintaining a vigorous refugee resettlement program, we also set an example that other nations will follow. As such, the Administration's refugee policy is important not only in terms of its immediate effect, but also in terms of its effect on other countries' decisions, where our leadership by example is essential. We saw this during the Kosovo crisis, where United States leadership was instrumental in establishing an international refugee protection response.

The Administration was commended for increasing the refugee admissions ceiling to 90,000 for fiscal year 2000. We must continue on this course in fiscal year 2001, and end the decline in refugee admission ceilings in recent years, falling more than 40 percent from 132,000 in 1993 to 78,000 in 1999. This decline occurred as the number of refugees fleeing global turmoil and civil strife steady increased. Today, there are an estimated 13 million refugees, the majority of whom are women and children.

The private refugee organizations make a compelling case for admission of at least 132,000 refugees in fiscal year 2001, the number admitted during the first year of Clinton's Administration. This figure is only a small fraction of the world's refugees. At a minimum, I urge you to increase refugee admissions to 100,000. Appropriating adequate funding to process these refugees in FY 2001 is critical. Congress appropriated only $625 million in FY 1999 for the Migration and Refugee Assistance Account, $25 million less than the Administration's request. Although the FY 2000 shortfall may be made up with remaining Kosovo emergency supplemental funding, this funding will not be available in FY 20001. Without adequate funding, the U.S. cannot maintain its commitment to refugees.

PROPOSAL: Include in the budget funding to allow the admission of 100,000 refugees.

COST: The estimated cost is over $660 million for FY 2001.

Jeanne_Ireland@labor.senate.gov (Jeanne Ireland)
11/15/99 06:48:24 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:
Subject: child care update

As you've all heard by now, we did not get any new child care money in this year's approps bill, which is disappointing to say the least.

However, on the bright side, Senator Specter has given his word that he will put $2 billion in the chairman's mark next year for the CCDBG and that the money will not be forward funded like it is now, i.e., states will get it in 2001, rather than 2002, which is when they would have gotten the money that we were pushing for anyway. He made this committment during negotiations with the White House and reiterated it in a conversation with Senator Dodd today. In return, Senator Dodd agreed not to try to push him beyond the $2 billion mark next year.

As next steps, we'll work with the Administration to make sure it goes in their budget and try to clear the way for the new money in the House.

Thanks again for all the work you guys did to get us this far. This is still a victory -- we're just going to have a wait a little longer to throw the party. Give me a call if you have any questions.

Message Sent To:

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Nicole

MEMORANDUM

Children's Defense Fund

TO: Senior Administration Staff DT: October 22, 1999

FR: Grace Reef and Helen Blank
Children's Defense Fund

RE: Child Care Advocacy Community Letter to the President

Attached is a copy of a letter to the President that 52 groups signed today to urge the President to push for a significant increase in child care and early childhood development. Particularly following on the heels of the new HHS report released on October 19th, we urge that the President (or staff involved in negotiations) hold firm on investing in child care.

Over two-thirds of mothers with children work outside the home today. Children often enter care as early as 6 weeks of age. As you know, this is a critical time for a child's development and the quality of care makes a significant difference. Children cannot enter school ready to learn without quality child care. With so many of their parents working, the affordability of child care, the availability of child care, and the quality of child care becomes so much more important.

As the new HHS report found, "if all states expanded eligibility to the Federal maximum limit, over half the states (27 states) would be serving less than 10 percent of eligible children, with the remaining half (24 states) serving between 10 and 25 percent of eligible children." At a time when the federal budget surplus is expected to reach nearly $2.9 trillion over the next decade, it is shameful that we provide so little investment in early childhood development, which we know has a long-term pay-off in helping more children realize their full potential.

Last, but not least, the Senate has voted four times on this issue this year. The most recent vote on September 30th showed strong bipartisan support for an $818 million increase for child care in fiscal year 2000. As budget negotiations occur during the next few days (or weeks), we urge that you and the President put child care on your short list of priorities for any Labor, HHS, Education appropriations discussions and negotiations.

Should you need any additional information, please feel free to contact Helen Blank, Director of Child Care at 202-662-3547 or hblank@childrensdefense.org or, Grace Reef, Director of Intergovernmental Relations at 202-662-3558 or greef@childrensdefense.org

CHILD CARE NOW!

October 20, 1999

The Honorable William Clinton
The White House
Washington, D.C. 20520

Dear Mr. President:

You have repeatedly stated your recognition of the importance of good child care and early learning opportunities, beginning with the White House conference on child care.

There is now an opportunity to ensure that the appropriations for this year reflect your strong commitment to this issue. We urge you to ensure that the Senate-passed $818 million increase in the Child Care and Development Block Grant remains in the final FY2000 Labor, Health and Human Services Appropriations bill this year.

There can be no debate about the urgent need for new child care resources. Just a few days ago, the Department of Health and Human Services released a new report revealing the extraordinary gap in existing child care resources -- of the 14.7 million children eligible for child care assistance under Federal law only 10 percent were served in Fiscal Year 1998.

Child care programs in nearly every community each day struggle with inadequate funding as they try to recruit and retain staff to work with children. Given the strong economy, it is a yeoman's task to convince caregivers, almost all of whom are women, to work at wages of $5.00 or $6.00 an hour with no benefits when countless other job opportunities with less responsibility and better compensation are at their doorstep. Increased Child Care and Development Block Grant (CCDBG) funds could provide important new resources to help programs address this growing staff crisis.

Children will not have the skills they need to enter school ready to read without skilled teachers helping them to gain the preliteracy experiences which establish a firm base in their early years.

The need for increased funding for child care is great and the time is ripe. The country is in the midst of unprecedented prosperity. If we do not act now to ensure that young children living in families working hard to keep the country and the economy strong get off to a good start, when will child care become the priority it must be? As you work with Congress to finalize the Labor, Health and Human Services Appropriations Bill, please ensure that the $818 million increase in the Child Care and Development Block Grant becomes a reality this year.

Sincerely,

American Civil Liberties Union, Women's Rights Project
American Federation, State, County, Municipal Employees
American Association for Health Education
American Association for Marriage and Family Therapy

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American Association of University Women
Americans for Democratic Action
American Humane Society
American Public Health Association
Center for Women Policy Studies
Child Care Action Campaign
Child Care Law Center
Child Welfare League of America
Children's Defense Fund
Church Women United
Communications Workers of America
Council for Professional Recognition
Equal Rights Advocates
Family Focus
Fight Crime: Invest in Kids
Good Faith Fund/Arkansas Enterprise Group
Hadassah, the Women's Zionist Organization of America
Jewish Center for Public Affairs
Jewish Women International
Kaw Nation of Oklahoma
Lutheran Office for Governmental Affairs, ELCA
Modoc Tribe of Oklahoma
Na'amat USA
National Association of Child Care Resource and Referral Agencies
National Association for the Education of Young Children
National Black Police Association
National Coalition Against Domestic Violence
National Coalition for Campus Children's Centers
National Family Preservation Network
National Head Start Association
National Council of Jewish Women
National Council of Negro Women
National Women's Law Center
NETWORK, A National Catholic Social Justice Lobby
9 to 5
National Organization of Women Legal Defense Fund
Ohio Professionals for School-Age Care
Providers Choice, Inc.
Quality Care for Children
Teaching Strategies, Inc.
The ASPIRA Association, Inc.
The Children's Foundation
The Salvation Army
United Way of America
USA Child Care
Windham Child Care Association
YMCA of the USA

Children's Defense Fund ®

Grace A. Reef
Director,
Intergovernmental Relations

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Children's Defense Fund

December 7, 1999

Mr. Jack Lew
Director
Office of Management and Budget
Old Executive Office Building
Washington, D.C. 20502

RE: Children's Defense Fund FY2001 Budget Priorities

Dear Mr. Lew:

As the Administration begins to set budget priorities for the next fiscal year, we urge you to consider the following priorities of utmost importance to children:

CHILD CARE

We appreciate the President's continued recognition of the importance of child care for working families. However, we were disappointed by your recent comments to the press that indicated the Administration won funding for all of its priorities in FY2000. With four bipartisan victories on the Senate floor to increase investments in child care in 1999, we joined millions of families throughout the country in hoping that any final budget bill would include a significant increase in child care. Unfortunately, child care funding was not a priority for the conference committee this year. Therefore, we urge you to maintain and expand the Administration's commitment to a substantial new investment in child care and after-school programs in FY2001. We urge the Administration to:

- Increase the Child Care and Development Block Grant (CCDBG) by $20 billion over the next five years with an $818 million increase included in the discretionary funding portion of CCDBG to increase total discretionary funds to $2 billion to be made available October 1, 2000.

- Restore the set-aside of $50 million for infants and toddlers and $10 million for research to be available October 1, 2000.

- Maintain the set-aside of $172 million for improving child care quality and the $19 million for school-age care and child care resource and referral services in the CCDBG.

- Increase Head Start by $1 billion in FY2001. We were heartened to see the Administration expand its commitment to Head Start this year in order to meet the higher quality set-asides. It will be important to continue to support substantial new investments in both Head Start and Early Head Start in order to reach more children, help Head Start meet the needs of working families, and continue to bolster program quality.

- Provide $10 billion over five years in mandatory funding for a new Early Learning Fund to ensure that all children can enter school ready to learn. This will allow communities to expand and improve the quality of child care, create new early education opportunities for children, including infants and toddlers, help Head Start meet the needs of working families, and provide parents with information to help ensure that their children get a good start.

- Expand the sliding scale for the Dependent Care Tax Credit (DCTC) and make it refundable to help the lowest income families with the cost of child care.

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CHILD WELFARE SERVICES

In order to help states achieve the goals of safety and permanent homes for children, as envisioned by the Adoption and Safe Families Act, we recommend that the Administration include a new $200 million down payment for a Child Welfare/Alcohol and Drug (AOD) Partnership in its FY2001 Budget.

An estimated 40-80 percent of children in the child welfare system today have families with alcohol and drug problems. Although two-thirds of the families need alcohol and drug treatment, less than one-third actually receive it. New partnerships between child welfare and AOD agencies are needed to ensure safety and permanent homes for these children and appropriate alcohol and drug treatment and prevention services for their families. The Department of Health and Human Services laid the groundwork for such a partnership in *Blending Perspectives and Building Common Ground*, the April 1999 Report to Congress on Substance Abuse and Child Protection, and in the Stakeholders meeting, jointly sponsored by the Administration for Children and Families and the Substance Abuse and Mental Health Services Administration, in early November.

To ensure meaningful collaboration between the two systems, the Child Welfare/AOD Partnership should require the state child welfare and substance abuse agencies to jointly plan, apply for, and administer the new grant funds, and contribute to the state match. Grants also should be administered jointly by the Administration for Children and Families and the Substance Abuse and Mental Health Services Administration in HHS. These grant activities should be focused on families with alcohol and drug problems who come to the attention of the child welfare system.

An increase in resources and flexibility will allow child welfare and alcohol and drug agencies to implement a range of comprehensive individualized alcohol and drug prevention and treatment services; improve screening and assessment procedures; eliminate barriers to treatment and to child safety and permanence; develop effective engagement and retention strategies; provide cross-system training; improve data collection; and evaluate states' progress in all of these areas.

PREVENTION/AFTER-SCHOOL/JUVENILE JUSTICE

The $250 million increase in FY2000 for the 21st Century Community Learning Centers Program was a hopeful signal for the millions of children home alone, without adult supervision, each week after school. However, this program is still extremely modest given the number of young children as well as teen-agers who do not have access to constructive after-school activities. Substantial new investments are still needed given the role that after-school programs can play both in keeping children safe from harm and in helping them stay on track academically. We urge the Administration to:

- Increase the 21st Century Community Learning Centers by $550 million to a total of $1 billion to help schools and community-based organizations start, operate, and expand programs for children and youth.

- Expand Title V, Local Delinquency Prevention, from $95 million to at least $250 million. Title V is a prevention program worthy of continued and increased support. It represents an effective model of community collaboration in which community stakeholders -- including locally elected officials, law enforcement, private nonprofit organizations, and youth workers -- come together to develop a plan for juvenile delinquency prevention. This cost-effective program that keeps children and communities safe, has been increased but continues to receive a fraction of what new punishment initiatives like the Juvenile Accountability Incentive Block Grant receive (unauthorized but funded at $250 million).

- Increase the Juvenile Justice and Delinquency Prevention formula grants to states and communities by $268 million to ensure a strong juvenile justice system that holds children accountable, helps them get back on track, but does not put them in adult jails and prisons or undermine their potential to become productive members of the community.

STRENGTHENING FAMILIES

We are pleased that efforts to cut the Temporary Assistance for Needy Families (TANF) block grant were unsuccessful in the FY2000 budget, and urge the Administration to take the strongest possible stance in FY2001 to prevent cuts from taking place. The final TANF regulations published last April are extremely helpful in clarifying to states the many opportunities to use TANF funds wisely to provide work supports for families seeking to leave welfare. However, additional changes would encourage investments in the supports families need. We urge the Administration to:

- Restore funding to $2.3 billion for the Social Services Block Grant (Title XX) to assist states in meeting the diverse needs of children and families.
- Exempt months in which TANF recipients work and yet remain eligible for reduced support from counting toward the time limit.
- Allow a broader range of activities to count toward the required hours of work participation, including post-secondary education, training, and other activities states judge to be appropriate parts of an individual's "personal responsibility plan" intended to enable parents to overcome barriers to employment.
- Allow states with caseload declines of more than 20 percent since August 1996 to increase the percentage of exemptions from the time limit allowable under TANF.
- Provide funds for at least an additional 100,000 Section 8 housing vouchers for FY2001.
- Restore Food Stamps for legal immigrants still denied this assistance, including parents of children, elderly between the ages of 60-65, and immigrants who enter the country legally on or after August 22, 1996. Food stamp cuts affecting families with high shelter costs should be rescinded.
- Reauthorize the Welfare-to-Work block grant. Now that the eligibility criteria are less restrictive, we have every hope that states will spend more of their Welfare-to-Work block grant funds. The Administration should continue to press for an additional $1 billion.
- Provide block grant support for services for noncustodial parents. The Fathers Count bill that passed the House in the 106th Congress would provide $150 million for various jobs, parenting, and other services to help fathers be a positive presence in their children's lives through financial and other forms of support. We support these services for noncustodial parents (fathers or mothers), although we also support stronger protections for custodial parents at risk of domestic violence.
- Make the child tax credit refundable. Families with children with the greatest need have little federal income tax liability and can only benefit when tax credits are refundable.
- Expand the Earned Income Tax Credit by providing help to families with more than two children. An expanded EITC would recognize the costs of child-rearing more accurately than the current formula.

CHILDREN'S HEALTH

The Childhood Immunization program (Section 317) is the primary federal source of funds for immunization infrastructure, including assessment of population-wide immunization rates, vaccine preventable disease surveillance, public education and outreach, and vaccinations in public clinics for groups whose health insurance does not cover vaccinations (the Vaccines for Children program is essential in paying for vaccines for uninsured or Medicaid-insured children, but not for under-insured children). The Section 317 and Vaccines for Children programs complement each other and provide the states and public health officials with the resources they need to continue to increase (as well as maintain) childhood immunization rates. We urge the Administration to:

- Fund the Childhood Immunization program at $585 million. This is a $95 million increase over the FY2000 funding level of $490 million. The increased appropriation for Section 317 is essential to sustain infrastructure and outreach initiatives as well as to adequately fund necessary vaccine purchases.

- Provide sufficient funds to give states the option to provide legal immigrant children health coverage through Medicaid and the Children's Health Insurance Program (CHIP).

CHILD SUPPORT ENFORCEMENT

We understand the Administration is considering a substantial revision of the federal role in the child support enforcement program. It is essential that funding changes encourage the additional commitment of state and federal resources to this under-resourced program, and not reduce federal investments. Reducing the federal commitment would result in significant setbacks in the collection and enforcement of child support obligations for millions of children. Under this Administration, states have made some progress in improving paternity establishment, enforcement of orders, and child support collections. We urge the Administration to continue to bolster states in their efforts, rather than reducing the federal government's investment in the program.

We also urge that the federal government take a leadership role in exploring how to make child support a more reliable source of income for low-income single parents struggling to support their children through work. Funding for child support assurance demonstrations would be an important step in this direction. Similarly, states should be encouraged to pass through to families at least some of the child support dollars collected on their behalf and to disregard some or all of the amount passed through in calculating assistance levels.

IN SUMMARY

No doubt, there are many competing priorities under consideration as part of the FY2001 budget. However, if we can find the resources to ensure the Pentagon enters the next millennium secure, we ought as well to find the resources to ensure that our children enter the next millennium equally secure. While overall poverty is declining, the number of poor children still remains unconscionably too high at 13.5 million. As you know, poor children are at risk of poor nutrition, low educational performance, and much lower future earnings as adults. This Administration can lay the foundation for a better future for our children. For the President's final budget submission, please consider a major investment in children so that the legacy of this Administration will truly put children first.

Sincerely,

Marian Wright Edelman

CC: Secretary Donna Shalala