President Clinton's
"America Reads" Challenge

PROPOSAL BACKGROUND

WHY A READING INITIATIVE?

READING IS A FUNDAMENTAL SKILL FOR LEARNING AND MANY AMERICAN SCHOOL CHILDREN HAVE TROUBLE LEARNING HOW TO READ

- **In 1994, 40% of 4th grade students failed to attain the basic level of reading on the National Assessment of Educational Progress.** 70% did not attain the proficient level. [Source: NAEP 1994 Reading Report Card for the Nation and the States]

- **Although reading problems are particularly severe for disadvantaged students, they are not limited to this population**. 32% of fourth-graders whose parents graduated from college are reading at or below the basic level. Students who have difficulty reading represent a cross-section of American children. [Source: NAEP 1994 Reading Report Card for the Nation and the States]

- **If a child can't read well by 3rd grade, chances for later success are significantly diminished**. A focus on reading also can reduce the numbers of children in special education (many of whom have reading difficulties) and provide critical additional help for the 2.8 million limited English proficient students. Reading forms the strong foundation needed for school learning, self-sufficiency, responsible citizenship, and productive employment. [Source: Learning to Read Reading to Learn, National Center to Improve the Tools of Educators, U.S. Department of Education, Office of Special Education and Rehabilitative Services, Office of Special Education Programs.]

- **Students who are not reading at grade-level are very unlikely to graduate from high school.** As noted by Madden et al., "Disadvantaged third graders who have failed a grade or who are reading significantly below grade level are very unlikely to graduate from high school... and will experience difficulties throughout their school careers." [Source: Madden et al, Success For All: Longitudinal Effects of a Restructuring Program for Inner-City Elementary Schools, *American Education Research Journal*, 1993]

- **All children can learn to read at grade-level by the end of the third grade.** According to a study by George Farkas, et al., *all* children with the capability to learn -- judged to be over 95 percent of the student population -- can learn to read at grade-level by the end of the third grade. [Source: George Farkas, Jim Fischer, Keven Vicknair, Ralph Dosher, Can *All* Children Learn To Read At Grade-Level By The End of Third Grade?, September 20, 1995]

- **A focus on reading can pay off.** Our nation's 15-year emphasis on students taking higher level math and science courses is paying off in ongoing improvements in math scores. Average math SAT scores are up 7 points since 1992, to their highest level in nearly 25 years. More attention to reading can stimulate similar reading gains. [Source: NAEP 1992- Trends in Academic Progress, and College Board, 8/22/96]

EVERY AMERICAN HAS AN IMPORTANT ROLE IN HELPING ALL CHILDREN TO READ.

The evidence is clear: everyone in a young child's life has an important role in helping young children learn how to read.

- **Every parent can help --and must assume the responsibility for helping -- their children read, for example, by reading with their child 30 minutes a day.** Evidence shows that greater parental support for their child's literacy success makes a significant difference. According to a new study, *Reading Literacy in the United States*, fourth-grade average reading scores were 46 points below the national average where principals judged parental involvement to be low, but 28 points above the national average where parental involvement was high -- a difference of 74 points. Even when other factors such as parents' education were taken into account, the phenomenon remained. [Source: Reading Literacy in the United States, U.S. Department of Education, Office of Educational Research and Improvement, NCES-96-258]
- **One-on-one tutoring is a key component of bringing students up to reading grade-level.**

Only when a tutor provides one-to-one instruction can the level of instruction be customized to the student's current performance. Only within this format does the student receive the customized eye contact, warmth, and positive encouragement and feedback capable of providing the work incentive and concentrated time-on-task necessary to overcome the fear of failure and low self-esteem that is typical in students who are performing below grade level. [Source: George Farkas, Jim Fischer, Keven Vicknair, Ralph Dosher, Can *All* Children Learn To Read At Grade-Level By The End of Third Grade?, September 20, 1995]

- **Pre-school preparation and family involvement is widely recognized to improve student performance.** Preparing children to learn, both through parent involvement and through pre-school preparation, plays a crucial role in preventing students from falling behind. [Source: Arthur Reynolds, 1992. "Mediating Effects of Preschool Intervention." Early Education and Development 3:157-170.]

- **Schools can teach to high standards** and ensure that no child receives a watered-down curriculum regardless of who they are or where they live. This is particularly important in high poverty schools and why the Clinton Administration dramatically restructured the Title I program in 1994 to support the efforts of states and communities to develop effective schoolwide programs geared to high standards. In addition to improving their regular programs, schools can be supportive of a national reading effort by working with the broader community, offering facilities after school and during the summer and encouraging all of their teachers to participate.

- **Communities, public libraries, businesses, civics clubs, religious institutions, seniors, and national organizations too can play an essential role in helping reach the reading goal.** This role can include harnessing available resources, establishing connections between all members of the community, and ensuring that every parent has the information and support they need to become involved with their children. Everyone -- young and old -- also can be a reading tutor.

EVIDENCE THAT TUTORING WORKS

Research has found that tutoring results in improvements in reading comprehension, word recognition, and student attitudes towards reading.

- An analysis—conducted by Cohen, Kulik and Kulik—of 65 published studies using random assignment found significant positive effects of specific tutoring programs on targeted students. The analysis relied on measurable results, and did not take into account anecdotal reports. [Cohen, P.A., Kulik, J.A., & Kulik, C.L.C. (1982). Educational outcomes of tutoring: A meta-analysis of findings. American Educational Research Journal, 19, 237-248.]

- Studies have shown that the number of tutoring sessions is directly correlated with the average grade level gains associated with tutoring for first through third graders. [Farkas, G., Fischer, G., Vicknair, K., & Dosher, R. (1995). Can *All* Children Learn To Read At Grade-Level By the End of Third Grade?]

- Studies of early tutoring have concluded that the attention and feedback of one-on-one tutoring helps students overcome the psychological blocks, such as fear of failure and low self-esteem, that are associated with below grade-level reading performance. [Wasik, B. & Slavin, R. (1989). Preventing Early Reading Failure With One-on-One Tutoring: A Review of Five Programs." Reading Research Quarterly 28:179-200.]

- Surveys of targeted groups of students who are tutored in reading, have shown significant improvement in students' motivation to read, their self confidence as readers, and their views of their control over their reading abilities. [Lepper, M.R., & Chabay, R.W. (1988). Socializing the intelligent tutor: Bringing empathy to computer tutors. New York: Springer-Verlag; Topping, K., & Whitely, M. (1990). Participant evaluation of parent-tutored and peer-tutored projects in reading. Educational Research, 32(1), 14-32; Merrill, D.C., et al. (1995). Tutoring: Guided learning by doing. Cognition and Instruction, 13(3), 315-372.]

- A major British study of tutoring—conducted by Topping and Whiteley—examined the progress of 2,372 elementary and junior high students who were tutored for an average of 8.6 weeks by a mixture of parent volunteers, same-age students, and cross-age students. Learners improved at *4.4 times the normal rate in reading comprehension* and *3.3 times the normal rate in word recognition.* Four months after the end of tutoring, the average student was still improving at twice the normal rate in both comprehension and word recognition. [Topping, K., & Whiteley, M. (1990). Participant evaluation of parent-tutored and peer-tutored projects in reading. Educational Research, 32(1), 14-32.]

- An Ohio State Study of 10-12 Reading Recovery classes—serving students in the early grades—across a variety of schools using various strategies and training methods found that one-on-one tutoring produced more effective results than small group classes. [Reading Recovery: Learning how to make a difference. In D. DeFord, C.A. Lyons, & G.S. Pinnell (Eds.), Bridges to literacy: Learning from Reading Recovery (pp. 11-35). Portsmouth, NH: Heinemann.]

- In Canada, Brailsford conducted a similar study of poor reading students in grades 2-6 who received tutoring 10 minutes each day, five days a week, for 10 weeks. He found that tutored students improved at roughly three times the normal rate in both reading comprehension and word recognition. [Brailsford, A. (1991). Paired Reading: Positive reading practice. Kelowna, British Columbia: Filmwest Associates.]

PARENTS AS FIRST TEACHERS PROGRAMS HELP KIDS LEARN MORE

BACKGROUND: Thirty years of research show that greater parent involvement in children's learning is a critical link to achieving a high quality education for every student. Parent involvement can make a positive difference in children's learning when parents do more. Indeed, controllable home factors account for almost all the differences in average student achievement across states (Paul Barton & Richard Coley, 1992). Sometimes, however, parents don't know they have the power to influence their child's learning. For these parents, the availability of effective parent training programs is key.

Family Literacy. Recent research has demonstrated significant effects of family literacy programs during the time when families are enrolled and during the years following enrollment. Among the findings in studies conducted for the National Center for Family Literacy (July 1996):

- Families stay enrolled in the programs longer than in most adult-focused programs, and the attendance rate is higher while enrolled;
- Adults make both important and statistically-significant gains in language and math;
- Children make gains in developmental areas that are at least three times greater than expected as a result of normal maturation, and the gains are as high or higher than made by children in child-focused programs;
- The amount of literacy in the home increases;
- Children are ready to enter kindergarten as indicated by judgements of their teachers, and
- A higher percentage of adults achieve GED or high school certification than in adult-focused programs.

Parents as Teachers (PAT) was launched in 1981 as a public school system-operated program in Missouri and has been replicated in 43 other states. The program's key features include home visits, group meetings for parents, regular monitoring of children's health and developmental status, and referral to social service and other agencies when necessary. Three evaluations of PAT have shown positive results for both parents and children.

Evidence. A 1989 follow-up investigation found that at the end of first grade PAT children scored significantly higher than the comparison group on both measures of standardized reading achievement and math achievement. Sixty-three percent of parents of PAT children versus 37 percent of comparison group children requested parent-teacher conferences.

A 1991 evaluation of the PAT program that examined the impact of the program on 400 randomly selected families in 37 districts found that on measures of parents participation and children outcomes:

- Mothers with less than a high school education attended significantly more group meetings;
- Child performance at age 3 was significantly higher than national norms on measures of achievement and language ability;
- More than one-half of children with observed developmental delays overcame them by age 3.

Home Instruction Program of Preschool Youngsters (HIPPY USA) is a home-based program for parents of children four and five years old that provides parents with a two-year curriculum, lesson plans, and materials to help them teach school readiness skills to their children. HIPPY is designed to increase the parents' self-esteem and to improve their children's cognitive ability.

Evidence. Today there are 43 HIPPY sites operating in 16 states. Arkansas is deeply committed to the HIPPY program where 31 sites serve 6,000 families. The core HIPPY Program consists of home visits every other week by a paraprofessional. On alternate weeks home visits are supplemented by group meetings at a local elementary school. Parents meet together for discussions of lesson topics and parenting issues.

The MegaSkills program was adopted at Sarah Scott Middle School in Terre Haute, Indiana, as part of a broad strategy to strengthen family members' roles in children's learning. Sarah Scott Middle School is one of two schools from among more than 100,000 public, private, and parochial schools that were invited to participate in the "Strong Families, Strong Schools Most Promising Practices" competition sponsored by Scholastic, Inc., the National Education Goals Panel and Apple Computer, Inc. The school is located in an area of moderate to low income family dwellings, and is regarded as a "safe place" by families whose children attend the school.

Evidence. Each class of 150 students was organized around the family concept. Families share a common area in the building as well as activities and an interdisciplinary core of teachers. Groups of 15-20 students were assigned to each advisory led by a caring advisors to help resolve academic and developmental concerns. The MegaSkills programs was thus introduced as a lead program with the support from the business community, school staff, and parents as a means of sustaining family involvement in children's learning, complementing other efforts undertaken by the school.

James P. Comer's program to include massive parent involvement as a means of achieving dramatic lasting gains in student academic success. In 1968, Comer and his colleagues at the Yale Child Study Center launched a long term collaboration with two New Haven schools that were 99 percent African American and almost entirely low income.

Evidence. During the first five years, both schools attained the best attendance records in the city and near grade-level performance. At the same time student behavior problems were reduced significantly. By 1984, fourth graders in the two schools scored third and fourth highest on the Iowa Test of Basic Skills.

Joyce Epstein conducted a study of student achievement of 293 third and fifth grade students in 14 classrooms in Baltimore who took the California Achievement Test in the fall and spring of the 1980-81 school year.

Evidence. Epstein found that "teacher leadership in parent involvement in learning activities at home positively and significantly influences change in reading achievement." (Epstein 1991.) Epstein also found that parents learned more about their child's instructional programs as a result of improved communications with the teacher and this had a positive influence on their children's reading achievement.

EXPANDING HEAD START TO ONE MILLION THREE AND FOUR YEAR OLDS

- **Head Start Helps Children Get Ready to Learn and Ready to Read.** For more than 30 years, Head Start has been one of our nation's best investments in helping low-income parents be their children's first teacher, and in making sure that children start school ready to read and ready to learn. Head Start provides three and four year old children cognitive, social and language development, comprehensive health services and healthy meals and nutrition. Head Start offers parents seeking to improve their circumstances and their children's chances of success parenting skills, support, education and training.

- **President Clinton's Balanced Budget Expands Head Start Participation to 1 Million Three and Four Year Olds.** Today, only 750,000 low-income children and their families -- less than half of those who are eligible -- have a chance to benefit from Head Start. Under the President's budget plan, by the year 2002, 1 million of this nation's most disadvantaged children and families will have the chance for a Head Start.

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Funding ($ bn)	$3.98	$4.30	$4.63	$4.97	$5.31	$5.67
Enrollment	796,500	834,000	877,000	920,000	960,000	1,000,000

- **Head Start Works.** Research findings overwhelmingly show that Head Start works. Last year, a Packard Foundation study reviewed nearly 150 seperate studies of the Head Start program and concluded that not only had the immediate impact of raising reading scores, it had the lasting effect of making students less likely to be held back a grade, less likely to be placed in special education classes, and more likely to graduate from high school. Even later in life, former participants were less likely to go on welfare or enter the criminal justice system.

> **The Packard Foundation:** "Head Start Works.... The 144 Studies of Head Start that are reviewed in the Packard Journal point to one unassailable conclusion: Head Start -- and other early childhood programs that provide stimulating environments for learning, involve parents and link health, education and social services -- improve poor children's chances." ["The Future of Children," The Packard Foundation, 1995]

- **Parent involvement is the bedrock of Head Start.** Last year more than 800,000 Head Start parents demonstrated their commitment by volunteering in their local program. And they get a great deal in return: Head Start staff work closely with parents to help them build their skills, not only to become better parents but also to become contributing members of their community. Parents are taught the importance of reading to their children. When parents have difficulty reading, Head Start programs work with them to improve their literacy skills.

- **Family Literacy is a new priority in Head Start.** Under new standards developed by the Clinton Administration, family literacy is a new priority in Head Start -- all parents will be offered training to help them be involved in their children's education and to help them be their children's first teacher.

- **America's Reading Challenge will build on the strong foundation provided by Head Start.** After-school and summer tutoring for young school-age children and for their older siblings and parents builds on what Head Start begins. Through the Head Start Transition Initiative, Head Start programs will dedicate at least one part-time staff person to work with local school systems, parents, child care providers and other members of the community to make sure children successfully make the transition from Head Start to public school.

EXAMPLES OF CHILD LITERACY AND READING TUTORING PROGRAMS

AMERICORPS SLICE CORPS, SIMPSON COUNTY, KENTUCKY

Mike Houston, Project Director (502) 586-2804

In this program, 25 AmeriCorps members provided intensive tutoring in reading to 128 second graders. Over nine months, the students improved their reading comprehension by an average of 2.8 grade levels. One-third of the students improved by more than three grade levels. Members visit each student's home every other week to show parents their children's reading materials, update them on the child's academic progress and offer tips on how to help their children read. The key is consistency. AmeriCorps SLICE members tutor students for the entire school year.

Regarding a second grade student who entered the program as a non-reader, the classroom teacher said: "[The student] is in his second year of being tutored by a SLICE Corps member. Last year he was very shy and withdrawn. He was very adept verbally but not so at reading and writing. This year his reading is better and he really enjoys writing. He's a real worker and seems to enjoy school much more. [The student's] parents are very interested in his school progress. They are willing to come whenever you call them an they spend time working with him on his school work. He has thrived on the individual attention that only a SLICE Corps member could give him."

HILLIARD ELEMENTARY SCHOOL, HOUSTON, TEXAS

Rufus Allen, Principal (713) 635-3085

Hilliard -- a very high poverty, predominantly African American, urban school -- runs an intensive after school, weekend and summer school program. And it works. For four afternoons each week throughout the school year, six teachers and six to eight parent volunteers work with students on their reading skills -- emphasizing hands-on activities to reinforce what students learn during the day. The parent volunteers work closely with and receive training from classroom teachers. Eight Saturday mornings during the year, 125 students also participate in reading classes led by a team of teachers and parents. The students who participate in these programs also take advantage of a summer school program centered around thematic units. One special project is the creation of storybooks by and far the students.

This approach has resulted in improved reading scores for the school over the past five years. In the spring of 1995, 80 percent of Hilliard third graders met the state's expectations on the state assessment in reading, an increase from 20 percent five years prior.

BELMONT COMMUNITY SCHOOL, WORCHESTER, MASSACHUSETTS
John Monfredo, Principal (508) 799-3588

According to Principal John Nonfredo, Belmont Community School is a reading school. "We sell a product at our school and that product is reading." The school, 95% of whose students receive free or reduced lunch, has instituted a schoolwide reading initiative -- Books and Beyond -- intended to build the skills and the desire of every child to read. From the morning announcements to the after school program, it does what it can to make sure this happens.

For example, sixty students attend an after school program that runs three days a week with the help of college student volunteer tutors. Special workshops introduce the parents to children's literature and to the school library, where they are welcome to check out books to read with their children at home. A school staff member also works with the parents on how to read with their children. The school participates in the Books and Beyond kick-off rally and an end-of-the-year celebration that emphasize the parent partnership. Every Friday, volunteers from all walks of life--parents, business people, police officers, fire fighters--come to the school to read to the students. The school holds a family literacy night, a Read-A-Thon, where students, sometimes in their pajamas, gather with their families in the school courtyard to read. Since the launching of this initiative, reading scores at the school have continued to improved. So too has parental involvement and volunteer participation. Most important, reading has become fun.

READING ONE-ONE, RISD ACADEMY, RICHARDSON, TEXAS
George Farkas, University of Texas (214) 883-2937

Through a partnership with the University of Texas at Dallas, RISD Academy offers a one-on-one tutoring program to its at-risk students in grades 2-6, many of whom are limited English proficient. The tutors -- college students and community volunteers -- are carefully trained in the tutoring curriculum and closely supervised by on-site tutor coordinators. They engage students in a variety of activities during their forty-minute sessions. The program stresses consistency: each student works with no more than two tutors three to four times a week during the school year.

Students make very large positive gains through the program -- on average, one grade level in reading ability over the course of a semester of tutoring through this program. In fact, survey results of teachers and parents showed that 88% of the teachers and 95% of the parents thought reading skills had indeed increased. 95% of parents thought their child's interest in reading had increased and 97% thought their child's interest in attending school had increased. As one 4th grade teacher remarked "I'm very impressed with the program. I am so impressed with one student's turn around, I withdrew his referral to Special Education testing... My students love going and more want to go!"

REACH OUT AND READ PROGRAM, BOSTON CITY HOSPITAL, BOSTON, MASSACHUSETTS

Kathleen Fitzgerald Rice, Co-Director (617) 534-4765 or
Perri Klass, Co-Director (617) 534-5701

Physicians at Boston City Hospital saw both the need and the opportunity to work on literacy with their patients, namely young children from impoverished families. In 1989 they launched the Reach Out and Read Program to meet those needs by integrating literacy development into regular pediatric care for children ages 6 months to 6 years. The Reach Out and Read Program is co-directed by a pediatrician and early childhood educators and has three components. In the clinic waiting room, community volunteers read to the children, engaging their interest while modeling book-related interactions for the parents. In the examining room, the doctor looks at a book with the child, assessing the child's developmental progress and sharing it with the parent present. At the end of the visit, the child receives a new book to take home. This gift conveys the importance of reading to both the child and the parent. ROR has big plans to expand their project, first to 10 other Boston area neighborhood health centers and then nationwide. A parent commented on the program's effect on her daughter: "I know that by keeping her nose in books, she's going to be a reader. If she's a reader, she could be a writer. She could be a doctor. She could be anything!"

CABRINI-GREEN TUTORING PROGRAM, CABRINI-GREEN HOUSING DEVELOPMENT, CHICAGO, ILLINOIS

Phoebe Zoe Kessler, Program Coordinator (312) 467-4980

The only one-to-one scholastic tutoring organization working with young kids in the Cabrini-Green area, it serves 500 kids a week and has 480 volunteer tutors. The program operates three nights each week from 5:30-7pm. Kids are tutored for grades K-6, then graduate and can become Junior Assistants who help volunteers and program staff, peer-tutor younger kids, and help run the library, art, and resource areas. All tutors are volunteers and most are professionals who work in nearby downtown Chicago. Parents also volunteer in the program. All tutors go through a training and orientation session, take a tour of the program, speak with program coordinators and veteran tutors before beginning work, and attend three additional workshops each year. Through its 2-year relationship with Reading is Fundamental, the program distributes books for the kids, tailored to their individual tastes, to take home and to keep. Books are also distributed in conjunction with other events. The program is 31 years old, and its participants often bridge generations of the same families.

All funding is private and the program relies heavily upon donations. Last year, for example, Scottie Pippen of the Chicago Bulls ran a RIF fund-raiser for the program which raised $40,000 that is paying for 2 new computers and a library up-grade. The program has only two paid staff members, with the rest of the costs arising from school supplies, buses for field trips, nightly snacks, and other needed materials.

JACKSON, TENNESSEE TUTORING PROGRAM

Jim England (901) 427-9666

In Jackson, Tennessee, 10 churches have already joined forces with 11 public housing projects to ensure the reading success of the city's children. Currently, 250 church members tutor 350 children, mostly elementary students, throughout the city. While the churches design their own programs in accord with their talents and physical facilities, all of the students have progress charts that follow them from church to church as they move. Volunteers use the local district's "Lesson Line" to communicate with teachers, parents, and other tutors and coordinate with the school during the school year. Among those pitching in are local supermarkets and businesses who have shown their support by donating food for the program. According to one of the organizers, the program is entirely volunteer and the cost is negligible. Many students and families report that this tutoring program has made a major difference in their lives. Because of the project's initial success, 12 other churches are joining the project in the coming year.

PILOT TUTORING PROGRAMS, CAMBRIDGE ,MASSACHUSETTS

Jerome Kagan, Professor, Harvard University (617) 495-3870

In this pilot tutoring program, senior citizen volunteers, many of them former teachers, tutor at-risk first graders three times a week in forty-five minute sessions -- with significant results. Paid, early childhood educators provided tutors with training, prior to and during their service. Through daily tutor logs, training sessions, and tutor observation, the educator trainers worked closely with the tutors. Tutors made a special effort to assess initially the skills, needs, and talents of their students, a diverse group of African Americans, Whites, Haitians, and Asians. One of the student's classroom teacher remarked: "[The student's] frustration level changed, he learned to focus, how to handle a book, felt he was a reader, learned he is an okay kid, learned beginning skills and to like books." The program showed significant results on the reading of both words and text. Sixty three percent of the tutored students showed major gains in reading text compared with only 30 percent of the control group; 63 percent of the tutored students gained in a major way in reading words compared with 10 percent of the control groups. The program was equally effective for children who spoke English as their first language and bilingual children learning to read English.

EARLY IDENTIFICATION PROGRAM, READING COMMUNITY CITY SCHOOL DISTRICT, READING, OHIO
Bob Stark, Coordinator of Special Services, Cincinnati, Ohio (513) 483-6739

51 trained parent volunteers work one-on-one with 79 kindergarteners, over half of the kindergarteners in the district, who enter the program based on measurements of their pre-literacy skills as well as the recommendations of their teachers and parents. During the 1995-1996 school year, scores of students participating in the program increased 29.8 points in visual perception, 19.2 points in fine motor skills, and 19.3 points in basic language concepts. In contrast, students not participating in the program had gains of 5.4 in visual perception, .3 in fine motor skills, and 7.4 in basic language concepts. Since its inception in 1987, the program has served 871 children with 9,425 hours of volunteer service. Tutors and students meet four times a week in personal sessions that make use of a variety of methods intended to build pre-literacy skills. This program seeks to set the foundations for literacy before these at-risk students fall behind in their reading skills. Teachers note that by the end of the kindergarten year, the academic performance of program participants nearly matches that of the children who did not participate in the program.

URBAN LEAGUE, DETROIT
Angela Eason, Director (313) 863-0300 Ext. 241

125 children, ages 5-10, participated in this summer Read*Write*Now program which focused on improving computer and literacy skills. High school students received a stipend to mentor the younger kids who got prizes (i.e. Pizza Hut coupons, etc) for meeting their reading goals. Participants were pre- and post-tested and scores improved significantly

Tabulated test stats and description of program information should be here by Monday. this seems to be a very promising design.

GROWING TOGETHER, WASHINGTON, D.C.
Teresa Knudson, Executive Director (202) 882-5359

100 students, referred by twelve area schools, receive tutoring six days a week after school and during the summer. 90 percent of the students show substantial improvement and an increased rate of learning. After tutor training, community volunteers work one-on-one with students under the expertise of an experienced teacher/tutor. Through the program, parents also may get counseling on how to best help their children. While tutors work with the students on reading skills, they also help students set their own academic goals. The program boasts widespread community support and involvement. One local elementary school principal praised the program as follows: ". . . our children benefited tremendously from your program. Academic progress is quite evident. Our teachers, parents and counselors commend your effort and dedication. Growing Together is definitely a valuable asset to the community."

PARENTS AS FIRST TEACHERS EXAMPLES

MISSOURI PARTNERSHIP FOR PARENTING ASSISTANCE LITERACY INVESTMENT FOR TOMORROW (LIFT), ST. LOUIS, MISSOURI

Diana S. Schmidt, Executive Director, LIFT, (314) 421-1970

The Missouri Partnership for Parenting Assistance (MPPA) is a broad based statewide parent education and assistance program that includes an early childhood component under Missouri's Parents as First Teachers Program, a school-age component under Parent Link and a family literacy component under the auspices of LIFT (Literacy Investment for Tomorrow). Launched in 1981 in Missouri and now replicated in 43 states nationwide, the key features of Missouri's Parents as First Teachers (PAT) Program include home visits, group meetings for parents, regular monitoring of children's health and developmental status, and referral to social service and other agencies when necessary. To enhance parents' ability to nurture and teach their children, PAT services are expanding, with a special focus on reaching more high need families, expand the program to 3-5 year olds in addition to those ages 0-3, and assisting families whose children move from preschool to school. Three evaluations of PAT has shown positive results for both parents and children. In addition to expanding its Parents as First Teachers Program, the MPPA is also establishing two new Family literacy centers to offer adult education, parenting classes, and Parent as Teacher services. Parents across the state will also have greater access to parenting materials, resources and curricula through the expansion of Parentlink and the 1-800 information line.

MEGASKILLS TEACHING PROGRAM, HOLYOKE, MASSACHUSETTS.

Pauline Carriere, Director, (413)534-2011

Parents meet one evening each week for eight weeks (one session in the Fall, one session in the Spring) to receive instruction in the Megaskills teaching program developed by Dorothy Rich of the Home and School Institute, Inc. Childcare is provided and sessions are conducted in English and Spanish by four Megaskills-certified instructors. Sessions usually serve 20-30 parents (enrollment peaks in the Fall). One half hour of each one hour session is devoted to small group discussions led by the instructors. The goal is to improve the parent's own literacy skills and to provide them with the means and the confidence to supplement their children's learning at home. Parents are given books and activities to take home and use with their children. For many parents this will be their first experience working alongside their children. The program is widely praised by parents and their evaluations of the program which they complete after each session are very positive.

MILWAUKEE AREA WRITING PROJECT, MILWAUKEE, WISCONSIN
Director, James Vopat, (414)547-1211

Responding to the thirty years of research showing the importance of parental involvement both at home and at school in a child's school success, the goal of the Milwaukee Area Writing Project is clear: increasing parental involvement, building a bridge between parents and teachers, and focusing on improving the achievement of children. The program -- begun 8 years ago with a grant from the Joyce Foundation -- is now in 8 schools in the Milwaukee area and 10 schools in the Chicago. Teachers and Parents meet in weekly workshops where they discuss the literacy work being focused on during the school day and develop a home "application" that parents can use to work with their children at home The parents try to use the application (ie., journals etc..) during the week and discuss its success in the workshop the following week. Groups meet weekly for 6 weeks, then monthly. The program tries to identify and recruit committed parents who can serve as group co-leaders.

The Program has been able to document its impact through data on attendance, referrals, and performance on state-testing. In Beloit, Wisconsin, for example, by the end of the first year of the program, parent involvement had increased 128%. In the Hi-Mount Elementary School, Dr. Jerome Blakemore of the University of Wisconsin-Milwaukee found that there was a 66% reduction in school suspensions for children of project parents and an 82% reduction in behavioral problem referrals. Tardiness reports for children whose parents were involved in the program declined almost 400% (from 110 during the first marking period to 28 during the final marking period).

PARENTS FIRST, NASHVILLEREAD, NASHVILLE, TENNESSEE
Marilyn Tucker, (615) 255-4982

The success of NashvilleREAD's mission comes from its mobilization of the public and private sectors in support of greater literacy services for parents and adult, workplace, and family-based education. For example, the Parents First project, part of the overall effort, has brought together the Nashville Metropolitan Public Schools, the United Way of Middle Tennessee and the corporate sector, as well as a dozen of other partners, to serve families in metropolitan Nashville and Davidson County as well as the four rural middle Tennessee counties of Robertson, Dickson, Wilson, and Rutherford. The project provides parents with information and materials that enhance their efforts to teach and nurture their children and facilitates parent-to-parent communications through computers statewide, the 1-800 HELP LINE, newspaper articles, and parenting fairs. The project also provides training and support for parents that increase their parenting skills and ability to engage their children in home-based learning activities, and provides training for educational personnel in Head Start, Family Literacy, and compensatory education programs. Nashville Reads serves as a Goals 2000 Parent Information and Resource Center.

TWILIGHT SCHOOLS, ELK GROVE UNIFIED SCHOOL DISTRICT, CALIFORNIA

The Twilight program -- based in four Elk Grove elementary schools located in high poverty urban and rural neighborhoods in Sacramento (CA) County (where over 50 languages are spoken) -- focuses on the entire family to improve students academic achievement. The program provides after-school workshop training and learning programs for parents as well as their children ages pre-K through 12 grade. The program is three nights each week and three hours a night. 700 children attend the program each night. Key academic components include a preschool program and a homework tutoring center. Parents receive training in family literacy, GED preparation, and English as a second language, and child development. In addition, parent workshops are offered on topics such as nutrition for your child, parenting skills, the job search, reading strategies for the home, family math, and car and bicycle safety. They also serve as volunteers in the Twilight program's preschool component. All parents who participate in the twilight program report improvement in their students' work. CAT-S scores also have improved.

EVEN START FAMILY LITERACY PROGRAM, SALEM, OREGON

Laurie Cardle, (503) 399-4678

Located at the Family Resource Center at Chemeketa Community College, Salem-Keizer's Even Start program serves families with children from birth to age 8. As other Even Start programs, the program has three interrelated goals, to help parents become full partners in the education of their children, to assist children in reaching their full potential as learners, and to provide key literacy training for parents. To meet these goals, Salem-Keizer's Even Start offers participants a variety of workshops, parenting and parent education classes, support groups and child care. From Monday to Thursday every week, for example, participating mothers and their children attend 26 hours of classes; 18 hours of ABE classes at the college, four hours of parent education/parent support in the resource room, and four hours of PACT Time during which parents and children engage in interactive learning activities together. The instructors work to prepare parents to move into other education and training programs and make referrals to the college's job search center. In the first national evaluation of Even Start, children in this Even Start program showed gains that exceeded national norms on the "required two child testings" and parents also made gains on the GED math and reading tests. Parents also had considerable success in reaching the goals they established for themselves.

PRESIDENT CLINTON'S WELFARE-TO-WORK JOBS CHALLENGE

Providing Opportunity For All, Demanding Responsibility From All

> *"This is not the end of welfare reform, this is the beginning. And we have to all assume responsibility. Now that we are saying with this bill we expect work, we have to make sure the people have a chance to go to work."*
> -- President Bill Clinton

PRESIDENT CLINTON BEGINS THE PROCESS OF MOVING PEOPLE FROM WELFARE TO WORK. The goal of welfare reform is to move people from welfare to work and President Clinton is committed to ensuring that there are job opportunities for welfare recipients. President Clinton is proposing a Welfare-To-Work Jobs Challenge -- a three-pronged $3.4 billion initiative to create job opportunities for the hardest-to-employ welfare recipients. This initiative is fully paid for with the elimination of corporate subsidies: not one penny of this challenge is paid for with savings from welfare reform. The three components of the Welfare-To-Work Jobs Challenge are:

1. **TARGETED WELFARE-TO-WORK TAX CREDIT.** Building off of the Work Opportunity Tax Credit (WOTC) -- signed into law by President Clinton on August 20, 1996 -- President Clinton proposes a targeted Welfare-To-Work Tax Credit to create new job opportunities for long-term welfare recipients. This proposal costs $383 million.

   - **New Tax Credit To Help Move People From Welfare To Work.** The targeted Welfare-to-Work Tax Credit would enable employers to claim a 50 percent credit on the first $10,000 of wages for long-term welfare recipients, claim this tax credit for up to two years, and treat employer-provided education and training assistance, health care, and dependent care spending as wages.

   - **Expanded Work Opportunity Tax Credit.** The Work Opportunity Tax Credit -- which is currently funded through the end of September 1997 -- would be expanded to include adults age 18 to 50 who are no longer eligible for food stamps because they did not satisfy the work requirements under the welfare reform bill.

2. **TAX INCENTIVES TO INCREASE INVESTMENT IN DISTRESSED AREAS.** President Clinton has a comprehensive strategy to increase investment in distressed communities. Today, President Clinton expands on his strategy to propose a new tax credit to investors in qualified community financial institutions and venture capital funds.

   - **CDFI Initiative.** The Community Development Banking and Financial Institutions Act of 1994 created a Federal CDFI Fund to provide grants, loans, and technical assistance to qualifying lenders. Today, President Clinton proposes to provide nonrefundable tax credits to equity investors in qualified CDFIs. This proposal will cost $48 million between FY 97 and FY 2002. Currently, the CDFI Fund has $45 million in assistance to provide to various qualified institutions. President Clinton's balanced budget proposes to expand the CDFI Fund to $125 million next year, and continue to increase it each year thereafter.

- **Empowerment Zones/Enterprise Communities.** In his current balanced budget, President Clinton proposed a second round of Empowerment Zones (EZs)/Enterprise Communities (ECs) that would designate 20 additional EZs (15 urban, 5 rural or Indian nation) and 80 ECs (50 urban, 30 rural or Indian nation). For EZs, the Federal government provides tax benefits for businesses that set up shop, and grants to community groups for job training, day care, and other purposes. For ECs, the Government provides grants to community groups for the same array of purposes. EZs and ECs both can apply for waivers from Federal regulations, enabling them to better address their local needs.

- **Brownfields Initiative.** Yesterday, the President called for an expansion of the Brownfields initiative by increasing EPA grants to communities for site assessment and redevelopment planning, and support for revolving loans to finance brownfields cleanup efforts at the local level. In his 1996 State of the Union, President Clinton challenged Congress to enact a Brownfields tax incentive which would provide incentives to businesses to clean up abandoned, contaminated industrial properties in distressed communities.

3. **WELFARE-TO-WORK JOBS INITIATIVE.** President Clinton's Welfare-To-Work Jobs Initiative is designed to help communities move one million of the hardest-to-employ welfare recipients into jobs by the year 2000. This proposal will cost $3 billion over three years.

- **Targeting Long-Term Recipients.** Funds will be targeted to areas with the basis of hard-to-employ welfare recipients. Funds will flow through state governments, but the proportionate share of the funds will flow automatically to the 100-150 cities -- and where appropriate counties -- with the largest number of long-term welfare recipients. These cities (and counties) would be required to coordinate their plans with the States. States will receive and directly administer funds for all other cities and localities.

- **Flexibility.** The emphasis of this initiative is to provide assistance to help create new job opportunities in the private and non-profit sectors for long-term welfare recipients. State and localities, however, would be granted maximum flexibility to develop job creation strategies -- including, where appropriate, in the public-sector. There will be strict anti-displacement provisions and all jobs would be covered by the Fair Labor Standards Act and all other relevant labor laws.

- **Performance and Accountability.** This initiative will *only* provide full funding upon a showing of successful placements of the target population into jobs lasting at least nine months. The funds used by states and localities would go to assist employers -- who would also be eligible for using the targeted Welfare-to-Work Tax Credit -- to create lasting job opportunities for long-term welfare recipients. And the states or localities, working with employers, would have to show that for each $3,000 they receive one long-term welfare recipient is being placed in a new job that lasts at least nine months. To ensure accountability, 25 percent of the funds will be withheld until there is a substantial showing that the new job opportunities promised are being delivered.

- **Building On What Works.** This initiative relies on proven job creation/job placement models, such as the San Jose Center for Employment and Training (CET), which provides highly structured basic education, skill training and work experience leading to job placement in the private sector; America Works, a successful private job placement firm for hard-to-place recipients in New York, Indiana, and Connecticut; and the welfare-to-work program in Riverside, California, which provides intensive job search and private sector job placement to move recipients into jobs as quickly as possible. Local communities could also focus on creating jobs through cleaning up the environment such as under Brownfields programs and rebuilding communities through housing redevelopment programs such as YouthBuild, or expanding child care opportunities so there are new jobs for welfare recipients and a place for their children if they find other work.

THE TARGETED WELFARE-TO-WORK TAX CREDIT

TARGETED WELFARE-TO-WORK TAX CREDIT -- EXPANDING NEW JOB OPPORTUNITIES. Building off of the Work Opportunity Tax Credit (WOTC) -- signed into law by President Clinton on August 20, 1996 -- President Clinton proposes a targeted Welfare-To-Work Tax Credit to create new job opportunities for those on welfare for at least 18 months.

- **A $5,000 Tax Credit For Businesses That Create New Jobs For The Hardest-To-Employ Welfare Recipients.** The targeted Welfare-to-Work Tax Credit would enable employers to claim a 50 percent credit on the first $10,000 of annual wages paid to long-term welfare recipients. The business could claim this tax credit for up to two years, and would be able to treat education and training assistance, health care, and dependent care expenditures as eligible wages.

    - Long-term welfare recipients are defined as (1) members of families that have received family assistance (AFDC or its successor program) for at least 18 consecutive months ending on the hiring date; (2) members of families that have received family assistance for at least 18 months after the date of enactment and who are hired within two years of the time the 18-month total is reached; and (3) members of families who are no longer eligible for family assistance because of Federal or state time limits and who are hired within two years of the date that they become ineligible for family assistance.

- **President Clinton Proposes To Expand The Work Opportunity Tax Credit.** When President Clinton signed the minimum wage increase into law, he also signed into law a reformed tax credit to encourage businesses to hire economically disadvantaged workers -- the Work Opportunity Tax Credit. President Clinton proposes to expand this tax credit to adults age 18 to 50 who are no longer eligible for food stamps under the new welfare reform bill.

    - **The Work Opportunity Tax Credit.** The Work Opportunity Tax Credit will enable employers to claim a 35 percent credit on up to $6,000 of first-year wages paid to a qualifying individual. This credit is effective October 1, 1996 and expires on September 30, 1997. Members of families receiving welfare assistance for more than 9 months; qualified veterans; qualified ex-felons; 18-24 year olds who live in an Empowerment Zone or Enterprise Community; vocational rehabilitation referrals; qualified food stamp recipient who are 18 to 24 years old and a member of a family receiving food stamps for a six-month period; and qualified summer youth employees.

    - **President Clinton Proposes To Expand The Work Opportunity Tax Credit -- To Create More Opportunity And More Jobs.** President Clinton's proposal would expand the Work Opportunity Tax Credit to include adults age 18 to 50 who are no longer eligible for food stamps because they did not satisfy the minimum work requirements under the Welfare Reform Act of 1996.

TAX INCENTIVES FOR COMMUNITY DEVELOPMENT: PRESIDENT CLINTON'S CDFI INVESTMENT INITIATIVE

PRESIDENT CLINTON ANNOUNCES NEW TAX INCENTIVES TO INCREASE INVESTMENT IN DISTRESSED AREAS. In his current balanced budget, President Clinton proposes to more than double than the current Community Development Financial Institution (CDFI) Fund. Today, President Clinton announces a new tax credit to investors who are investing in community development institutions and venture capital funds. These initiatives -- along with the second round of Empowerment Zones and Enterprise Communities and President Clinton's Brownfields initiative -- should help leverage billions of dollars of private-sector investment in community development and distressed areas.

- **Expand The CDFI Fund to $125 Million Next Year.** Currently, the CDFI Fund has allocated $45 million in assistance to qualified community development institutions, even though it received applications for over $300 million this year. Now, President Clinton proposes to nearly triple the CDFI Fund <u>next year</u>, increasing it to $125 million as part of the FY 1997 Budget.

- **Create Tax Incentives to Increase Investment in Distressed Areas.** This initiative will provide $100 million in nonrefundable tax credits that would be made available to the CDFI fund to be allocated among equity investors in community development banks and venture capital funds..

  - **Allocation.** The allocation of credits would be determined by the CDFI Fund using a competitive process similar to the one used to allocate the $45 million in assistance. The maximum amount of credit allocable to a particular investment would be 25% of the amount invested, though a lower percentage could be negotiated. The full credit would be available the year the investment is made.

  - **How Does It Work?** The investor's tax basis in the equity interest would then be reduced by the amount of the credit -- having the effect of increasing any capital gain, or reducing any capital loss -- in the event the investor sells the interest in the CDFI. In order to ensure long-term investments, the credit would be recaptured if the investment is sold or redeemed within 5 years.

PRESIDENT CLINTON'S CDFI INITIATIVE IS DESIGNED TO EXPAND THE AVAILABILITY OF CREDIT, INVESTMENT CAPITAL, AND FINANCIAL AND OTHER DEVELOPMENT SERVICES IN DISTRESSED URBAN AND RURAL COMMUNITIES.

- The President's historic reform of the Community Reinvestment Act has already focussed the nation's major banks and thrifts on performance rather than paperwork and thereby unleashed billions of dollars in private capital to help rebuild low and moderate-income communities throughout the country.

- In 1994, President Clinton signed the Community Development Banking & Financial Institutions Act which created the CDFI Fund. The Fund is designed to expand the availability of credit, investment capital, financial services, and other development services in distressed urban and rural communities. The CDFI Fund provides grants, loans, and technical assistance to qualifying financial institutions.

- CDFIs include a wide range of financial institutions -- community development banks, and venture capital funds, community development credit unions, community development loan funds, and microenterprise loan funds. CDFIs provide such services as mortgages for first-time homebuyers, commercial loans and investments to start or expand small businesses, loans to rehabilitate rental housing, and basic financial services.

- In July, out of nearly 270 applications, 31 community development organizations were chosen to receive $35.5 million in financial and technical assistance. These funds are expected to leverage at least $350 million in private lending and investment in distressed communities.

WELFARE-TO-WORK SUCCESS STORIES

THE CENTER FOR EMPLOYMENT TRAINING -- San Jose, CA

- Founded in 1968, the Center for Employment Training (CET) provides 3-6 months of occupational skill training to disadvantaged adults and youth.

- Two separate studies have confirmed that *CET dramatically raises participants earnings* -- the Minority Female Single Parent demonstration, conducted by Mathematica Policy Research and the JOBSTART demonstration, conducted by the Manpower Demonstration Research Corporation (MDRC).

    - The Mathematica study concluded that by the fourth quarter after program entry, *CET had large positive impacts on the proportion of participants who were working, their monthly earnings, and their hourly wages.* Five years after beginning the program, women who had enrolled in the program earned 16% more than a control group.

    - The MDRC study concluded that *CET's impacts on earnings totaled more than $6,000 in the final two years of follow-up.* [George Cave et. al., "Jobstart: Final Report on a Program for High School Dropouts," MDRC, Oct. 1993.]

- CET is exceptional in its strong ties to the private sector. Instructors all have private sector experience in the fields they are teaching; training is conducted as if it were a private sector workplace; and all training is geared toward private sector placement. An industrial advisory board consisting of area employers is set up to assist in the selection of skills in which training will be offered and review curricula.

- Training is in medium-paying technical jobs such as shipping and receiving, building maintenance and automated office work. Participants start occupational training immediately on entering the program. Since there are no entry requirements, some CET entrants have difficulty with reading or math. They receive individual assistance in conjunction with their occupational skills training.

- Because of its strong record, CET has become the model for the Department of Labor's efforts to restructure job training programs for out-of-school youth. Currently, CET has been replicated with the Department's support in ten cities across the country (New Haven, CT; Chicago, IL; Baltimore, MD; Piedmont, NC; Orlando and Ft. Lauderdale, FL; Newark and Camden, NJ; Newport News, VA; and New York, NY). Replication will soon begin in five other cities.

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701 Vine Street
San Jose, California 95110

RIVERSIDE GAIN PROGRAM -- Riverside, CA

- Participants in the Riverside GAIN program -- long-term welfare recipients -- *increased their annual earnings by over 40%*, according to a study by the Manpower Demonstration Research Corporation. The program returned $2.84 for every dollar spent on it. [James Ricco et. al., "GAIN: Benefits, Costs and 3-year Impacts of a Welfare-to-Work Program," MDRC, 1994.]

  - Key factors in Riverside's success include a strong emphasis on finding employment, a balance between basic education and job search assistance, and sufficient resources and community support to extend participation to all eligible welfare recipients.

- While Riverside was the most successful program, the five other California GAIN program sites studied also produced gains in earnings and employment for long term welfare recipients, although they results were more modest.

- Riverside is a large county in southern California encompassing both urban and rural areas. The program enrolls a broad cross-section of the county's welfare population. Over 60 percent of enrollees are in need of basic education. Most are minorities.

- Riverside emphasizes job placement. In part this is achieved by assigning case managers job placement standards. Supervisory units and district offices are assigned job placement goals as well, culminating in a county wide goal. Job placement effectiveness is an important factor in staff evaluations.

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County Welfare Director
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909-358-3000

WOMEN'S SELF-EMPLOYMENT FUND (WSEP) -- Chicago, IL

- The Women's Self-Employment Fund (WSEP) is a non-profit financial services and entrepreneurial training program that helps low and moderate-income women become economically independent through self-employment.

- WSEP offers women twelve weeks of entrepreneurial training during which they must produce a realistic business plan to begin a small or micro business, also called a microenterprise. Following training, the "graduates" have access to a revolving loan fund offering $100 to $25,000 in capital to actually begin their micro businesses. Women's welfare benefits are not reduced until they earn enough money from their business to move off of welfare. The fund has distributed over $1 million in small, short-term loans and provided business tools and information to over 5,000 women.

Goodwill Job Connection Success Stories

- Arinez Gilyard, a mother of three, was on welfare for five years. With training and a loan from WSEP, she started and now operates Child Care Crew, a successful day care center across the hall from her current residence. She now earns over $40,000 a year.

- Desiree Stewart also moved off of welfare with the help of the WSEP. After successfully completing the WSEP entrepreneurial training program, she received a loan to start her own hair salon. She now owns and operates Desiree Stewart Hair Systems in Chicago, IL and has hired three additional employees.

AMERICA WORKS -- New York, NY, Indianapolis, IN, & CT

- America Works is a for-profit placement and support organization that has placed more than 10,000 welfare recipients in full-time private sector jobs. Recipients are placed in permanent jobs, at an average wage of $16,000 per year, including health benefits.
- America Works typically charges a state about $5,400 per placement, and is paid in full only once a recipient is placed and remains in an unsubsidized job for seven months. The state of New York found that 81 percent of those placed by America Works are still off the rolls after two years.
- Prof.'s Steven Cohen and William Eimicke of Columbia University confirmed the program's effectiveness in their study, "Assessing the Cost Effectiveness of Welfare to Work Programs: A Comparison of America Works and Other Job Training Partnership Act Programs".

America Works Success Stories

- Valerie Smith, a mother of one who had been on welfare for over 10 years was placed by America Works in a full-time job with health benefits at ARAMARK, a national food services company based in Philadelphia. She makes $8.50 an hour as a floor supervisor and has been working since Sept. 1994.
- Patricia Hines, a mother of six who was on welfare for 17 years, now works at a full-time job with health benefits at Comstock, a start-up finance firm in New York. She began working in 1995 as a data entry clerk for $6.75 an hour. After several raises, she now earns $17,000 a year plus an annual bonus.
- Janice McPherson (who asks that her last name not be used), a welfare mother with one child who had never worked before, was placed by America Works in a full-time job with health benefits at Rosenman & Colin Law Firm in New York. Janice, who started as a mail clerk at Rosenman & Colin, has worked there for seven years and now runs the supply room for an annual salary of $17,914.

THE GOODWILL JOB CONNECTION -- Sarasota, FL & Lafayette, LA

- Founded in 1987, the Goodwill Job Connection offers job placement and support services to chronically unemployed members of the Sarasota and Lafayette communities.
- The Goodwill Job Connection spends about $1,500 per job placement. In its nine years, it has placed more than 1,000 people in jobs. Goodwill works to build relationships with local employers and, after providing its clients with basic job readiness and on-the-job work skills, places them permanently into unsubsidized jobs and offers follow-up support to make sure they stay employed.

Goodwill Job Connection Success Stories

- Mary Brown, a mother of four, had received welfare on and off for years. After receiving basic job readiness and some on-the-job training, she was placed full-time (with benefits) as the head housekeeper for The Courtyard Retirement Center in Bradenton, Florida. She has been working there for 18 months.
- In 1993, Maria Valesquez, a mother of one, lost her job to downsizing and ended up on welfare. She searched unsuccessfully for full-time work for two years before joining the Goodwill program. Now, she has a full-time job with benefits as a sales associate with Target in Bradenton, Florida.
- Norma Davenport, a recovering drug addict and mother of four, had been jobless and on and off welfare for years. She went to the Goodwill program as a last resort and found the skills and motivation to find work. She was placed as a full-time receptionist at the Manatee Opportunity Council in Manatee, Florida. After a year, she was promoted to outreach worker. She now works 40 hours a week at $8.00 an hour and receives full benefits. She credits Goodwill for helping put her on the right track.

PRESIDENT CLINTON'S NEW TARGETED HOME OWNERSHIP TAX CUT

Current Law:

- Home sales are subject to the capital gains tax, but the gain can be deferred through the purchase of a new home of equal or greater value.
- Taxpayers over 55 can take a 1-time exclusion of up to $125,000 of gain from the sale of their home.
- Thus, under current law, home owners must maintain records of the cost of their home and any improvements they make in order to compute their gain when the home is sold. In addition, they generally must buy more expensive homes to avoid incurring income tax liability on the sale.

President's Proposal:

- **Excludes up to $500,000 in gain from the sale of a home from the capital gains tax.** (Single taxpayers could exclude up to $250,000.) The $500,000/$250,000 exclusion would replace both the exclusion for taxpayers over 55 and the deferral for purchasing a more expensive home, and would be available once every two years. The change would be effective January 1, 1997.
- **Exempts over 99% of home sales from the capital gains tax, dramatically simplifying taxes and record keeping for more than 60 million home owners**. Among those who will benefit are:
  - Older couples selling their home for retirement income or to move to a smaller apartment with a gain exceeding the current $125,000 1-time exclusion because they owned their home for years.
  - Middle class families changing jobs and moving to communities with lower housing costs.
  - Inner city and rural communities with low housing costs, which will now be more attractive.
- **Costs $1.4 billion from FY96-2002, and is completely paid for within the President's CBO-certified balanced budget** plan with savings from the specific new offsets proposed on 8/27/96.

Examples of Families Benefiting from the President's Proposal

	Family Moving to Lower Cost Area	**Older Couple Moving to an Apartment**
House Sale Price	$180,000	$220,000
Cost of House & Improvements	$150,000	$45,000
Gain Realized	$30,000	$175,000
Cost of Replacement House	$140,000	NA
1-Time Exclusion for Over Age 55	NA	$125,000
Gain Recognized	$30,000	$50,000
Capital Gains Tax Owed Under Current Law (at 28% rate)	**$8,400**	**$14,000**
President's Proposal: Capital Gains Tax Owed	**$0**	**$0**

PRESIDENT CLINTON IS MAKING THE DREAM OF HOME OWNERSHIP A REALITY

President Clinton has put forward a comprehensive strategy to expand home ownership and reach the goal of enabling 8 million more families to become home owners by the year 2000:

1. **Made Homes More Affordable With Lower Mortgage Rates and a Stronger Economy.** Experts agree that President Clinton's 1993 Deficit Reduction Plan has helped make homeownership more affordable by strengthening the economy and lowering interest and mortgage rates. The home-building community looks to the job formation rate in planning housing production levels, and President Clinton has a better job creation record than any Republican President since the 1920s.

   - **Lowest Mortgage Rates in 30 Years.** Mortgage rates have averaged just 7.9% under President Clinton -- lower than Reagan (12.8%), Bush (9.5%), or any Administration since Lyndon Johnson was President. [Source: Department of Treasury, Office of Economic Policy.]

   - **10 Million Homeowners Refinanced Their Mortgages -- Saving As Much As $25 Billion:** "Clinton's biggest gift to consumers was the sharp drop in interest rates in 1993....In all, the rate rollback allowed some 10 million homeowners to save as much as $25 billion by refinancing their loans, according to David Lereah, the chief economist at the Mortgage Bankers Association." [Source: *Money* Magazine, August 1996]

   - **Homes More Affordable.** According to the National Association of Realtors, homes have been more affordable during the Clinton Administration than during any other Administration since Richard Nixon was President, including Ronald Reagan's terms in office. [National Association of Realtors, August 1996]

   - **Home Ownership At Its Highest Level in 15 Years.** After home ownership fell during both the Reagan and Bush Administrations, it is up since President Clinton took office. <u>In 1995, the home ownership rate reached its highest level since 1981</u>. Home ownership is up across the country, across age groups, races, and incomes. [Source: Bureau of the Census]

     - **A Record 4.4 Million More Home Owners.** Since President Clinton took office, 4.4 million Americans became home owners -- more than in any comparable time on record. [Census Bureau]

2. **Proposal to Allow Penalty-Free IRA Withdrawals for the Purchase of a First Home.** The President's balanced budget plan contains a proposal to expand IRAs to allow penalty-free withdrawals for first time home purchases, education, and major medical expenses as well as retirement, and to double the current income limits to make another 20 million Americans eligible for tax-deductible IRAs.

3. **National Home Ownership Strategy.** In 1995, at the request of President Clinton, Secretary Cisneros formed the National Partners in Homeownership, an unprecedented public-private partnership among 58 major private and non-profit housing sector leaders. The partners have taken dozens of steps to lower financing and production costs, educate potential homebuyers, and make home ownership possible for more Americans.

Selected Clinton Administration Actions to Make Homeownership Easier and More Affordable

- **National Home Ownership Strategy.** A 58-partner coalition of the major private and non-profit housing sector leaders. The partners have taken dozens of steps to lower financing and production costs, educate potential homebuyers, and make home ownership possible for more Americans.

- **Lowering Closing Costs for Qualified First-Time Home Buyers.** The Federal Housing Administration is offering any first-time home buyer who successfully completes an accredited home-buyer education course an 11% (or 25 basis point) reduction in the up-front mortgage insurance premium -- on top of the reduction offered in 1994. This new reduction is expected to help 100,000 new home buyers, and is worth $200 for the typical FHA first-time home-buyer financing an $80,000 mortgage.

- **Making It Easier to Qualify for Mortgage Loans.** The FHA has eliminated unnecessary and overly strict requirements under its loan program that made it difficult for many families to qualify for mortgage loans. It has also given lenders greater flexibility to make homeownership possible for more nontraditional borrowers, and has clarified certain underwriting requirements so they are not applied in a discriminatory manner. With these improvements, thousands more families are eligible for FHA-insured home loans.

- **Streamlined HOME Program to Help Home Buyers.** HUD has streamlined the HOME program, helping an additional 23,000 families become home owners in the last 12 months. The HOME program allocates funds to local jurisdictions and is an important resource for potential first-time home buyers who may need down payment assistance or help carrying the full cost of a mortgage.

- **Helping Localities Convert Abandoned Properties into Homes for Low-income Families.** HUD redesigned its Single Family Home Sales program to allow pre-approved nonprofit organizations and government entities to purchase abandoned HUD-owned properties at discounted prices. Since the program was created in 1993, more than 6,200 properties have been sold to non-profits and localities.

- **Reinventing HUD and the FHA.** The FHA has automated its functions, using new technology and streamlining to serve lenders and home owners more efficiently. Staff savings from this process have already exceeded $2.4 million, allowing HUD to function more efficiently with lower costs. The FHA has also cut from 6-8 weeks to a matter of hours, the length of time it takes to issue mortgage insurance, and has increased by more than 50% the number of home repair and improvement loans to low- and moderate-income homeowners.

Protecting All Communities From Toxic Pollution

August 28, 1996

"No child should have to live near a toxic waste dump. No child should have to drink water contaminated with chemicals. No child should have to eat foods poisoned with pesticides."

- President Clinton, 3/11/96

☞ President Clinton is announcing a new national commitment to protect communities from toxic pollution by the year 2000 -- accelerating toxic waste cleanup, expanding families' right-to-know about toxic pollution in their neighborhoods and getting tougher on criminal polluters.

- **Accelerating Superfund Toxic Waste Cleanup in our Communities,** nearly doubling the pace of cleanup, so that in 2000 approximately two-thirds of the priority sites will be cleaned.

- **Expanding Brownfields Redevelopment Initiative,** to promote the cleanup and reuse of contaminated industrial and commercial facilities.

- **Getting Tough on Criminal Polluters,** to strengthen penalties for the worst environmental criminals and ensure that courts can secure polluters' assets in order to restore the communities they victimize.

- **Expanding Americans' Right-to-Know About Toxics in Their Community,** so that people can get more information about toxic threats to their families.

- **Making Water Safe and Clean for All Americans,** by better protecting drinking water sources, reducing toxics in the Great Lakes and making polluters pay to clean up their water pollution.

1. Accelerating Superfund Toxic Waste Cleanups in our Communities.

President Clinton is announcing a bold new commitment for toxic waste cleanup: nearly doubling the pace of cleanup to better protect our families and our natural heritage.

- President Clinton is building on three years of reform -- cleaning up as many sites in three years as had been cleaned up in the previous 12 -- to accelerate again the pace of cleanup. As a result, approximately two-thirds of the 1387 toxic sites now on Superfund's national priorities list (NPL) will be cleaned up by the year 2000. This initiative will:

- Improve quality of life for more than 27 million Americans -- including over 4 million children -- who live within four miles of a Superfund site.

- Generate jobs and economic development more quickly in hundreds of communities across the country: first through site cleanup, and later through productive use of cleaner sites.

- Eliminate budget-related delays in cleanup. No community will have to wait for cleanup because the money has run out.

- President Clinton is issuing an executive order to provide agencies that protect our lands and waters with new authority to make polluters clean up toxic waste sites they created. This will mean more cleanup, and greater protection of natural resources that support hunting, fishing, tourism, and recreation in local economies. In addition, the executive order will expand the effort at the many sites not on the NPL list of worst sites but still requiring cleanup.

- President Clinton is calling upon Congress to act before adjournment to reinstate the corporate levies that provide money for Superfund cleanups in our communities. These levies lapsed during the budget impasse, and unless Congress acts, the oil and chemical companies that pay the Superfund levies will continue to get a windfall while future Superfund cleanups are put at risk. This proposal was included in both President Clinton's budget proposal and the budget proposals of the Dole-Gingrich Congress.

Under President Clinton, EPA has streamlined cleanups, reduced litigation and bureaucracy, and made common sense improvements to the Superfund program. These steps have made it possible for the President to commit to today's major acceleration of Superfund cleanups.

2. Restoring Hope to Communities Through Brownfields Redevelopment.

President Clinton is announcing a major expansion of his Brownfields initiative, which promotes local cleanup and redevelopment of contaminated and abandoned urban properties.

- The President is announcing new support for state and local efforts to revitalize brownfields, including:

  - Expansion of EPA grants to communities for site assessment and redevelopment planning, and support for revolving loans to finance brownfields cleanup efforts at the local level. This will result in cleanup at approximately 5,000 sites by 2000.

  - Expansion of HUD Economic Development Initiative (EDI) grants to leverage private, State, and local funds in support of efforts to redevelop the cleaned-up sites and create jobs for the surrounding communities. The HUD EDI grants are expected to leverage up to $400 million in additional guaranteed loan financing through HUD's Section 108 loan guarantee program.

- New EPA worker training initiatives for jobs in local remediation projects.

- The President is also providing new incentives to promote cleanup through private initiatives, by:

  - Calling upon Congress to enact his brownfields tax incentive proposal before adjournment. This $2 billion investment over seven years will generate more than $10 billion in cleanup and development at 30,000 sites in communities across the country, including 17,000 sites by 2000.

  - Providing new assistance to state voluntary cleanup programs, which reinforce private initiative by providing public oversight and approval of private cleanup plans.

- The initiatives announced today will expand local economies, improve quality of life, and restore hope to communities across the country. A $200,000 brownfields grant in Cleveland, for example, has leveraged $4.2 million in private sector investments.

- These initiatives will also help preserve open spaces for our communities. EPA estimates that brownfields redevelopment results in at least a 25 percent reduction in development of pristine or "greenfields" sites, while saving communities other costs of creating infrastructure for new areas -- water, sewer, electric lines.

President Clinton has pioneered successful and cost-effective solutions to the problem of urban brownfields, beginning with the Brownfields Action Agenda announced by EPA in January 1995. The proposals today would improve quality of life for up to 15 million Americans living near brownfields, while creating the jobs, private investments, and tax base that will restore communities now burdened with brownfields sites.

3. Getting Tough on Criminal Polluters.

Illegal dumping of toxics and other environmental crimes are real crimes, and our families are the victims. Prosecutors, police, and investigators need better tools to protect our communities from the toxic threat posed by environmental criminals.

- President Clinton is calling on Congress to enact a new Environmental Crimes Bill, which will strengthen community protection against environmental criminals. This bill will:

  - Ensure that the assets of environmental criminals can be secured quickly, and can be used to restore the communities they victimize. Prosecutors will be able to get a prejudgment order placing criminal defendants' assets within the control of the court, to make sure those assets are available to clean up the environment.

Criminals will not be able to shelter the proceeds of their crimes while the community remains exposed to toxic pollution.

- Require stronger penalties for the worst environmental crimes, such as where toxic pollution causes serious injury or imperils law enforcement officers.

- Strengthen our partnership with state and local law enforcement agencies by authorizing these agencies to recover their costs when they assist federal prosecutions.

- Outlaw attempted environmental crimes, making it possible to conduct "sting" operations and otherwise to make an arrest before toxics are released into the environment. Current law does not allow prosecutors to stop environmental crime until the damage is done.

- As part of this initiative, President Clinton also is proposing funds to train state and local law enforcement officers to investigate and detect environmental crimes.

4. Expanding Americans' Right-to-Know About Toxics in Their Community.

Because every American has a right to know about toxic pollution in their neighborhood, President Clinton is announcing steps to expand the information people can get about toxic threats to their families -- without imposing more reporting or paperwork requirements on anyone.

- By the year 2000, Americans will have an easy way to answer common questions like "Is the air too polluted today to play outside?" "Is the beach at my favorite lake clean enough for swimming this weekend?" "What kind of toxics are in our local river?" This information will be available for the 75 largest metropolitan areas in the country through a comprehensive monitoring system with computer links to schools, libraries, community centers and home computers.

- President Clinton is also directing federal agencies to build on the success of our right-to-know laws, and to work with parents, scientists, the business community, and Congress to provide better information to families, so that they will have the tools to protect themselves. President Clinton is asking for new common-sense and cost-effective proposals to meet the following objectives:

    - Assisting parents in assessing and avoiding unique environmental health risks to children from products and chemicals.

    - Providing information on the whole range of environmental health risk from toxics, including cancer, developmental, endocrine, and reproductive risks.

    - Encouraging informed consumer choices by providing improved information.

5. Making Water Safe and Clean for All Americans.

President Clinton is challenging Congress to improve protection for all Americans from pollution entering our rivers and drinking water sources. President Clinton is directing the Department of Agriculture (USDA) to make water quality protection a top goal for its Farm Bill conservation programs.

- President Clinton is challenging Congress to deliver the drinking water protection promised when Congress enacted his proposals in the recent Safe Drinking Water Act, by fully restoring his requested funds for drinking water.
- President Clinton is announcing an expanded commitment to reducing toxic pollution in the Great Lakes, with greater National Oceanic and Atmospheric Administration (NOAA) grants and technical assistance to states, building on the success of the Great Lakes Water Quality Initiative, which under the Clinton Administration has put in place commitments that will reduce toxics.
- President Clinton is challenging Congress to protect rural threats to drinking water, by fully funding his programs for collecting data about pesticide use and runoff and assistance for protecting rural drinking water.
- President Clinton is directing USDA to fully implement the authorities and resources in the 1996 Farm Bill for the protection of water quality.
- President Clinton's executive order giving agencies new authority to make polluters clean up toxic pollution will also help clean up water pollution.

Accelerating Superfund Toxic Waste Cleanups in our Communities

August 28, 1996

President Clinton is announcing a bold new commitment for toxic waste cleanup: nearly doubling the pace of cleanup to better protect our families and our natural heritage.

- ***Cleaning Up Two-Thirds of Superfund Sites.*** President Clinton is building on three years of reform to accelerate the pace of cleanup. As a result, approximately two-thirds of the 1387 toxic sites now on Superfund's national priorities list (NPL) will be cleaned up by the year 2000. This initiative will:

  - Improve quality of life for more than 27 million Americans -- including over 4 million children -- who live within four miles of a Superfund site.

  - Generate jobs and economic development more quickly in hundreds of communities across the country: first through site cleanup, and later through productive use of cleaner sites.

  - Eliminate budget-related delays in cleanup. No community will have to wait for cleanup because the money has run out.

- ***Making Polluters Pay to Clean Up Their Waste.*** President Clinton is issuing an executive order to provide the agencies that protect our lands and waters with new authority to make polluters clean up toxic waste sites they created. This eliminates limitations in President Reagan's executive order implementing Superfund, and will mean more cleanup in more communities. It will also mean greater protection of natural resources that support hunting, fishing, tourism, and recreation in local economies.

- ***Funding Superfund.*** President Clinton is calling upon Congress to reinstate the corporate levies that support the Superfund program, which lapsed during the budget impasse. This proposal was included in both the President's budget proposal and the budget proposals of the Dole-Gingrich Congress. The oil and chemical companies that pay the Superfund levies are receiving a windfall while future Superfund cleanups are put at risk.

- Under President Clinton's proposal, the new money contemplated by this initiative will be used for cleanup, and not to pay polluters as some recent proposals in Congress would require.

In three years, the Administration has cleaned up more of Superfund's 1,387 toxic NPL sites than in the previous 12 years combined. Under President Clinton, EPA has streamlined cleanups, reduced litigation and bureaucracy, and made common sense improvements to the Superfund program. These steps made it possible for the President to commit to today's major acceleration of Superfund cleanups.

The Superfund law to clean up toxic waste sites was signed into law in 1980. From FY 1983 through FY 1992, construction was completed at only 149 toxic waste sites on the Superfund National Priorities List (NPL), an average of *less than 15 sites per year*. By contrast, from FY 1993 through FY 1995, the Clinton Administration completed construction at 197 toxic waste sites on the NPL, an average of *more than 65 sites per year*. The new resources in this initiative will provide for completion of approximately 500 sites over the next four years, *an average of 125 sites per year* -- nearly doubling the pace of cleanup. Not counting sites where construction has been completed, there are an *additional* 472 NPL sites where construction is underway.

This progress in expediting cleanup decisions, coupled with a $100 million rescission to the FY 95 budget and delays in funding caused by the FY 96 budget impasse, has meant that a funding queue for cleanup resources has developed. This initiative will eliminate the queue, and further ensure that the program can meet the ambitious new goal the President is setting today.

In addition, many sites are not on the NPL list of worst sites but still require cleanup because of the threat they pose to communities and to natural resources. President Clinton's new executive order will expand the effort to clean up these sites.

New Investments: EPA: $1.3 billion over 2 years (FY 98 and FY 99). This is in addition to the current amount of $1.394 billion per year for each of the fiscal years 1997-2000.

Restoring Hope Through Brownfields Redevelopment
August 28, 1996

President Clinton is announcing a major expansion of the Administration's Brownfields initiative, which promotes the safe and sustainable reuse of industrial and commercial facilities that are idle or under-utilized because of toxic contamination.

- ***Expanding the Brownfields Initiative.*** The President is announcing new support for state and local efforts to revitalize brownfields, including:

  - Expansion of EPA grants to communities for site assessment and redevelopment planning, and support for revolving loans to finance brownfields cleanup efforts at the local level. This will result in cleanup at approximately 5,000 sites by 2000.

  - Expansion of HUD Economic Development Initiative (EDI) grants to leverage private, State, and local funds in support of efforts to redevelop the cleaned-up sites and create jobs for the surrounding communities. The HUD EDI grants are expected to leverage up to $400 million in additional guaranteed loan financing through HUD's Section 108 loan guarantee program.

  - New EPA worker training initiatives for jobs in local remediation projects.

- ***Creating Brownfields Tax Incentive.*** The President is also providing new incentives to promote cleanup through private initiatives, by:

  - Calling upon Congress to enact his brownfields tax incentive proposal before adjournment. This $2 billion investment over seven years will generate more than $10 billion in cleanup and development at 30,000 sites in communities across the country, including 17,000 sites by 2000.

  - Providing new assistance to state voluntary cleanup programs, which reinforce private initiative by providing public oversight and approval of private cleanup plans.

- ***Supporting State Cleanup.*** President Clinton's initiative includes $30 million to support state voluntary cleanup programs, which provide technical oversight and support to private parties who take the initiative to clean up brownfields sites and prepare them for development. Many states currently lack the resources and expertise to develop these programs.

- ***Training Workers.*** President Clinton is announcing $20 million to train workers in distressed communities to do remediation work.

- Today's initiatives will expand local economies, improve quality of life, and restore hope to more than 300 communities across the country that have identified brownfields cleanup as a major concern.

- These initiatives will also help preserve open spaces for our communities. EPA estimates that brownfields redevelopment results in a 25 percent reduction in development of pristine or "greenfields" sites, while saving communities other costs of creating infrastructure for these new areas -- water, sewer, electric lines.

Background: President Clinton has pioneered successful and cost-effective solutions to the problem of urban brownfields, beginning with the Brownfields Action Agenda announced by EPA in January 1995. The proposals today would improve quality of life for up to 15 million Americans living near brownfields, while creating the jobs, private investments, and tax base that will restore communities now burdened with brownfields sites.

In his State of the Union address, President Clinton challenged Congress to enact his brownfields tax incentive, which will help redevelopment at 17,000 sites across the country by 2000. President Clinton announced details of the brownfields tax incentive March 11, 1995.

President Clinton has acted to streamline cleanups, return contaminated properties to productive use, empower States to address contaminated sites, and reduce litigation and bureaucracy. For example, the Clinton Administration has removed 27,000 sites (or nearly two-thirds) from the Superfund site data base (CERCLIS). These sites represent those that the States and EPA investigated and found to be of no further Federal interest. Many were found not to be seriously contaminated while others are being cleaned up under state programs. This action is making it easier for potential purchasers, developers, lenders, and communities to make investments in these properties and clean them up.

President Clinton's brownfields agenda also includes funding 60 brownfield redevelopment projects by the end of this year. The first such project in Cleveland, Ohio leveraged $4.2 million in private investment, created 200 jobs, and generated more than $1 million in new payroll taxes for the city. Today's initiative includes $150 million to expand those grants and support revolving loans to finance cleanups.

New Investments over 4 years: EPA: $200 million (compared with current level of $37 million annually). HUD $100 million.

Getting Tough on Criminal Polluters

August 28, 1996

Illegal dumping of toxics and other pollutants is real crime, and our communities are the victims. Police, prosecutors, and investigators need better tools to protect our communities from the toxic threat posed by environmental criminals.

President Clinton is calling upon Congress to enact his Environmental Crimes Bill, which will strengthen community protection against environmental criminals. This bill will ensure that the assets of environment criminals can be secured even before conviction, and are used to restore the communities they victimize. The bill would impose stronger penalties for the worst environmental crimes, help catch environmental criminals before they harm the environment, and strengthen our partnership with state and local prosecutors.

- ***Prosecutors to secure the assets of environmental criminals when they threaten our communities.*** Criminal defendants are often able to shield their assets from prosecutors, and communities are often at risk that the damage done by the crime will not be restored or will be left for the taxpayer to clean up.

  Legislative Proposal - President Clinton's Environmental Crimes Bill proposes new authority for prosecutors to secure the assets of environmental criminals, even before conviction, when those assets are needed to repair the environmental harm that has been done. This provision will allow prosecutors, after a hearing, to secure any of the assets belonging to an environmental criminal, to make sure that the money is available to clean up the environment for victimized communities.

- ***Tougher penalties for the worst environmental offenses.*** Police officers, fire fighters, and others who are first on the scene of environmental crimes can face grave risks, and federal penalties are not adequate to punish those who injure or even kill these first responders. Furthermore, there are no laws against attempted environmental crimes, which hampers efforts to capture criminals before environmental damage is done through "sting" operations and other investigative work. Current statutes of limitations have no exceptions for those who conceal their environmental crimes, which means that some of the most egregious environmental crimes cannot be prosecuted.

  Legislative Proposal - President Clinton's Environmental Crimes bill would:

  - Enhance penalties for environmental crimes that result in death or serious bodily injury to law enforcement personnel or the public.

  - Outlaw "attempts" to commit environmental crimes.

  - Modify statutes of limitation to allow additional time for prosecution (not to exceed a total of eight years from the date of the violation) where a criminal conceals an environmental crime.

- ***Strengthen environmental law enforcement partnerships.*** Local law enforcement agencies often lack the resources to support environmental crimes prosecutions or to train their officers on detection and handling of environmental crimes. This problem hampers joint federal-state prosecutions, and has become more urgent because of the government shutdown and other efforts to cut EPA's enforcement budget and take the environmental cop off the beat.

  Legislative Proposal -

  - President Clinton's bill would provide that state and local officials would be able to receive an award of their costs in joint prosecutions with federal authorities of environmental crime, and the cost award would be added to the criminal fine the defendant would have to pay.

  - President Clinton will seek $4 million over four years in new money for training and support of state and local law enforcement officials.

- ***Provide for restitution of those victimized by environmental crimes.*** The authority of courts to require environmental criminals to provide "restitution" to communities victimized by environmental crimes should be clear. The communities that are victims of environmental crime have a right to have their environment and natural resources restored.

  Legislative Proposal - President Clinton's bill would clarify the law to ensure that the courts may order convicted criminals to pay restitution for their crimes, by making payments to remediate or restore the quality of the environment to the full extent that it is damaged by an environmental crime.

New Investments Over Four Years: EPA: $4 million

Expanding Every American's Right-to-Know About Toxic Pollution

August 28, 1996

Every American has a right to know about toxic pollution in their neighborhood, and President Clinton is announcing steps to expand the information people can get about toxic risks to their families, without imposing new reporting burdens for anyone.

By the year 2000, Americans will have an easy way to answer common questions like "Is the air too polluted today to play outside?" "Is the beach at my favorite lake clean enough for swimming this weekend?" "What kind of toxics are in our local river?" This information will be available for the 75 largest metropolitan areas in the country through a comprehensive monitoring system with computer links to schools, libraries, community centers and home computers.

- *National right-to-know network of key environmental health indicators.* President Clinton is directing EPA to work with other state, federal and local agencies to put in place a nationwide network to observe key environmental health indicators in the air, land and water. Families will have access to timely health-related data to make informed choices that directly affect their health. For example, timely air quality information can mean the difference between hospitalization and a healthy day for an asthmatic child. Asthma is now the leading cause of hospitalization for young children in the United States.

- *Better right-to-know data on water.* To help communities protect their waters, President Clinton is expanding water quality studies so they cover at least these 75 largest metropolitan areas and -- just as importantly -- make that information readily available. The United States Geological Survey (USGS) and the National Oceanic and Atmospheric Administration (NOAA) now study water quality in less than half the nation's rivers, lakes, streams, and beaches. President Clinton is expanding the effort so that most Americans can get information about what causes the pollution in their rivers, lakes and beaches. With this information communities can find the best ways to improve and protect the quality of sources of drinking water.

- *Making information available when families need it.* President Clinton is directing agencies to put in place a system to give everyone better access to government pollution information, by directing the federal agencies that have this information to work together to provide the public with one-stop access.

- *A call for expanded right-to-know.* President Clinton is directing federal agencies to build on the success of our right-to-know laws, and to come forth with proposals to provide families with better information about the risks their families face from toxics and other hazards. The Administration will work with parents, scientists, the business community, local governments, and the Congress to provide better information to families, so that they will have the tools to protect themselves. This initiative will include common-sense and cost-effective ways to meet the following objectives:

- Assist parents in assessing and avoiding unique environmental health risks to children from products and chemicals.

- Provide information on the whole range of environmental health risk from toxics, including cancer, developmental, hormonal, and reproductive risks.

- Encourage informed consumer choices by providing improved information.

New Investments Over Four Years: EPA $140 million; Interior/USGS $45 million; NOAA $11 million.

Making Water Safe and Clean for All Americans
August 28, 1996

President Clinton is announcing actions to stop toxic pollution from entering our drinking water sources and other streams and rivers, while providing new resources to state and local governments fighting toxic pollution. President Clinton is also taking strong executive action to meet these goals, making better use of existing authority to make polluters clean up toxics that threaten our lands and water.

- ***Protection for Drinking Water for All Communities.*** Earlier this month, President Clinton signed a Safe Drinking Water Bill that enacts his proposals to strengthen the ability of EPA and state and local governments to protect drinking water supplies. This bill includes President Clinton's proposed State Safe Drinking Water Revolving Fund (SRF). Because of last-minute delays in enacting the bill, however, Congress missed its own deadline and as a result $725 million earmarked for the SRF was lost. President Clinton is now challenging Congress to restore this money, and to fully fund his FY 97 request for drinking water, for a total of $1.275 billion. Communities need this money is to keep toxics out of their drinking water and make sure their drinking water is safe.

- ***Protecting the Great Lakes.*** President Clinton is announcing an expanded commitment to reducing toxics in the Great Lakes, which builds on the success of the Great Lakes Water Quality Initiative put in place during the last four years. The Great Lakes are a national treasure -- they contain 95 percent of the fresh water in the United States, and 23 million people get their drinking water from the Great Lakes watershed. Working in partnership with communities and states we have already found actions that will reduce the most important remaining source of pollution -- runoff of toxics from city streets and toxic pesticides and nutrients from fields.

  The next critical step is to put these plans into action so they can serve as a model for communities around the region, and across the country. President Clinton is calling for expanded National Oceanic and Atmospheric Administration (NOAA) matched grants to states, technical assistance and seed money for critical projects so we can make progress for the people who eat the fish, drink the water and swim in the Great Lakes.

- ***Meeting Special Threats to Rural Drinking Water.*** President Clinton is challenging Congress to protect against threats to rural drinking water by restoring funding for the pesticide-use data collection program ($11.2 million for FY 97) and to fully fund his request for the program to build drinking water systems in rural communities that lack clean, safe drinking water ($559 million for FY 97).

- ***Targeting Farm Bill Resources to Protecting Water Quality.*** The 1996 Farm Bill provided a number of opportunities for USDA to work in partnership with local governments and soil conservation districts on voluntary, community-oriented conservation projects. The President is directing USDA to ensure that these programs protect our waterways from agricultural contaminants and pollutants, beginning with successful and full use of the Conservation Reserve Program and the new Environmental Quality Incentives Program to reach water quality goals. These efforts should result in water quality protection efforts covering more than 50 million acres of lands nationwide.

- *Making Polluters Clean Up More Toxic Threats to Lands and Waters.* Hampered by the limitations in a Reagan Administration executive order implementing Superfund, federal agencies often lack the authority to compel polluters to clean up toxic waste sites that threaten our lands and waters. President Clinton is changing that order, and expanding the authority of federal agencies to compel polluters to clean up.

New Investments Over Four Years: NOAA $76 million.

OFFSETS TO PAY FOR NEW INITIATIVES WITHIN PRESIDENT CLINTON'S CBO-CERTIFIED BALANCED BUDGET

Offsets	Savings
Increase Hart Scott Rodino merger filing fees based on firm size	$0.420 billion
Corporate Subsidies: Replace Sales Source Rules with activity-based rule	$5.300 billion
Tighten the Substantial Understatement Penalty	$0.200 billion
Replace Single-Family Loan Limit with Freddie Mac Limit	$0.200 billion
Relax the Restriction on FHA Multifamily Property	$0.080 billion
Charge vendors for cost of making payments by paper check	$0.070 billion
Reduce corporate jet subsidies	$0.541 billion
Deny dividends-received deduction (DRD) for portfolio preferred stock	$0.200 billion
Synthetic Fuel Production Credit	$0.475 billion
Repeal Medicare/Medicaid Fraud Loopholes	$0.470 billion
New Spectrum	$0.500 billion
Total	**$8.456 billion**

OFFSETS

1. INCREASE HART SCOTT RODINO MERGER FILING FEES

Revenues: $420 million over 6 years

Description: The FTC and DOJ's Antitrust Division share about $120 million/year in fees that are paid by firms filing for merger under the Hart Scott Rodino Act; the rest of their budgets are funded through appropriations. Firms that are now required to file pre-merger notification are assessed a flat fee of $45,000. This increase would restructure the fees to: $25,000 for entities with total assets of under $100 million (i.e., a reduced fee for small mergers); $55,000 for entities with total assets of between $100 million and $500 million; and $95,000 for entities with total assets of over $500 million. The fees now offset discretionary appropriations, but an increase could produce mandatory savings.

This would ensure that users fully pay for the Government's costs of Hart Scott Rodino activities. Thus, general taxpayers would no longer subsidize the Federal review of mergers.

2. Replace Sales Source Rules with Activity-Based Rule

Revenues: $5.3 billion over 6 years

Description: The President's new proposal would limit the ability of multinational corporations to decreed their U.S. tax liability inappropriately, by reducing the amount of export sales income that they may treat as derived from foreign sources. Under current law, the sales source rule generally permits multinational corporations that also export U.S. products to treat half of their export profits as income from sales activities, and therefor as foreign source income, even though the economic activity that produced the export profits may have occurred entirely within the United States.

The proposal eliminates the 50-50 default rule for allocating export income between domestic production and foreign sales activities. Under the proposal, the allocation will be based on actual economic activity. In addition, the proposal does not affect the special tax rules that generally apply to the export of natural resource property.

3. **Tighten the Substantial Understatement Penalty**

Revenues: $200 million over 6 years

Description: Currently, taxpayers may be penalized for erroneous, but non-negligent, return positions if the amount of the understatement is "substantial" and the taxpayer did not disclose the position in a statement with the return. "Substantial" is defined as 10 percent of the taxpayer's total current tax liability, but this can be a very large amount even for very large corporate taxpayers. This has led some large corporations to take aggressive reporting positions where huge amounts of potential tax liability are at stake -- in effect playing the audit lottery -- without any downside risk of penalties if they are caught, because the potential tax still would not exceed 10 percent of the company's total tax liability. To discourage such aggressive tax planning, the proposal would consider any deficiency greater than $10 million to be "substantial" for purposes of the substantial understatement penalty, whether or not it exceeds 10 percent of the taxpayer's liability. The proposal would thus affect only taxpayers that have tax liabilities of $100 million or more.

4. **Replace Single-Family Loan Limits with Freddie Mac Limit**

Revenue: $200 million over 6 years

Description: Currently, the Federal Housing Administration (FHA) is authorized to insure mortgages that are not more than 95 percent of the area median house price, subject to a $155,250 ceiling and a $73,000 floor. This would replace these limits with the $207,000 Freddie Mac loan limit, allowing FHA to compete for business that the private market now services.

In most places, FHA insures mortgages that are below 95 percent of the area median house price. Raising the limit to the Freddie Mac level would increase homeownership opportunities for homebuyers who are now constrained by the FHA mortgage limits and often cannot meet the higher downpayment requirements for a conventional mortgage. A higher limit also would increase FHA's guaranteed loan volume and the amount of receipts generated from fees.

5. **Relax the Restriction on FHA Multifamily Property Disposition and Loan Sales**

Revenues: $80 million over 6 years

Description: FHA faces various restrictions when it tries to sell properties or mortgages. For example, states and localities have the right to veto property sales and arrange to buy the properties themselves. Also, with limited exceptions, subsidized housing projects must continue in their configuration. These restrictions complicate the disposition and sales process, delaying receipts and creating large holding costs ($400 per unit per month) while HUD owns properties.

Allowing FHA to relax selected restrictions creates a more flexible and expedited process (the savings estimate assumes that all sales are accelerated by one year). In all cases, HUD will protect the interests of currently assisted low-income tenants by continuing their assistance or providing portable vouchers. This provision was included in the 1996 VA/HUD 1996

6. **Charge Vendors for the Cost of Making Payments by Paper Check**

Revenues: $70 million over 6 years

Description: This option would require the Secretary of the Treasury to charge a fee to vendors for the continued receipt of payment by paper check.

The Federal Government makes over 40 million check payments to vendors a year. The Debt Collection Improvement Act of 1996 requires a mandatory phase-in of electronic payment for all federal payments by 1999, with the exception of tax refunds. Electronic funds transfer offers a more rapid and secure form of payment. However, for those vendors who would prefer to continue to receive payment by check, this option institutes a fee of $1 per transaction that would be charged for continued receipt of payment by check. This fee would be collected centrally by the check disbursing agencies, principally Treasury and DOD (eliminating any administrative burden to other agencies for collection of the fee). Vendors with existing multi-year contracts will be unaffected by this proposal.

7. **Corporate Jets. Charge Business Jets for the Costs They Impose on the FAA**

Revenues: $541 million over 6 years

Description: Corporate and business turbine aircraft (turbo jets and turbo props) have historically paid a 17.5 cent/gallon excise tax on non-commercial jet fuel. The receipts have covered only 25% of the fully-allocated costs of air traffic services that the FAA provides to these users. Commercial airlines have historically covered the full costs of FAA services through the 10% tax on airline tickets. This proposal would reduce by 50% the subsidy provided to commercial and private corporate turbine aircraft by the year 1999. This new charge would be phased in over three years. Revenue from this charge would be deposited in the airport and airway trust fund. This proposal would charge business and corporate turbine aircraft a $225 per-flight fee.

8. **Dividends-Received Deduction.**

Revenues: $200 million.

Description: Under current law, a 70% dividends received deduction (DRD) is available for U.S. corporations. This percentage deduction is generally increased to 80% if the taxpayer owns at least 20% of the stock of the issuing corporation. (The DRD does not apply to individuals, pension funds, or most mutual funds.) In addition, because closely related corporations are part of the same economic family, a 100% deduction generally applies to dividends from 80% owned subsidiaries.

Under this proposal, the 70% and 80% DRD for certain debt-like preferred stock would be eliminated, effective for stock issued after the date of enactment.

9. **Eliminate Extension of the Credit For Producing Alternative Fuels from Biomass Gas or From Coal Facilities (section 29)**

Revenues: $475 million.

Description. Currently, section 29 provides a tax credit for the production of nonconventional fuels, e.g., fuels produced from biomass or coal gasification facilities. This credit applied to such facilities placed in services before 1997 pursuant to a binding contract entered into before 1996. The small business bill extended the credit for property placed in service before July 1, 1998 pursuant to a binding contract entered into before 1997. This proposal would not pull back on the binding contract extension (through this year) but would pull back the placed in service requirement by one year, to June 30, 1997.

10. **Repeal Medicare/Medicaid Fraud Loopholes.**

Revenues: $280 Million

Description. Repeal Section 205 -- Health Care Advisory Opinions which requires HHS and DoJ to issue advisory opinions to providers on whether or not a proposed business venture violates the Medicare and Medicaid anti-kickback statute. The provision leads to costs because it seriously hinders the ability of the HHS Inspector General and the Department of Justice to prosecute providers who have obtained advisory opinions and who actually end up violating the anti-kickback statute (e.g., providers might obtain an advisory opinion under false pretext and then hide behind it to defraud the Medicare program.)

Repeal Section 216 -- Anti-Kickback Exception for Managed Care Plans which creates and exception to the Medicare and Medicaid anti-kickback statute for risk-sharing arrangements (i.e. managed care plans). The classic kickback situation is where a specialist pays a physician for patient referrals. The provision is a coster because the exception is somewhat subject to interpretation, making it possible that "sham" risk sharing arrangement will meet the exception and thereby by able to continue offering kickbacks for referrals.

Repeal Section 231(d) -- Clarification of Level of Knowledge (The "Should Know" versus "Deliberate Ignorance" Standard). Makes it more difficult to impose a civil monetary penalty (CMP) in the Medicare program by increasing the government's burden of proof in CMP cases. The provision leads to costs because anticipated CMP recoveries assumed in the baseline will not be achieved in certain cases where the government cannot meet the new burden of proof.

11. **Auction 18 Ghz Spectrum.**

Revenues. $500 Million.

Description. A portion of the spectrum in the 18 gigahertz band would be auctioned for wireless subscription-based services. This portion of the spectrum could be used to provide wireless services such as high-speed Internet access, voice and data transmissions, and possibly video conferencing services. This spectrum could also be used for personal communications services such as Sprint Spectrum or digital cellular phones. Until recent technological advances, this spectrum had not been commercially valuable. One company active in this band of spectrum has just signed a deal with a major manufacturer to provide the equipment to be able to use this spectrum commercially. The FCC has received hundreds of applications for licenses for this spectrum, and they have recently paused the application process. The FCC is considering an auction to allocate this spectrum.