	A	B	C	D	E	F
1	GET INITIATIVES					
2						
3				12/10		12/15
4	Agency/Policy Area			Discussion		Discussion
5						
6	CEQ					
7		Costal Salmon		125		100
8		Lands and Livability		750		375
9		Clean Air Fund		250		250
10						
11	HHS					
12		CDC		75		60
13		Long-Term Care		150		150
14		AIDS				28
15		CBC AIDS				50
16		Mental Health (SAMSHA)		75		65
17		Race and Health		50		50
18		Children's Hospital		40		40
19		Tobacco -- PH CDC		27		27
20		Tobacco -- FDA		66		34
21		Educational Research		25		15
22		Food Safety		50		40
23						
24	Education					
25		Adult Literacy		255		190
26		Social promotion		350		350
27		Quality				18
28		Urban/Rural Computing		100		60
29		Charter Schools		9		10
30		Stay in College		100		25
31		Title I Accountability		250		0
32		Technology for Disabled		60		35
33		Native Americans		10		10
34		Education Research		25		
35						
36	Labor					
37						
38		Universal re-employment		300		250
39		Youth employment		212		170

	A	B	C	D	E	F
40		FMLA/Paid Leave		8		8
41		Child Labor				
42			Enforcement	3		
43			Standards	40		40
44		Equal Pay		20		20
45		NLRB		10		10
46						
47	Urban Intiative					150
48		SBA		238		
49		Treasury		25		
50						
51	HUD Abandoned buildings			100		50
52						
53	Treasury					
54		Firearms		25		15
55						
56	Americorps			100		80
57						
58	Child Labor			30		
59						
60	Microcredit			10		10
61						
62	Information Technology					
63		DARPA		100		[100]
64		NSF		60		35
65		DOE		70		35
66		Digital Library		20		20
67						
68	Energy					
69		Climate Change		75		75
70		Russia		535		
71						
72	Agriculture					
73		Integrated Service Ecosystems		50		50
74						
75	VA					
76		Smoking cessation		90		[90]
77		Homeless vets				
78						

	A	B	C	D	E	F
79	Justice					
80		COPS II		650		650
81		Coerced abstinence		100		[100]
82		Offender Justice		40		40
83						
84	Unallocated Education					-500
85						
86	Total			5753		3190

CHILD CARE AND DEVELOPMENT BLOCK GRANT

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

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

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

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

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

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

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

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12/15/98 03:56 PM

Talk to Nelva.

Jen - ① remember just read for content! ② I think each of these now require meeting again through Nelva?

Family Friendly Policies -- Proposals to Help Americans Cope with the Struggle to Balance Work and Family

I. Equal Treatment of Part-time Workers

Background:
It is estimated that roughly three million Americans are involuntarily full-time workers who would prefer to be part-time. However, because of lack of employer flexibility, and because of disparities in treatment for part-time workers, they are forced to be full-time workers. The vast majority of those in this category would choose to become part-time workers because of family obligations.

The group of voluntary part-time workers has grown rapidly since 1954, the first year for which refined data on part-time employment were collected. In 1954, eight percent of all employees were voluntary part-time workers. The corresponding figure for 1985 was twelve percent. The group of voluntary part-time workers ranges from persons who work only a few hours a week up to those who work thirty-four hours per week. In 1977, the median number of hours for adult part-time workers was 19.5 hours per week.

Not so rapidly

The one characteristic that stands out in any description of the part-time work force is its predominantly female composition. In 1981 women constituted sixty-nine percent of the part-time work force, compared to only thirty-nine percent of the full-time work force. Looking solely at the voluntary part-time work force, the proportion of female employees is even greater. In 1981 the proportion of women on voluntary part-time schedules was three times as great as the proportion of men.

On average, part-time workers earn much less per hour than do full-time workers. Indeed, part-time workers are sometimes paid less than full-time workers for identical work and are frequently paid less than full-time workers for different work of comparable value. Further, part-time workers are likely to be excluded altogether from better paying, higher status positions. Unless employees are willing to work forty hours a week, they often are not considered for such desirable jobs, regardless of their qualifications or experience.

In terms of benefits, the disparity is even more stark. Indeed, fringe benefits are simply not characteristic of part-time employment. Approximately 22 percent of part-time workers receive health insurance, compared to 78 percent of full-time workers.[1] Retirement benefits were available to 66 percent of full-time employees compared to 23 percent of part-time employees.[2]

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[1] Rebitzer and Taylor, "A Model of Dual Labor Markets with Uncertain Product Demand," mimeo, University of Texas at Austin, 1988

[2] The Benefits of Part-Time, BRIEF: Employee benefits in the United States, 1994-95, Ann C. Foster, Full time versus part time.

One study shows that, after controlling for worker and job characteristics, a part-time workers's probability of receiving health insurance is 28 percentage points below that of a full-time worker. Additionally, his or her probability of getting sick leave, paid vacation, or inclusion in a pension is lower by 33 percent, 21 percent, and 26 percent, respectively.[3]

A. Equal Treatment of Part-Time Workers in Access to Benefits:

Equal treatment of part-time workers would require federal and state initiatives as well as reformed employer practices. Equal treatment, enforced by public policy, is the standard in most of the industrialized world. [4]

In the workplace, equal treatment would start with equal access to benefits. Today, many forms of social insurance tacitly or explicitly discriminates against part-time workers. For example, in most states unemployment insurance requires a minimum earnings threshold that excludes many part-time workers. In addition, most state unemployment insurance laws require that recipients be available for full-time work. Social security caps the income amount subject to payroll taxes, so that part-time workers (and other workers with low total earnings) are taxed at a higher rate than full-time workers who exceed the cap.

Federal law could ensure that part-time workers receive a benefit package equivalent to that of full-time workers, benefits that would be prorated to reflect the differences in hours worked. Section 89 of the Tax Reform Act of 1986 required such a system, but that section was repealed in 1989 after a concerted employer campaign against it. In addition, members of Congress have introduced legislation introduced that would modify the Employee Retirement and Income Security Act (ERISA) which currently requires that all employees working over 1,000 hours per year (about 20 hours per week) be included in a company's pension. ERISA reform could include lowering its minimum hours threshold and extending its scope to other key benefits, particularly health insurance.

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[3] Ichniowski and Preston, 1985. These estimates control for education, job tenure, work experience, firm size, occupation, union status, and demographic characteristics (race, sex, marital status). Estimates vary depending on the data source. See also, Ehrenberg, Rosenberg, and Li, 1986; Blank, 1987.

[4]The International Labour Office (ILO) surveyed legislation and collective bargaining agreements on work schedules, including part-time work, in Western and Eastern Europe, North America, Japan, Australia and New Zealand. The ILO concluded that:

A basic principle explicitly included in the legislation in most countries is that terms and conditions of employment should be no less favourable than those of full-time workers, account being taken as appropriate of the shorter hours of work. This principle covers a range of extremely important conditions: hourly wages, holiday entitlements, security of employment, the right to join trade unions and hold trade union office, et. (ILO, 1986:16)

B. Equal Treatment for Equal Work.

Pro rata, part-time workers earn less than their full-time counterparts. In 1981, although part-time employees worked forty-six percent of the hours worked by full-time employees, they earned only twenty-eight percent of the wages earned by full-time employees. Where lower hourly wages for part-timers reflect genuinely different job content, the pay differential may be legitimate. But part-time workers should not be paid less per hour simply because of an invidious distinction between full-timers and part-timers performing the same duties. Based on the model of the Equal Pay Act, federal law could affirm and enforce the principle of equal pay for equal work in this area.

How?

C. Prohibiting Discrimination Against Part-Time Workers

More broadly, federal law could prohibit discrimination against part-time workers in all areas of work, particularly in hiring[5] and promotion. Job requirements may legitimately foreclose hiring or promoting some who can only work part-time. In many cases, however, refusals to promote is discriminatory. Furthermore, discrimination against part-time workers often marks a veiled form of discrimination against women -- whom are particularly likely to prefer part-time schedules. Federal law could protect part-time workers against such employment discrimination.

How?

II. Pregnancy Discrimination -- Ensuring Greater Accommodation of Pregnancy

Background

Congress passed the Pregnancy Discrimination Act (PDA) in 1978. The PDA amended Title VII's definition of sex discrimination to include discrimination "because of or on the basis of pregnancy, childbirth, or related medical conditions." The PDA also contains a substantive provision that directly applies only to pregnant workers whose ability to work is affected by pregnancy: "Women affected by pregnancy, childbirth, or related medical conditions shall be treated the same for all employment-related purposes, including receipt of benefits under fringe benefit programs, as other persons not so affected but similar in their ability or inability to work . . . ." Congress added this provision apparently to quell employers' fears of having to provide more benefits for pregnant workers than for nonpregnant workers. The PDA does not grant a pregnant employee the affirmative power to demand accommodation in the workplace, but instead limits her to the negative right to be treated the same as other similarly situated workers.

Even though the PDA has been in effect since 1978, pregnancy discrimination continues to be a significant problem. The number of pregnancy discrimination claims filed per year with the

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[5] Prohibiting discrimination in hiring is a more complicated matter than prohibiting discrimination in promotion, because the latter builds on a decision the employer has already made to allow part-time employment, while the former imposes this decision on the employer. However, I included it for your interest.

Equal Employment Opportunity Commission (EEOC) and local fair employment practices agencies has risen over 35% in the last 4 years, from 3000 in 1990 to 4170 in 1994. These statistics strongly suggest that the PDA is not working as well as some expected. Many have argued that the PDA's mandate is inadequate to eliminate the workplace structures that interact with pregnant workers and produce permanent or lengthy early female departures from the work force, which contribute significantly to job-market segregation and the wage gap between women and men.

What do we do?

Increasing Accommodation for Pregnant Workers:

The Americans with Disabilities Act requires that businesses accommodate disabilities. Besides more traditional definitions of discrimination, the ADA also defines discrimination as failing to provide reasonable accommodations to individuals with known disabilities, unless the employer can demonstrate that accommodating the individual would impose an "undue hardship on the operation of the business." Applying similar standards, we could require that businesses make accommodations for pregnant workers.

The ADA's accommodation standard forces employers to provide reasonable accommodations for a disabled person's needs and provides two groups of examples regarding what reasonable accommodations may include. First, reasonable accommodation may compel physical changes in the work facilities to make those facilities "readily accessible to and usable by individuals with disabilities." Second, reasonable accommodation requires changes in the work environment or structure if the changes would allow a qualified person with a disability to perform the essential functions of the job. The EEOC points out that the typical accommodation involves adjusting the way in which the job usually is performed. An employer is not required, however, to reallocate the essential functions of the job to accommodate the individual.

The ADA permits an employer, however, to refuse to provide reasonable accommodations in several situations. Most notably, the employer may refuse to accommodate if the employer demonstrates that "the accommodation would impose an undue hardship on the operation of the business."

Applying the reasonable accommodation standard to pregnancy overcomes many of the practical difficulties of Title VII litigation, and provides more protection for pregnant workers. Businesses must accommodate pregnancy, through such means as flexible work hours, and the like, as well as taking steps to accommodate absenteeism and the like that is a direct result of pregnancy. [6]

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[6]Undeniably, forcing employers to accommodate pregnancy would have some financial impact. The proponents of the current approach argue that making female employees more costly to hire increases the incentives to discriminate against potentially pregnant women. While this presumed increased cost might discourage employers from hiring women, those employers who refuse to hire women on this basis would be subject to liability for sex discrimination under Title VII which includes the possibility of punitive damages. Additionally, employers need only

III. Prohibiting Discrimination Against Parents who Leave the Workforce to Care for Children

Currently, many people who leave the workforce for periods of time to care for a child, find that when they return to work, their career is stifled. Often they find that they are no longer in line for promotion, that what once was considered a career has now become a dead-end job.

Add parental status, as a class entitled to protection under Title VII of the Civil Rights Act.

At the very least, in sections that pertains to job promotion, we could add this language. In some sense, we are trying to eliminate "Mommy Tracking" which, when done for reasons unrelated to business need, could be considered a form of discrimination against parents, though many have thought of it as exclusively discrimination against women. Indeed, some have proposed strengthening enforcement of Title VII sex discrimination to reach this form of discrimination, which disproportionately affects women.

However, in many situations the animus may not be based on the gender of the individual at all, but because of a sense that parents will not devote themselves to the job. For example, consider a woman who works as an associate of a law firm for two years, takes two years off, and then returns to work as a third year. That women is then taken off partnership track in her fifth year at the firm. For purposes of illustration, let us assume she is taken off that track because of some general concern that she will not be able to commit to work because of her parental obligations, though no problems have been raised with her work. Her status as a parent, not her actual gender, is what has given rise to the decision not to promote her.

OK - this still needs work, but I think there's a germ here.

At the very least we could do a Sep. enforcement piece for the EEOC.

accommodate pregnancy to the extent that it would not cause undue hardship.

[redacted]

Nicole R. Rabner

11/24/98 12:32:16 PM

Record Type: Record

To: Jennifer Friedman/OMB/EOP
cc: Jennifer L. Klein/OPD/EOP
bcc:
Subject: Re: Child Care funds needed to add kids

Thank you very much for doing this ... will also send to us the year-by-year costs/# of children estimates for each of these options (if you have it)?
Jennifer Friedman

Jennifer Friedman
11/24/98 12:28:12 PM

Record Type: Record

To: Jennifer L. Klein/OPD/EOP, Nicole R. Rabner/WHO/EOP

cc: Barry White/OMB/EOP, Jack A. Smalligan/OMB/EOP, Matthew McKearn/OMB/EOP
Subject: Child Care funds needed to add kids

As you requested, following is a quick estimate of the amount of new child care funds that would be needed in order to either: (1) double the number of children receiving assistance from the FY97 participation level (i.e., increase from 1.25 million to 2.5 million); or (2) add another 1 million children to the program. As with last year's budget, I estimated the amount of new funds that, in combination with funds provided in welfare reform, could result in the desired participation levels. We estimate that funding increases provided in welfare reform will account for 240,000 of the new slots.

	New Federal $ at 80% match	New Federal $ at FMAP (average of 56%)
Double to 2.5 million slots:	$9.3 billion	$6.5 billion
Add 1 million slots, for a total of 2.25 million slots:	$7 billion	$5 billion

Re-estimates of last year's proposal (at an 80/20 match) indicate that the $7.5 million in new funds, when combined with amounts provided in welfare reform, would allow the program to add 900,000 new slots. Last year's proposal costs more, while adding less slots, as compared to the $7 billion option above to add 1 million slots at an 80/20 match. The reason is that last year's proposal added a large number of slots in the first year, whereas, all options presented here add the same number of slots each year. Adding a large number of slots in the early years raises the overall

cost of the program because those slots must then be maintained for a greater number of years.

Let me know if you have questions.

December 17, 1998

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: Jennifer Klein
Nicole Rabner
Neera Tanden

CC: Melanne Verveer
Shirley Sagawa

RE: Update on Budget

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

Children and Families

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

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

- **Head Start.** The final budget figure is uncertain; OMB and HHS are trying to work out a substantial increase for the program in order to stay on track to meet the President's goal of reaching 1 million children with Head Start services by the year 2002. As you know, the 1998 reauthorization made that goal more expensive to accomplish because it

increased significantly the percentage of expansion dollars (i.e. new money in the program) that must be targeted to quality, rather than to serving more children.

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

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

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

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

Child Welfare. We have recommended a series of proposals designed to assist young people who "age out" of the foster care system: (1) a 50 percent increase in the Independent Living

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

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

Crime

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

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

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

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

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

Jen:

This is an excerpt of a document we did for Bruce and Elena that references the health care items that I would recommend Shirley pushing. I divided them into two categories:

1. Proposals initiated by the First Lady's office.

2. Health care priorities that I think the First Lady would want to push.

Call me with questions. Thanks a lot.

cj

GROUP ONE:

Medicaid for foster care children. (new First Lady's office initiative) Children who grow up in foster care arrangements often are less prepared for the challenges of adulthood; their rates of unemployment and lack of insurance are much higher than average. This policy allows states to continue Medicaid coverage for foster care children who turn 18 and lose Medicaid eligibility (extended through age 23). This policy is supported by HHS, OMB, DPC and NEC.

Cost. HHS estimate: $50 million over 5 years

Status / Recommendation. OMB is supportive if funds are available. We assume that this initiative will make the final cut without much of a push from you.

Medicaid Asthma Initiative. (new First Lady's office initiative). Over the past 15 years, the number of children afflicted with asthma has doubled to total about 6 million. HHS's initiative (described in the discretionary program list) includes grants through the Public Health Service. OMB has proposed that HHS provide competitive start-up grants for states to develop disease management programs through Medicaid. This both links the funding with the Medicaid providers who most often see these children and takes some of the pressure off of the discretionary budget.

Cost. OMB estimate: $50 million in 2000

Status / Recommendation. OMB is supportive if funds are available. We assume that this initiative will make the final cut without much of a push from you.

Providing needed education funds to children's hospitals. (new First Lady's office initiative) Medicare has invested billions of dollars in graduate medical education to hospitals since 1966. However, because of its current distribution formula, free-standing children's hospitals are forced to shoulder the majority of the cost of training pediatricians, placing them at a severe financial disadvantage. This proposal creates a new discretionary grant program to provide GME funds through the PHS in order to provide freestanding children's hospitals with Federal financing for the cost of providing graduate medical education. This proposal is strongly supported by the First Lady's office, DPC, and the National Association of Children's Hospitals. HHS does not oppose this proposal, as long as it is not funded through the Medicare trust fund.

Cost. Original DPC cost estimate: $285 million

Issues. OMB is strongly opposed to this proposal because they believe that the children's hospitals are financially stable and do not need additional federal assistance.

Response / Recommendation. We believe that there is a legitimate equity argument here, as these hospitals shoulder much of the responsibility for training the nations' pediatricians and pediatric subspecialists. The current proposal is one seventh of the amount proposed by the children's hospitals, but would still be supported primarily because it would address the inequities faced by

facilities training pediatricians and other pediatric subspecialists. We will need to push hard to get any funding here. When this proposal is contrasted with other priorities in the budget, this is a tough sell. (You have come way down on the costs, though.)

Status. OMB: +(0); WH Need: +$40 million

GROUP TWO:

Family Caregiver Support Program. (new initiative) Approximately 22.4 million U.S households provide caregiving services that currently enable their elderly relatives to remain in the community, providing services that would cost over $100 billion annually if provided by home health care aides. This proposal creates a new national program through the Administration on Aging to support Americans who care for chronically ill or disabled family member or friends. It provides State grants for "one-stop-shop" access point to provide services, such as information and counseling as well as respite services and adult day care. This proposal is a priority for the Vice President, DPC, and NEC, and viewed by OMB as a solid initiative.

Cost. Original HHS cost estimate: $150 million

Response / Recommendation. The OMB passback level prevents the establishment of a national program, providing only enough funds to establish systems in a limited number of States. This policy is a critically important component of the long term care initiative, as it complements the long term care tax credit. Funding of this proposal is necessary to obtain broad based validation from the advocacy community for our entire long term care package. This is a great women's issue for the First Lady to push.

Status. OMB passback: +$10 million; WH need: additional +$140 million; HHS appeal: additional +$140 million

Investing in DoD cancer research programs. (new DPC proposal) Every year the Congress funds programs at DoD for prostate and breast cancer research. While every White House principal has highlighted these innovative, widely acclaimed research programs, we have never proposed a single dollar for them in our budgets. We are also proposing an investment in osteoporosis research at the DoD.

Cost. Original DPC estimate: $250 million

Issues: DoD is likely to be resistant to this concept as they believe that although they have developed a model program in response to a Congressional mandate, biomedical research is not within their military mission.

Response: Because the Defense budget will be so large this year, we believe it to be an opportune time to push for significant funding increases in research for diseases such as

osteoporosis, cancer, and heart disease. This is probably important, because increases in the NIH budget will likely be very low this year. Also, those diseases have an obvious and disproportionate impact on women.

Status. OMB: +(0); WH Need: earmark $200 million of DoD increase

Enhancing mental health services. (new Tipper Gore initiative) Approximately 44 million adults and 14 million children suffer from a mental disorder annually. This proposal increases funding to SAMHSA to enable states to provide critical mental health services, including access to prevention and treatment services and providing new incentives to communities who have implemented effective mental health programs. This proposal increases funding to SAMHSA as well as raising awareness about mental health through enhancing the current level of funding provided to States through the mental health block grants. This proposal is strongly supported by the Vice President's office and Tipper Gore's office.

Cost. Original HHS cost estimate: $146 million

Response /Recommendation. The mental health community would strongly reject OMB's contention that research grants in any way substitute for support for direct services. Moreover, it would be extremely embarrassing for Mrs. Gore and the White House in general to defend such a poor funding stream for mental health at a time when we plan on hosting a White House Conference on Mental Health for this spring to raise awareness about mental illness. In addition, next year, HHS will release a Surgeon General's report documenting the widespread incidence and impact of mental illness. Therefore, we believe it is critical to make a new investment in mental health services. This is not absolutely necessary for a push, but would be a nice thing to do on behalf of Tipper Gore.

Status. OMB passback: +(0); WH Need: +$100 million; HHS appeal +$116 million

Jen --

There are five overall health care themes that are likely to be raised in the State of the Union address. The specific policy descriptions are attached.

1. **Medicare and its relation to Social Security**
   The policy in this area has yet to be determined.

2. **Long Term Care**
   Approximately 7 million Americans have health problems that make them dependent on others for at basic activities of daily living, such as bathing or dressing. Our long term care package has 5 components to address the needs of aging and disabled Americans, including: a multibillion dollar long term care tax credit, the provision of long term care insurance to Federal employees, educating Medicare beneficiaries about long term care options, the new Family Caregiver program, and new funding for the nursing home initiative.

3. **Coverage Related Issues**
   Despite a strong economy, rising incomes and record-low unemployment, the number of uninsured continues to rise. We have six policies that address this problem and provide health care insurance to many of the 43 million uninsured Americans: the Medicare buy-in, the provision of Medicaid and Medicare coverage to working individuals with disabilities, small business purchasing coalitions (this one is a tax policy), providing Medicaid for foster children, a new children's health outreach initiative (if he were to highlight this policy, he could announce that early in February we will begin a new intensive effort to promote enrollment in Medicaid and CHIP), and providing Medicaid and CHIP eligibility to legal immigrant children.

4. **Quality Health Care: the Patients Bill of Rights**
   In order to ensure that all Americans receive quality health care services, we continue to advocate for a strong, enforceable Patients Bill of Rights that includes critical patient protections such as an independent external appeals process to assure people with disabilities can address grievances with health plans.

5. **Potential and Perils of Scientific Advancement**
   We have two policies in this area: new efforts to protect against bioterrorism and the superbug initiative. In addition, we may want to highlight the need to balance the benefits of recent scientific breakthroughs against the need to protect the privacy of individuals as well as against genetic discrimination. (It is important to note that we may not have a lot of new money in research, and so we might want to be careful when highlighting this issue.)

Thanks a lot. Please call with questions.

1. MEDICARE AND ITS RELATION TO SOCIAL SECURITY

- Policy has yet to be determined.

2. LONG TERM CARE INITIATIVE

- **Long-term care tax credit.** This proposal would give people with three or more limitations in activities of daily living (ADL) or their caregivers a tax credit of up to $1,000 to help pay for formal or informal long-term care.

- **Family Caregiver Support Program.** This proposal creates a new national program through the Administration on Aging to support Americans who care for chronically ill or disabled family member or friends. It provides State grants for "one-stop-shop" access point to provide services, such as information and counseling as well as respite services and adult day care.

- **Educating Medicare beneficiaries about long term care options.** Medicare beneficiaries are often unaware that Medicare does not provide long term care services. This proposal provides funds to HCFA to use educate beneficiaries about long term care options outside of the Medicare program.

- **Offering private long-term care insurance to Federal employees.** Since expanding Federal programs alone cannot address the next century's long-term care needs, the Federal government -- as the nation's largest employer -- could serve as a model employer by promoting high-quality private long-term care insurance policies to its employees.

- **Nursing home quality initiative.** This initiative provides mandatory and discretionary funds to HCFA to help States strengthen nursing home enforcement tools and increase Federal oversight of nursing home quality and safety standards. We also are considering creating a commission to examine health and housing issues for the elderly and people with disabilities that would include nursing home enforcement studies.

3. COVERAGE RELATED ISSUES

This is a three pronged initiative, that builds on our previous accomplishments around health care coverage.

<u>Coverage for Children</u>

- **Children's health outreach**. We need to ensure that we finish what we started when we enacted the largest single expansion of children's health coverage since the Medicaid program. This policy allows states to use up to 3 percent of their CHIP allotment for specific outreach activities (e.g.,

outstationing eligibility workers in sites where families are; conducting media campaigns). In February, the President will highlight private sector intitiatives to identify and enroll eligibile children in the Medicaid and CHIP programs.

- **Medicaid and CHIP eligibility for legal immigrant children.** Welfare reform banned legal immigrant children who enter the country after 8/22/96 from being eligible for Medicaid and the Children's Health Insurance Program (CHIP). This policy would lift this ban, allowing qualified immigrant children to receive the important health care offered by Medicaid and CHIP.

Coverage for Working Adults

- **Jeffords-Kennedy Work Incentives Improvement Act.** This initiative has three major components: a Medicaid buy in that allows States to cover workers with disabilities regardless of their income or assets, extended Medicare coverage for workers with disabilities leaving SSDI, broadening the types of providers offering vocational rehabilitation services, extending payment to providers that keep people off of disability benefits.

- **Tax credit for work-related impairment expenses for people with disabilities.** This proposal would give a tax credit of $1,000 to people with disabilities who work, in recognition of their formal and informal costs associated with employment. This policy complements the Jeffords-Kennedy Work Incentive proposal, described above, but has the advantage of helping people in all states irrespective of whether states take up optional coverage.

- **Small business purchasing coalitions.** This initiative encourages the development of purchasing groups modeled on FEHBP by providing a temporary tax provision for private foundations that want to fund the start-up costs of qualified small business coalitions. It also provides tax credits to some employers who purchase health insurance for their employees through qualified small business purchasing coalitions.

Coverage for Vulnerable Americans Aged 55 to 65

- **Medicare buy-in.** This initiative includes a Medicare buy-in for people ages 62 to 65, a Medicare buy-in for displaced workers ages 55 and over who have involuntarily lost their jobs and health care coverage, guaranteed access to former employers' insurance for retirees age 55 and over whose retiree health benefits have been ended.

4. ENSURING THE QUALITY OF HEALTH CARE SERVICES

- **Patients' bill of rights.** This initiative establishes a strong enforceable patients' bill of rights that includes critical patient protections, including access to the specialists they need, continuity of care protections, and an independent external appeals process to assure people with disabilities can address grievances with health plans.

5. POTENTIALS AND PERILS OF SCIENTIFIC ADVANCEMENT

- ***Highlighting the Potential of New Biomedical Research.*** *Biomedical research* issue has captured the imagination of virtually every community, and we are now poised to make revolutionary advances that could dramatically alter and improve the way we treat diseases. The President can highlight our current progress in this area.

- **Eradicating polio worldwide by the year 2000.** This initiative establishes a simple and effective strategy to eliminate the polio virus by the year 2000. It includes routine immunizations for children, localized immunization campaigns targeted to eliminate polio from the last remaining pockets of infection, and a system to conclusively determine which countries are polio-free.

- **Detecting and managing bioterrorism.** The new program provides funding for a new disease surveillance system to collect and analyze epidemiological information on disease outbreaks, training epidemic intelligence officers to identify and respond to attacks, developing a mass casualty emergency response system, maintaining a stockpile of pharmaceuticals, and developing new vaccines and antibiotics that could be used in the event of an attack.

- **Combating resistance to antibiotics (superbug).** Recent reports have indicated that resistance to antibiotics is increasingly becoming a public health crisis, causing prolonged illnesses and even death. This proposal funds CDC to develop and implement public health strategies, such as educating consumers and health providers to help assure appropriate use of antibiotics, raising awareness about appropriate guidelines, and improving surveillance and research efforts.

- **Protecting the privacy of individuals.** The President will challenge the Congress to pass into law bipartisan legislation that ensures that sensitive personal information such as medical and financial records and ensure that existing privacy statutes continue to provide effective protection of personal data as technology changes. He will also pledge to proceed with his current authority to implement these protections into law if Congress does not act by August.

- **Preventing genetic discrimination.** The President can challenge the Congress to pass bipartisan legislation that ensures that insurers and employers do not inappropriately utilize genetic information to discriminate against enrollees and employees.

USE OF DISCRETIONARY FUNDS FOR THE FY 2000 BUDGET

Detecting and managing bioterrorism. (new initiative) The threat of a bioterrorist attack that has the potential to injure or kill millions of Americans through the dissemination of infectious diseases is increasing. This proposal funds NIH, CDC, FDA, and SAMHSA to train epidemic intelligence officers who identify and respond to attacks, develop a mass casualty emergency response system, maintain a stockpile of pharmaceuticals, and develop new vaccines and antibiotics that could be used in the event of an attack. It is strongly supported by HHS, OMB, and DPC.

Cost. Original HHS cost estimate: $370 million

Issues. OMB believes that research and product regulation are primarily Federal responsibilities, while public health surveillance, laboratory and epidemiological capabilities, and medical response systems are areas that are primarily State responsibilities. Therefore, NIH, CDC, FDA, and SAMHSA did not receive the full funding amount requested. Having said this, OMB has unofficially indicated that they would not oppose additional funding being dedicated for this initiative if it can be found without undermining other currently funded priorities.

Response. Although States play an important role in public health surveillance and emergency medical response activities, it is clear that the current local public health infrastructure is unable to support these essential surveillance and response activities. For instance, the Federal-State communications network is so inadequate that a recent test demonstrated that CDC was unable to contact nearly half of local health departments within a day's time. Depending on local public health entities to independantly meet the challenges of detecting and managing the repercussions of a bioterrorist attack will place the country at risk. The OMB passback level prevents HHS from developing improved surveillance and overall emergency preparedness plans, delays the development of new vaccines for anthrax and botulism, and eliminates their ability to assess the mass behavioral, psychological, and socioeconomic responses to a bioterrorist event.

Status. OMB passback: + $152 million; WH Need: additional + $90 million;
HHS appeal addtional + $218 million.

Combating resistance to antibiotics (superbug). (new DPC proposal.) Recent reports have indicated that resistance to antibiotics is increasingly becoming a public health crisis, causing prolonged illnesses and even death. Currently, hospitals spend over $600 million each year treating infections caused by bacterial strains that are resistant to antibiotic therapy. This proposal funds CDC to develop and implement public health strategies, such as educating consumers and health providers to help assure appropriate use of antibiotics, raising awareness about appropriate guidelines, and improving surveillance and research efforts.

Cost. Original DPC cost estimate: $20 million

Issues of Concern. OMB would prefer to subsume this proposal in a new public health surveillance initiative, essentially eliminating the practical public health component of this proposal. In addition, they believe that some of the infrastructure investments that are necessary improve our ability to respond to antibiotic resistance are similar to the steps we are proposing to respond to bioterrorist attacks.

Response. Although the surveillance efforts associated with this initiative can be subsumed under this new public health surveillance initiative, we believe that to develop a credible initiative in this area will require the investment of new funds in the implementation of public health strategies. (OMB has unofficially concurred with this reasoning as long as the investment stays at or below $10 million.)

Status. OMB passback: +0 (subsumed in surveillance initiative); WH Need +$10 million

Family Caregiver Support Program. (new initiative) Approximately 22.4 million U.S households provide caregiving services that currently enable their elderly relatives to remain in the community, providing services that would cost over $100 billion annually if provided by home health care aides. This proposal creates a new national program through the Administration on Aging to support Americans who care for chronically ill or disabled family member or friends. It provides State grants for "one-stop-shop" access point to provide services, such as information and counseling as well as respite services and adult day care. This proposal is a priority for the Vice President, DPC, and NEC, and viewed by OMB as a solid initiative.

Cost. Original HHS cost estimate: $150 million

Issues. OMB only provided $10 million for this initiative, far less than what is necessary for it to be creditable. Barbara Chow has indicated, however, that this would be her first funding priority if she could get additional resources.

Response. The OMB passback level prevents the establishment of a national program, providing only enough funds to establish systems in a limited number of States. This policy is a critically important component of the long term care initiative, as it complements the long term care tax credit. Funding of this proposal is necessary to obtain broad based validation from the advocacy community for our entire long term care package.

Status. OMB passback: +$10 million; WH need: additional +$140 million; HHS appeal: additional +$140 million

Nursing home quality initiative. (WH / HHS proposal) Last summer, the President announced his commitment to improve the quality of nursing home care. This initiative provides mandatory and discretionary funds to HCFA to help States strengthen nursing home enforcement tools and increase Federal oversight of nursing home quality and safety standards. Funding will be provided for new enforcement provisions and increased surveys of repeat offenders and improve surveyor training. This proposal is strongly supported by DPC and the Vice President's office.

Cost. Original HHS cost estimate: $153 million

Issues. OMB funds $50 million of this initiative through user fees. The passback also assumes that HCF will assume the survey and certification costs ($12.5 million) associated with the initiative within its current funding levels.

Response. The user fees used to fund a large part of this initiative will not be viewed as creditable by the advocates, the nursing home industry, or the Hill. In addition, there is currently another GAO investigation on nursing home quality underway, which will no doubt underscore the need for a significant investment in this area.

Status. OMB passback: + $107 million; WH Need: additional + $50 million (this would eliminate the need for user fees); HHS appeal: additional + $12.5 million

Educating Medicare beneficiaries about long term care options. (new WH initiative) Medicare beneficiaries are often unaware that Medicare does not provide long term care services. This proposal provides funds to HCFA to use the Medicare + Choice marketing materials to educate beneficiaries about the limitations of Medicare coverage of long term care and to inform them about private sector insurance options. This proposal is strongly supported by DPC.

Cost: DPC cost estimate: $25 million.

Issues. OMB believes this is a solid policy worth funding, particularly if it is used to promote high quality long term care products. However, this option did not get added until later in the budget process and is currently not being carried by OMB. In addition, HHS has concerns with this proposal because it fears that it will be perceived as an endorsement of private long term care insurance.

Response. We believe we need this initiative to convince the private sector that we believe it has an important role to play in this area and to also indirectly affirm that the Federal government cannot and should not be relied on by the public to meet

the overwhelming long term care needs facing the nation.

Status. OMB passback: +(0); WH Need: additional +25 million

Improving access to Ryan White programs. (existing program) Low income individuals living with HIV often have to wait up to a year in order to access the comprehensive range of drugs needed to effectively treat HIV. This proposal will increase our current proposed investment in the Ryan White program and the AIDS Drug Assistance Program, which provide a range of critical services for people with HIV/AIDS. OMB and HHS are not advocating for an increase but do not oppose one. (HHS never spends its capital advocating for an increase in the Ryan White program because they assume that the White House will always take care of it.) Increasing this investment is a top priority for the AIDS office and the Vice President's office.

Cost. Original AIDS office Ryan White request: $165 million

Issues. OMB has concluded that it does not have the resources necessary to meet the AIDS Office recommendation of an additional $165 million for the Ryan White program.

Status. Ryan White OMB passback: +$72.2 million; WH Need: additional +$50 million; no HHS appeal

Addressing HIV/AIDS in minority communities. (existing WH initiative) This past October, in response to the Congressional Black Caucus, the President declared HIV/AIDS in minority communities to be a "severe and ongoing health crisis." This proposal seeks emergency funding to strengthen and build on this initiative through a range of prevention and treatment programs, such as a national "get tested" campaign, substance abuse treatment and prevention programs that include an HIV component, and enhanced funding for 60 Ryan White planning grants. It is strongly supported by DPC, HHS and the Vice President's office.

Cost. Original AIDS office cost estimate: $50 million

Issues. OMB's official position is that this initiative was limited to a one time investment and that there was no commitment to future funding. However, they unofficially have acknowledged that it will be difficult to discontinue this funding priority in the face of extreme pressure by the Congressional Black Caucus. As such, they would not oppose additional funding if dollars could be made available.

Response. The OMB passback completely eliminates funding for this initiative and prevents us from sustaining our commitment to the Congressional Black Caucus.

Status. OMB passback: +(0); WH Need: + $50 million; HHS appeal: + $50 million

Building on the President's Race and Health Initiative. (existing WH initiative) Minorities suffer as much as five times the rate for certain diseases and mortality rates, such as cancer, diabetes, heart disease, immunizations, HIV/AIDS, and infant mortality. Last year, the President announced a $400 million commitment over 5 years to eliminate racial health disparities in six critical areas by 2010. This proposal funds public health programs that have proven effective in targeting diseases experienced disproportionately by minorities and a grant program to test and replicate innovative approaches that address these disparities. It is strongly supported by DPC and HHS.

Cost. Original HHS cost estimate: $50 million

Issues. The OMB passback suggests that HHS earmark $50 million of community health center funding for this initiative, rather than providing new funds.

Response. It is extremely important to continue to make significant investments in this initiative in order to deliver on the President's commitment. Dedicating dollars already earmarked for CHCs will be viewed as ineffective and unresponsive by the minority community. In addition, since they only provide direct services, CHCs are unable to adequately address the significant public health infrastructure issues that currently prevent minorities from accessing effective health care services that could arrest disproportionate rates of infection and disease.

Status. OMB passback: +(0); WH Need: + $80 million; HHS appeal + $50 million

Enhancing mental health services. (existing program) Approximately 44 million adults and 14 million children suffer from a mental disorder annually. This proposal increases funding to SAMHSA to enable states to provide critical mental health services, including access to prevention and treatment services and providing new incentives to communities who have implemented effective mental health programs. This proposal increases funding to SAMHSA as well as raising awareness about mental health through enhancing the current level of funding provided to States through the mental health block grants. This proposal is strongly supported by the Vice President's office and Tipper Gore's office.

Cost. Original HHS cost estimate: $146 million

Issues. The OMB passback includes a net cut in funding for mental heath services. OMB has stated that the reduction in mental health grant and services support is justified in the context of large increases for mental health research at NIMH.

Response. The mental health community would strongly reject OMB's contention that research grants in any way substitute for support for direct services. Moreover, it would be extremely embarrassing for Mrs. Gore and the White House in general to defend such a poor funding stream for mental health at a time when we plan on hosting a White House Conference on Mental Health for this spring to raise awareness about mental illness. In addition, next year, HHS will release a Surgeon General's report documenting the widespread incidence and impact of mental illness. Therefore, we believe it is critical to make a new investment in mental health services.

Status. OMB passback: +(0); WH Need: +$100 million; HHS appeal +$116 million

Preventing and treating asthma. (new initiative) Over the past 15 years, the number of children afflicted with asthma has doubled to total about 6 million. The steep climb in rates of morbidity and mortality classify asthma as an illness with significant public health implications. This proposal funds HHS and EPA to educate patients and providers about new treatment guidelines for asthma, conduct a national asthma awareness campaign, reduce asthma triggers in homes, and establish school based asthma programs in every community. This proposal is strongly supported by both the First Lady's office, DPC, and the Vice President's office.
Cost. Original estimates: $50 million for HHS and $25 million for EPA

Issues. OMB has developed a counter-proposal that invests $25 million in EPA and uses the Medicaid program to disseminate new treatment guidelines for asthma, but eliminates the research and public health strategies that are integral to the HHS proposal. They believe that those components of the proposal could be supported through existing sources of funding.

Response. Although OMB's disease management strategies can and should be incorporated into the HHS proposal, we need a counter argument to OMB's position that will be supplied by the First Lady's Office (Jen Klein).

Status. OMB passback: +(0); WH Need: +$25 million for HHS; HHS appeal: +$50 million

Improving Emergency Medical Services in Rural Areas. (new initiative) The presence of viable EMS systems is critical for residents in rural and frontier areas. Because of the high rates of occupational injury associated with employment unique to rural areas, such as farming, mining, and fishing, rural residents experience disproportionate rates of trauma and medical emergencies. Many rural and frontier communities face challenges in obtaining ambulance equipment and communication

systems and recruiting, training, and retaining EMS personnel. This proposal provides grant funds to States and local communities through HRSA to promote EMS systems development, integrate EMS systems into local primary care services, and enhance provider recruitment, retention and education efforts. It is supported by HHS and DPC, and has been endorsed by the National Rural Health Association.

Cost. Original HHS estimate: $50 million

Issues. OMB would prefer to fund this program through the Medicare program rather than through a discretionary grant program. They believe that this initiative would substitute Federal dollars for funding that has traditionally been provided by municipalities.

Response. Most rural communities have little or no resources to fund these initiatives. The mere fact that some do should not eliminate any possibility of Federal support for these important activities. The grant program structure takes into account the unique nature of small rural communities and allows States to design systems that work for their individual constituencies. In addition, the proposal is a way to relieve some financially burdened rural hospitals of the extraordinarily expensive burden of 24-hour a day ER coverage.

Status. OMB passback: +(0); WH Need: +$25 million; HHS has not appealed

Providing needed education funds to children's hospitals. (new WH initiative) Medicare has invested billions of dollars in graduate medical education to hospitals since 1966. However, because of its current distribution formula, free-standing children's hospitals are forced to shoulder the majority of the cost of training pediatricians, placing them at a severe financial disadvantage. This proposal creates a new discretionary grant program to provide GME funds through the PHS in order to provide freestanding children's hospitals with Federal financing for the cost of providing graduate medical education. This proposal is strongly supported by the First Lady's office, DPC, and the National Association of Children's Hospitals. HHS does not oppose this proposal, as long as it is not funded through the Medicare trust fund.

Cost. Original DPC cost estimate: $285 million

Issues. OMB is strongly opposed to this proposal because they believe that the children's hospitals are financially stable and do not need additional federal assistance.

Response. We believe that there is a legitimate equity argument here, as these hospitals shoulder much of the responsibility for training the nations' pediatricians and pediatric subspecialists. The current proposal is one seventh of the amount

proposed by the children's hospitals, but would still be supported primarily because it would address the inequities faced by facilities training pediatricians and other pediatric subspecialists.

Status. OMB: +(0); WH Need: +$40 million

Investing in Promising Biomedical Research.

Cost. HHS request: $1.5 billion

Issues: While HHS and the Vice President's office support more generous increases, OMB has suggested that NIH reduce the amount of research started in FY 1999 in order to adjust to this new funding level. Many argue that this is not the best use of resources in a tight budget given the already generous funding at NIH.

Response. Funding NIH at the OMB passback level would result in a 28% decrease from the number of projects funded in 1999 and the lowest level of new research since 1994. While most advisors within the White House and OMB do not believe that it is necessarily warranted or prudent to dedicate additional large resources to NIH, we also well recognize that it will be important for the Vice President to deliver on a reasonably generous NIH increase. Moreover, it is politically untenable for us not to have a substantial increase incorporated in the budget prior to submission. With this in mind, we believe will probably be necessary to increase the NIH budget and if current trends hold, we are looking at least a $500 million increase for the FY 2000 budget.

Status. OMB: +$49 million; WH Need: additional +$750 million; HHS appeal $1.5 billion.

Investing in DoD cancer research programs. (new DPC proposal) Every year the Congress funds programs at DoD for prostate and breast cancer research. While every White House principal has highlighted these innovative, widely acclaimed research programs, we have never proposed a single dollar for them in our budgets. We are also proposing an investment in osteoporosis research at the DoD. This is a priority for the Vice President.

Cost. Original DPC estimate: $250 million

Issues: DoD is likely to be resistant to this concept as they believe that although they have developed a model program in response to a Congressional mandate, cancer research is not within their military mission. They are more open to the concept of osteoporosis research because there are many military stress fractures. However, we think it could be highly problematic if the first time we ever invested in these programs we ignored the prostate and breast cancer programs and only

funded osteoporosis.

Response: Given the high level of commitment to cancer research and the fact that these programs are already up and running, it is important that we underscore our support for them. Also, DoD is likely to receive generous increases in the budget and this is a good way to invest in cancer priorities in a tight budget.

Status. OMB: +(0); WH Need: earmark $200 million of DoD increase

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

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

**See attached one-pager for discussion.

MANDATORY	Request	OMB Passback	HHS/DOJ Appeal	WH Priorities	COMMENTS
	FY 2000-04	FY 2000-04	FY 2000-04	FY 2000-04	
CCDBG (Subsidies and Infant Fund)*				10.5	Replaces FY99 Subsidies and Early Learning Fund
Independent Living	0.175	0.175			High priority
IV-E Extension for Foster Youth	0.0	0.0		0.050	OMB holding In its base
Court Reform (DOJ)	0.0	0.0	0.0	0.010	FLOTUS priority

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

[redacted]

Nicole R. Rabner

12/03/98 05:36:44 PM

Record Type: Record

To: Jennifer L. Klein/OPD/EOP, Neera Tanden/WHO/EOP

cc:

Subject: Re: Head Start

FYI.

---------- Forwarded by Nicole R. Rabner/WHO/EOP on 12/03/98 04:36 PM ----------

Jennifer Friedman

12/03/98 04:25:23 PM

Record Type: Record

To: Nicole R. Rabner/WHO/EOP

cc: Barry White/OMB/EOP, Jack A. Smalligan/OMB/EOP, Matthew McKearn/OMB/EOP

bcc:

Subject: Re: Head Start

The guidance level (level within the budget caps) assumed for Head Start for FY00 is $4,997 million. This amount will allow the program to add around 20,000 slots in FY00, for a total enrollment of 857,000. Reaching the 1 million by 2002 would require 71,000 new slots in each of FYS 2001 and 2002. Program expansion under this scenario costs roughly $5.3 billion over the five year guidance levels for Head Start.

The FY99 P.B. assumed the creation of 44,000 new slots in FY00, for total enrollment of 910,000. Adding 44,000 slots in FY00 requires a funding level of $5,266 million. Due to lower than projected participation in 1997 and 1998, adding 44,000 new slots brings the program only to 881,000. Reaching the 1 million goal under this scenario is $5.8 billion over the five year guidance levels.

Reaching 910,000 slots in FY00 would require over 70,000 new slots in FY00, at a funding level of $5,620 million. The five year cost of reaching the 1 million goal under this scenario is $6.6 billion over the five year guidance levels.

Keep in mind that HHS' request and appeal for Head Start is $5,395, with which they propose to create 54,000 new slots for a total of 892,000 slots. Our passback level was at guidance ($4,997 million), i.e., the first scenario listed above.

Let me know if you have questions. I am probably going to be out Monday and possibly Tuesday, so if you need anything, give Matthew a call.

Nicole R. Rabner

[redacted]

Nicole R. Rabner

12/02/98 10:00:59 AM

Record Type: Record

To: Jennifer Friedman/OMB/EOP@EOP

cc:

Subject: Head Start

Jennifer, have you been working with HHS to examine our Head Start participation rates and re-think our FY 2000 discretionary budget request? I remember we had discussed your doing a chart detailing how much additional funding the program would need to stay on track to the President's goal, as well as how much additional funding the program would need this year to reach the number of children as projected before the reauthorization changes. Any progress?

Pauline_Abernathy @ ed.gov
12/06/98 08:16:00 PM

Record Type: Record

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

cc:
Subject: Cliffnotes on FY2000 Passback and ED Appeal

Friends at NEC and DPC: Several of you said it would be helpful to have some brief notes on our passback and appeal. I had hoped to get them to you last week before some of the mtgs this weekend, but I hope they will still be helpful to you.

The OMB Passback to ED:

*Cuts ED $227 m BELOW FY99 enacted, even after adding $500 m for new, unspecified Presidential initiatives;

*Freezes most programs, including Title I, Safe and Drug Free, Special Ed, Bilingual Ed, Adult Ed, America Reads, Eisenhower, Obey-Porter Comprehensive School Reform, and Title II Teacher Quality;

*Actually cuts the number of kids receiving Pell grants because it raises the minimum grant by more than it raises the maximum. Over 80,000 fewer students would get Pell grants;

*Also cuts several other important programs, including:
-Cuts Perkins so that 40,000 fewer students would get Perkins loans -- as OMB proposed last year and was ultimately rejected. (Orszag -- better make sure your fax machine has lots of paper in it.)
-Cuts Vocational Ed by $141 million;

*Assumes only $1.3 billion for class size reduction, enough for only about 3,000 more teachers -- not enough to put us on a credible path to reach 100,000 over 7 years; and

*Is silent on all mandatory items, including on continuing the low interest rate for student loan consolidation. It hints that they might not give vocational rehabilitation -- which helps people with disabilities be able to work -- all its mandatory funds.

ED's Appeal to OMB:

Requested a $4.5 b increase over FY99, or a $3.4 billion increase excluding the $600 m increase in Class Size Reduction and the $500 m for new unspecified Presidential initiatives. This is about the same increase in appropriations that we requested and this Congress gave us in FY98 and FY99.

This includes:

*Increases, at least for inflation, in our core programs, such as Title I, Special Education and Safe and Drug Free. Without these increases, the education community will believe funding has been taken from these programs to pay for new Presidential initiatives and the community will not support or will oppose the new initiatives.

*$1.8 billion for CLASS SIZE REDUCTION to add another 15k teachers, keeping us on a credible path toward 100,000 teachers over 7 years.

*A new, 3-part EARLY CHILDHOOD INITIATIVE focused on language and literacy development as part of the reauthorization of ESEA and based on the findings highlighted at the White House 'Brain Conference' and the groundbreaking National Academy of Sciences reading study:
$200 m for a new and expanded Title I preschool program
$100 m for a new Early Childhood Professional Development program
$100 m to expand Even Start family literacy activities
[You can contact Ann O'Leary for more information on this.]

*Increases for TEACHER QUALITY, including:
-$100 m increase for the HEA Teacher Quality and Recruitment program to recruit and improve the quality of new teachers
-$100 m increase for Eisenhower state grants to improve current teachers
-$16 m increase in bilingual professional development
-$100 m increase in Eisenhower national grants for a major new 3-part AMERICA COUNTS math initiative to raise student achievement in math and improve the teaching of math, including funding to recruit and train math teacher leaders for 8,000 schools.

*New Initiative to help more DC PUBLIC SCHOOL GRADUATES GO TO COLLEGE by providing them with grants and enabling them to pay in-state rates at public colleges in other states (i.e. we would pick up the difference between the in-state and out-of-state rates). The WH and ED have contemplated this for some time and Don Graham of the Washington Post is urging the Administration to do it to complement the $20 m DC College Access Program the Washington Post and other DC businesses and foundations are launching to provide GEAR UP-type services to DC public school students.

*$16 m to continue development of the voluntary national tests in reading and math.

*Increases in our new Presidential initiatives, including:
-Double GEAR UP to $240 m which allows us to hold a new competition;
-Double After School to $400 m;
-Increase America Reads to $360 m;
-Increase the maximum Pell Grant $200 from $3125 to $3325; and
-Increase Learning Anytime Anywhere Partnerships to $30 m.

Caveat: these notes have all the virtues and shortcomings of Cliffnotes. Feel free to call me or any of us here if you have

questions or information on where things now stand or where things are headed. -Pauline

Message Sent To:

Melissa G. Green
Jennifer L. Klein
Charles R. Marr
Jonathan Orszag
Nicole R. Rabner
Jonathan H. Schnur

November 24, 1998
DRAFT 1

21st Century Community Learning Centers: Ending Social Promotion

Below are options for distributing some large increase in 21st Century Community Learning Center funding for an add-on program to help end social promotion. There may be a very real tension in incorporating the notion of ending social promotion with this very popular after-school program if the public begins to perceive the program as only a poverty program or a program for "dummies." Already the program, in both the 1998 and 1999 competitions, has made "assisting students to meet or exceed State and local standards in core academic subjects such as reading, mathematics, or science, as appropriate to the needs of the participating children" as a competitive priority that earns an applicant 5 extra points. At the same time, the law targets at-risk populations by conferring eligibility on schools or consortia of school in inner city and rural areas. However, the program is open to **all** children served by the school not just poor kids or children in low academic standing. A further targeting strategy on just serving children not meeting a state's high standards through the regular school day could decrease some of the popular support for the program.

To help glean what possible actions are currently underway to help end social promotion in federally supported after-school activities, data from the current cohort of 21st Century Community Learning Center grantees and the Title I program is provided. According to information self-reported by the 282 grantees on their applications, among the current 824 community learning centers, 59 percent of schools plan to offer weekend programs and 79 percent of schools plan to offer summer programs. In addition, Title I, the nation's largest elementary and secondary education program at $7.7 billion currently emphasizes the use of these funds for extended learning and actually represents the largest force in providing aid to school districts in combating social promotion. According to principals of Title I schools, 41 percent provide extended learning opportunities for targeted children and 40 percent offer summer learning opportunities. These figures increase dramatically among high poverty schools (75 percent – 100 percent poverty), 54 percent and 50 percent, respectively. In addition, central cities are more prone to offer summer programs than "MSAs, not central cities" or "not MSAs "(48 percent versus 34 percent and 39 percent).

Option 1: The current 21st Century Community Learning Centers competition is structured to include an incentive program for schools and districts that are taking steps to address the social promotion issue.

- Set aside a portion of new funds that will be dedicated to providing services for children who need extra assistance or enrichment to meet state or local standards (e.g., 50 percent of new funding, though that may be high) for promotion. ED will develop a two-tiered competition; Tier One will be the regular 21st Century competition, open to everyone eligible under the statute. Tier Two will be open **only** to 21st Century grantees –either current grantees or successful applicants from this new (Tier One) competition – and will

be exclusively for incentive grant supplements, added to the 21st Century grants, for services to children not meeting state or district standards for promotion.

New applicants for a "regular" 21st Century grant will also have the option to apply for an incentive supplement, subject to their "eligibility as a district that is substantively addressing the social promotion problem. In addition to the 20-page narrative describing their 21st Century program, we can ask for an additional 5-page narrative (as well as required policies or assurances in an appendix) that addresses social promotion-related services. An applicant that wins in the Tier One competition would have their 5-page incentive grant narrative automatically forwarded for a Tier Two review. Current grantees will also be invited to submit an incentive application for Tier Two review. Since the Tier Two reviews cannot begin until we know who the Tier One winners are, we estimate that incentive awards would be announced six weeks (approximately) after the regular awards.

Pros: There are at least two advantages to this strategy: (1) we can stipulate in advance exactly how much will be dedicated to the incentive grants, and (2) we do not dilute or re-direct the comprehensive nature of the 21st Century program, as the incentive grants will clearly be add-ons for schools and districts that are addressing the social promotion issue. If desirable and possible, we may also seek a foundation partner that will support related assessment work and help identify and validate activities that appear to have evidence of success in preparing children to meet promotion standards.

Option 2: The 21st Century Community Learning Center Program is bifurcated into two parts—Part A being the current 21st Century Community Learning Center Program and Part B being a smaller program focused on ending social promotion by focusing on the competitive criterion of "assisting students to meet or exceed State and local standards in core academic subjects such as reading, mathematics, or science..."

- Set aside a portion of new funds that will be dedicated to providing services for children who need extra assistance or enrichment to meet state or local standards (e.g., 50 percent of new funding) for promotion. This would require ED to develop two separate sections under the current 21st Century Community Learning Centers law. The first part (Part A) would be the current program that is much more open to the community at large and all children in a school. The second part would be a smaller program focused on the current competitive priority to assist those children not meeting the state's high standards during the regular school program and who need after-school, weekend, and summer assistance.

  Districts would apply either separately or together for the two-part program depending on their current needs. So, one district might decide to apply for just Part A, while another district might apply for just Part B. Still, another district might apply for both sections. In this case, the district would provide the 20-page narrative

describing their 21st Century program for Part A. They also would provide a 10 to 20-page narrative that addresses social promotion-related services. Peer reviewers would be assigned to read applications based on the parts applied for in the grant competition.

Pros: By separating the two distinct visions for providing after-school programs – enrichment and learning opportunities in a safe environment from eliminating social promotion through such means as academic summer programs – all districts are eligible to apply for funds that meet their needs. In so doing, the popularity of the current program is retained and a new base of support might be garnered for the ending social promotion piece.

Option 3: The 21st Century Community Learning Center Program continues the way it is with no changes and an emphasis is made on grantees exploring how their district Title I funds can be used for weekend and summer programs aimed at ending social promotion.

- Retain the core program in its current format but require linkages between 21st Century and Title I funds to weave together a program of prevention and intervention. Districts would be required to show how they plan to strategically deploy all their federal (Title I, Safe and Drug-free, 21st Century, Obey-Porter, Title VII), state, and local funding sources to put together a comprehensive program for all children at risk of not meeting the state standards. With three-quarters of 21st Century grantees planning summer school programs and half of high poverty school offering them, a concerted message regarding eliminating social promotion could be made to recipients of both funding mechanisms through an integrated strategy.

Pro: The purpose of Title I is to help poor students meet state's high standards and should be the major vehicle for leveraging education reform through strategies such as extended learning (which is emphasized in the current law). In those districts that obtain 21st Century grants, if Title I is present, an integrated approach to serving children and ending social promotion should be made.

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TO: **Mike Cohen, Jon Schnur, Tanya Martin, Jen Klein, Nicole Rabner**

FAX: 456-5581, 456-9412

PAGES (including cover page): 10

FROM: **Pauline Abernathy**
Senior Advisor to the Deputy Secretary

RE: Attached is a summary of the John Kerry-Bob Smith Education Plan announced last week. They propose investing $25 billion over 5 years in education under this plan. Those of you working on the FY2000 Budget and ESEA reauthorization will be interested that their plan proposes dramatic investments in many of the same areas that we are considering, including:

- Increasing funding in our 21st Century Community Learning Centers **after-school** program to $400 million per year to serve 1 million students per year (the same level as our FY2000 appeal to OMB);
- Establishing a $2 billion over 5 years **early childhood initiative** to ensure children begin school ready to learn (the Education Department also proposed a $2 billion over 5 year new early childhood initiative in our FY2000 appeal to OMB);
- Dramatically expanding investments in **teacher quality and recruitment;**
- Establishing a small $20 million per year grant program to promote **public school choice;** and
- Dramatically expanding funding for **comprehensive school reform** (our FY2000 appeal requested an $80 million increase for a new round of competitions).

(Harkin Smith - Ou

Th Kerry-Smith Plan to Educate Americ 's Children

– "foster competition, offer choice, increase investment, instill accountability, and allow greater local control in the public school system" –

($25bl over 5 yrs.

If we do not want to lose a generation of Americans, we must demand nothing less than a comprehensive education reform effort. We must not be half-hearted nor enslaved by party or political dogma. We must make available the tools for change so that every aspect of public education functions better and every element of our system is stronger.

Title I – Voluntary State Reform Incentive Grant

$12.7 B/5 yrs.

Allows school districts that choose to finance and implement comprehensive reform based on proven high-performance models to bring forth change. Schools can embrace a range of approaches such as the Modern Red Schoolhouse program or Success for All. Targets these investments at school districts below the national or state median and leverages local dollars through matching grants.

Title II – Ensure that Children Begin School Ready to Learn

$2B/5 yrs

Provides federal funds to states to make grants to local early childhood development collaboratives. States could fund parent education and home-visiting classes and have great flexibility to decide whether to support child-care, help schools stay open later for early childhood development programs or provide health services for young children.

Title III – Excellent Principals Challenge Grant

$100 m/5 yrs.

Establishes a grant program to states to provide funds to local school districts to attract and to provide professional development for elementary and secondary school principals. Activities would include developing management and business skills, knowledge of effective instructional skills and practices and learning about educational technology.

Title IV – Establish "Second Chance Schools" for Troubled Students

$500 m/5 yrs.

Establishes a competitive grant program for school districts to create "Second Chance Schools." In order to receive the grants, school districts must enact district-wide discipline codes which use clear language and specific examples of behaviors that result in disciplinary action. Schools could establish short-term in-school crisis centers, medium duration in-school suspension rooms, or off-campus alternatives.

Title V – Teacher Recruitment and On-going Education Incentive Grant

$5 B/5 yrs

Provides grants to states to allow poor school districts to raise teacher salaries in order to attract and retain the best teachers and provide grants for states to establish a program to provide college scholarships to the students in the top 20 percent of SAT scores or grade point average. In addition, states could forgive full-time educational loans held by certified public school teachers in low-income areas or by math, science and special needs teachers.

Title VI – Teacher Quality Enhancement Grants $500m/5yrs.

Establishes competitive grants to states to improve teaching. The grants would have a matching requirement and would be intended for state-level reforms to ensure that teachers possess the necessary skills and academic content in the subject areas they teach.

Title VII – Invest in Community-based Schools and Community Service

$400m/yr.

Expands the 21st Century Learning Centers program to help one million more students receive literacy programs; integrated education, health, social service, recreational or cultural programs; summer and weekend school programs; nutrition and health programs; expand library, telecommunications and technology assistance programs; mentoring; or drug, alcohol and gang prevention activities. In addition, provide grants to states that have established or chose to establish a graduation requirement for high-school students to perform community service. —$10m/yr.

Title VIII – Expand the National Board Certification Program for Teachers $189m/5yrs

Provides stipends to teachers to sit for the National Board certification which is offered to teachers on a voluntary basis and complements but does not replace state licensing.

Title IX – Encourage Public School Choice $100m/5yrs.

Provides grants to states that choose to implement public school choice programs. School districts would be able to spend funds on transportation and other services to implement a successful public school choice program. Up to 10 percent of these funds may be spent by a school district to improve low performing school districts that lose students in the choice program.

A Plan to Educate America's Children

Senator John F. Kerry (D-MA) and Senator Gordon Smith (R-OR)

Title I -- Voluntary State Reform Incentive Grants

If education reform is to succeed in America's public schools, we must demand nothing less than a comprehensive reform effort. The best public school districts are simultaneously embracing a host of approaches to educating our children: high standards and accountability, sufficient resources, small class sizes, quality teachers, motivated students, effective principals, and engaged parents and community leaders. We must not be half-hearted in our efforts to make reform feasible for every school in this country. We cannot address only one challenge in education and ignore the rest. We must make available the tools for real comprehensive reform so that every aspect of public education functions better and every element of our system is stronger.

So let us now turn to a bold answer: Let's make every public school in this country essentially a charter school within the public school system. Let's give every school the chance to quickly and easily put in place the best of what works in any other school -- private, parochial or public -- with decentralized control, site-based management, parental engagement, and real accountability.

Several schools across the country have devised ways to accomplish this by raising standards to improve student achievement, lowering class size, improving on-going education for teachers, and reducing unnecessary middle-level bureaucracy. Numerous high-performance school designs have also been created such as the Modern Red Schoolhouse program, the Success for All program, and the New American Schools program. The results of extensive evaluations of these programs have shown that these designs are successful in raising student achievement. We should raise spending to the state or the national median, whichever is higher, thereby allowing every school district to finance and implement comprehensive reform based on proven high-performance models and teach students to the highest standards (58 percent of school districts are below either the national or their state median). Although money alone will not solve the problems in poor school districts, it is impossible to solve without adequate resources. Rather than piecemeal, fragmented approaches to reform, this comprehensive reform program will foster coherent schoolwide improvements that cover virtually all aspects of a school's operations.

To ensure that the vast majority of school districts could engage in comprehensive school reform, Title I of the Elementary and Secondary Education Act (ESEA) should also be fully funded. Title I is the primary federal help for local districts to provide assistance to poor students in basic math and reading skills. Title I currently provides help to local school districts for additional staff and resources for reading and math, curriculum improvements, smaller classes, and training poor students' parents to help their children learn to read and do math. However, Title I only reaches two-thirds of poor students because of inadequate funding. *Since 90 percent*

of school districts receive at least some Title I funds, fully funding Title I and allowing school districts to use these additional funds for comprehensive reforms would give schools the ability to implement comprehensive reforms so that all students reach the highest academic standards.

Most poor school districts lack the resources to meet the vital educational needs of all of their students. A well-crafted program with the federal and state governments working in close cooperation with one another could make major strides in closing these gaps and improving student performance.

- Comprehensive school reform will help raise student achievement by assisting public schools across the country to implement effective, comprehensive school reforms that are based on proven, research-based models. **No new federal bureaucracy would be established -- the program would be implemented at the state level. Furthermore, no funds could be used to increase the school bureaucracy.** School districts would implement a comprehensive school reform program and evaluate and measure results achieved. Schools would also provide high-quality and continuous teacher and staff professional development and training, have measurable goals for student performance and benchmarks for meeting those goals, provide for meaningful involvement of parents and the local community in planning and implementing school improvement, and identify how other available federal, state, local, or private resources will be utilized to coordinate services to support and sustain the school reform effort.

- The funding for the program would move towards the goal of providing every school district in the country enough funds to implement a high quality, performance-based model of comprehensive school reform. This would mean providing enough funds to bring every district up to the state or the national median, whichever is higher (it is estimated that $30 billion annually would be needed to bring the per-pupil expenditure of every school district up to the national or state average). To move towards this goal, the federal government would provide funds and states would match this money (states would provide 10 to 20 percent with poorer states providing a smaller match). To receive these funds, states would have to provide a minimum spending effort based on state and local school spending relative to the state's per capita income. Funding would be $250 million in FY99, $500 million in FY2000, $750 million in FY2001, $1 billion in FY2002, and $4 billion in FY2002.

*6.5B

- Fully fund Title I so almost all school districts would receive some funds to implement comprehensive school reform (90 percent of all local school districts receive Title I funds). Funding would be $200 million in FY99, $400 million in FY2000, $600 million in FY2001, $1 billion in FY2002, and $4 billion in FY2002.

*6.2B

Title II -- Ensure That Children Begin School Ready To Learn

Recent scientific evidence conclusively demonstrates that enhancing children's physical,

social, emotional, and intellectual development will result in tremendous benefits. Many local communities across the country have developed successful early childhood efforts and with additional resources could expand and enhance opportunities for young children. We must enhance private, local and state early successful support programs for young children by providing resources to expand and/or initiate successful efforts for at-risk children from birth to age six.

- Provide funds to States to make grants to local early childhood development collaboratives. States would fund parent education and home visiting classes and have great flexibility to decide whether to also support quality child care, helping schools stay open later for early childhood development activities, or health services for young children. Communities would be required to document their unmet needs and how they would use the funds to improve outcomes for young children so they begin school ready to learn. Funding would be $100 million in FY99, $200 million in FY2000, $300 million in FY2001, $400 million in FY2002, and $1 billion in FY2002.

Title III – Excellent Principals Challenge Grant

Principals face long hours, high stress, and too little pay. To overcome these obstacles, principals in successful schools must have effective leadership skills. However, too few principals get the training they need in management skills to ensure their school provides an excellent education for every child. Attracting, training, and retaining excellent principals is essential to help every local school district become world class.

- Establish a grant program to states to provide funds to local school districts to attract and to provide professional development for elementary and secondary school principals. Activities would include developing management and business skills, knowledge of effective instructional skills and practices, and learning about educational technology. Funding would be $20 million per year. States and local school districts would contribute 25 percent of the total although poor school districts would be exempt from the match.

Title IV – Establish "Second Chance" Schools For Troubled Students

Parents, students, and educators know that serious school reform cannot succeed without an orderly and safe learning environment. The few students who are unwilling or unable to comply with discipline codes make learning impossible for the other students; these students need behavior management programs and high quality alternative placements. Suspending or expelling chronically disruptive or violent students is not effective in the long run since these students will fall behind in school and may cause additional trouble since they are frequently completely unsupervised; these students need alternative placements that provide supervision, remediation of behavior and maintenance of academic progress. Although some may resist this program for fear that it will be used to isolate disabled students, the purpose is to provide additional interventions for troubled students, not to change disciplinary actions against disabled students.

- Add a new title to the Elementary and Secondary Education Act (ESEA) to establish a competitive state grant program for school districts to establish "Second Chance" programs. To receive the funds, school districts must enact district-wide discipline codes which use clear language with specific examples of behaviors that will result in disciplinary action and have every student and parent sign the code. Additionally, schools may use the funds to promote effective classroom management; provide training for school staff and administrators in enforcement of the code; implement programs to modify student behavior including hiring school counselors; and establish high quality alternative placements for chronically disruptive and violent students that include a continuum of alternatives from meeting with behavior management specialists, to short-term in-school crisis centers, to medium duration in-school suspension rooms, to off-campus alternatives. Funding would be $100 million per year and distributed to states through the Title I formula.

Title V – Teacher Recruitment and On-going Education Incentive Grant

Approximately 61,000 first-time teachers begin in our nation's public schools each year. Since the average starting salary for teachers is a little more than $21,000 per year, we need to raise their compensation to attract a larger group of qualified people into the teaching profession. Since the average student loan debt of students graduating college who borrowed money for college is $9,068, another effective way to provide federal assistance to raise teachers' salaries is to provide loan forgiveness. In addition, scholarships ought to be available to the most talented high school students in every state in return for a commitment to teach in our public schools (North Carolina has successfully recruited future teachers from within public high schools with the lure of college scholarships).

- States would be given funds to provide poor school districts the ability to raise teacher salaries to attract and retain the best teachers. Funding would be provided through the Title I "targeted grant" formula (the minimum threshold would be 20% poor children or 20,000 poor children). Funding would be $500 million for FY 99, $500 million in FY2000, $1 billion in FY 2001, $1 billion in FY 2002, and $2 billion in FY2003. Additionally, full-time state certified public school teachers who teach in low-income areas or who teach in areas with teacher shortages such as math, science, and special needs would have 20 percent of their student loans forgiven after two years of teaching, an additional 20 percent after three years, an additional 30 percent after four years, and the remaining 30 percent after five years. The program would be funded at $50 million each year. Finally, an additional $10 million would be provided as grants to states that wish to provide signing bonuses for first-time teachers who teach in low-income areas or areas with teacher shortages.

- Provide $10 million in grants for states to establish a program to provide college scholarships to the top 20 percent of SAT achievers or grade point average in each state's high school graduating class in return for a commitment to become a state certified teacher

for five years. States would contribute 20 percent of the funds for the scholarships. Five percent of the total funds could be used by local school districts to hire staff to recruit at the top liberal arts, education, and technical colleges (districts would be encouraged to establish a central regional recruiting office to pool their resources). One percent of the total funds would be used by the Secretary of Education to create a national hotline for potential teachers to receive information on a career in teaching.

Title VI – Teacher Quality Enhancement Grants

We need to provide on-going education in teaching skills and academic content knowledge, establish or expand alternative routes to state certification, and establish or expand mentoring programs for prospective teachers by veteran teachers (according to the National Commission on Teaching and America's Future, beginning teachers who have had the continuous support of a skilled mentor are more likely to stay in the profession).

- Establish Teacher Quality Enhancement Grants, a competitive grant awarded to states to improve teaching. The grants would have a matching requirement and must be used to institute state-level reforms to ensure that current and future teachers possess the necessary teaching skills and academic content knowledge in the subject areas they are assigned to teach. In addition, establish Teacher Training Partnership Grants, designed to encourage reform at the local level to improve teacher training. One of the uses of these funds would be for states to establish, expand, or improve alternative routes to state certification for highly qualified individuals from other occupations such as business executives and recent college graduates with records of academic distinction. Another use would be to mentor prospective teachers by veteran teachers. Provide $100 million per year for these new teacher training programs so that states can improve teacher quality, establish or expand alternative routes to state certification for new teachers, and mentor new teachers by veteran teachers.

Title VII – Invest in Community-based Schools and Community Service

As many as five million children are home alone after school each week. Most juvenile involvement in crime – either committing crime or becoming victims themselves – occurs between 3 p.m. and 8 p.m. Children who attend quality after-school programs, however, tend to do better in school, get along better with their peers, and are less likely to engage in delinquent behavior. Expansion of both school-based and community-based after-school programs will provide safe, developmentally appropriate environments for children and help communities reduce the incidents of juvenile delinquency and crime. In addition, many states and localities such as Maryland and the Chicago public school system require high school students to perform community service to receive a high school diploma. The real world experience helps prepare students for work and instills a sense of civic duty.

- Expand the 21st Century Learning Centers Act by providing $400 million each fiscal year

to help communities provide after-school care. Grantees will be required to offer expanded learning opportunities for children and youth in the community. Funds could be used by school districts to provide: literacy programs; integrated education, health, social service, recreational or cultural programs; summer and weekend school programs; nutrition and health programs; expanded library services, telecommunications and technology education programs; services for individuals with disabilities; job skills assistance; mentoring; academic assistance; and drug, alcohol, and gang prevention activities.

- Provide $10 million in grants to states that have established or chose to establish a state-wide or a district-wide program that requires high school students to perform community service to receive a high school diploma. States would determine what constitutes community service, the number of hours required, and whether to exempt some low-income students who hold full-time jobs while attending school full-time. The grants would be matched dollar for dollar with half of the match coming from the state and local education agencies and half coming from the private sector.

Title VIII – Expand the National Board Certification Program For Teachers

The National Board for Professional Teaching Standards, which is headed by Gov. Jim Hunt, established rigorous standards and assessments for certifying accomplished teaching. To pass the exam and be certified, teachers must demonstrate their knowledge and skills through a series of performance-based assessments which include teaching portfolios, student work samples, videotapes and rigorous analyses of their classroom teaching and student learning. Additionally, teachers must take written tests of their subject-matter knowledge and their understanding of how to teach those subjects to their students. The National Board certification is offered to teachers on a voluntary basis and complements but does not replace state licensing. The National Commission on Teaching for America's Future called for a goal of 105,000 board certified teachers by the year 2006 (since the exam began recently, only about 2,000 teachers are currently board certified). Since the exam costs $2,000, many teachers are currently unable to afford it.

- Provide $189 million over five years so that states have enough money to provide a 90% subsidy for the National Board certification of 105,000 teachers across the country.

Title IX – Encourage Public School Choice

Many public schools have implemented public school choice programs where students may enroll at any public school in the public school system. In contrast to vouchers for private schools, public school choice increases options for students but does not use public funds to finance private schools which remain entirely unaccountable to taxpayers.

- Provide $20 million annually in grants to states that choose to implement public school choice programs. School districts could spend the funds on transportation and other

services to implement a successful public school choice program. Up to 10 percent of the funds may be spent by a school district to improve low performing school districts that lose students due to the public school choice program.

CHILD WELFARE: CHILDREN AGING OUT OF FOSTER CARE

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

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

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

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

Cost Overview and Status.

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

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

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

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

CHILD CARE AND DEVELOPMENT BLOCK GRANT

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

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

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

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

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

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

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

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

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

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

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

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

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

[redacted]

Nicole R. Rabner

12/09/98 03:14:47 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc:
Subject: Title X

Title X family planning seems to be in fairly good shape. First, the history:

FY98 Enacted	FY99 Request	FY99 Enacted
$203 mil	$218 mil	$215 mil

This year's OMB/HHS budget negotiations:

FY00 HHS Request	FY00 Passback
$253 mil	$230 mil

While OMB did not grant HHS its full requested increase for Title X, the passback does represent a 7 percent increase over the FY99 enacted level and the same dollar increase ($15 million) that we requested for FY99. HHS has not appealed the passback -- in large measure because the Health Resources and Services Administration (HERSA), which administers Title X, was cut in other, unrelated areas. In fact, Ryan White and family planning were the only two HERSA programs that were given any increase in passback. HHS/HERSA plans to spend any Title X increase in three areas: (1) augmenting current programs; (2) targeting adolescents before they become sexually active, and (3) strengthening male responsibility.

I understand that Sylvia Mathews met with the women's groups the day after passback, and the women's groups were already aware of the passback level. While they did press Sylvia for a larger increase for family planning, they were pleased with our continued commitment to increasing the program.

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

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

**See attached one-pager for discussion.

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

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

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

DISCRETIONARY	Request	OMB Passback	HHS/DOL/DOJ Appeal	WH Priorities	COMMENTS
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Child Care Quality	0.182	0.182			FY99 advance appropriated
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Abortion Safety	0.0	0.0	0.0	0.045	High priority
Abuse and Neglect Court Reform	0.0	0.0	0.0	0.005	FLOTUS priority
Transitional Living	0.015	0.020	-0.005	OMB level	FLOTUS priority

**See attached one-pager for discussion.

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

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

JOHN D. ROCKEFELLER IV
WEST VIRGINIA

Jen, fyi

United States Senate

WASHINGTON, DC 20510–4802

4 20 M

October 15, 1998

Dear Mrs Clinton, Hillary,

I very much enjoyed hearing your remarks at last week's NCPCA luncheon. I was sorry we didn't have a chance to speak afterwards, but it seemed to be one of those unfortunate days where we all needed to be in three places at once.

I did want you to know that Senator DeWine and I, along with Senators Landrieu and Chafee, have just introduced a bill designed to provide more support to the Nation's abuse and neglect courts. Since the Adoption and Safe Families Act became law last year, I have had some lingering concerns that the new accelerated time lines for the termination of parental rights, while necessary to carry out the goals of the law, will increase the pressure on our already overburdened court system.

The Strengthening Abuse and Neglect Courts Act is designed to help alleviate this burden by providing competitive grants to state and local abuse and neglect courts for the development of computerized case-tracking systems and the reduction of existing case backlogs. The bill will expand federal reimbursement to provide better training for abuse and neglect judges and will also provide technical assistance for the development and implementation of "best practice" standards for attorneys practicing before the abuse and neglect courts. Finally, the bill authorizes a one-time seed grant for the expansion of the Court Appointed Special Advocate (CASA) Program into under-served urban and rural areas.

In view of your vast experience as an attorney and child advocate and your support of the Adoption and Safe Families Act, I thought you might be particularly interested in this latest legislative effort on behalf of abused and neglected children. I am hopeful that the attached bill will help move vulnerable children even more quickly into safe and permanent homes.

As always, my ongoing thanks to you and the President for your outstanding leadership in this area.

Sincerely,

John D. Rockefeller IV

First Lady Hillary Rodham Clinton
The White House
Washington, DC 20500

105TH CONGRESS
2D SESSION

S. _____

IN THE SENATE OF THE UNITED STATES

Mr. DEWINE (for himself, Mr. ROCKEFELLER, Ms. LANDRIEU, and Mr. CHAFEE) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To improve the administrative efficiency and effectiveness of the Nation's abuse and neglect courts and the quality and availability of training for judges, attorneys, and volunteers working in such courts, and for other purposes consistent with the Adoption and Safe Families Act of 1997.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Strengthening Abuse and Neglect Courts Act of 1998".

SEC. 2. FINDINGS.

Congress finds the following:

(1) Under both Federal and State law, the courts play a crucial and essential role in the Nation's child welfare system and in ensuring safety, stability, and permanence for abused and neglected children under the supervision of that system.

(2) The Adoption and Safe Families Act of 1997 (Public Law 105–89; 111 Stat. 2115) establishes for the first time in Federal law that a child's health and safety must be the paramount consideration when any decision is made regarding a child in the Nation's child welfare system.

(3) The Adoption and Safe Families Act of 1997 promotes stability and permanence for abused and neglected children by requiring timely decision-making in proceedings to determine whether children can safely return to their families or whether they should be moved into safe and stable adoptive homes or other permanent family arrangements outside the foster care system.

(4) To avoid unnecessary and lengthy stays in the foster care system, the Adoption and Safe Families Act of 1997 specifically requires, among other things, that States move to terminate the parental rights of the parents of those children who have been in foster care for 15 of the last 22 months.

(5) While essential to protect children and to carry out the general purposes of the Adoption and Safe Families Act of 1997, the accelerated timelines for the termination of parental rights and the other requirements imposed under that Act increase the pressure on the Nation's already overburdened abuse and neglect courts.

(6) The administrative efficiency and effectiveness of the Nation's abuse and neglect courts would be substantially improved by the acquisition and implementation of computerized case tracking systems to identify and eliminate existing backlogs, to move abuse and neglect caseloads forward in a timely manner, and to move children into safe and stable families. Such systems could also be used to evaluate the effectiveness of such courts in meeting the purposes of the amendments made by, and provisions of, the Adoption and Safe Families Act of 1997.

(7) The administrative efficiency and effectiveness of the Nation's abuse and neglect courts would also be improved by the identification and implementation of projects designed to eliminate the backlog of abuse and neglect cases, including the temporary hiring of additional judges, extension of court hours,

and other projects designed to reduce existing caseloads.

(8) The administrative efficiency and effectiveness of the Nation's abuse and neglect courts would be further strengthened by improving the quality and availability of training for judges, court personnel, agency attorneys, guardians ad litem, and attorneys who represent the children and the parents of children in abuse and neglect proceedings.

(9) While recognizing that abuse and neglect courts in this country are already committed to the quality administration of justice, the performance of such courts would be even further enhanced by the development of models and educational opportunities that reinforce court projects that have already been developed, including models for case-flow procedures, case management, representation of children, automated interagency interfaces, and "best practices" standards.

(10) Volunteers who participate in court-appointed special advocate (CASA) programs play a vital role as the eyes and ears of abuse and neglect courts in proceedings conducted by, or under the supervision of, such courts and also bring increased public scrutiny of the abuse and neglect court sys-

tem. The Nation's abuse and neglect courts would benefit from an expansion of this program to currently underserved communities.

(11) Improved computerized case-tracking systems, comprehensive training, and development of, and education on, model abuse and neglect court systems, particularly with respect to underserved areas, would significantly further the purposes of the Adoption and Safe Families Act of 1997 by reducing the average length of an abused and neglected child's stay in foster care, improving the quality of decision-making and court services provided to children and families, and increasing the number of adoptions.

SEC. 3. DEFINITIONS.

In this Act:

(a) ABUSE AND NEGLECT COURTS.—The term "abuse and neglect courts" means the State and local courts that carry out State or local laws requiring proceedings (conducted by or under the supervision of the courts)—

(1) that implement part B and part E of title IV of the Social Security Act (42 U.S.C. 620 et seq.; 670 et seq.) (including preliminary disposition of such proceedings);

(2) that determine whether a child was abused or neglected;

(3) that determine the advisability or appropriateness of foster care placement; or

(4) that determine any other legal disposition of a child in the abuse and neglect court system.

(b) AGENCY ATTORNEY.—The term "agency attorney" means an agency attorney or agency representative including any government attorney, district attorney, attorney general, State attorney, city solicitor or attorney, corporation counsel, or privately retained special prosecutor who represents the petitioner or moving party in a proceeding conducted by, or under the supervision of, an abuse and neglect court, including a proceeding for termination of parental rights.

(c) ATTORNEY REPRESENTING A CHILD.—The term "attorney representing a child" means an attorney or a guardian ad litem who represents a child in a proceeding conducted by, or under the supervision of, an abuse and neglect court.

(d) ATTORNEY REPRESENTING A PARENT.—The term "attorney representing a parent" means an attorney who represents a parent who is an official party to a proceeding conducted by, or under the supervision of, an abuse and neglect court.

SEC. 4. GRANTS TO STATE COURTS AND LOCAL COURTS TO AUTOMATE THE DATA COLLECTION AND TRACKING OF PROCEEDINGS IN ABUSE AND NEGLECT COURTS.

(a) AUTHORITY TO AWARD GRANTS.—

(1) IN GENERAL.—Subject to paragraph (2), the Attorney General, acting through the Office of Justice Programs, shall award grants in accordance with this section to State courts and local courts for the purposes of—

(A) enabling such courts to develop and implement automated data collection and case-tracking systems for proceedings conducted by, or under the supervision of, an abuse and neglect court;

(B) encouraging the replication of such systems in abuse and neglect courts in other jurisdictions; and

(C) requiring the use of such systems to evaluate a court's performance in complying with the requirements of part B and part E of title IV of the Social Security Act (42 U.S.C. 620 et seq.; 670 et seq.).

(2) LIMITATIONS.—

(A) NUMBER OF GRANTS.—Not less than 30 or more than 50 grants may be awarded under this section.

(B) PER STATE LIMITATION.—Not more than 2 grants authorized under this section may be awarded per State.

(C) USE OF GRANTS.—Funds provided under a grant made under this section may only be used for the purpose of developing, implementing, or enhancing automated data collection and case-tracking systems for proceedings conducted by, or under the supervision of, an abuse and neglect court.

(b) APPLICATION.—

(1) IN GENERAL.—A State court or local court may submit an application for a grant authorized under this section at such time and in such manner as the Attorney General may determine.

(2) INFORMATION REQUIRED.—An application for a grant authorized under this section shall contain the following:

(A) A description of a proposed plan for the development, implementation, and maintenance of an automated data collection and case-tracking system for proceedings conducted by,

or under the supervision of, an abuse and neglect court, including a proposed budget for the plan and a request for a specific funding amount.

(B) A description of the extent to which such plan and system are able to be replicated in abuse and neglect courts of other jurisdictions.

(C) In the case of an application submitted by a local court, a description of how the plan to implement the proposed system was developed in consultation with related State courts, particularly with regard to a State court improvement plan funded under section 13712 of the Omnibus Budget Reconciliation Act of 1993 (42 U.S.C. 670 note) if there is such a plan in the State.

(D) In the case of an application that is submitted by a State court, a description of how the proposed system will integrate with a State court improvement plan funded under such section if there is such a plan in the State.

(E) After consultation with the State agency responsible for the administration of part B and part E of title IV of the Social Security Act

(42 U.S.C. 620 et seq.; 670 et seq.), an assessment of the feasibility of future coordination of the proposed system with other child welfare data collection systems, including the Statewide automated child welfare information system and the adoption and foster care analysis and reporting system (AFCARS) established pursuant to section 479 of the Social Security Act (42 U.S.C. 679).

(F) Identification of an independent third party that will conduct ongoing evaluations of the feasibility and implementation of the plan and system and a description of the plan for conducting such evaluations.

(G) A description or identification of a proposed funding source for completion of the plan (if applicable) and maintenance of the system after the conclusion of the period for which the grant is to be awarded.

(H) An assurance that any contract entered into between the State court or local court and any other entity that is to provide services for the development, implementation, or maintenance of the system under the proposed plan will require the entity to agree to allow for rep-

lication of the services provided, the plan, and the system, and to refrain from asserting any proprietary interest in such services for purposes of allowing the plan and system to be replicated in another jurisdiction.

(I) An assurance that the system established under the plan will provide data that allows for evaluation (at least on an annual basis) of the following:

(i) The total number of cases that are filed in the abuse and neglect court.

(ii) The number of cases assigned to each judge who presides over the abuse and neglect court.

(iii) The average length of stay of children in foster care.

(iv) With respect to each child under the jurisdiction of the court—

(I) the number of episodes of placement in foster care;

(II) the number of days placed in foster care;

(III) the number of days of in-home supervision; and

(IV) the number of separate foster care placements.

(v) The number of adoptions, guardianships, or other permanent dispositions finalized.

(vi) The number of terminations of parental rights.

(vii) The number of child abuse and neglect proceedings closed that had been pending for 2 or more years.

(viii) With respect to each proceeding conducted by, or under the supervision of, an abuse and neglect court—

(I) the timeliness of each stage of the proceeding from initial filing through legal finalization of a permanency plan (for both contested and uncontested hearings);

(II) the number of adjournments, delays, and continuances occurring during the proceeding, including identification of the party requesting each adjournment, delay, or continuance and the reasons given for the request;

(III) the number of courts that conduct or supervise the proceeding for the duration of the abuse and neglect case;

(IV) the number of judges assigned to the proceeding for the duration of the abuse and neglect case; and

(V) the number of agency attorneys, children's attorneys, and parent's attorneys assigned to the proceeding during the duration of the abuse and neglect case.

(J) A description of how the proposed system will reduce the need for paper files, tie into national and regional adoption exchanges, and public and private adoption services.

(K) An assurance that the data collected in accordance with subparagraph (I) will be made available to relevant Federal, State, and local government agencies and to the public.

(L) An assurance that the proposed system is consistent with other civil and criminal information requirements of the Federal government.

(c) CONDITIONS FOR APPROVAL OF APPLICATIONS.—

(1) MATCHING REQUIREMENT.—

(A) IN GENERAL.—A State court or local court awarded a grant under this section shall expend $1 for every $3 awarded under the grant to carry out the development, implementation, and maintenance of the automated data collection and case-tracking system under the proposed plan.

(B) WAIVER FOR HARDSHIP.—The Attorney General may waive or modify the matching requirement described in subparagraph (A) in the case of any State court or local court that the Attorney General determines would suffer undue hardship as a result of being subject to the requirement.

(2) CONSIDERATIONS.—In evaluating an application for a grant under this section the Attorney General shall consider the following:

(A) The extent to which the system proposed in the application may be replicated in other jurisdictions.

(B) The extent to which the proposed system is consistent with the provisions of, and

amendments made by, the Adoption and Safe Families Act of 1997 (Public Law 105–89; 111 Stat. 2115), and part B and part E of title IV of the Social Security Act (42 U.S.C. 620 et seq.; 670 et seq.).

(C) The extent to which the proposed system is feasible and likely to achieve the purposes described in subsection (a)(1).

(3) DIVERSITY OF AWARDS.—The Attorney General shall award grants under this section in a manner that results in a reasonable balance among grants awarded to State courts and grants awarded to local courts, grants awarded to courts located in urban areas and courts located in rural areas, and grants awarded in diverse geographical locations.

(d) LENGTH OF AWARDS.—No grant may be awarded under this section for a period of more than 5 years.

(e) AVAILABILITY OF FUNDS.—Funds provided to a State court or local court under a grant awarded under this section shall remain available until expended without fiscal year limitation.

(f) REPORTS.—

(1) ANNUAL REPORT FROM GRANTEES.—Each State court or local court that is awarded a grant

under this section shall submit an annual report to the Attorney General that contains—

(A) a description of the ongoing results of the independent evaluation of the plan for, and implementation of, the automated data collection and case-tracking system funded under the grant; and

(B) the information described in subsection (b)(2)(I).

(2) INTERIM AND FINAL REPORTS FROM ATTORNEY GENERAL.—

(A) INTERIM REPORTS.—Beginning 2 years after the date of enactment of this Act, and biannually thereafter until a final report is submitted in accordance with subparagraph (B), the Attorney General shall submit to Congress interim reports on the grants made under this section.

(B) FINAL REPORT.—Not later than 90 days after the termination of all grants awarded under this section, the Attorney General shall submit to Congress a final report evaluating the automated data collection and case-tracking systems funded under such grants and identifying successful models of such systems that are

suitable for replication in other jurisdictions. The Attorney General shall ensure that a copy of such final report is transmitted to the highest State court in each State.

(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section, $10,000,000 for the period of fiscal years 1999 through 2003.

SEC. 5. GRANTS TO REDUCE PENDING BACKLOGS OF ABUSE AND NEGLECT CASES.

(a) INCREASE IN APPROPRIATED AMOUNT.—Section 430(b)(6) of the Social Security Act (42 U.S.C. 629(b)(6)) is amended by striking "$275,000,000" and inserting "$285,000,000".

(b) AUTHORITY TO AWARD GRANTS.—Section 430(d)(2) of the Social Security Act (42 U.S.C. 429(d)(2)) is amended—

(1) by striking "The Secretary" and inserting the following:

"(A) IN GENERAL.—The Secretary"; and

(2) by adding at the end the following:

"(B) GRANTS TO REDUCE BACKLOGS OF ABUSE AND NEGLECT CASES.—

"(i) IN GENERAL.—Subject to clause (ii), the Secretary shall reserve

$10,000,000 of the amount described in subsection (b)(6) for fiscal year 1999 for making grants to the highest State courts in States participating in the program under part E for the purpose of enabling such courts to reduce existing backlogs of cases pending in abuse and neglect courts. Funds provided under a grant awarded under this subparagraph may be used for any purpose that the Secretary determines is likely to successfully reduce such backlogs, including for the purpose of temporarily—

"(I) establishing night court sessions for abuse and neglect courts;

"(II) hiring additional judges and judicial personnel for such courts; or

"(III) extending the operating hours of such courts.

"(ii) NUMBER OF GRANTS.—Not less than 15 nor more than 20 grants shall be awarded under this subparagraph.

"(iii) DEFINITION OF ABUSE AND NEGLECT COURT.—In this subparagraph, the term 'abuse and neglect court' has the

meaning given that term in section 3(a) of the Strengthening Abuse and Neglect Courts Act of 1998.".

SEC. 6. TRAINING IN CHILD ABUSE AND NEGLECT PROCEEDINGS AND STANDARDS FOR ATTORNEYS REPRESENTING CLIENTS IN SUCH PROCEEDINGS.

(a) TRAINING.—

(1) IN GENERAL.—Section 474(a)(3) of the Social Security Act (42 U.S.C. 674(a)(3)) is amended—

(A) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively; and

(B) by inserting after subparagraph (B), the following:

"(C) 75 percent of so much of such expenditures as are for the training (including cross-training with personnel employed by the State or local agency administering the plan in the political subdivision, training on topics relevant to the legal representation of clients in proceedings conducted by or under the supervision of an abuse and neglect court (as defined in section 3(a) of the Strengthening Abuse and

Neglect Courts Act of 1998), and training on related topics such as child development and the importance of developing a trusting relationship with a child) of judges, judicial personnel, law enforcement personnel, attorneys representing the State or local agency administering the program under this part, attorneys representing parents in proceedings conducted by, or under the supervision of, an abuse and neglect court (as so defined), attorneys representing children in such proceedings, and guardians ad litem, to the extent such training is related to provisions of, and amendments made by, the Adoption and Safe Families Act of 1997 (Public Law 105–89; 111 Stat. 2115),".

(2) CONFORMING AMENDMENTS.—

(A) Section 473(a)(6)(B) of such Act (42 U.S.C. 673(a)(6)(B)) is amended by striking "474(a)(3)(E)" and inserting "474(a)(3)(F)".

(B) Section 474(a)(3)(D) of such Act (42 U.S.C. 674(a)(3)(D)) (as redesignated by paragraph (1)(A)) is amended by striking "subparagraph (C)" and inserting "subparagraph (D)".

(C) Section 474(e) of such Act (42 U.S.C. 674(e)) is amended by striking "subsection

(a)(3)(C)" and inserting "subsection (a)(3)(D)".

(b) STANDARDS, TRAINING, AND TECHNICAL ASSISTANCE FOR ATTORNEYS.—

(1) FOSTER CARE AND ADOPTION ASSISTANCE STATE PLAN REQUIREMENT.—Section 471(a) of the Social Security Act (42 U.S.C. 671(a)) is amended—

(A) in paragraph (22), by striking "and" at the end;

(B) in paragraph (23), by striking the period and inserting "; and"; and

(C) by adding at the end the following:

"(24) provides that, not later than January 1, 2001, the State shall develop and encourage the implementation of practice standards for all attorneys representing the State or local agency administering the program under this part, including standards regarding the interaction of such attorneys with other attorneys who practice before an abuse and neglect court (as defined in section 3(a) of the Strengthening Abuse and Neglect Courts Act of 1998).".

(2) TECHNICAL ASSISTANCE.—

(A) IN GENERAL.—The Secretary of Health and Human Services shall provide the

technical assistance, training, and evaluations authorized under this paragraph through grants, contracts, or cooperative arrangements with other entities, including universities, and national, State, and local organizations that have not had a previous contractual relationship with the Department of Health and Human Services or another Federal agency for any such purpose.

(B) PURPOSE.—Technical assistance shall be provided under this paragraph for the purpose of supporting and assisting State and local courts that handle child abuse, neglect, and dependency matters to effectively carry out new responsibilities enacted as part of the Adoption and Safe Families Act of 1997 (Public Law 105–89; 111 Stat. 2115) and to speed the process of adoption of children and legal finalization of permanent families for children in foster care by improving practices of the courts involved in that process.

(C) TRAINING.—Technical assistance consistent with the purpose described in subparagraph (B) may be provided under this paragraph through the following:

(i) The dissemination of information and technical assistance to State and local courts that receive grants under section 4 concerning the automated data collection and case-tracking systems and outcome measures required under that section.

(ii) The provision of specialized training on child development that is appropriate for judges, referees, nonjudicial decision-makers, administrative, and other court-related personnel, and for attorneys involved in abuse and neglect courts who represent the State or a human services agency, children, guardians ad litem, or parents.

(iii) The provision of assistance and dissemination of information about best practices of abuse and neglect courts for effective case management strategies and techniques, including assessments of caseload and staffing levels, management of court dockets, timely decision-making at all stages of a proceeding conducted by, or under the supervision of, an abuse and neglect court, and the development of

streamlined case flow procedures, case management models, early case resolution programs, mechanisms for monitoring compliance with the terms of court orders, models for representation of children, automated interagency interfaces between data bases, and court rules that facilitate timely case processing.

(iv) The development of standards of practice for attorneys representing the State or a human services agency, children, guardians ad litem, or parents in such proceedings.

(D) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to carry out this paragraph $5,000,000 for the period of fiscal years 1999 through 2003.

SEC. 7. GRANTS TO EXPAND THE COURT-APPOINTED SPECIAL ADVOCATE PROGRAM IN UNDERSERVED AREAS.

(a) GRANTS TO EXPAND CASA PROGRAMS IN UNDERSERVED AREAS.—The Administrator of the Office of Juvenile Justice and Delinquency Prevention of the Department of Justice shall make a grant to the National

Court-Appointed Special Advocate Association for the purposes of—

(1) expanding the recruitment of, and building the capacity of, court-appointed special advocate programs located in the 15 largest urban areas;

(2) developing regional, multijurisdictional resource centers for court-appointed special advocate programs serving rural areas; and

(3) providing training and supervision of volunteers in court-appointed special advocate programs.

(b) LIMITATION ON ADMINISTRATIVE EXPENDITURES.—Not more than 5 percent of the grant made under this subsection may be used for administrative expenditures.

(c) DETERMINATION OF URBAN AND RURAL AREAS.—For purposes of administering the grant authorized under this subsection, the Administrator of the Office of Juvenile Justice and Delinquency Prevention of the Department of Justice shall determine whether an area is one of the 15 largest urban areas or a rural area in accordance with the practices of, and statistical information compiled by, the Bureau of the Census.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to make the grant authorized under this section, $5,000,000 for fiscal year 1999.

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

November 5, 1998

TO THE HONORABLE BRUCE REED, WH

This is the White Paper on Working Families we discussed. We think a Domestic Policy led working group could pull together an exciting new Presidential initiative for next year.

Donna E. Shalala

Enclosure

Working Families Initiative
White Paper

Since 1993, the Clinton Administration has made working families a priority through increases in the minimum wage and the Earned Income Tax Credit (EITC), through the Children's Health Insurance Program, and through expansion of child care funding. Additional important accomplishments include enactment of the HOPE Scholarship and Lifetime Learning tax credits, the Family and Medical Leave Act, welfare-to-work housing vouchers and the Job Access program. In addition, the strong economy has contributed to an increase in the number of working families. Between January 1993 and June 1998, non-farm employment grew by more than 16 million net new jobs, an increase of almost 15 percent. Unemployment has fallen from 7.3 percent to 4.5 percent, while millions of new workers have joined the labor force.

Working parents in America should not have to worry about being unable to feed, house, clothe, or access medical care for their children. Yet 5.3 million children under the age of 13 were poor in 1996 even though their families included an adult who was in the labor force for more than half the year. Over 10.5 million children lacked health insurance coverage. This paper lays out an agenda to move these families out of poverty through work and through strengthening the critical supports to work, an agenda that builds on the considerable progress this Administration has already made in supporting working families and preventing parents from having to choose, in the President's words, "between the job they need and the child they love." The agenda proposed is a broad one, not located in any single Federal Department or state agency, because there is no single magic bullet that will ensure that low-income workers get jobs, keep them, succeed in them, and are able to meet their families' basic needs. Rather, it will take the whole Administration working together, joined by a wide range of public and private partners.

Our basic goal for working families should be that **every working parent can provide for his or her children's basic needs and for the family's health.** This goal means that working parents should be able to support their families at incomes above the poverty line. It also means, for example, that they and their children should have enough to eat, that they should be able to find and afford the child care and transportation that they need in order to work, that the care children receive should promote their healthy development and safety, and that no working family should be forced onto welfare because of a temporary interruption in work, or because earnings are so low or so unstable that welfare seems the only way to provide for the family.

The Administration has made important progress toward this goal. For example, the Administration's expansion of the EITC effectively gave a pay raise to about 18.5 million low-income working families in 1996. Yet much is left to be done:

- The Administration's successful efforts to increase the minimum wage and improve the EITC have had a major combined effect on low-income families -- but families still struggle to pay for child care, transportation, health insurance, rent, and food. For example, in 1992, prior to the new policies of the Clinton Administration, a single mother with two children working full-time at the minimum wage would have earned just $8,840 a year. After subtracting federal taxes and adding the EITC and food stamps, her net income would have

been just $12,596. In 1997, after the Clinton Administration's changes, the same mother would be earning $10,712 annually as a result of the minimum wage increase, and her EITC payment would more than double, to $3,656. Including food stamps, her net after-tax income would increase to $16,777. (See Attachment A.)

Yet while her family's total income is now above poverty, this mother still is at considerable risk of failing to meet her children's needs and perhaps having to leave her job if something goes wrong. For example, even with the major increase in child care assistance enacted as part of the welfare reform legislation, her chances of getting a child care subsidy would be very uncertain, depending on the state in which she lives or her place on a waiting list. If she couldn't get help with child care, or had to pay a substantial co-payment, she would be juggling rent, food, utilities, transportation, and child care costs out of her income just above the official poverty line -- and probably skimping on food, doctor visits, or utility bills in order to pay the rent.

To make a difference for these working families who fall through the cracks in today's programs and supports, we need to understand why these gaps exist.

Far too often, working families do not receive program benefits or supports that could make a difference to their lives and their children's lives -- and perhaps even make the difference in their ability to hold onto a job rather than give up and seek welfare or other assistance -- even though they are eligible. Sometimes, the benefits are only available at a location (such as the welfare office) or time that is inconvenient for parents who work; sometimes, no one has told them about their eligibility; sometimes, they are discouraged by long waiting lists; and sometimes, detailed policy or verification rules create unintended barriers. HHS estimates that more than four million children are eligible for Medicaid but not enrolled. The Administration has worked with States to begin to attack this problem through efforts such as outreach to families eligible for Medicaid and CHIP, the promotion of child care consumer education, and technical assistance to States provided through the Child Care Bureau and the Office of Family Assistance.

Sometimes, critical programs or supports are targeted in ways that do not reach all the working families who need them. For instance, the EITC, while a critical source of support for many low-income working families, does not provide enough support to lift families from poverty if they work only part-time or face extended periods of unemployment. Large families are also likely to remain poor in spite of the EITC, because payments do not increase for families with more than two children. Similarly, unemployment insurance is often not available to low-wage workers who experience unemployment after a period of part-time or seasonal work.

In other cases, critical programs or supports, like child care and housing assistance, have eligibility criteria that include working families but are underfunded and don't reach all eligible families. In the case of child care, we estimate that only a little more than 1 in 10 of the families eligible under Federal law actually receive assistance.

Therefore, to close these gaps, build on the Administration's accomplishments to date, and take the next steps toward a legacy where every parent who works is able to meet his or her children's needs, we propose a range of strategies that fit under five key themes:

- **Removing bureaucratic barriers to work and maximizing the effectiveness of existing programs**

- **Building secure, reliable supports for work**, such as Food Stamps, child care, health care, housing;

- **Helping families earn a living wage,** through improvements in the minimum wage, education and skill development among low-wage workers, and job creation;

- **Helping families weather temporary breaks in employment** without being forced to rely on welfare, through improved access to unemployment insurance for low-wage workers and possibly through improved availability of parental leave for low-income families; and

- **Meeting the particular needs of families who are especially likely to work and still be poor,** such as families with a disabled member and immigrant families. According to the Urban Institute, families with a foreign-born parent represent 16 percent of all working families, but 25 percent of working families with incomes below 150 percent of the poverty line.

Families Who Work and Are Poor

In 1996, more than one-third of the poor, or about 13 million people, were working adults or children under 13 living with a working adult. In these families, an adult spent more than half the year in the labor force but family income was below the poverty level (approximately $12,600 for a family of three).

Working poor families live close to the edge of disaster. Even minor problems -- illness, school vacations that leave children without care, a broken-down car -- too often result in job loss and financial crisis. Every day, working poor parents may face wrenching questions: Do I send my sick child to school, or risk losing my job? Is it worth taking six buses every day in order to bring my child to that day care center? Do I tell my boss that I can't work evenings, because I'd have to leave my teenager at home alone? If I pay the rent instead of the electric bill, will they turn off the heat?

Living this close to the edge, low-income working families also suffer consequences that are not directly reflected in the poverty statistics, such as hunger and housing instability. In 1995, according to the USDA, 4 million American households, many of whom included an employed family member, experienced moderate or severe hunger. The National Center on Homeless and Poverty reports that 25 to 40 percent of the homeless population work. And almost half of working poor adults lack health insurance.

Working families may be poor for three major reasons (See Attachment B):

1. **Because they earn low wages, which are often closely related to low levels of education.** People who go to college, on average, earn more than those who do not. In 1996, the poverty rate was 16.2 percent for working adults (in the labor force at least half the year) with less than a high school diploma, 6.3 percent for working adults with just a high school diploma, 3.2 percent for working adults with an Associate degree, and 1.5 percent for those with a four-year degree. Unemployment is also much higher for those with less education. In recent decades, wages have fallen for workers with high school degrees or less, but have risen for those with more education.
2. **Because they experience frequent periods of unemployment and part-time work.** With the help of the EITC, workers who are employed full-time year-round, even at the minimum wage, can escape poverty. However, many low-wage jobs are part-time, temporary, or contingent. In 1996, workers who usually worked part-time were three times as likely to be poor as workers who usually worked full-time.
3. **Because they have only one wage earner in the household.** In 1996, the poverty rate for families with one member in the labor force was more than seven times that of families with two or more members.

Because families headed by a single mother are often affected by more than one of these factors, they are disproportionately likely to be among the working poor. Nearly half of working poor families were headed by a woman in 1996. In addition, immigrant families, families with a disabled member and those facing other barriers to work are particularly likely to be poor.

A final reason why families who work at low wages and intermittent hours may have great difficulty meeting their children's basic needs is the high cost of work. One recent study found that formal child care for a single child would take 38% of the income of a parent employed full-time at the minimum wage. Transportation is also a major expense. A 1992 study found that average transportation costs for low-income working mothers ranged from $100 to $200 a month, depending on the availability of public transportation. At the same time, even relatively low levels of earnings may result in reductions in other family income, including welfare, food stamps, medical assistance, and housing subsidies.

What the Administration Has Already Accomplished

The Administration has taken important steps to help working families -- through increases in the minimum wage, expansions in the Earned Income Tax Credit (EITC) and in child care funding, and the dramatic expansion in children's health insurance coverage through the Children's Health Insurance Program (CHIP). These steps have had an important impact on at least some of these key goals (See Attachment C):

- The 1996 and 1997 minimum wage increases raised the wages of workers in 1.4 million poor families and 649,000 near-poor families.
- The EITC, which provides targeted tax relief to low-income working individuals and families, was greatly expanded during the Clinton Administration. In 1993, the EITC just offset the negative impact of federal income and payroll taxes on poverty; by 1996, it offset the impact of taxes for 1.2 million children and lifted an additional 1.2 million children out of poverty.

- Congress has enacted several Clinton Administration proposals to make college more affordable to low-income and middle-class students. The new "HOPE Scholarship" tax credit provides up to a $1,500 tax credit for students in the first two years of college or vocational school. The Lifetime Learning tax credit is targeted to adults who want to go back to school, change careers, or upgrade their skills, and to students in the later years of college and graduate education. The maximum Pell Grant was also just increased to $4,500, a 50 percent increase.
- The new Children's Health Insurance Program (CHIP) allocates $24 billion over the next five years to help states expand health insurance coverage to the children of working poor families. Forty-five plans have been approved; these plans estimate that they will provide health insurance for nearly 2.5 million currently uninsured children within the next three years.
- The additional child care funds that the President insisted on in the welfare reform legislation have enabled hundreds of thousands of families to receive affordable child care while they work.
- Child support collections have increased by 68 percent since 1992, to a record $13.4 billion in 1997. Paternity establishments are also at record levels.
- The new housing law will create 50,000 new Section 8 housing vouchers this year for families moving from welfare to work, and will make an additional 40,000 vouchers available by eliminating a mandatory three-month waiting period to reissue vouchers. The law will also allow communities to reward work and fight concentrations of extreme poverty by allowing moderate-income working families to live in public housing where the poorest residents on welfare are now concentrated, while reserving most Section 8 vouchers for the neediest families.
- The Family and Medical Leave Act has enabled millions of workers to take unpaid leave to care for a young child or other family member, without risking their jobs.
- The Clinton Administration, through welfare reform legislation and earlier waivers, has supported changes that allow families who work at a low wage and receive welfare to keep more of the money they earn.
- The Access to Jobs program represents an investment in transportation for families leaving welfare to work; for the first time, the Department of Health and Human Services, the Department of Transportation, and the Department of Labor are working together to leverage resources from all three agencies to improve transportation availability and affordability for low-income workers.

Yet, extraordinary as these accomplishments are, they leave millions of working parents still unable to meet the needs of their children. For example:

- While the increase in the minimum wage has been enormously important to families, it has not yet returned to its 1979 value when adjusted for inflation. The real value of the minimum wage (in 1997 dollars) fell from $6.29 in 1979 to about $4.30 in 1989 before being increased to $5.15 in 1997.
- While CHIP should have a very important impact on the proportion of children who lack health insurance, there continue to be reasons for concern about working poor families. Almost half of working poor adults lack health insurance, and even where children and adults are guaranteed coverage (for example, through transitional Medicaid provisions), some families may be lost in the system. In 1995, just 38 percent of children under age 11 who were eligible for Medicaid but did not receive cash assistance were enrolled in the Medicaid program. More recent evidence points to a much higher incidence of families who are eligible for but not receiving Medicaid.

The continuation of health insurance is an especially critical concern for families with disabled members, because they visit the doctor and are hospitalized more often than the non-disabled population; as noted above, these families are also especially likely to be found among the working poor. (See Attachment D.)

Even with the additional child care resources in the welfare reform legislation, only about 1 in 10 children eligible under the Federal law are now receiving child care subsidies. Because of resource limitations, some states set eligibility far below what is allowed in the law: in as many as 37 states, a family of three with $28,000 of income is not eligible for any child care subsidy at all. In addition, most states aren't able to reach even all the families that meet their eligibility requirements. Availability of infant care and care during non-standard hours also remains a serious problem. For these reasons, the President has proposed a historic Child Care Initiative to ensure quality, affordable child care for working families.

What We Propose

To build on this record of promise and ensure that families who work are able to meet their children's basic needs, we must put together a range of strategies, because there is no one solution that will help every family make a secure living from work. Instead, we need to look at everything we do that touches working families to make sure that we are supporting rather than discouraging work. Departments throughout the government have numerous opportunities to make a difference in the lives of low-income working families by maximizing the effectiveness of their existing programs and finding new ways of serving working families.

Based on the evidence about why working families are poor and what strategies show the most promise of supporting families effectively, we propose that the Administration should commit to five steps that together will make sure that parents who work can meet their children's basic needs:

1. Remove Bureaucratic Barriers to Work and Maximize the Effectiveness of Existing Programs

Low-income working parents face an incredible challenge to hold down a job, raise their children, and manage relations with multiple bureaucracies to obtain all the supports that the family needs. Families' attempts to support themselves through work should not be hampered by bureaucratic processes nor through the unintended consequences of well-meaning policies. We must mount a major campaign to ensure that families gain access to these supports by using Federal leadership not only to streamline national rules, but to change service delivery at the State and local levels.

Examine programs for low-income families throughout the government to find ways to change program hours and operations, strengthen outreach efforts, eliminate barriers of language and culture, and modify eligibility rules to make them fit the needs of working families.

HHS and other Departments can take on critical leadership in finding and eliminating barriers to work scattered throughout government programs serving low-income people. Efforts to root out

bureaucratic barriers have proved fruitful recently. The Federal and state governments eliminated the old AFDC rules which curbed families' incentives to work while they were receiving cash assistance. In addition, HHS eliminated Medicaid's "100 hour rule," which limited states' ability to serve two-parent families. We should also explore innovations in programs' designs to reach working families. For instance, the EITC is an example of a program that is easily accessible to busy working families: instead of having to visit a welfare office, or fill out a separate application form, workers get the EITC simply by filling out their tax return.

More powerful examples are included in proposals that the Food and Nutrition Service is considering for the FY 2000 budget. Some proposals would affect eligibility criteria, such as proposals in past budgets to ease the consideration of vehicles as resources to help assure that low-income workers have access to reliable transportation, or to restore eligibility for more legal immigrants who work hard and contribute to American society. Other proposals would affect food stamp administrative requirements in ways that simplify working households' participation in the Food Stamp Program and improve their access to the program. Similarly, States are experimenting with ways to make the WIC program more accessible to working parents through adjustment of service hours to accommodate job schedules.

Actively engage state leadership in outreach to working families through incentives, targets, mandates, and technical assistance.

Policymakers and administrators at the state and local level are necessary allies in ensuring that programs meet the needs of working families through the flexibility that is provided to them in Federal law. Many state and local officials are already implementing these strategies. For instance, in the transportation field, some states and communities have removed eligibility restrictions to allow narrowly targeted transportation systems (e.g., for senior citizens and people with disabilities) to help low-income workers to get to their jobs. We should explore ways to build on these efforts by offering technical assistance that helps state and local governments use the flexibility they have to serve working families and by finding ways to create incentives and rewards for states that choose to serve more working families.

State and local outreach is critical in programs like the Food Stamp program; estimates show that less than half of those individuals in households with earnings who were eligible for food stamps actually received them in August of 1995. Some of these individuals may not realize that they are eligible for benefits, while others may not be connected to the right systems to receive benefits or find the receipt of Food Stamps too stigmatizing to apply. State and local administrators are positioned to make adjustments in how they implement the program to meet the needs of working families.

Encourage states to provide earnings disregards or other supplements to working families receiving TANF assistance.

Almost all states have increased earnings disregards in TANF compared to AFDC, which means that working families who are in low-wage jobs can get a direct monthly supplement to earnings through their welfare check. However, because of time limits, this risks having the effect of using up a family's eligibility. Illinois has dealt with this problem by paying individuals who

work more than a minimum threshold in a month with state dollars so that they don't accumulate that month toward the time limit. We could encourage states to consider using MOE dollars to enhance earnings without triggering the TANF rules. A more systematic approach would be to propose legislation that would allow a family to receive assistance funded by TANF without triggering the federal 60-month time limit if they were only receiving work supports or if they were receiving limited assistance to supplement a paycheck.

2. Build Secure, Reliable Supports for Work

Parents who work in low-wage jobs with uncertain hours need to be able to count on reliable and affordable supports in order to keep their jobs and meet family needs. Child care, health insurance, food assistance, housing and transportation all have important potential to help families. Regular, reliable child support payments are also key for low-income families.

Ensure that Food Stamps and other food programs provide sufficient support for children and adults in low-income working families.

Food stamps provide a critical support for low-income working families. For a family with two children and one adult working at the minimum wage, food stamps would provide about one third of family income (considerably more than the EITC) if the parent worked 20 hours a week. Food stamps would provide just under one fifth of family income (slightly less than the EITC) if the parent worked 40 hours a week.

The Department of Agriculture is exploring ways to strengthen the supports that food stamps and other Food and Nutrition Service (FNS) programs offer to working families. For example, the Department of Agriculture is considering review of the Thrifty Food Plan (the basis of food stamp benefits) to understand if it appropriately reflects the reduced food preparation time that working households have available.

The Department of Agriculture is also looking to its Child Nutrition programs to support working families. The pending reauthorization bills for the Child Nutrition programs propose to expand eligibility for subsidized after-school snacks for children up to age 18 and to do demonstrations to expand eligibility for school breakfasts, which not only subsidize the cost of the family's food, but also assure working parents that children are receiving a nutritious breakfast before school.

Continue to improve the availability of health insurance through Medicaid/ CHIP.

Much of the work that needs to be done here is about outreach and removal of bureaucratic barriers such as burdensome processes and excessive eligibility documentation.

In addition, for low-income working parents, we should consider strategies which modestly expand Medicaid eligibility, such as simplification of transitional benefits for persons moving from welfare to work, or extension of Medicaid to all adults receiving benefits under TANF. Many of these would require legislation or Medicaid spending increases.

Pass the President's Child Care Initiative.

Because child care is so critical to the ability of parents to work and the ability of children to develop and learn, and because the cost and availability of child care are central to the ability of low-income working parents to succeed at work, it is essential to pass the President's Child Care Initiative. This initiative focuses on both quality and affordability; in particular, it closes a critical gap by expanding child care subsidies to reach low-income working families who are currently not being reached but who earn too little to take advantage of the Child and Dependent Care Tax Credit.

Encourage workplaces to provide employee and family assistance programs to assist low-wage earners in meeting personal and family demands, including substance abuse early intervention and treatment.

We can work to promote the use of employee and family assistance programs (EFAP) and ensure that their design and operation include special assistance to those entering the workplace from welfare. These EFAPs, working jointly with human resources departments and health care plans, should provide prevention, early intervention and treatment for substance abuse and mental health problems, parenting programs for employees and assistance for employees in finding appropriate child and elder care. In addition, we can perform outreach to small businesses to help them identify and access sources of support for their employees, since they are unlikely to have the internal capacity of large corporations with human resource departments and EFAPs.

Ensure that the subsidized housing system is designed to help families connect to employment and employment support services.

Housing assistance has an important role to play in helping families obtain and maintain employment and affects families' ability to work in multiple ways. The recently passed housing bill is an important step in increasing the availability of affordable housing. The Department of Housing and Urban Development could explore their legislation and regulations to avoid and eliminate situations in which a family's earned income gains are subsumed by a reduction in their housing subsidy. Early discussions between HHS and HUD indicate that there is great potential in collaborations that help convene local housing, welfare, and job development agencies, which separately serve the same families, to begin a dialogue about how they can work together to support working families. Other collaborative projects might include exploring ways to promote affordable housing options closer to available jobs, to explore transportation solutions to connect public housing to high-density employment areas, to examine how the system serves immigrant families which are, on average, larger families, and to promote the location of supportive services (e.g. child care) in and around subsidized housing.

Revamp the transportation system to fit new commuting patterns and better serve low-income workers.

The next step beyond the Access to Jobs program is to focus at the federal, state, and local levels on using the entire transportation system to meet the needs of low-income workers. There may

be some interest in additional budget investments in order to leverage changes in the existing transportation infrastructure.

Continue to strengthen Child Support Enforcement, with a focus on working families.

Regular, reliable, sufficient child support payments are a critical support for low-income working families with single parents, because they make it possible to count on a stream of income to supplement earnings and pay the bills even with uncertain work hours. In addition, of course, children deserve and have a right to the financial and emotional support of both parents. Under the Clinton Administration's leadership, child support collections and paternity establishment rates have reached record levels. The Administration and Congress worked together to pass the toughest child support laws in our Nation's history, as part of the 1996 welfare reform law, and we must build on these efforts. It is also important to learn from and expand upon the HHS demonstrations that promote employment and parental involvement opportunities for low-income non-custodial parents.

3. Help Families Earn a Living Wage

Preserve the value of the minimum wage.

We should increase the minimum wage to improve the earnings both of parents at the very bottom of the labor market and those who are in jobs just above those entry levels, whose wages often rise with the minimum wage as employers seek to preserve a spread in the wages of their more skilled or experienced workers. We also need to continue increasing the minimum wage over time, in order to keep up with the rising costs imposed by inflation.

Expand the EITC, support state EITC's, or identify other opportunities to support family income through the tax system.

The Administration could consider the possibility of further expansion of the EITC at the Federal level, but it is also critical to avoid any risk to the progress already made. Another possibility is to seek opportunities for encouraging more states to provide additional support through state EITC's. Nine states currently provide a supplement modeled on the Federal EITC (five refundable, four non-refundable).

Stimulate job creation in areas that still suffer from high unemployment.

While nationwide unemployment is at historically low levels, many pockets of high unemployment remain, particularly in remote rural areas and in inner cities. In these areas, job creation strategies may be appropriate, especially when aimed at populations who are particularly disadvantaged in the labor market, such as young workers, immigrant workers, workers without high school diplomas, or women who are returning to the workforce after years on welfare. The $3 billion Welfare to Work grants program, proposed and championed by the Administration, is an important step at delivering extra assistance toward areas with many challenges in moving people into jobs.

Experience suggests that community-based projects are more likely to be tailored to local needs and to respond to local labor market conditions than large national programs. We should continue to utilize a network of community-based organizations, specifically community development corporations, that create public-private ventures to stimulate employment at the local level. Empowerment Zones and Enterprise Communities provide a powerful example of leveraging resources for job creation and a vehicle for testing models tailored to local needs.

There are several local programs that may provide appropriate models for local job creation strategies. The New Hope project in Milwaukee, Wisconsin, places individuals in paid community service jobs with non-profit agencies for up to six months, if they are unable to find full-time work in an eight-week job search. YouthBuild gives disadvantaged teenagers and young adults an opportunity to do meaningful work in their communities while continuing to develop academic and leadership skills. Participants spend half their time learning basic construction skills while building and renovating affordable housing, and half of the time in YouthBuild alternative schools. The AFDC Homemaker-Home Health Aide demonstrations, operated in seven states in the 1980's, provided AFDC recipients with four to eight weeks of formal training in homemaker and home health aide services, followed by up to a year of full-time, subsidized employment.

Make college more accessible for low-income families

Nearly half of low-income students are unqualified or marginally qualified for college when they graduate high school. Moreover, among those low-income high school graduates who were qualified for college, less than 80 percent had attended any post-secondary institution within two years -- compared to almost 90 percent of qualified middle-income graduates and more than 95 percent of qualified high-income graduates. Implementation of the new GEAR UP program represents an essential first step by ensuring that students receive financial aid information, rigorous courses, tutoring, mentoring, and scholarships for college through competitive grants to states and local partnerships of colleges and middle schools in high-poverty areas. In addition, we can take steps to take into account the needs of dependent children in determining financial aid eligibility. For instance, we can increase the Pell Grants' dependent care allowance.

Enhance skills and support career development among low-income workers.

Low wages that don't rise even after a period of time in the labor force are a big reason that families are trapped in poverty. Lack of education and job skills are the primary reasons for persistently low wages. Our success in this area will be increasingly depend on our ability to reach workers whose first language is not English. By 2000, 22 percent of workers entering the labor force will be workers whose primary language is not English.

Among the ways to combat this problem is to work with colleges to make continuing education more accessible to working adults, particularly low-income adults and those who have previously failed in school settings. Adults without high school degrees and those who are unemployed or not in the labor force are actually less likely to participate in adult education than those who have more education and those who are employed. In addition, more needs to be done to ensure that students who combine school and work complete their studies. Of part-time students enrolled in post-

secondary education in 1989-90, just 25 percent had earned a degree or were still enrolled four years later, compared to 73 percent of students who attended school full-time at least part of the year.

States and communities across the country are experimenting with a wide variety of strategies and partnerships to enhance the learning and skill development of entry-level workers and to help them use those skills in a next job. While many of these efforts are still in the preliminary stages, some general principles can be drawn from them: in a strong economy, low-wage earners should seize the opportunity to look for a job with advancement potential. Education and training must be work-focused, and linked to employers' needs with cooperation between employers and training providers. Training must be accessible for all workers, including those with learning disabilities or limited English proficiency.

We should consider a variety of investments in these areas, and we expect that both the Department of Labor and the Department of Education are interested in making investments. In addition to supporting programs directly, it is important to use incentive strategies -- such as the High Performance Bonus and Welfare-to-Work grants performance bonus -- and to invest in technical assistance and evaluation, in order to stimulate, identify, and disseminate new approaches that are successful.

4. Help Families Weather Temporary Breaks in Employment

Improve access to Unemployment Insurance (UI) for low-income working families.

Right now, low-income workers who lose jobs through no fault of their own have less chance than middle income workers to get unemployment insurance to help them through periods of unemployment. We need to change that if we are to help working parents count on work, meet their children's needs, and avoid having to rely on welfare in a time of temporary job loss.

Under current rules, most low-wage workers who become unemployed will not qualify for UI benefits. Low wage earners often work seasonal or part-time jobs and most will not accumulate enough earnings to meet eligibility criteria. In addition, workers who leave their jobs for family responsibilities or who are available only for part-time work will not qualify in many states. This affects low-wage mothers in particular. Recent estimates indicate that among women who leave welfare to work, only about 10 percent would qualify for UI if they became unemployed. The proportion of unemployed workers receiving UI benefits is low among the general population as well, falling from about one-half in 1970 to about one-third in 1996. A significant reason for this decline is state eligibility restrictions, with over three-quarters of states adopting tighter eligibility criteria since 1981.

There are at least two possible strategies that could make more low wage workers qualify for UI. We could expand UI by making changes at the Federal level, or we could encourage state investments to expand UI eligibility, either through the regular UI system or through investment of other resources (such as TANF MOE funds). At the Federal level, the Department of Labor is currently gathering a variety of opinions on what eligibility changes the Administration should propose for the FY 2000 legislative package. For example, one proposal would change the

calculation of prior earnings in determining whether a worker is qualified, counting the most recent quarter of earnings whereas currently the calculation is usually based on an earlier period. This change would increase the number of workers qualified for unemployment insurance benefits by about 8 percent.

Improve the availability of parental leave for low-income working families.

To help low-income working parents keep the stability of their work lives through the birth and infancy of a child, we could build on the important step that the Administration took by enacting the Family and Medical Leave Act (FMLA). Unfortunately, for low-income parents, there are two important gaps in this protection:

First, while FMLA guaranteed to many workers that they could take unpaid leave without losing their jobs, many others are not covered, either because they work for a small employer, or because they did not work enough hours in order to qualify. In addition, unpaid leave may not be a real option for these families, forcing parents either to choose work over the needs of an infant or to suffer a sharp decrease in family income. In a recent survey on leave usage, 3.4 percent of workers reported needing FMLA leave in the previous eighteen months, but not taking it. The most common reason (63.9 percent) for not taking leave was that they couldn't afford it.

To address these problems, we could consider expansion of unpaid leave or the introduction of paid leave strategies for either the Federal or the state level. We know that at least two states have chosen to use Federal or state child care money to support low-income families at home with children, and we could explore whether others are interested in experimenting with approaches to paid leave for low-income families. A few states have also raised the possibility of using the UI system to provide paid parental leave.

5. Meet the needs of families with particular barriers to work, such as families with a disabled member or immigrant families.

There is an important overlap between the immigrant and disability agendas on which HHS has been providing such leadership and the working families agenda, because these are families who are especially likely to work and still be poor. Families may need supports that address their particular needs - such as a job coach so a disabled adult can succeed on the job or English classes at night for a working parent. They also need full access to the basic supports described earlier: for example, child care to meet the needs of children with disabilities and skill development opportunities need to be accessible to parents with limited English.

In families with a child or children with a disability, there are enormous needs related to child care, personal care assistance, and health care and other home care needs that must be addressed to enable the parent(s) to continue, or begin, employment. For adults who have a disability, whether mental illness, mental retardation/developmental disability, or a physical disability, there may be a need for additional assistance to allow the family to remain together and promote the fullest independence of all the family members in the most integrated setting possible. Support for workers with disabilities is also an important part of the welfare-to-work agenda, as survey data indicate that as many as 40 percent of welfare recipients have a disability of some type.

Ensure that immigrant working families have access to the English and citizenship instruction and that legal, language, and cultural barriers do not keep them from receiving the work supports and training that they need to succeed at work.

The President has welcomed all immigrant families, with a charge to "honor laws, embrace our culture, learn our language, know our history, and when the time comes, [to] become citizens." Working poor immigrant families will face a tougher challenge in fulfilling the President's charge due to the demands of simply feeding and housing their children. In order to end poverty among immigrant working families and speed their process in becoming Americans, there are a number of specific strategies to implement. First, working immigrant parents must have access to English classes and employers should be encouraged to offer worksite English classes before, during, or after work. Second, we should ensure that barriers of language and culture do not preclude working immigrants from getting the training that they need to succeed at work and move up career ladders. Families should also have access to bilingual and bicultural child care for their children while parents are working. Third, we should partner with employers to ensure that working families have assistance in preparing for citizenship.

Finally, we should consider whether there are further next steps in increasing access of working immigrant families to Medicaid, CHIP, TANF and Food Stamps, regardless of when they entered the U.S.. For instance, the Health Care Finance Administration (HCFA) is developing specific outreach strategies for Latino/Hispanic groups across the country. These safety net programs can assist immigrant working families in reaching and sustaining economic self-sufficiency.

Ensure that both public and private health coverage systems are designed to meet the needs of workers with disabilities.

The Administration has been active in developing options for states to offer for people with disabilities opportunities to retain access to their health coverage when they go or return to work. Last year's Balanced Budget Act contained a new option for states to continue Medicaid coverage for SSI-eligible individuals with incomes up to 250 percent of poverty. Currently, HHS is considering proposing legislation that would extend and improve on this recently adopted option, extending Medicaid to disabled people with higher incomes and assets and also permitting certain disabled Medicare beneficiaries to remain permanently on the program even if they return to work.

The Health Care Financing Administration is responsible for administering the Mental Health Parity Act of 1996, which is designed to make sure that private sector health coverage does not have different, lower limits for mental health services compared to general medical/surgical services. The Substance Abuse and Mental Health Services Administration (SAMHSA) is currently involved in gathering information through various studies on the costs and benefits of parity, which will help employers and consumers make informed decisions about purchasing health plans where mental health benefits are included. In plans where mental health benefits do not have parity with medical/surgical benefits, this information could be used to improve mental health benefit coverage, which is crucial to helping people who struggle with mental disorders to stay employed.

Integrate employment and supportive services for workers with disabilities into a one-stop system.

HHS is participating in an inter-agency effort to eliminate barriers and support employment for people with disabilities. This effort, led by the Department of Labor, is developing a program of competitive grants to states entitled the BRIDGE (Building Resources for Individuals with Disabilities to Gain Employment) program. The BRIDGE program will emphasize a single point-of-entry or "one-stop" service for adults with disabilities seeking to find and keep a job. Each adult with a disability should be able to learn about, receive advice about, and gain access to all of the services needed to succeed in competitive employment with the least effort possible, preferably with a single call or office visit. Each of the services should be sufficiently integrated with all of the other services so that they accomplish the goal of supporting long-term employment. The BRIDGE program exemplifies new workforce system infrastructure approaches at the state and local level that promote universal access through One-Stop Centers, integrated service delivery, enhanced customer information, and choice to improve employment potential and opportunity.

Attached are additional charts and examples.

DISPOSABLE INCOME FOR A SINGLE MOTHER AND TWO CHILDREN

By Hours Worked each Week

(in current dollars)

1992 Prior to Clinton Administration Policies

	20 hours at $4.25	40 hours at $4.25	40 hours at $5.10
Annual Earnings	$4,420	$8,840	$10,608
FICA	-338	-676	-812
EITC	813	1,384	1,384
Food Stamps	3,504	3,048	2,724
Net Income	$8,399	$12,596	$13,904

1997 After Clinton Administration Policies

	20 hours at $5.15	40 hours at $5.15	40 hours at $6.18
Earnings	$5,356	$10,712	$12,854
FICA	-410	-819	-983
EITC	2,142	3,656	3,461
Food Stamps	3,780	3,228	2,844
Net Income	$10,869	$16,777	$18,176

Change (Clinton - Pre-Clinton)

Earnings	$936	$1,872	$2,246
FICA	-72	-143	-172
EITC	1,329	2,272	2,077
Food Stamps	276	180	120
Change in Net Income			
in current dollars	$2,469	$4,181	$4,272
in constant 1997 dollars	$1,260	$2,367	$2,270

This analysis reflects the following:

- The minimum wage increased to $5.15 from $4.25 ($4.86 in 1997 dollars).
- The maximum EITC subsidy increased from 18.4% of the first $7,520 to 40% of the first $9,140.
- Child Care expenses are assumed to be 20% of earnings.
- Food Stamp benefit calculations assume an excess shelter cost deduction of 100% of the allowable maximum.

DISPOSABLE INCOME FOR A SINGLE MOTHER AND TWO CHILDREN

Living in a Moderate Benefit State - By Hours Worked each Week

(In current dollars)

1992 Prior to Clinton Administration Policies & Welfare Reform

	20 hours at $4.25	40 hours at $4.25	40 hours at $5.10
Annual Earnings	$4,420	$8,840	$10,608
FICA	-338	-676	-812
EITC	813	1,384	1,384
Cash Assistance	2,592	0	0
Food Stamps	3,060	3,048	2,724
Net Income	$10,547	$12,596	$13,904

1997 After Clinton Administration Policies & Welfare Reform Were Enacted

	20 hours at $5.15	40 hours at $5.15	40 hours at $6.18
Earnings	$5,356	$10,712	$12,854
FICA	-410	-819	-983
EITC	2,142	3,656	3,461
Cash Assistance	3,444	1,836	1,188
Food Stamps	3,156	2,676	2,484
Net Income	$13,689	$18,061	$19,004

Change (Clinton - Pre-Clinton)

Earnings	$936	$1,872	$2,246
FICA	-72	-143	-172
EITC	1,329	2,272	2,077
Cash Assistance	852	1,836	1,188
Food Stamps	96	-372	-240
Change in Net Income			
in current dollars	$3,141	$5,465	$5,100
in constant 1997 dollars	$1,623	$3,651	$3,098

This analysis reflects the following:

- The minimum wage increased to $5.15 from $4.25 ($4.86 in 1997 dollars).
- The maximum EITC subsidy increased from 18.4% of the first $7,520 to 40% of the first $9,140.
- Child Care expenses are assumed to be 20% of earnings.
- Food Stamp benefit calculations assume an excess shelter cost deduction of 100% of the allowable maximum.

Attachment B
Causes of Poverty among Working Families

Several factors contribute to the extent of poverty among working families:

- Low wages: The working poor are concentrated in certain low-wage jobs. In 1996, nearly three-fourths of the working poor were employed in one of the following three occupational groups: service; technical, sales, and administrative support; and operators, fabricators and laborers. Low wages are often closely related to low levels of education. Workers without a high school diploma were more than twice as likely to be poor as workers who had completed high school, and 10 times more likely to be poor than workers who had graduated college.

- Unemployment and part-time work: With the help of the EITC, workers who are employed full-time year-round, even at the minimum wage, can escape poverty. However, many low-wage jobs are part-time, temporary, or contingent. In 1996, workers who usually worked part-time were three times as likely to be poor as workers who usually worked full-time (12.4 percent versus 4.1 percent), and those who worked part-time because they could not find full-time employment were even more likely to be poor (24.9 percent). Many poor workers who usually worked full-time experienced unemployment (28.4 percent) or involuntary part-time work (15.8 percent) at some point during the year. In addition, a recent report based on monthly data suggests that a significant number of non-poor families (based on annual income) may be poor for one or more months due to fluctuations in income.

- Family structure: Families with only one wage-earner are much more likely to be poor than families with two or more working members. In 1996, the poverty rate for families with one member in the labor force was more than seven times that of families with two or more members in the labor force (14.6 versus 1.9 percent). Also, because the poverty threshold increases with family size, given the same income, families with more children are poor more often than families with less.

Because families headed by a single mother are often affected by more than one of these factors, they are disproportionately likely to be among the working poor. Nearly half of working poor families were headed by a woman in 1996. The poverty rate for families with children that were maintained by a woman who was the sole supporter of the family was 26.6 percent.

Source: BLS: *A Profile of the Working Poor, 1996.* December 1997

Attachment C
Impact of Transfers and Taxes on Poverty

The official poverty rate calculations include cash benefits, such as AFDC/TANF and Social Security, but do not include near-cash benefits, such as Food Stamps and housing assistance. They also do not include payroll and income taxes, which reduce families' take-home pay, or the Earned Income Tax Credit, a refundable credit which adds to family income. However, by recalculating the poverty rate, first excluding all transfers, and then adding both cash and near-cash benefits, as well as taxes, we can estimate the impact of these programs on poverty.

In 1995, the pre-transfer poverty rate for individuals in families with children under 18 was 20 percent. Transfers from the federal government reduced that rate to 13 percent, a decline of more than 35 percent.

The fraction of individuals in poor families lifted from poverty has grown consistently since 1983. Most of this growth has come from increases in the Earned Income Tax Credit (EITC). Before 1993, the net impact of federal taxes was to take money away from poor families, primarily through Social Security payroll taxes. (The EITC is only available to families and individuals with earned income.)

Unemployment Insurance has a relatively small impact on the poverty rate because most poor workers do not have enough earnings or consistent labor market participation to qualify for UI benefits.

Anti-Poverty Effectiveness of Cash and Near-Cash Transfers for All Persons in Families with Related Children Under 18, 1995

Percent of Otherwise Poor Persons Removed from Poverty Due to:	
Social Insurance (other than Social Security)	3.5
Social Security	6.1
Means-Tested Cash Benefits	6.6
Food and Housing Benefits	12.5
EITC and Federal Payroll and Income Taxes	6.6
Total	**35.2**

Source: DHHS, Indicators of Welfare Dependence, October 1997

Attachment D
Health Care Coverage of Poor and Near-Poor Adults and Children

Health care coverage is a fundamental aspect of well-being. Individuals without health insurance are less likely to seek preventive care and early treatment, and could be more likely to develop serious illnesses as a result.

In 1997, 43.4 million people, or 16.1 percent of the population, did not have any health insurance coverage, an increase of 1.7 million from 1996 in spite of the robust economy. Among poor people, 11.2 million (31.6 percent) were not covered. Almost half of working poor adults lack health insurance. Because many low-wage jobs do not provide health insurance, working poor and near-poor adults are actually less likely to have health insurance coverage than their non-working counterparts, who are more likely to be covered by Medicaid.

Percent Lacking Health Insurance Coverage

	Total	Poor
Total	16.1	31.6
Adults who worked during year	18.1	47.6
Working-age adults who did not work	26.2	38.5
Children	15.0	23.8

Source: U.S. Census Bureau, March supplement to the 1998 Current Population Survey (data from calendar year 1997)

By law, families leaving the TANF rolls maintain their eligibility for Medicaid for up to one year. Nonetheless, there is evidence, from a 1997 GAO study of three states and from several states' own studies of welfare "leavers", that among families whose welfare benefits are terminated or who leave welfare for work, participation in Medicaid declines significantly and is not offset by a corresponding increase in private insurance coverage.

The continuation of health insurance is an especially critical concern for individuals with disabilities, as they visit the doctor and are hospitalized more often than the non-disabled population, and have higher average medical expenses. One study showed that annual per capital health care spending for adults with moderate disabilities was six times, and for adults with significant disabilities was twelve times, that for non-disabled working age adults.