September 8, 1998

MEMORANDUM FOR BRUCE REED
ELENA KAGAN

FROM: Domestic Policy Council Staff

SUBJECT: **Compilation of Preliminary New Ideas**

CHILDREN AND FAMILIES

1. Child Care. Reintroduce the President's child care proposal. This includes: increased funding for the Child Care and Development Block Grant; increased tax credits for working families to help them pay for child care; a fund to invest in programs that support early childhood learning and development; after-school care through the 21st Century Learning Center program; and programs to improve child care safety and quality through a fund to states to enforce standards better, scholarships for child care providers, and additional funding for evaluation and research.

2. Paid Parental Leave. Many workers, including those covered by the Family and Medical Leave Act, cannot afford to take leave at the birth or adoption of a child. This proposal would provide paid parental leave for a limited period of time to working parents with family incomes below a set amount. For example, a new proposal could provide 6 weeks of paid leave to all new parents who have been in the workforce either part-time or full-time for one year and whose family income is below $50,000, at a cost of $1 billion per year. This proposal could use the unemployment insurance system to provide the leave payments, but would be paid for by the federal government.

3. Home Visitation. Home visiting programs, in which a trained professional (such as a nurse) pays routine and intensive visits to pregnant mothers and new parents, have proven successful in strengthening families and improving child outcomes, particularly reducing child abuse. We propose to create a grant program to fund the development or expansion of home visitation programs, with priority given to areas with high rates of child maltreatment.

4. Child Welfare. Each year, thousands of foster children "age out" of the child welfare system; at age 18, children lose their foster care maintenance assistance funding, and many have neither been reunified with their family nor adopted. In the next 3 years, approximately 65,000 children will "age out." We propose increasing by 50% the Federal Independent Living Program (ILP), which assists adolescents aged 16-18 in the foster care system as they prepare for independence. The ILP provides services to help foster care children earn a high school diploma, receive vocational training, and learn daily living skills such as budgeting, locating housing, planning a career, and finding a job. The program was begun in 1984, and has been funded at $70 million annually since 1992. Funds are awarded directly to the States, which receive a base amount by formula and additional funds at a 1:1 match ratio.

5. Child Tax Credit. The 1997 Balanced Budget Agreement created a Child Tax Credit of $500 per child for families. We would propose an expansion of the credit to families with children under three, in order to better support working families. This tax credit may allow some parents to spend more time with children by enabling them to forego some income. The proposal would benefit both families in which both parents work, as well as families in which one parent stays at home. This proposal would roughly cost $5 billion over five years.

6. Home Office Tax Deduction. We propose an expansion of the Home Office Tax Deduction in order to create incentives for parents to work from home so that they may spend more time with their children. This proposal would allow the taxpayer to claim additional expenses of the costs of working from home, such as Internet hook-up costs. It would cut down on commuting time, thereby allowing parents to spend more time with their children. In addition, the tax deduction would help reduce pollution costs associated with commuting.

7. Flex-Time: We propose offering tax credits to all companies that offer a variety of family-friendly benefits, including flexible work hours for their employees, compressed work weeks, part-time work with benefits, job sharing, career sequencing, and extended parental leave. Such a tax credit would enable parents to spend more time with their children by providing companies, both small and large, to respond to the time crunch families are facing. In addition, it builds on our flex-time proposal (which allows workers to take their over-time compensation as vacation time) and family-leave proposal.

8. After-school programs: In order to meet the growing concerns parents have over how their children are occupied in the hours between the end of the school day and the time parents arrive at home, we propose an expansion of our after-school initiative. A poll recently conducted by the Mott Foundation found that 92% of Americans believe there should be organized activity for children after school; 78% strongly share this view. In order to address this growing consensus, we propose first expanding our 21st Century Learning Centers Initiative, which supports school-based after-school programs. In addition, we propose creating a set-aside within the Child Care and Development Block Grant targeted to after-school programs run by community-based organizations.

CIVIL RIGHTS

1. Enhance the CRS program at Justice. The Community Relations Service at Justice has been a significant force in cooling racial tensions in communities all over the country. Since the 1980s, their budget has been decimated. This initiative could (1) enhance CRS's ability to provide mediation services to resolve community civil rights concerns as an alternative to litigation; and (2) provide CRS conflict resolution training and technical assistance to communities. The CRS is very popular with the AG and she often talks of wanting it strengthened.

2. Inter-Agency Task force on Discrimination. This initiative would create an inter-agency task force (headed by the Civil Rights Division at Justice) to expand research on the extent of racial discrimination in the country. The research would focus on developing uniform testing protocols in housing, employment, and access to capital and then using these tools to asses the nature and extent of discrimination in these areas. This effort could be linked to agency compliance and/or enforcement work.

3. Improve Civil Rights Information Sharing. This proposal would provide funds to establish and maintain a system that links the data bases of agencies with civil rights enforcement responsibilities -- thus allowing, for example, OCR at Education to have better access to work being done by the Education Section at Civil Rights.

4. Becoming an American. A national effort to focus on easing the transition to the U.S. for new immigrants. We could provide grants to community-based organizations that fund English and civics classes for new immigrants. Also, we could encourage the development of programs that provide practical transition-type help to new immigrants -- such as understanding the public education system; understanding the housing system, etc. According to the INS, there is a bit of this being done on the community level, but they do not fund any of it. Also, some of the education bits are done by the Dept. of Ed. (adult education and/or literacy), but not in a coordinated way. HHS funds some transition work for refugees. This general idea was first talked about by the Jordan Commission.

5. Sweat-Shop Initiative. Expand enforcement against labor abuses in "sweatshops" and on farms that employ migrant farm laborers. Many of the wage & hour laws in place to protect low-wage workers are not adequately enforced by the Department of Labor, in part because of dramatic reduction in funding for these efforts during the 1980s. These workplaces often serve as places of gateway employment for new immigrants, and thus the abuses disproportionally affect Latinos and Asians.

6. Equal Pay. A program that could be run by the EEOC and DOL to increase outreach to businesses to educate them about the legal requirements for paying equal wages, provide technical assistance, improve training for EEOC employees and resources for increases in enforcement capabilities.

COMMUNITY EMPOWERMENT

1. Access To Capital For All Americans.

•**CDFI Tax Credit.** In 1996, we proposed a tax credit for investors in CDFIs. We could re-propose this $100 million non-refundable tax credit. The maximum amount of credit allocable to a particular investment would be 25 percent of the amount invested.

•**Voluntary CRA.** Launch a bully pulpit effort to encourage non-bank financial institutions to develop and implement principles for community investment.

•**Micro-Enterprise.** Provide authorization and funding for CDFI Fund to provide technical assistance to micro enterprise organizations and micro-entrepreneurs (PRIME Act, Kennedy-Domenici).

•**Secondary Market.** Develop coordinated administration initiative to take first steps towards secondary market for community development loans, including data collection, education, standardization, regulatory review, and the creation of a loan loss reserve fund to back pools of community development loans pooled and sold by the private sector.

•**Fair Lending.** Continue to push the Fed to permit collection of data on race and income of small business borrowers; consider legislation if this fails.

•**Capital Access Programs.** Push to give the CDFI Fund authorization to launch small business capital enhancement program to back state-run loan loss reserve funds that permit banks to make more difficult small business loans.

2. Sustainable Development.

•**Environmental Activity Bonds.** In response to the growing needs of urban areas, an environmental bond would help cities meet the environmental goals set by the Clinton Administration. EPA has identified three areas which would be candidates eligible to receive funding: brownfields, drinking water, urban river/waterfront cleanup, and the creation of parks and other public spaces. Drinking water (as cities need to improve infrastructure to meet the requirements of the Safe Drinking Water Act) and brownfields are two areas that cities continue to seek assistance for financing. Our preference is to be more inclusive and allow municipalities increased flexibility to identify their priorities. However, there should be attention paid to how this financing would intersect with other Administration initiatives like the Clean Water Action Plan, Drinking Water Revolving Loan Fund, and TEA-21.

•**Urban River Corridors and Wetlands Restoration Projects.** EPA proposes urban river corridor and wetlands restoration efforts tailored to improve the human health and economic opportunities in urban communities. To date, EPA has made small grants to a number of cities and municipalities for these types of projects. With additional grants to local communities, the Agency could provide the necessary funding for projects to improve community water resources. These projects would provide employment opportunities for residents, benefit the economic welfare and technical competence of local residents, and empower the community to build for a better future. Restored areas can serve to attract and sustain business as well as provide outlets for recreation.

•**Community Preference and Visualization Tools.** Building the social capital necessary to change transportation and land-use policies to create more livable communities also requires tools that the average citizen can use to understand the implications of major policy choices. EPA proposed to act as a catalyst in the development and use of such innovative decision making tools. The types of tools would include: 1) Community Preference Surveys, which show communities pictures of different neighborhood types, and help the community reach a consensus about the types of development that are desirable; 2) simulation tools, which would get a community "development ready" or help a community experiment with alternatives that have been proposed; and 3) new software, accessible to the public as well as urban planners, to view and evaluate alternative urban designs for any community.

•**Asthma Initiatives.** Through better implementation and new investments, EPA believes the Federal government can take action that will show immediate and long term results to reduce asthma rates among children.

•**Air Quality Credits.** EPA proposes to provide incentives to transportation planning by developing protocols for potential air quality credits toward state attainment plans for locally-initiated strategies and projects that create less auto-dependent communities. Similarly, the Agency proposes to create the next generation of the Clean Air Brownfields Partnership Pilot by continuing and expanding its ongoing efforts to link air quality goals and brownfields/infill redevelopment. After 2000, EPA proposes to partner with cities that have a significant brownfield site in the decision-making phase of redevelopment, work with the city, state, and developer to come up with a project design that maximizes air quality benefits, and allow credit for these activities under the State Implementation Plan.

3. Job Creation in Distressed Communities.

•**Local Infra structural Improvement and Economic Revitalization Fund.** Emil forwarded this idea to establish a Federal grant program to fund local Infra structural improvements. This would spark revitalization of declining or stagnant low-income areas by providing funds to upgrade local infrastructure. These Federal dollars could leverage State, local, and private funds for such Infra structural efforts.

•**Community Revitalization Tax Credit.** LISC proposes a Community Revitalization Tax Credit (CRTC) --similar to the Low-Income Housing Tax Credit --to help stimulate private-sector investment in commercial property in under served neighborhoods.

•**Community Development Corporation Tax Credit.** In 1993, we put in place a demonstration tax credit for investors in 20 CDCs. According to this report for Bruce Katz' shop at Brookings, this program has been effective. We could propose expanding this CDC tax credit to more areas. The author of this report also proposes some changes to make the tax credit more effective.

•**Expand and Rationalize Employer-Side Tax Incentives.** This includes EZs, Welfare to Work, WOTC, DC Jobs Credit.

•**Working Ventures Fund.** Fund one or more national non-profits to fund, evaluate, share best practices, develop networks, and link non-profits to their business community, in the job training and placement field, as LISC and Enterprise do in the housing

•**Community Empowerment Fund.** a) Include targeting for welfare to work projects; b) allow links to venture capital focused on minority-owned or small business in distressed areas; c) eliminate mandatory pledge of CDBG dollars for CEF loans.

•**Metro Jobs/Community Development Corporation (CDC) Links.** Would target job-poor but CDC-served central-city neighborhoods to create or strengthen a welfare-to-work infrastructure that is place-based but people-focused and regional in orientation (where the jobs are). Would build on HUD's Bridges to Work and complement DOL and HHS efforts, focusing on concentrations of assisted housing run by CBOs.

4. Low Income Savings.

•**Asset Development for Section 8 Voucher Recipients.** Currently, an individual still sees the size of their subsidy reduced for each extra dollar he/she earns. This new idea from Liebman and Orszag would roll-over any savings --or a part of the savings --from an individual earning more money into an Individual Development Account (IDA). That is, if the size of a person's Section 8 voucher is reduced by about 30 cents for each extra dollar he/she earns, we could put this savings --up to 30 cents --in an IDA. We could also the capabilities created by EFT '99 to electronically transfer money to efficiently establish IDAs for more Americans.

•**Brownfields Meets Community Development.** Under this proposal, we would push banks to invest in brownfields as part of their CRA commitments.

5. **Affordable Housing.**

•**Elderly Housing Initiative.** 1) Housing modernization grants to existing elderly housing projects for modernization, physical redesign, and/or conversion to assisted living; 2) Expanded and more flexible service coordinator grants to meet needs of increasingly frail population in public and assisted housing; 3) authority for PHAs to use vouchers for the housing component of assisted living costs.

•**Regional Affordable Housing Initiative**. Targeting regions with severe jobs-housing imbalance and established partnerships for regional collaboration, HUD would provide grants and loan guarantees to support planning, regulatory streamlining across jurisdictions, and development.

•**Vouchers.** An expanded request will focus on incrementals, welfare to work, and homeless.

6. **Promoting Homeownership In Distressed Communities.**

•**Low-Income Homeownership Tax Credit.** Self-Help --a community group in North Carolina --proposes a tax credit for investors who provide second mortgages to low-income families. This could significantly reduce the barriers to homeownership among low-income families, who do not really benefit from the home mortgage interest deduction.

•**Increase Allocation of Mortgage Revenue Bonds.** Each state receives a supply of tax-exempt mortgage revenue bonds. These bonds help low-income families become homeowners and help develop affordable rental housing. There are currently 53 co-sponsors of legislation in the Senate and 316 co-sponsors of legislation in the House to increase the allocation of mortgage revenue bonds by slightly more than 50 percent and then index it to the rate of inflation.

•**Expand Use of Mortgage Credit Certificates.** Mortgage Credit Certificates (MCCs) are credits against federal income tax equal to between 10 and 50 percent of mortgage interest (to a limit of $2,000 per homeowner) issued by state governments. MCCs count *against* state's ability to issue mortgage revenue bonds. We could propose to expand the MCC program to allow the limit to be $4,000 for homeowners in EZs or ECs. We could also propose allowing states to not have to count MCCs against their mortgage revenue bond base.

•**First-Time Homebuyer Tax Credit.** The 1997 tax law put in place a $5,000 tax credit for first-time homebuyers in the District of Columbia. To boost homeownership in Empowerment Zones, we could propose allowing any first-time homebuyer in an EZ to take advantage of this tax provision.

•**Historic Homeownership Assistance Tax Credit.** The National Trust for Historic Preservation proposes a 20-percent tax credit to homeowners who rehabilitate or purchase a newly rehabilitated historic home and occupy it as a principal residence.

•**Homeownership Vouchers.** Already authorized, would apply rental subsidies to mortgage-related expenses for first-time homebuyers who were Section 8 tenants.

EDUCATION

1. Class Size Reduction. Reintroduce President's proposal to reduce class size in grades 1-3 to an average of 18. Needs to be funded on the mandatory side. If necessary, we could combine this with a teacher quality/recruitment initiative, so that funds in the early years of the program are devoted to (1) incentives for people to enter teaching and/or (2) teacher training and professional development.

2. School Modernization. We've tried this on the mandatory side and we've tried this on the tax side. Assuming we don't get it this year, we've got to try again next year.

3. School Discipline/Safety. We are working on an overhaul of the Safe and Drug Free Schools Program, that will: (1) focus the program on comprehensive, proven approaches to improve school discipline and safety; (2) better target the funds to schools/communities with the greatest needs; and, (3) improve data collection and reporting, including school report cards on safety/discipline issues. Because the program currently spreads (small amounts of) funds around to almost all school, and because of its initial emphasis on keeping schools drug-free, the politics of this program will probably require that any shift in emphasis on greater targeting will require additional resources.

4. Teacher Supply and Quality. Here are three initial ideas for improving teacher quality. The first two came out of our initial discussions on the President's race report. We can decide down the road whether to keep them focused on high poverty schools, or make them more universal. We can also break out particular pieces of them into separate initiatives if we want to:

- **Make sure there are qualified teachers in high poverty schools**. First, encourage and support state and local efforts to improve the preparation, certification, recruitment, selection, induction, retention, evaluation, reward and dismissal of teachers overall. Support necessary R&D on critical components of an upgraded system, such assessing teacher competence in the classroom. Second, work to end the practice of disproportionately placing and keeping unqualified teachers in high poverty schools. Require states to require prospective teacher to pass basic skills/subject matter tests (and help them develop more demanding assessments) in order to be licensed Prohibit school districts receiving Title 1 funds from staffing Title 1 funded classes (what about schoolwides???) with unqualified teachers, and bar those without an effective system for teacher evaluation (including removal of incompetent teachers) from receiving Federal (or just Title 1) funds. Require K-4 teachers in Title 1 schools to successfully complete training in teaching reading, and fund the training. Third, help attract and retain the best teachers for high poverty schools. Fund induction and continuing professional development programs in high poverty schools. Provide incentives for Board-certified teachers to teach in high poverty schools.

• **Recruit More Minority Teachers**. Many believe that a major factor influencing children's success in education is role models. Enhance current recruitment programs with effective incentives to attract more minorities to the teaching profession. Minority teachers, administrators, and school personnel serve as role models for minority students and can provide an important link between schools and parents.

•**Establish subject-specific teacher/administrator training institutes/academies/centers in every state.** There are crying needs to train existing teachers in key subject areas, such as reading, technology use, math/science and other academic subject. We should establish subject specific training centers in each state (or perhaps in geographic regions within states). The idea is to create a place, probably at a university, that has the subject-matter capacity and can work with school systems to develop and implement a strategy for ensuring that every teacher who needs it gets high quality, intensive and ongoing training in the subject and how to teach it. This could either substitute for or complement the current teacher training program (Eisenhower Professional Development Program), which provides funds to states and school districts on a formula basis, with broad discretion on how the funds can be used for professional development. We could also establish training centers for principals and other school leaders.

• **Continuing the Troops to Teachers (TTT) program** (due to phase out in Oct 1999). TTT provides stipends to encourage retired military personnel to teach and school districts to hire and train them. TTT attracts more minorities and men into the teaching profession than are traditionally represented, they have background in understaffed subjects such as math and science, and are more willing to teach in inner-city classrooms.

5. Recruiting and Training Principals. Most states and communities lack good strategies for recruiting and preparing individuals with the knowledge and skills to provide the kind of leadership and management schools need right now. We could propose a competitive demonstration program to provide focus, leadership and effective models for the field. This would not be a big-ticket item.

6. Urban/Rural Initiative. This could take two forms. One would be some version of Education Opportunity Zones--a competitive grants program that rewards performance and requires accountability. A second would be to create local performance partnerships, in which local communities agree to create schools that are safe, have high standards and qualified teachers, after-school programs, tutors and other forms of extra help for kids, technology, etc. The districts would be responsible for creating schools with these opportunities, and would be accountable for improving achievement across the board (perhaps as measured against national standards). In return, the districts would (1) be able to combine funds from relevant ED and other programs, so they can figure out the best way to provide the learning opportunities; (2) get extra funding over and above the funding from the existing categorical programs; and (3) gain or lose additional funding based on performance (with some floor established to minimize the risk for districts).

7. Choice Demonstration Program. Establish a demonstration program to challenge states and school districts/cities to expand the range of high quality schools students and families can choose among, thereby enabling students in low performing schools to move to better ones. A variety of approaches should be encouraged, including:

• **Community College Enrollment.** High school students should be permitted to enroll in community colleges, for high school level or college level courses. This step could provide inner city students with access to more qualified teachers, because most community colleges have faculty with subject matter expertise (whereas urban high schools often have teachers teaching out of field). It could also help boost minority enrollment in college. [see if this can build on existing tech-prep programs, or other articulation agreements.]

• **Contract School System.** Transform urban school systems from bureaucracies which operate large numbers of schools into systems in which the local governing body contracts out the operation of each school--to teachers, nonprofits, school management firms, etc. In effect every school becomes a charter school, with a distinct mission, control over its own staffing and budget, and accountable for results. The local school board is responsible for selecting the schools, identifying new types of schools that might be needed and soliciting proposals to operate the school, monitoring the performance of each school and holding it accountable. Under this approach, all schools would eventually be schools of choice.[see Paul Hill's work for background on this]

• **Schools located at large employers.** Encourage large employers to provide facilities on site for schools for children of their own employees, while the school district provides the teachers, curriculum, instructional materials, etc. Dade County's Satellite Learning Centers provide the model for this approach. Dade's experience shows that these schools can (1) be more diverse than other schools, because work sites are more diverse than residential neighborhoods (2) save the school districts the cost of new facilities (3) save employers costs associated with employee turnover and (4) increase parental involvement in the schools.

•**Expanding choice through smaller, schools-within-schools.** Transform large, impersonal schools into smaller schools-within-schools that would dramatically expand choices within public education for families without requiring students to leave their neighborhoods. Many parents want more choice in education but don't want to send their children to school far from home. This proposal would address that need and enable many more students to get the personalized learning attention that so many families want; it also may reduce discipline and violence problems. A grants program could support networks of schools or school districts to plan and implement this concept and provide information and counseling to help students and their families make good choices. This proposal could be linked or combined with the "contract" schools concept by creating a competitive process to award contracts to manage each school-within-a-school to teachers, non-profits, charter schools, etc.

8. English Language Acquisition. As part of the planned overhaul of the Bilingual Education Program, we should consider a number of initiatives:

• **Make every LEP child competent in English within 3 years of obtaining services.** English language competency is the key to success in schooling and the economy. ESL and similar services should be made universally available to <u>all</u> students who need them. Federal funding can provide matching grants to States to do this. The requirement--including funding and accountability--for serving LEP kids and helping them become competent in English within 3 years should be built into the Title 1 program. Other programs, such as after-school and technology, should also be designed so that in schools with significant numbers of LEP kids, they are also focused on helping kids learn English within 3 years.

• **Support English Plus.** In addition to ensuring that all LEP students learn English, we should promote foreign language learning, starting in the early grades, for student's whose native language is English. The objective is to dramatically increase the number of students who leave school fluent in two or more languages, regardless of their native language.

• **Support demonstrations of, and if effective greatly expand "Newcomer High Schools" for recently arrived immigrant students.** Many school districts are facing an increasing number of secondary immigrant students who have low level English or native language skills, and in many cases, have had limited formal education in their native countries. In order to prevent these students from dropping out (and these children are a significant factor in the 40% Hispanic drop-out rate), these students must learn English, take the required content courses and catch up to their U.S. peers. Some district have developed Newcomer programs --either a separate school or a school-within-a-school. These programs typically educate students for a limited period of time (most for less than two years) before enrolling them in their home schools. Three such schools are 4-year high schools. The programs reach beyond the students themselves, providing classes to orient parents to the U.S. and 63% offer adult ESL classes. There are currently 75 such programs in 18 States and the Center for Applied Linguistics has sponsored an evaluation of their effectiveness.

9. Quality pre-school education. We can propose an initiative to make quality pre-school universally available, or at least universally available for poor kids. There should be two key components to this. One is to provide a number of funding streams to pay for it. Head Start should be the base, though we should also look at ways in which Title 1 could play a larger role. Second, we should provide incentives to both preschools and school districts that receive federal funds, to work together to help ensure that the preschools programs are focused on helping kids get ready for school, by requiring the schools to reach out to preschools and let them know what they expect kids to know and be able to do when they come to kindergarten, and by giving the preschools the help they need to provide an appropriate curriculum.

10. Federal Matching Funds for AP courses and for AP and SAT/ACT Preparation. The President has made universal access to two years of higher education a priority, and has created ways to alleviate the financial hurdles. A logical next step in improving the quality of access is to make all students more competitive by closing the gaps in advanced course availability as well as SAT and ACT test scores. The Federal government could establish funding matching mechanisms to encourage states to improve access to AP courses and preparation for AP tests in low-income schools; in areas where AP courses are not available, funds could be used for partnerships with community colleges that offer similar courses. Similarly, matched funds could be used to do one of a number of things for SAT/ACT preparation: pay for low-income youth to attend prep courses (e.g., Kaplan; Princeton Review); fund poor school districts to set up their own test prep programs; as in America Reads, waive the federal match for Work Study students who help prepare disadvantaged students for the tests.

11. "High Hopes" for Adults. While the President has made enormous progress in making available resources for higher education for people of all ages, the primary focus of Administration informational campaigns and initiatives like High Hopes have been to encourage young people to go to college. A new initiative could combine two efforts. First, the Administration could launch an informational campaign encouraging adults to go back to school and inform them of new resources available to help, including Lifetime Learning and Hope Scholarship Tax Credits, Individual Training Accounts under the new Workforce Investment Act, and Pell Grants (which apparently few realize can be used for part-time students). Second, a new "High Hopes" grants program targeted at adults, partly focused on encouraging minorities and women to go back to school, could support local partnerships of business, community colleges, labor unions, one-stop centers and others to provide the information and counseling needed to encourage and assist adults to enroll in courses and programs that will help them succeed in their local job market.

12. Encourage High Schools to Offer/Require Service Learning. We should consider expanding the service learning initiative (Learn and Serve) to encourage more school districts to incorporate service into their education programs. The service learning program could be expanded to provide a stronger infrastructure, e.g., service coordinators for high schools, in order to make the service experience both more rewarding and educational for students.

HEALTH

1. Long-Term Care and Medicare Reforms for Elderly, Disabled and Their Families.

- **Long-term care tax credit**. Along with the lack of coverage of prescription drugs, the poor coverage of long-term care represents a major cost burden for the elderly and their families. Long-term care costs account for nearly half of all out-of-pocket health expenditures for Medicare beneficiaries. This proposal would give people with two or more limitations in activities of daily living (ADL) or their care givers a tax credit of $500 (or more, if affordable) to help pay for formal or informal long-term care. This initiative would be coupled with other long-term care policies (e.g., offering private long-term care insurance offering to Federal employees). (Cost: About $4 billion over 5 years, offset by closing some tax loopholes, and would help about 3.4 million people).

- **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 illustrate that a model employer should promote high-quality private long-term care insurance policies to its employees. Under this proposal, OPM would offer its employees the choice of buying differing types of high quality policies and use its market leverage to extract better prices for these policies. There would be no Federal contribution for this coverage. (Cost: Small administrative costs; OPM estimates about 300,000 participants).

- **Tax credit for work-related impairment expenses for people with disabilities**. Almost 75 percent of people with significant disabilities are unemployed; many of those within the population cite the cost of employment support services/devices, as well as the potential to lose Medicaid or Medicare coverage, as the primary barriers to seeking and keeping employment. This proposal, strongly advocated by your Task Force on Employment of Adults with Disabilities, would give a 50 percent tax credit, up to $5,000, for impairment-related work expenses. It could be a stand alone proposal in the budget or packaged as a long-term care initiative if we decide to defer announcing the long-term care tax credit. (Cost: About $500 million over 5 years, offset by closing tax loopholes, and would help about 300,000 people).

•**New Family Care giver "One-Stop-Shop" Support Program.** About 50 million people provide some type of long-term care to family and friends. Families who have a relative who develops long-term care needs often do not know how to provide such care and where to turn for help. This proposal would give grants from the Administration on Aging to states to provide for a "one-stop-shop" access point to assist families who care for elderly relatives with 2 or more ADL limitations and/or severe cognitive impairment. This assistance would include providing information, counseling, training and arranging for respite services for caregivers. (Cost: About $500 -750 million over 5 years).

• **Adding prescription drug coverage to Medicare** (new policy). The lack of coverage for prescription drugs in Medicare is widely believed to be its most glaring shortcoming. Recognizing the medical community's reliance on prescriptions for the provision of much of the care provided to Americans, virtually every private health plan for the under-65 population has a drug benefit. Medicare's lack of coverage is largely responsible for the fact that drug costs are the highest out-of-pocket cost for three out of four elderly. This burden will only become more acute in the next century as the vast majority of advances in health care interventions will be pharmacologically-based. Responding to this fact, Republicans and Democrats on the Medicare Commission, as well as almost every health care policy expert, are consistently stating that reforming Medicare without addressing the prescription drug coverage issue would be a mistake. We are developing a wide variety of options, including a means-tested option, a managed care benefit only approach, and a traditional benefit for all beneficiaries. If desirable, a proposal could be included in the budget or coordinated with the March release of the Medicare Commission's recommendations. (Cost: Varies significantly depending on proposal, but could be $1 -20 billion a year; assumed offset would be Medicare savings, which might more easily be achieved in context of a broader reform proposal).

• **Cancer clinical trials demonstration** (FY 1999 budget; not passed). Less than three percent of cancer patients participate in clinical trials. Moreover, Americans over the age of 65 make up half of all cancer patients, and are 10 times more likely to get cancer than younger Americans. This proposed three-year demonstration, extremely popular with the cancer patient advocacy community, would cover the patient care costs associated with certain high-quality clinical trials. (Cost: $750 million over 3 years).

• **Redesigning and increasing enrollment in Medicare's premium assistance**

program (extension of July executive action and new policy). Over 3 million low-income Medicare beneficiaries are eligible but do not receive Medicaid coverage of their Medicare premiums and cost sharing. Many more may not get enough assistance through the new, BBA provision that is supposed to help higher income beneficiaries. We are developing a range of proposals that build on the President's actions in this area to better utilize Social Security Offices to educate beneficiaries about this program, to reduce administrative complexity for states and to give them incentives to engage in more aggressive outreach efforts. (Costs vary depending on policies; probably about $500 million to $2 billion over 5 years).

2. Health Insurance Coverage Expansions.

• **Providing new coverage options for people ages 55 to 65** (FY 1999 budget; not passed). Americans ages 55 to 65 have a greater risk of becoming sick; have a weakened connection to work-based health insurance, and face high premiums in the individual insurance market. This three-part initiative would: (1) allow Americans ages 62 to 65 to buy into Medicare, through a premium designed so that this policy is self-financed; (2) offer a similar Medicare buy-in to displaced workers ages 55 and over who have involuntarily lost their jobs and health care coverage; and (3) give retirees 55 and over whose retiree health benefits have been ended access to their former employers' health insurance. A proposal such as this would be minimally necessary for any serious consideration of proposals to raise Medicare's eligibility age. (Cost: About $1.5 billion over 5 years, which would assist about 300,000 people).

•**Health coverage for the temporarily unemployed** (FY 1997 and 1998 budgets; not passed). Because most health insurance is employment based, job changes put families at risk of losing their health care coverage. Many families do not have access to affordable health insurance when they are between jobs because they work for firms that do not offer continuation coverage or cannot afford individual insurance. The proposal would provide temporary premium assistance for up to six months for workers between jobs who previously had health insurance through their employer, are in between jobs, and may not be able to pay the full cost of coverage on their own. (Costs depend on whether it is done as a demo (about $2.5 billion over 5 years, which would help about 600,000 people) or nationwide (about $10 billion over 5 years, which would cover about 1.4 million persons)).

• **Children's health insurance outreach** (FY 1999 budget; not passed and new policy). By the first anniversary of CHIP, we expect about 45 states to have CHIP plans approved. These new expansions have great potential to help uninsured children, but not if families do not know or understand the need for insurance. Moreover, over 4 million uninsured children are eligible for Medicaid today. Last year's budget included several policies to promote outreach, including allowing states to temporarily enrolling uninsured children in Medicaid through child care referral centers, schools, etc; and allowing States to access extra Federal funds for children's outreach campaigns. An additional proposal is to pay for a nationwide toll-free number that connects families with state eligibility workers. NGA is sponsoring this line for one year only; such a line is essential for the nationwide media campaign that we are planning to launch in January with the NGA and America's Promise (Colin Powell's group). (Cost: Between $400 and $1 billion over 5 years.)

• **Parents of children on CHIP** (new policy). Since children who are uninsured usually have parents who are uninsured, an easy way to target uninsured adults is to extend eligibility for Medicaid or CHIP to parents of children covered by these programs. This has been done successfully in some states, through Medicaid 1115 waivers, and would be a logical next step to covering low-income adults. (Cost: Depends on the proposal and assumed take-up rates by the states).

• **Optional state coverage expansion through eligibility simplification** (new policy). In the wake of welfare reform, Medicaid eligibility rules have become even more complex since states must cover people who would have been eligible for AFDC under the old rules. Additionally, Medicaid law allows states to cover parents but not adults without children --even if they are very poor. This proposal would allow states to opt for a pure poverty standard for Medicaid eligibility for all people (like we do for children) rather than the old categorical eligibility categories. Not only would such an approach simplify the Medicaid program for families and states; it would provide an opportunity for significant coverage expansion. While any change in Medicaid almost always raises concerns amongst some advocates, this proposal would be strongly supported by the Governors and advocates such as the Center for Budget and Policy Priorities. (Cost: Depends on the proposal and projected coverage expansion take-up rates).

•**Voluntary purchasing cooperatives** (FY 1997, 1998, and 1999 budgets; not passed). Workers in small firms are most likely to be uninsured; over a quarter of workers in firms with fewer than 10 employees lack health insurance —almost twice the nationwide average. This results in large part because administrative costs are higher and that small businesses pay more for the same benefits as larger firms. This proposal would provide seed money for states to establish voluntary purchasing cooperatives. These cooperatives would allow small employers to pool their purchasing power to try to negotiate better rates for their employees. (Cost: about $100 million over 5 years).

3. Increase the Indian Health Service budget. In order to reach more of the targeted population, we should provide a significant increase to the IHS budget in order to address areas such as substance abuse, elder health care, injury prevention, domestic violence and child abuse, and sanitation facilities.

HOMELESS

1. Homeless Veterans. The National Coalition of Homeless Veterans estimates that there are as many as 275,000 homeless veterans on any given night. According to the Department of Veterans Affairs, an approximately $60 million increase in funding would constitute the single largest investment into breaking the cycle of homelessness among veterans. This proposal would seek to increase residential alternatives, community-based contracted care, job preparation activities, stand down activities (community-sponsored events that conduct one-stop service delivery programs for homeless veterans), the distribution of clothing, and long-term housing. The VA estimates that this proposal would positively impact approximately 100,000 to 150,000 veterans annually.

2. Allow VA to sell surplus property with 10 percent of proceeds going to homeless veterans. OMB proposes to amend the Property Act of 1949 to create a 5-year pilot project for the VA to sell off property with 10 percent of the proceeds going to local homelessness projects under the McKinney Act (with this 10 percent being earmarked for homeless veterans) and the other 90 percent going to the VA for capital funds (buildings, equipment, infrastructure, but not staff). Currently, the way the law works is that all the proceeds from surplus property goes to homelessness, but this has not provided an incentive to the agencies to sell property because they do not get to keep any of the proceeds. OMB states that since 1989, only one piece of property has been sold under this provision. OMB will be circulating their proposal within a couple of weeks. OMB would propose to permit VA to sell 25 pieces of property, but does not have a cost estimate yet.

3. Homelessness Demonstration Project Modeled after TANF. Funds could be set aside in the FY2000 budget to create a demonstration project so that one state, region, or locality could try to move persons from homelessness to self-sufficiency. The demonstration project should set up performance goals similar to TANF so that there is a measure of how many persons have been made self-sufficient. There could be a performance bonus for the demonstration project if the goal of the project is met.

4. Medicaid Outreach Project for Homelessness. A Medicaid outreach project could be set up, similar to the CHIP outreach project, that would reach out and cover homeless persons. We should develop a cost estimate to determine that, over time, dollars would be saved if persons are treated under Medicaid rather than on an as-needed basis in emergency rooms and clinics. This idea could be expanded to reach out to more than simply the homeless population to include all groups who are Medicaid-eligible.

TOBACCO

1. Tobacco Counteradvertising. Fund a $200 million per year tobacco counteradvertising and education Campaign, as proposed in the President's 1999 budget and McCain legislation. This campaign would develop counteradvertising and purchase enough media time to reach teens at least four times a week. The campaign would also fund an extensive school-and community-based anti-tobacco education campaign.

2. Industry Documents. As the result of the President's directive, we expect to receive a plan from HHS in October outlining how to make tobacco industry documents more accessible to the public. Follow up work will be needed to implement this plan. While we can probably secure some private funding for this purpose, it is likely that federal funding will also be needed.

3. Tobacco Cessation. Each year, 20 million smokers attempt to quit, but only 1 million, or 5 percent, succeed. More than 90 percent smokers who attempt to quit do so on their own, and the vast majority fail within 2 to 3 days. However, research shows that effective cessation methods could raise success rates to 10-20 percent (over 2 million people annually). The Agency for Health Care Policy and Research (AHCPR) endorsed 5 smoking cessation methods that have been proven to be effective in helping people to quit: gum, patch, nasal spray, inhaler, and pill (Zyban). A full course of these treatments costs around $200-300 (for a three months supply, without counseling). However, less than half of managed care organizations provide coverage of any AHCPR-approved therapies, and those that provide coverage may impose cost-sharing requirements that hinder access to treatment. In fact, a study of managed care in Washington State found that eliminating copayments for smoking cessation services significantly increased participation rates.

These proposals to help current smokers quit could be coupled with our continued call for comprehensive legislation to stop children from smoking before they start. Total combined cost of all these initiatives: $855 million over 5 years. We could make a series of proposals, some part of the budget and some not: (1) Fall --announce new DOD anti-tobacco plan, and new DOL and OPM tobacco-free workplace programs; (2) Winter --propose Medicaid and Veterans coverage of cessation benefits through FY2000 Budget; and (3) Spring --tax coverage of cessation as a medical expense and expanded coverage of cessation benefits in FEHBP.

- **New Department of Defense anti-tobacco plan.** This plan is still being vetted at the agency but will likely include covering over-the-counter nicotine replacement therapies under military health care coverage as part of a comprehensive military-wide anti-tobacco plan. Cost: $60 million per year.

- **Anti-tobacco workplace initiatives by DOL and OPM.** DOL could expand its drug-free workplace initiative to provide information to employers on steps they can take to reduce tobacco use among employees (cost: $63,000 per year). OPM could disseminate a model workplace cessation program for all federal agencies (agencies would use existing appropriated funds).

• **Medicaid coverage.** Currently, smoking cessation prescription and non-prescription drugs are optional state benefits under the Medicaid statute. We could propose to require states to cover cessation, as the McCain bill did (CBO estimated cost: $120 million over 5 years, HCFA estimated $114 million). Alternatively, we could propose an enhanced federal matching rate for smoking cessation treatments, in order to offer the states an incentive to cover these services. The Hansen-Meehan bill establishes a 90 percent match rate for state costs of smoking cessation services at an estimated cost of about $110 million over 5 years. Currently, 23 states cover Zyban, 6 states cover non-prescription treatments, and 5 states cover cessation counseling. A study by the Center on Addiction and Substance Abuse at Columbia University found that over 42 percent of Medicaid recipients smoke, as compared to 25 percent of the general population and that nearly 10 percent of all Medicaid hospital days are attributable to smoking.

• **Veterans.** We should re-propose the plan from the President's 1999 budget which created a new discretionary program open to all veterans who began using tobacco products while in the service, regardless of their eligibility for other VA health care services (currently less than 15 percent of veterans receive their health care through the VA system because of statutory limits --veterans must be low income or have a service-related injury.) The VA would contract with private sector entities to furnish AHCPR-approved services to interested veterans. OMB estimates that this proposal would cost $87 million for the first year, and $435 million over 5 years. Thirty-six percent of the 25 million veterans in this country smoke.

•**Tax Treatment.** Currently, the cost of cessation treatment cannot be claimed as a deductible medical expense because the IRS does not recognize smoking or tobacco addiction as a "disease." The IRS has indicated in written opinions that an official medical authority classification of smoking as a disease would allow cessation to deduct these expenses. Treasury is interested in pursuing this in 1999. This would be done outside of the budget.

• **Federal Employees Health Benefit Program.** We could require enhanced coverage of smoking cessation services. One option is to raise coverage limits to more accurately reflect the cost of AHCPR-approved treatments, and to raise the number of treatments allowed per lifetime to account for the fact that the average smoker requires three to five cessation attempts before they successfully quit (i.e., require coverage of $300-400 per treatment, with three maximum treatments covered per lifetime). Another option is to waive the deductible and copayment requirement for cessation benefits. Currently FEHBP fee for service plans, which cover 70 percent of beneficiaries, are required to provide only $100 in smoking cessation benefits. Generally, this coverage does not kick in until after the calendar-year deductible has been met, and most plans restrict benefits to once per lifetime. Many plans only cover prescription drugs. HMO coverage of smoking cessation benefits varies greatly. This would be done outside of the budget, but would have to occur in the spring as part of OPM's annual letter to contracting plans, establishing the terms for the following year of coverage.

In addition to these efforts, any Medicare prescription proposal (see above) should include coverage of prescription cessation agents.

4. Expanded SAMHSA Survey. As the result of the President's directive, HHS will be including questions in their National Household Survey on Drug Abuse regarding brand-specific use of tobacco. This will allow us to determine which brands are most popular among youth, and help us identify which companies may be marketing to this population. Some federal funding will be necessary to support this expanded effort.

WELFARE

1. Helping the Hardest-to-Employ Get and Keep Jobs.

Extend Welfare-to-Work Grants and Strengthen Focus on Fathers. Funding for the $3 billion grant program that the President fought for in the Balanced Budget Act ends in FY 1999. These funds are targeted at the hardest-to-place welfare recipients, and non-custodial parents of children on welfare, and at concentrated areas of poverty. 75% of the funds are allocated to states, who in turn pass them to local Private Industry Councils and 25% of the funds are available on a competitive basis. We expect DOL to propose extension of the grant program in their FY 2000 budget proposal. We should consider revising the statutory language to increase the focus on increasing employment of fathers. While there is a significant level of interest in serving this population, there is likely more we could do to increase the quantity and quality of services. This should also increase support from the Ways & Means committee as Shaw is very interested in fatherhood issues. Possible approaches include requiring states and communities to designate a minimum portion of WTW formula funds for fathers, setting aside a portion of competitive grant funds for this purpose, or earmarking funds for needed technical assistance and capacity building on this relatively new area. Other changes worth considering: shifting more funds toward competitive grants, increasing tribal set aside (currently 1%), and streamlining data collection requirements. Assuming level funding, this would cost $1.5 billion annually.

- **Request Additional Welfare-to-Work Housing Vouchers.** We are unlikely to get the full 50,000 housing vouchers requested for FY 99. This approach continues to have merit, both in helping families move from welfare to work and as a catalyst for changing the way local housing authorities, and HUD, do business. Cost to fully fund 50,000 vouchers is $283 million. Some, including Deich and Edley, have also suggested allowing housing authorities to convert Section 8 vouchers that are turning over to the more flexible approach of the WTW vouchers.

- **Invest in Increasing English Language and other Literacy Skills.** There is evidence that those with low education levels have a harder time leaving welfare. There is also emerging evidence that English language may be a barrier for some minority welfare recipients, including immigrants. We may want to explore whether there is more the federal government could do to increase access to ESL and other basic education that is combined with work, though this does not necessarily have to be done with TANF funds. We need to first explore what is available, whether there are successful models that can be replicated, and what the demand is.

2. Helping New Workers Succeed in the Workforce/Achieve Self-Sufficiency.
There are several ways to ensure people moving from welfare to work can get to their jobs:

- **Request full $150 million authorized for Access to Jobs for FY 2000 (TEA-21 set guaranteed funding from the Highway Trust Fund at $60 million for FY 2000).** This would allow DOT to fund more competitive grants. Note these funds can be spent on current and former welfare recipients, as well as families up to 150% of poverty so they help the working poor as well.

- **Donate surplus federal vehicles to welfare to work programs.** These could be given, leased, or sold to current and former welfare recipients for whom public transit it not a viable option, including those living in rural areas. Cars could be allocated through community-based organizations or intermediaries. This could be modeled after the initiative to donate federal computers to schools.

- **Help former welfare recipients access funds to purchase cars.** In some areas, public transit is not a viable option for a family moving from welfare to work. In addition, owning a car is something many poor families aspire to, and something that helps them become part of the economic mainstream. Family Services of America, and other organizations, currently offer revolving loans for low income families to purchase cars. FSA's model currently operates in 20 sites and is scheduled to expand to 60 sites later this Fall, with partial funding from foundations and private financial institutions. They are also seeking federal funding to help with this expansion. Possible sources include: HUD, Treasury, DOL WTW grants, as well as existing federal and state TANF funds. Another option is to expand allowable uses of IDAs to include purchasing a car needed to go to work.

- **Connection between TANF and Unemployment Insurance.** There is growing interest in exploring the relationship between these two systems. Historically, few welfare recipients have qualified for UI, and some have essentially used AFDC as a form of unemployment insurance. As more welfare recipients joining the labor force, we need to consider the most appropriate way to provide income support to them between jobs. Various approaches include: (a) changing rules of the UI system that make it hard for former welfare recipients to qualify for UI once they go to work and in the event they lose a job and (b) creative uses of federal TANF or state MOE funds to provide income support to people in between jobs. Either approach should be accompanied by a strong effort to promote job retention and rapid re-employment. This could be considered as part of a more comprehensive UI reform initiative that NEC has been considering, but it would not depend on that. NOTE: NGA has a grant to explore this issue and several states are trying innovative approaches. While we do not have to frame the issue in terms of planning for economic downturns, it seems prudent to address this issue earlier rather than later.

• **Optional State Coverage Expansion Through Eligibility Simplification** (see Health section).

•**Transitional Medicaid.** Families can currently receive Transitional Medicaid for up to 12 months after leaving welfare, but only about 20 to 30 percent of eligible families are enrolled. The program has many procedural hurdles that make it more difficult to access than regular Medicaid coverage and the 12 months transitional period is too short for many families. The budget could eliminate some of the current prescriptive reporting requirements now in the law (that, for example, requires families to report earnings in the fourth, seventh, and tenth months of coverage and divides the 12 months of coverage into two 6 month segments with different co-pay and benefit rules) and allow states to provide a full 12 months of coverage without regard to changes in family circumstances, similar to the 12-month option for children that was adopted in the Balanced Budget Act. In addition, the budget could provide states the option of extending transitional Medicaid to 24 or 36. These ideas need to be fully discussed, vetted, and costed out. The current program reauthorization sunsets in 2001.

•**Extend the Work Opportunity Tax Credit and Welfare-to-Work Tax Credits** (WOTC has already expired and WTW will expire in 1999).

DISABILITY POLICY

1. Expanding the Defense Department's "CAP" program. The Defense Department's Computer Accommodations Program ("CAP") purchases equipment for DOD employees with disabilities to allows them to keep working if they become disabled, or for new employees just joining the workforce. By using a central $2 million fund for such purchases, individual offices do not have to bear the cost within their own budgets, and are less likely to be deterred from hiring a person with a disability. CAP is also able to get better prices on equipment through its bulk purchases and expertise. It has a showroom to help employees try out appropriate adaptive devices (CAP makes the decision on what equipment is purchased, not the employee). It has provided over 9,000 accommodations since its inception in 1990. This program is a good example of how employers and employees are taking advantage of new (and increasingly cheap) technology, such as computers for the blind that talk and listen, and alternative computer keyboards for people with dexterity problems, that allow people with disabilities to work. Expanding the program has the strong support of the Administration's appointees with disabilities, in particular for Tony Coelho, chair of the President's Committee on Employment of People with Disabilities.

Defense has estimated that it would cost $8 million a year to expand CAP government-wide, but this is likely overstated since CAP now serves the entire Defense Department for $2 million a year. A more realistic range is $2 -5 million a year. While having DOD perform this service for all federal employees is a bit unusual, they have a great deal of expertise at this task and they are ready to take on the added responsibility.

2. Tax Credit for Disability Related Expenses. [See "Health" section, above.]

3. New BRIDGE grant program. This program would provide incentives for state and local agencies and private organizations to form interdisciplinary consortiums of service providers (employment, health, transportation, etc.) to better assist people with disabilities in going to work. NEC and DPC will receive revised proposal shortly from the President's Task Force on Employment of People with Disabilities and will evaluate and vet. Estimated cost for this three-year grant program is $150 million a year.

4. Information and Communication Technologies for People with Disabilities. NEC has developed draft proposals now being vetted to ensure that new technologies will be designed from the beginning to be accessible to people with disabilities. Ideas include leveraging federal government procurement, investing in R&D, funding industry consortia, training the next generation of engineers, etc. (Tom Kalil is working on this, coordinating with DPC and OMB).

NATIVE AMERICANS

1. Create Native American Program at the Army Corps of Engineers. The Army Corps has a modest $2 million proposal that would institutionalize Native American outreach within the Army Corps. Here is the proposal:

- **Outreach ($1.5 million).** Market engineering, environmental, economic, project management, real estate, and resource management services to Tribes.Using existing workforce of 150 cultural-historical-Tribal specialists for support, establish Tribal Coordinators (1 per Corps of Engineers Division, 8 Divisions).Establish an Indian Desk in Corps Headquarters to work with Tribes, BIA, Corps districts (37) and divisions (8), and other federal agencies to leverage resources/programs.

- **Training ($250,000).** Complete consultation guidelines.Complete Commander and senior leader video on Tribal matters. Develop a strategy for empowering Tribes nthe areas of regulatory and natural and cultural resource management.

- **Partnerships ($250,000).** Explore watershed planning opportunities with Tribes.Link to Clean Water Action Plan Activities.Develop model MOUs that can be used with Tribal Governments on strategies, protocols, and processes for addressing issues.

CRIME AND DRUGS

1. Crime Bill II. While the 1994 Crime Act is set to expire at the end of FY 2000, we should get ahead of the crime debate by including an outline of Crime Bill II in next year's budget that emphasizes and builds on key Clinton crime initiatives. This includes: extending COPS; establishing community-based prosecutors, courts, and corrections; promoting targeted deterrence for guns, gangs, etc.; funding drug testing and treatment for all persons under criminal justice supervision; reauthorizing VAWA; creating police youth academies; and other new crime programs.

OMB has already built $4.8 billion into the base for continued crime funding over the next 5 years, but this only includes $400 million of the $1.4 billion we have been spending on COPS and continued funding for other popular crime bill programs (i.e., VAWA, prisons, federal law enforcement, etc.). Thus, to keep crime bill funding at its current level --and to allow us more flexibility in proposing new programs --we will need $1 billion more in the FY 2000 budget.

2. Expansions of Youth Crime Gun Interdiction Initiative (YCGII). This year it looks as though we will succeed in getting $28 million in funding for President's YCGII initiative to trace all crime guns and hire more ATF agents to crackdown on gun traffickers in 27 cities. We should follow-up in the FY 2000 budget by expanding the YCGII to all cities with populations of more than 250,000. This would cost about another $35 million. NB: Currently, treasury is only planning to propose adding another 10 cities in next year's budget..

3. Expand Values-Based Initiative. At a minimum, we should seek funds in FY 2000 to continue the Administration's values-based crime prevention initiative in 16 cities --as well as to expand it to another 20 to 30 cities. This would only take about $5 to $10 million annually and could come from Crime Bill II funds if necessary. More importantly, however, we should propose changes to existing crime prevention and drug treatment programs to ensure that faith-based organizations are allowed to participate --and that common sense values are included.

4. Drug Treatment Parity. A long overdue policy change that we should consider embracing in this year's budget is to require health insurers to guarantee some type of meaningful substance abuse coverage --much akin to what the Administration supported for mental health benefits.

5. School Shooting Response Fund. In our recent meeting with the communities impacted by multiple school shootings, one of the key recommendations made by all of the local leaders was that the federal government should establish an emergency fund that would allow communities that are overwhelmed by multiple victimizations to have the resources they need to facilitate the short-and long-term response. This includes year-long support for increased security and enforcement, investigations, media response, additional counselors, and other such costs.

CONSUMERS

1. Consumer Bill of Rights. A consumer bill of rights could address a number of areas such as enforcement, notice to consumers, and dissemination of information. We could announce this bill of rights as a package, but then pull out separate pieces for separate events like we do in the Patients' Bill of Rights area. We could include a number of different areas such as the following:

- **Auto Insurance Fraud.** Auto insurance fraud is a $13 billion-a-year problem in America. We could propose significant funding for a Justice Department anti-auto insurance fraud. Since an estimated 13 percent of auto-insurance premiums go to pay for fraud, we could claim that this effort will help drive down auto-insurance premiums.

- **Slamming/Cramming.** Cramming, in which con artists add bogus charges to consumers' telephone bills, and slamming, the unwanted switching of long-distance telephone service from one carrier to another, and are the top two respective complaints reported to the National Fraud Information Center in 1998. In 1997, the FCC received more than 20,000 complaints from customers who were slammed. So far, the FCC has fined slammers, announcing a $5.7 million fine this year, and announced voluntary guidelines for cramming that local telephone companies say they will follow. We could add money for enforcement to the FCC and/or DOJ. In May, the Senate overwhelming passed legislation that would impose new penalties on slammers and would eliminate common slamming methods, such as contest entry forms that, when signed by unsuspecting customers, authorize a switch of their long-distance carriers.

- **Telemarketing Fraud.** Telemarketing fraud is among America's worst white-collar crimes, robbing unsuspecting victims of an estimated $40 billion per year. We could increase the FBI budget to increase investigations of this type of fraud. Recently, the Washington Post reported that volunteers from the American Association of Retired Persons (AARP) work undercover for the FBI, posing as potential victims to catch telemarketers on the prowl. Because telemarketing fraud often is targeted against the elderly, we could combine this piece with the elder abuse in a separate event.

- **ATM Proposal.** Weinstein proposes that Treasury publish an annual report on consumer financial issues, including ATM fees. In each report, Treasury would provide a list of insured financial institutions based on geographic divisions and by size. Treasury would report on the following categories: (1) Fees charged to depositors at ATMs at their home branches; (2) Fees charged by institutions to depositors using other banks ATMs; (3) Fees charged by ATM networks; (4) ATM fees charged to non-member depositors by institutions; (5) Minimum deposit requirements for checking and savings accounts; (6) Fees for overdrafts; and (7) Checking account fees. We will need to develop categories which underscore the differences in types of accounts. If we just list checking account fees, the fees that aren't reported would increase.

Summary of the "Caring for Children Act"
Sponsored by Senators Chafee, Hatch, Snowe, Roberts and Specter

1. Provide additional tax relief to families to increase the affordability of child care, and make it more feasible for a parent to stay at home to care for a child:

a) Amend the Dependent Care Tax Credit (DCTC) to --

i) raise the income level to $30,000 at which families become eligible for the maximum tax credit.

ii) raise the maximum percentage that parents can deduct of their child care expenses to 50 percent.

iii) reduce credit by 1% for each $1,500 earned over $30,000, phasing out credit at $105,000.

b) Extend eligibility of DCTC to families with a stay-at-home parent by presuming that a stay-at-home parent has minimum child care expenses of $150 per month;apply other rules as outlined in (a). This will apply to stay-at-home parents with children age 3 or under.

Example: If one parent earns $30,000, and the other parent stays at home for one year to care for the child, they would be eligible for the following credit: (50%) x ($150/month) x (12 months) = $900.

c) Promote greater availability of the Dependent Care Assistance Program (DCAP) for families with children by authorizing $1 million annually for four years for the Department of Labor to conduct outreach to businesses to promote awareness of the DCAP program.

d) Provide 20% tax credit of expenses up to $500,000 for employers who construct, renovate or operate on- or near-site facilities for child care for their employees (for a maximum credit of $100,000).

2. Increase the Supply of Quality Child Care:

a) Authorize $50 million per year to increase parents' access to information and to provide technological assistance to child care providers and workers to improve the quality of child care. These funds could be used by HHS for the following purposes:

i) to collect and disseminate state-of-the art information on topics related to child care health and safety, as well as early childhood development. This information could be distributed through brochures, the Internet, a toll-free information hotline, resource and referral organizations, etc.

ii) for grants to organizations to develop and operate a technology-based child care training infrastructure to enable child care providers to receive the training, education and support they need to improve the quality of child care.

b) Require states to beef up inspections and enforce existing state health and safety standards through a carrot/stick approach. States that inspect a certain percentage of the facilities they are required to inspect under state law would receive a 10% boost in their Child Care and Development Block Grant (CCDBG) funding. Starting in the second year, states that fail to meet a minimum threshold level of inspections would receive a 10% penalty, according to the following timetable:

Year	To qualify for 10% bonus, must have inspection rate of at least:	10% penalty would apply for states with inspection rates under:
FY1999:	75%	--
FY2000:	80%	50%
FY2001:	100%	75 %

c) Double the authorization for the CCDBG (this would amount to an additional $5 billion in discretionary funding over 5 years, but would be phased in over time to keep pace with growing state capacity).

d) Encourage small businesses to develop child care programs for their employees through the creation of small business child care grant program. This demonstration project would authorizes $60 million over 3 years in competitive grants to be administered by the states.

e) Require federal child care facilities to comply with state health and safety standards.

f) Commission a GAO study to determine the extent to which liability concerns hinders the availability of child care. The report could examine whether fears regarding potential liability exposure deter: employers from establishing on or near-site child care for their employees; schools or community centers from allowing their facilities to be used for on-site child care; and individuals from providing child care services in their homes. The GAO would have 6 months to report to Congress.

Youth

Children/and Families: Supporting children and families, particular attn to struggle to balance work and family

- child care, ~~and~~ early childhood development and after-school programs
- supporting parents who chose to stay out of the workforce to care for children
- child welfare and adoption

NICOLE?

February 28, 1997

MEMORANDUM FOR ERSKINE BOWLES

FROM: BRUCE REED

SUBJECT: DOMESTIC POLICY COUNCIL GOALS AND OBJECTIVES

The central mission of the Domestic Policy Council is to advance the President's domestic agenda. The following memo outlines our goals and objectives in carrying out the domestic priorities that the President set forward in this year's State of the Union.

OVERALL GOAL: Education. Develop and implement, in concert with other White House offices and the Department of Education, a strategy to carry out the President's 10-point plan.

GOAL: Education. Develop and implement policies to achieve high educational standards nationwide and improved student performance to meet those standards.

Objectives:
-Work with Education Department to persuade twenty-plus states this year to agree to administer the President's national tests in 1999.
-Build support in the parent, business, and education communities for the President's testing initiative.
-Work to improve the quality of teaching by promoting the work of the National Board for Professional Teaching Standards; encouraging states and local school districts to adopt policies to place a master teacher in every school; and highlighting successful efforts at the state and local level.
-Continue efforts, in coordination with America Reads, to recruit 100,000 college students to be reading tutors, expand the Department of Education's summer reading initiative, and promote proven approaches to reading instruction.
-Work to increase the number of states with charter schools legislation.

GOAL: Education. Work toward passage of legislation and appropriations to implement the President's education agenda.

Objectives:
-Introduce legislation on school construction, America Reads, and HOPE

scholarships and related tax proposals; identify bipartisan support for each proposal.
-Assist in mobilizing constituencies for these proposals, such as securing an endorsement letter from hundreds of college Presidents.
-Assist in developing and implementing a communications strategy showing how each legislative proposal will improve the lives of students, families, and communities.

GOAL: Welfare. Develop policies that will assist in moving people from welfare to work.

Objectives:
-Work toward enactment of a $3 billion fund to help states and cities find and create jobs for welfare recipients and enhanced tax credits to encourage companies to hire them.
-Assist in conducting an extensive outreach campaign asking companies, nonprofits, the faith community, and government agencies to hire welfare recipients.
-Oversee implementation of the new welfare law to ensure that the Administration does everything in its power, through executive action and guidance, to help states move people from welfare to work.

GOAL: Welfare. Develop and implement policies to ensure that welfare reform promotes family and responsibility.

Objectives:
-Fulfill the President's commitment to restore certain budget cuts, involving legal immigrants and food stamps, included in the welfare law but unrelated to welfare reform.
-Work with HHS in assisting states to ensure strict enforcement of child support rules.
-Develop and implement new teenage pregnancy prevention and statutory rape initiatives.

GOAL: Crime. Enact the President's Anti-Gang & Youth Violence Act of 1997.

Objectives:
-Organize events highlighting main provisions in President's legislation -- involving, for example, handgun safety locks, anti-gang prosecutors, and after-school programs.
-Draft directives, executive orders, and letters in furtherance of the bill's objectives.
-Lead working group meetings with bipartisan Congressional delegation and Administration officials to ensure enactment of President's main priorities.

GOAL: Drugs. Promote and secure full funding for the President's 1997 Drug Control Strategy.

__Objectives:__
-Work closely with ONDCP on National Anti-Drug Media Campaign and organize Presidential event to kick off anti-drug advertisements.
-Work to ensure full funding for President's drug strategy in appropriations process.

GOAL: Health Care. Work toward achieving bipartisan consensus on and enactment of Medicare, Medicaid, health coverage, and quality reforms.

__Objectives:__
- Continue close coordination of policy development and strategy with HHS, Treasury, Labor and all relevant divisions within the White House.
-Identify opportunities for executive actions that further the President's health care agenda, particularly in relation to quality and coverage initiatives.
-Develop collaborative relationships with Congress and the governors to promote our health care agenda.
-Work with representatives of consumers, providers, insurers / health plans, business, and labor, as well as academics, health economists, and foundations to disseminate and validate the President's positions on health care.
-Refine and implement communications strategy to highlight the President's accomplishments, educate the public on current proposals, and generate support for legislative and executive initiatives.

GOAL: 0-3 Initiative. Promote efforts to enhance development in the earliest years of life.

__Objectives:__
-Engage in a broad-based review of policy affecting our youngest children and develop new initiatives, involving both executive and legislative action, to support these children.
-Organize, in coordination with other White House offices, a White House Conference on early learning that will examine current scientific research and its practical applications for parenting; explore how different sectors of society can support our youngest children; and highlight Administration accomplishments and initiatives.

GOAL: Service. Work with other offices in the White House to ensure that the Presidents' Service Summit advances the goals of service and voluntarism, while enhancing the AmeriCorps program.

<u>Objectives:</u>
-Work with other White House offices to ensure that we participate in all important decisions about the structure and content of the Summit.
-Develop events highlighting service and voluntarism to prepare the way for the Summit.
-Develop policies and identify federal government "commitments" for the President to announce in his speech at the Summit.

GOAL: Executive Action. Help the President use all the powers of his office to advance his agenda, with or without help from Congress.

<u>Objectives:</u>
-Develop Executive Orders and Memoranda in the priority issues outlined above, as well as in other important issues, such as consumer safety, technology, family, and the environment.
-Vet proposals for executive action on domestic policy coming from agencies and other White House offices to make sure that they advance the President's long-term agenda.

Statement by Senator Daniel Patrick Moynihan

on the Introduction of the Enhancing Family Life Act of 1998

September 24, 1998

Mr. President:

I rise today to introduce the Enhancing Family Life Act of 1998, a bill inspired by an extraordinary set of proposals by one of our nation's most eminent social scientists, Professor James Q. Wilson. On December 4, 1997, I had the honor of hearing Professor Wilson -- who is an old and dear friend -- deliver the Francis Boyer Lecture at the American Enterprise Institute (AEI). The Boyer Lecture is delivered at AEI's annual dinner by a thinker who has "made notable intellectual or practical contributions to improved public policy and social welfare." Previous Boyer lecturers have included Irving Kristol, Alan Greenspan, and Henry Kissinger. In his lecture, Professor Wilson argued that "two nations" now exist within the United States. He said:

> In one nation, a child, raised by two parents, acquires an education, a job, a spouse, and a home kept separate from crime and disorder by distance, fences, or guards. In the

> other nation, a child is raised by an unwed girl, lives in a neighborhood filled with many sexual men but few committed fathers, and finds gang life to be necessary for self-protection and valuable for self-advancement.

Sadly, this is an all-too-accurate portrait of the American underclass, the problems of which have been the focus of decades of unsuccessful welfare reform and crime control efforts. We have tried a great many "solutions," as Professor Wilson notes:

> Congress has devised community action, built public housing, created a Job Corps, distributed Food Stamps, given federal funds to low-income schools, supported job training, and provided cash grants to working families.

Yet still we are faced with two nations. Professor Wilson explains why: "[t]he family problem lies at the heart of the emergence of two nations." He notes that as our families become weaker -- as more and more American children are born outside of marriage and raised by one, not two, parents -- the foundation of our society becomes weaker. And it grows increasingly difficult for government to address the problems of that "second nation." Professor Wilson even quotes the Senator from New York to this effect: "If you expect a government program to change families, you know more about government than I do."

Even so, Jim Wilson, quite characteristically, has fresh ideas about what might help. On the basis of recent scholarly research, and common sense, he urged in the Boyer Lecture that we refocus our attention on the vital period of early childhood. I was so impressed with his Lecture that afterward I set about writing a bill to put his recommendations into effect.

The Enhancing Family Life Act of 1998 contains four key elements, all of which are related to families. First, it supports "second chance" maternity homes for unwed teenage mothers. These are group homes where young women would live with their children under strict adult supervision and have the support necessary to become productive members of society. The bill provides $45 million a year to create such homes or expand existing ones.

Second, it promotes adoption. The bill expands the number of children in foster care eligible for federal adoption incentives. Too many children drift in foster care; we should do more to find them permanent homes. The bill also encourages states to experiment with "per capita" approaches to finding these permanent homes for foster children, a strategy Kansas has used with success.

Third, it funds collaborative early childhood development programs. Recent research has reminded us of the critical importance of the first few years of a child's life. States would have great flexibility in the use of these funds; for example, the money could be used for pre-school programs for poor children or home visits of parents of young children. It provides $3.75 billion over five years for this purpose.

Finally, the legislation creates a new education assistance program to enable more parents to remain home with young children. A parent who temporarily leaves the work force to raise a child would be eligible for an educational grant, similar to the Pell Grant, to help the parent enter, or re-enter, the labor market with skills and credentials necessary for success in today's economy once the child is older.

Mr. President, this bill is a starting point. It is what Professor James Q. Wilson and I believe just might make a difference. We would certainly welcome the comments of others. And I would commend to the attention of Senators and other interested persons the full text of Professor Wilson's lecture "Two Nations," which is available from my office or from the American Enterprise Institute. I ask that a summary of the legislation be included in the Record.

The "Enhancing Family Life Act of 1998"

(Based on the 1997 Francis Boyer Lecture by Professor James Q. Wilson)

Brief Description of Provisions

Section 1. Short Title

This Act may be cited as the "Enhancing Family Life Act of 1998."

Section 2. Findings

The Congressional findings support the importance of families in society and social policy.

Title I -- Assistance for Children

Section 101. "Second Chance Homes"

The bill would provide $45 million annually to establish or expand "second chance" maternity homes for unwed teenage mothers. These are group homes where mothers live with their children under adult supervision and strict rules while learning good parenting skills.

Section 102. Adoption Promotion

The bill would expand the number of "special needs" children in foster care for which federal adoption subsidies are available. It "de-links" eligibility for these subsidies from the income level of the foster child's biological parents. (Under current law, a foster child determined to have special needs only qualifies for a federal adoption subsidy if the child's birth parents are welfare-eligible.) The subsidies would help adoptive parents meet the particular emotional and physical challenges of troubled children and so they can provide the children permanent homes.

In addition, last year's "Adoption and Safe Families Act" authorizes the Department of Health and Human Services to grant child welfare demonstration waivers to ten states each year. The bill would reserve three of each ten waivers to states wishing to test "per capita" approaches to finding permanent homes for children in foster care, as Kansas has done. Under a per capita approach, states or localities contract on a fixed sum basis with agencies to reunite foster children with their biological families or place them with adoptive parents. Because the agency, typically a non-profit social service agency, receives a fixed sum per child (rather than unlimited reimbursement of costs) the agency may settle the child in a permanent home more quickly.

Section 103. Early Childhood Development

The bill provides $3.75 billion over five years for collaborative early childhood development programs. Recent research has demonstrated the importance of the earliest years in a child's life in the child's intellectual and emotional development. States could use the funds for home visiting programs, parenting education, high-quality child care, and preventive health services. States would have great flexibility in deciding which services to provide.

Section II – "Parent Grants"

The bill would create a new education assistance program to provide grants to parents who choose to remain at home with young children. The grants would allow parents to obtain the training, or re-training, needed to prosper and advance careers after a period of time outside the labor force. A custodial parent with children under the age of six and no earned income, welfare, or SSI receipt would be eligible to receive a benefit equivalent to the largest Pell Grant available for that year (about $2,700 in FY 1998). The benefit -- to be called a "Parent Grant" -- could only be used for expenses associated with post-secondary education or completion of high school. Parents could accumulate grants (one for each year outside of the labor market) but would be required to use the grant within 15 years of the year for which the grant was earned. Eligibility would be subjected to income limits ($75,000/year maximum, subject to revision on the basis of cost estimates). The program would be administered by the Education Department, in parallel with Pell Grants and other financial aid programs.

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Paul

September 16, 1998

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC October Event Ideas

Health Care

Long-Term Care: If Democrats decide to introduce an alternative tax bill, we could do an event (either before or concurrent with the Democratic unveiling) that highlights the President's long-term care initiative. The President's proposal would provide for a $500-$1,000 tax credit to people with long-term care needs or their caregivers. It would cost about $5 billion over 5 years and help about 2.2 million people. At the same time, the President could call for the Federal Employees Health Benefit plan to offer long-term care insurance to federal employees. OPM estimates that 300,000 people would buy these policies.

Work Incentives and Health Care for People with Disabilities: Within a week, we will know whether the Senate will vote on the Jeffords-Kennedy Work Incentives Improvement Act -- the disability community's top health priority -- this year. If the bill does come to a vote, we could do a strong event with the disability and AIDS communities emphasizing our involvement in developing the bill and calling on the Senate to pass it. We also could announce the approval of four states for the new "date certain" grant program. This initiative (long sought by the disability community) gives states the ability to use Medicaid funds to offer a time-limited opportunity for institutionalized disabled persons to return to their communities to receive the long-term care services they need. The disabilities community views the program as an important step in moving Medicaid away from its historic bias toward institutionalizing the chronically ill.

OK

Children's Health: October is the first anniversary of the effective date of the Children's Health Insurance Program (CHIP), and October 5 is Child Health Day. We could release the first annual report on states' progress in implementing CHIP, which is expected to coincide with a sufficient number of state approvals to cover 2.5 million kids. At this event, we would launch phase one of our children's health outreach campaign with NGA, which includes new radio ads in 10 states (set to begin October 1) targeted to parents of uninsured children eligible for CHIP or Medicaid. We also are trying to get a commitment from Americorps to participate in signing families up for Medicaid and CHIP on the local level.

Good

Patients' Bill of Rights: We would like to do at least one more patients' bill of rights event, preferably on the road, prior to the election. We might want to do a kind of wrap-up event, now

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that we have just about finished applying the bill of rights to federal health plans, toting up everything we have done by executive action (i.e., how many people covered) and comparing it to what Congress has accomplished (i.e., nothing). The AFL-CIO (per Jerry Shea) strongly favors this event.

Cancer Event(s): In addition to the September 26 Cancer March (and the President's possible involvement through a radio address), October is National Breast Cancer Awareness month. It is also the fifth anniversary of the President's launching of the National Action Plan on Breast Cancer. We have tentatively scheduled October 21 for an event with the First Lady to (1) release a new report on the progress the Administration has made in the fight against breast cancer, and (2) highlight a new information outreach and screening campaign focused on underserved minorities. Because of the President's strong cancer record, as well as his desire to underscore our commitment to ending health disparities among races, the President might want to participate in this event.

Elder Abuse: See Crime section of this memo.

Education

This would be good to do at a charter school

September Grants: The Education Department will announce prior to September 30: (1) technology grants ($30 million to 17 states); (2) charter school grants ($60 million to 20 states); (3) safe and drug free school grants ($5 million for model school partnerships and universities); and (4) school-to-work grants ($40 million to urban and rural communities, which must be given on September 30). We can try to combine as many of these grants as possible into a single event, perhaps in Chicago.

Potential Bill Signings: (1) The Higher Education Act is virtually certain to pass this session, though the timing is uncertain. It is likely to contain provisions to reduce student loan interest rates, as well as programs based on our High Hopes and Teacher Recruitment and Preparation proposals. (2) Prospects for passing the charter schools legislation are decent, though hardly guaranteed. (3) Ditto the prospects for passing an early literacy bill.

Do #1 to sign

Safe Schools Conference: On October 15, the President will host a White House Conference on School Safety and take the following actions: (1) release the first annual report on school safety, including school crime data, information on model safe schools, and recommended action steps for parents and teachers; (2) unveil a proposal to reform the Safe and Drug Free Schools program and call for additional funds in the FY 2000 budget; (3) announce a new FEMA-like program of assistance for communities that have experienced school-related violence; (4) launch new comprehensive school safety grants that will bring together disparate streams of funding from the Departments of Justice, Education, and Health and Human Services; and (5) start a partnership with MTV on school safety, which includes a year of PSAs.

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Can't do while in LA?

Crime

September COPS Grants: The President could announce in late September $370 million in grants to hire or redeploy 11,500 more police officers. This announcement would include $100 million for Los Angeles to hire 700 new police officers, $70 million for the rest of California to hire 800 new officers, and $200 million for COPS MORE grants to allow police departments in communities across the nation to redeploy more than 10,000 officers.

Ok Let's do an event on this Good

Elder Abuse and Fraud: The President could take several actions to combat elder abuse and fraud, including: (1) releasing the preliminary findings of an HHS study on elder abuse; (2) creating a new national center on elder abuse; (3) calling on Congress to reauthorize the Older Americans' Act, which includes services to help older Americans at risk for abuse; (4) launching a new partnership between the Justice Department and AARP to create Elder Fraud Prevention Teams (EFPTs) in four cities (Miami, Phoenix, San Diego, and Seattle); (5) releasing roughly $3 million in Justice Department grants to combat fraud against the elderly (by September 30); and (6) posting new information on telemarketing fraud on the Department of Justice Web site.

TOP COPS Legislation: The President could sign legislation to expand educational benefits for the children of slain local law enforcement officers at the NAPO TOP COPS event on October 9, assuming the legislation is passed in time. The President endorsed this proposal at last year's TOP COPS event. The bill has passed the Senate and is waiting for a floor vote in the House.

[illegible]

Good

1997 FBI Crime Statistics: Coinciding with the October 18 release of the final 1997 FBI Uniform Report -- which will continue to show large decreases in crime -- the President could give a major policy speech on how this Administration's efforts have helped to fuel the longest sustained drop in violent crime in nearly 40 years. The speech would commemorate the fourth anniversary of the landmark 1994 Crime Act; highlight the crime policies, including signature initiatives such as COPS, that have helped to change the nation's approach to crime; and begin to make the case for new crime proposals that will be included in the State of the Union and FY 2000 budget.

Youth Crime Gun Interdiction Initiative: Anytime after October 23, the President could: (1) release the second annual report on the Youth Crime Gun Interdiction Initiative (YCGII), which will provide new ATF data on guns used in crimes in 27 cities; (2) announce the availability of new funds to hire new ATF agents to investigate gun trafficking in these 27 cities; and (3) propose a dramatic expansion of this initiative in the FY 2000 budget to all major cities (i.e., the 65-70 cities with populations of 250,000 or more), which would cost about $30 million (pending OMB's approval). Additionally, because we expect the YCGII report to make a strong case for cracking down on "straw purchasers" and gun shows, we are considering whether the President should announce his support for legislation requiring background checks for all secondary market gun purchases.

Big issue in Florida Good idea

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Children and Families

Head Start Reauthorization Bill: The President should have the opportunity to sign a Head Start Reauthorization bill this year. A bill signing could highlight the how the Administration has (1) significantly increased Head Start participation; (2) dramatically improved program quality; and (3) created Early Head Start for infants and toddlers.

Quality Child Care for Federal Employees Act: The President may get an opportunity to sign the Quality Child Care for Federal Employees Act, which makes important improvements to federally-sponsored child care by building on an executive memorandum that the President issued in March 1998. (Congress, however, might add this measure to an appropriations bill.) We could announce new CCDBG data (see just below) at this signing.

New Child Care Data. The President could announce new data of the number of children served with child care assistance through the Child Care and Development Block Grant (CCDBG). This data will point to the need for increased investment in the block grant; we expect the data to indicate that we are serving approximately 1.8 million children of the 10 million eligible for assistance. This is the first data to examine the CCDBG created by welfare reform in 1996 (when four child care assistance programs were consolidated).

CEO Roundtable Discussion on Work/Family Issues: The President could host a meeting of CEOs to discuss "family-friendly" workplace practices that meet the needs of the nation's changing workforce. The President could release a new CEA report, if it is ready, on Families and the Changing Labor Market. Additionally, the President could signal support for the design of a paid parental leave program (policy development process required). This meeting would build on the work of the Treasury Child Care Working Group, run by Secretary Rubin.

Welfare

National Child Support Case Registry: HHS is almost ready to put in place a new national database of child support cases, called a Federal Case Registry. This database will make it easier to locate deadbeat parents, especially if they have moved to a different state; HHS will check the Registry daily against an existing database of new employees; when it finds a match, it will report the information to the state, which then will arrange to garnish the wages of the delinquent parent. The registry was proposed by the President in 1994 and enacted as part of the 1996 welfare reform law. States will begin to submit their case data to HHS on October 1; HHS expects to have 30 states in its system by the end of October and 40 states by the end of the year. We could unveil the new registry anytime in October.

Work Participation Rates and Other Statistics: In late October, the President could visit a welfare-to-work program and announce (1) new state work participation rates, showing that almost all states are meeting the welfare law's single-parent requirements, but some are failing to meet the law's separate two-parent requirement; (2) new caseload data showing continuing declines; and (3) new data on the number of people who were on welfare in 1997 and working in March 1998.

Tobacco

OSHA Rule: The President could sign an Executive Order directing OSHA to issue within one year a standard establishing a smoke-free workplace for all private sector employees. OSHA has been working since 1991 on a standard regulating all indoor air pollutants (including but not limited to environmental tobacco smoke), but is years away from completing the standard, principally because there is scanty scientific evidence to justify the regulation of certain non-ETS pollutants. If the President ordered a separate standard only on ETS, OSHA believes it could complete the work within a year. The resulting standard would be similar to the August 1997 Executive Order banning smoking in federal buildings.

Counteradvertising: In an event focusing on counteradvertising, the President could direct HHS to: (1) designate the CDC's Media Campaign Resource Center as a National Clearinghouse on Tobacco Counteradvertising; (2) collect and disseminate a package of the top-10 advertisements for preventing youth smoking, and make these available to states and organizations for television placement free of charge; and (3) make effective anti-tobacco curriculum available to every school. Supermodel Christy Turlington and the musical group "Boyz II Men" have made PSAs that would be among the top-10 package, and we could invite them to participate in the event.

Department of Defense Anti-Tobacco Plan: The President could help unveil the DOD's new comprehensive anti-tobacco plan. This plan includes: health plan coverage of over-the-counter nicotine replacement therapies; an extensive counteradvertising campaign; and the incorporation of anti-tobacco messages into military education and training programs. The total cost is about $60 million. The Secretary of Defense and/or Chairman of the Joint Chiefs of Staff could join the President.

Food Safety

Salmonella and Research: The President could announce a preliminary USDA study showing that salmonella risks have declined by almost 50 percent in chicken and almost 40 percent in swine, largely because of the HACCP program. At the same time, he could participate in a kind of "show and tell" event demonstrating the importance of research to food safety, showing for example how federal research has led to technologies dramatically reducing salmonella in chicken and e-coli in cows.

Service

Americorps 100,000th Member Event: CNS is planning national service events in Washington and around the country on October 23 to celebrate the swearing-in of the 100,000th Americorp member. At this event (or at some other time), the President also could announce: (1) new grants to support 500-1000 Americorps Promise Fellowships to support the goals set at the Presidents' Summit; (2) the recipients of the President's Service Awards, the nation's highest volunteer service award; and (3) the recipients of the President's Student Service Awards.

Community Empowerment

Individual Development Accounts: The President may have an opportunity to sign a bill to provide funds for IDAs, which the President has supported since 1992. At the bill signing, the President could announce that he is sending a letter to the bank regulators asking that IDA accounts count towards a financial institution's CRA requirements.

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TO: **Jen Klein**

FAX: 456-9412

PAGES (including cover page): 3

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

RE: Jen -- Attached per your request are some initial comments from staff on the Moynihan proposal. They raise some design concerns, which could likely be addressed, but also raise some more fundamental concerns. For example, I think the higher education community and student groups would raise extremely strong objections to giving middle class parents large grants for education while denying them to others with lower incomes and no children. The community is very concerned that so many families have to take out very large loans for college either because Pell Grants are not large enough or their incomes are above the Pell cut off (generally $30 k).

This paper does not raise it, but we would also want to think how this interacts with proposals for vouchers for private secondary education -- something the Secretary is very concerned about and Senator Moynihan is not.

Sorry I don't have more positive feedback for you, but hope this is helpful. Please let me know what you think.

Summary of the Enhancing Family Life Act of 1998

Senator Moynihan introduced the Enhancing Family Life Act of 1998 bill on September 24, 1998. The bill would create a grant program for career development and retraining after a period of child rearing. These grants could be used to pay the cost of attendance at institutions of higher education or for expenses incurred in obtaining a secondary school diploma or recognized equivalent.

TANF or SSI?

Any custodial parent of a child under the age of six who has no earned income and is not receiving Social Security benefits is eligible to receive a grant, if his or her yearly income is $75,000 or less. For parents with incomes of $50,000 or less, the parent would receive a parent grant equal to the maximum Pell Grant for each child under six. For parents with incomes between $50,000 and $75,000, the parent would receive a parent grant equal to ½ of the maximum Pell Grant for each child under six.

Parent grants would be disbursed in the same manner as Pell Grants, except that parents who use parent grants to pay for expenses relating to secondary education would obtain the funds directly from the federal government. Eligibility and administration of the parent grant program would be quite different from the Pell Grant program.

Parent grants can be used anytime within 15 years after they are awarded. Multiple grants may be used in the same year, and single grants may be used over multiple years. Parents may not earn parent grants during years in which they use a parent grant.

Issues Raised by the Bill:

- Parent grants are not well targeted. Providing these potentially large grants to families with up to $75,000 of income makes little sense when funding for highly targeted Pell Grants is limited.

- The program would be difficult for the Department of Education to administer. The program is fundamentally different from the Pell Grant program, because these grants could be used for up to fifteen years. The Department is not in a good position to verify whether parents stayed out of the workforce to take care of their children and what family incomes were up to 15 years ago.

- The program would be subject to abuse. It would be difficult to monitor use of funds up to 15 years later, and it is not clear what happens if accumulated grants exceed total education costs.

- The program requires an appropriation, but nothing in the bill provides how grants would be awarded if an appropriation is insufficient to cover the demand. Although we do not have a cost estimate at this time, this program is potentially very expensive.

- Parent grants would compensate parents heavily for the number of children they have, rather than the amount of time that they are out of the workforce or their need for further education to later obtain employment. For example, a parent of twins would receive a parent grant that is twice as large as a parent of a single child who stayed out of the workforce for the same amount of time.

- There is no cap on the amount of a parent grant. Accordingly, parents of large families could receive very large grants. For example, a parent of six children could receive 36 times the maximum Pell Grant award -- which is over $100,000.

- Highly educated parents who do not need education or training to reenter the workforce would be eligible for these grants.

- Providing funding for secondary education is typically a state and local role. Providing federal funds directly to students for this purpose may subject the Department to abuse of the program -- it would be difficult for the Department to verify whether the student actually incurred educational costs and whether the student actually enrolled in a secondary program without school involvement.

Supporting Family-Friendly Benefits: Currently, businesses receive tax preferential treatment for a variety of employee benefits they provide, including health care benefits (which the federal government essentially subsidizes by roughly 30%). We propose granting similar tax preferential treatment to family-friendly benefits, including flexible work hours, compressed work weeks, part-time work with benefits, job sharing, career sequencing, and extended paid parental leave, that are provided by employers. Such tax preferential treatment would be conditioned upon policies that are open to all employees, regardless of the wage of the employee. Such a tax credit would enable parents to spend more time with their children by providing companies, both small and medium sized, the ability to respond to the time crunch families are facing. In addition, it builds on our flex-time and family-leave proposals. Awaiting estimation by Treasury of a variety of proposals (though each proposal would provide far less support than the current tax treatment of health care and pension benefits).

Families Agenda for the Fiscal Year 2000 Budget

Over the last 30 years, there have been increasing pressures on the family --more dual-earner couples, families working longer hours, all creating a squeeze that leaves parents with less and less time with their children. At the very least, this time squeeze is a source of anxiety for parents --at its worst, it places more children at risk. As part of the fiscal year 2000 budget, the Clinton Administration can put forward an agenda that puts families first by helping parents as they cope with this most important of all duties --raising their children.

Expansion of the Child Care and Development Block Grant. We propose to expand the Child Care and Development Block Grant as previously proposed in the FY 1999 Budget. The block grant is the primary federal child care subsidy program, helping low-income working families struggling to pay for child care. Funds are distributed by formula to the states to operate direct child care subsidy programs, as well as to improve the quality and availability of care. Currently, over one million children are served by the program, leaving roughly nine million children who are eligible but unserved. **Cost: $7.5 billion over five years.**

Expansion of the Child and Dependent Care Tax Credit. The Child and Dependent Care Tax Credit provides tax relief for families who pay for the care of a child under 13 or a disabled dependent or spouse in order to work. The credit 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. As in the FY 1999 Budget, we propose increasing the credit for families earning under $60,000, providing an additional average tax cut of $358 for these families and eliminating income tax liability for almost all families with incomes below 200% of poverty ($35,000 for a family of four) who take the maximum allowable child care expenses under the law. **Cost: $5.1 billion over five years to expand the credit for three million working families.**

New Parent Paid Leave Plan. Many workers who have access to unpaid (whether through the FMLA or employer-provided leave) are unable to take it because they simply cannot afford to do so. To address this problem, the President could propose a New Parent Paid Leave Plan to provide eligible parents with partial wage replacement for up to six or twelve weeks following birth or adoption. The cost of the plan will vary considerably based on the selected eligibility criteria. One option: all new parents with median income or below (roughly $37,000/yr) who have been in the workforce for at least one year would be eligible for a $200/week partial wage replacement for up to four weeks (weekly figure based on average UI benefit). Eligible workers would be required to use the federal benefit immediately following birth or adoption and before using any employer-provided leave benefit, but could receive the benefit whether or not they ultimately returned to work. The program would be administered through the Unemployment Insurance System. **Cost of option: very roughly, $875 million for FY 2000 (including start-up and administrative expenses).** We will have more options and better costing next week.

FMLA Expansion to Businesses with 25 Workers. Since the Family and Medical Leave Act was enacted in 1993, millions of Americans have taken FMLA-covered leave to care for a newborn or adopted child, attend to their own serious health needs, or care for a seriously ill parent, child or spouse -- without fear of losing their job or health insurance. Under current law, workers are eligible for FMLA coverage only if they work at a business with *50 or more* employees and if they have worked at least twelve months and 1,250 hours for the employer. (Today, about 67 million Americans -- over half of all workers -- are covered by the FMLA. Senator Dodd proposed lowering the threshold to businesses with 25 or more employees, and Senator Kennedy champions a proposal to lower the threshold to 10. While the President has consistently referenced his support for expanding the FMLA benefit, the Administration has not formally presented a proposal in this area. **We recommend advancing a specific proposal to lower the FMLA threshold to 25 or more workers, expanding coverage for up to ten million more American workers. No budget implications.**

Parent Education and Support Fund. The White House Conference on Early Childhood Development and Learning spotlighted the critical importance of children's earliest years of life to their development and later success in life. Parents play the central role in providing children with developmentally appropriate stimulation and attention during these years. In addition, studies have revealed the promise of home-visitation programs to reduce child abuse and support children's development. We propose the creation of a competitive grant program administered by HHS to fund parent education and support programs, including the development or expansion of home visitation programs, efforts to educate and engage parents in child care and other efforts to improve child care quality, and the establishment of "second chance maternity homes" to support teen mothers and teach parenting skills. This fund would support programs such as HIPPY, Parents as First Teachers, home visitation, and other parenting education programs. **Cost: $500 million over five years.**

Tax Relief for Parents, Including Parents who Stay at Home. The following are a series of proposals that would benefit families in which a parent stays at home (all estimates are rough and preliminary). We are currently exploring a variety of iterations of each proposal, but will settle on only one proposal. Also note that these proposals interact differently with an expanded Child and Dependent Care Tax Credit, and therefore, the selection of one of these policies will be informed by our decision on the DCTC. Options:

a. <u>Expand the Child Tax Credit</u>. The Child Tax Credit is currently $500 per child for children under 17. We propose to double the credit to $1,000 per child for those children under the age of three. The Child Tax Credit begins to phase out for taxpayers whose adjusted gross income exceeds $110,000 each year ($75,000 if not married). **Cost: Roughly $11 to $13 billion over 5 years.** Another option is to double the credit for families with children under the age of two, which would cost roughly $4 billion over five years.

b. <u>Increase the Standard Deduction</u>. Most lower-income families (incomes of less than $50,000) do not itemize their deductions, choosing to take the standard deduction (and using the simpler form) instead, while most higher income families choose to itemize. Therefore, a proposal to expand the standard deduction for children would help lower-income families. In FY 2000, the standard deduction will be roughly $7,400 for married couples, and $6,500 for heads of households. We could increase the standard deduction by $1,500 for families with children for each child under 4, regardless of the marital status of the parents, and would cover roughly 4 million taxpayers (three quarters of whom are married couples) and 4.4 million children. The average benefit would be $223 per taxpayer. **Cost: $3.7 billion over five years.** We are currently exploring a variety of other options, including a proposal to expand the standard deduction by $2,000 per family.

c. Expand the DCTC. We could extend the benefits of our DCTC proposal to stay-at-home parents with children age three and under, by applying the same eligibility guidelines and assuming minimum child-care expenses of $150 per family per month. This proposal would also phase out the credit for families with annual income over $105,000. **Cost: A variant of this proposal was estimated at roughly $13 billion over 5 years ($8 billion above our DCTC proposal).**

Expansion of After-School Programs. An estimated five million school-age children spend time as "latchkey kids" without adult supervision during a typical week. Research indicates that during these unsupervised hours children are more likely to engage in at-risk behavior, such as crime, drugs, and alcohol use. To meet this pressing demand, the President can propose a dramatic expansion of after-school care. Areas of expansion:

a. 21st Century Learning Centers:. The program increases the supply of after-school care in a cost-effective manner primarily by funding programs that use public schools and their existing resources, such as computers, gymnasiums, and sports equipment. We should build on the success of our recent expansion of the program by increasing funding by $300 million this year. **Cost: $500 million for FY 2000.**

b. Supporting community-based after-school programs. Because so many of the most effective after-school programs are community based, such as the Boys and Girls Clubs, we propose expanding the Department of Justice's At-Risk Youth Initiative. We propose expanding the program by $50 million, but targeting the funds for after-school initiatives by community-based organizations. **Cost: $250 million over five years.**

c. Expanding AmeriCorps' support for after-school. An expanded AmeriCorps could increase the availability of after school and summer programming for children and youth while providing additional opportunities for young adults to earn money for college through service. AmeriCorps Members serve with many of the major community-based organizations that provide after school care (including YMCA, Save the Children, and Boys and Girls Clubs); many others serve in public schools. We propose supporting a targeted initiative in which ten thousand AmeriCorps Members would conduct a 10-week summer program involving up to 100,000 middle-school children. **Cost: Roughly $35 to $40 million per year, or a cost of $200 million over five years.**

Child Welfare: Children "Aging Out" of Foster Care. Each year, nearly 20,000 18-year-olds "age out" of the public child welfare system. These young adults entered foster care due to abuse and neglect, were unable to return to their birth families, and were not adopted. Federal financial support for these young people ends just at the time they are making the critical transition to support for these young people ends just at the time they are making the critical transition to adulthood. Research shows that they face unstable housing and homelessness, low educational achievement, depression, poor health, and violence and incarceration. When they turn 18, they also very often find themselves with no health insurance, as Medicaid eligibility ends at age 18. Areas for increased investment:

a. Expand the Independent Living Program. Administered by HHS, the Independent Living Program provides services to foster care children aged 16 to 18 to help them (1) make the transition to independence by earning a high school diploma; (2) receive vocational training; and (3) learn daily living skills such as budgeting, locating housing, planning a career, and finding a job. Begun in 1986, the program assists 85,000 young people and has been funded at $70 million since 1992. **We recommend increasing the Independent Living Program by 50 percent -- to $105 million in FY 2000 and $525 over five years.**

b. Expand the Transitional Living Program. The Transitional Living Program is an HHS-administered, $15 million competitive grant program that funds community-based organizations that provide services to this population, including housing support. We recommend doubling the increasing **to $30 million in FY 2000 and $75 million over five years.**

c. Provide Medicaid Coverage. We recommend giving states the option of using Federal Medicaid dollars to provide health care coverage for this population **-- cost TBD; roughly hundreds of millions over 5 years).**

Child Welfare: Adoption Registry. In 1996, the President called for a plan to double to number of children adopted each year from the foster care system. *Adoption 2002* -- the initiative developed by HHS in response to President's charge -- included efforts to break down barriers to adoption. The Administration secured $10 million in FY 1999 for HHS discretionary Adoption Opportunities Grants for this purpose. One use of this grants will be the creation of an Internet-based adoption registry of foster care children waiting to be adopted, so that prospective adoptive parents can learn about these waiting children. **We recommend increasing the Adoption Opportunities grants by 20 percent to $12 million for FY 2000 and$60 million over five years, targeted to the upkeep of this Internet-based national adoption registry.**

Child Welfare: Court Improvement. The Adoption and Safe Families Act of 1997, aimed at moving children in foster care more quickly to adoptive and other permanent homes, shortened the timeframes in which permanency decisions must be made for children in foster care. This has put more pressure on an already over-burdened and resource-deficient family and juvenile court system. Courts particularly need additional support to improve automation and computer systems to track foster care children and to reduce the pending backlogs of abuse and neglect cases. In addition, the Court Appointed Special Advocate program, which pairs a trained volunteer with child abuse cases to serve in an advocacy role, needs to be expanded to under-served areas. We recommend the creation of a new DOJ-administered grant program to automate the data collection and tracking of proceedings in abuse and neglect courts and a one-time grant to expand CASA to under-served areas. **Cost: TBD, roughly 15 million for FY 2000 and $55 million over five years.**

[Flexible Work Hours for Families. Bruce/Elena: We are beginning to think through this proposal, and are looking for guidance as to whether we should continue to pursue it.] Options:

a. Tax credit for businesses that provide flexible work schedules for their employees. We propose to offer tax credits to companies that offer a variety of family-friendly benefits, including flexible work hours for their employees, compressed work weeks, part-time work with benefits, job sharing, career sequencing, and extended parental leave. Such a tax credit would enable parents to spend more time with their children by providing companies, both small and medium sized, the ability to respond to the time crunch families are facing. In addition, it builds on our flex-time and family-leave proposals. Awaiting estimation by Treasury.

b. Subsidies: We propose that the Commerce Department would make grants to states who would in turn provide grants to eligible businesses that provide flexible work hours for their employees, including flexible work hours for their employees, compressed work weeks, part-time work with benefits, job sharing, career sequencing, and extended parental leave. Within the grant-making process, priority would be given to small and medium sized businesses. Businesses would be required to ensure that the funds would be used to supplement and not supplant any ongoing efforts in this area. **Very rough cost estimate: $500 million over five years.**

II

105TH CONGRESS
2D SESSION

S. 2518

To enhance family life.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 24, 1998

Mr. MOYNIHAN introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To enhance family life.

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Enhancing Family Life Act of 1998".

(b) TABLE OF CONTENTS.—The table of Contents for this Act is as follows:

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) The family is the foundation of public life.

(2) The proportion of illegitimate births to teenagers has increased astronomically from 13 percent of such births in 1950 to 76 percent of such births in 1996.

(3) Children in one-parent families are more at risk for many types of anti-social behavior.

(4) The future of children is crucially determined during the first few years of life.

TITLE I—ASSISTANCE FOR CHILDREN

SEC. 101. SECOND CHANCE HOMES.

(a) IN GENERAL.—Title XX of the Social Security Act (42 U.S.C. 1397–1397f) is amended by adding at the end the following:

"SEC. 2008. SECOND CHANCE HOMES.

"(a) ENTITLEMENT.—

"(1) IN GENERAL.—In addition to any payment under sections 2002 and 2007, beginning with fiscal year 1999, each State shall be entitled to funds under this section for each fiscal year for the establishment, operation, and support of second chance homes for custodial parents under the age of 19 and their children.

"(2) PAYMENT TO STATES.—

"(A) IN GENERAL.—Each State shall be entitled to payment under this section for each fiscal year in an amount equal to its allotment (determined in accordance with subsection (b)) for such fiscal year, to be used by such State for the purposes set forth in paragraph (1).

"(B) TRANSFERS OF FUNDS.—The Secretary shall make payments in accordance with section 6503 of title 31, United States Code, to each State from its allotment for use under this section.

"(C) USE.—Payments to a State from its allotment for any fiscal year must be expended by the State in such fiscal year or in the succeeding fiscal year.

"(D) TECHNICAL ASSISTANCE.—A State may use a portion of the amounts described in subparagraph (A) for the purpose of purchasing technical assistance from public or private entities if the State determines that such assistance is required in developing, implementing, or administering the program funded under this section.

"(3) SECOND CHANCE HOMES.—For purposes of this section, the term 'second chance homes' means an entity that provides custodial parents under the age of 19 and their children with a supportive and supervised living arrangement in which such parents would be required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children. A second chance home may also serve as a network center for other supportive services that might be available in the community.

"(b) ALLOTMENT.—

"(1) CERTAIN JURISDICTIONS.—The allotment for any fiscal year to Puerto Rico, Guam, the United States Virgin Islands, American Samoa, and the Northern Mariana Islands shall be an amount that bears the same ratio to the amount specified under paragraph (3) as the allotment that the jurisdiction receives under section 2003(a) for the fiscal year bears to the total amount specified for such fiscal year under section 2003(c).

"(2) OTHER STATES.—The allotment for any fiscal year for each State other than Puerto Rico, Guam, the United States Virgin Islands, American Samoa, and the Northern Mariana Islands shall be an amount which bears the same ratio to—

"(A) the amount specified under paragraph (3); reduced by

"(B) the total amount allotted for that fiscal year under paragraph (1),

as the allotment that the State receives under section 2003(b) for the fiscal year bears to the total amount specified for such fiscal year under section 2003(c).

"(3) AMOUNT SPECIFIED.—The amount specified for purposes of paragraphs (1) and (2) shall be $40,000,000 for fiscal year 1999 and each succeeding fiscal year thereafter.

"(c) LOCAL INVOLVEMENT.—Each State shall seek local involvement from the community in any area in which a second chance home receiving funds pursuant to this section is to be established. In determining criteria for targeting funds received under this section, each State shall evaluate the community's commitment to the establishment and planning of the home.

"(d) LIMITATIONS ON THE USE OF FUNDS.—

"(1) CONSTRUCTION.—Except as provided in paragraph (2), funds made available under this section may not be used by the State, or any other person with which the State makes arrangements to carry out the purposes of this section, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than minor remodeling) of any building or other facility.

"(2) WAIVER.—The Secretary may waive the limitation contained in paragraph (1) upon the State's request for such a waiver if the Secretary finds that the request describes extraordinary circumstances to justify the waiver and that permitting the waiver will contribute to the State's ability to carry out the purposes of this section.

"(e) TREATMENT OF INDIAN TRIBES.—

"(1) IN GENERAL.—An Indian tribe may apply to the Secretary to establish, operate, and support adult-supervised group homes for custodial parents under the age of 19 and their children in accordance with an application procedure to be determined by the Secretary. Except as otherwise provided in this subsection, the provisions of this section shall apply to Indian tribes receiving funds under this subsection in the same manner and to the same extent as the other provisions of this section apply to States.

"(2) ALLOTMENT.—If the Secretary approves an Indian tribe's application, the Secretary shall allot to such tribe for a fiscal year an amount which the Secretary determines is the Indian tribe's fair and equitable share of the amount specified under paragraph (3) for all Indian tribes with applications approved under this subsection (based on allotment factors to be determined by the Secretary). The Secretary shall determine a minimum allotment amount for all Indian tribes with applications approved under this subsection. Each Indian tribe with an application approved under this subsection shall be entitled to such minimum allotment.

"(3) AMOUNT SPECIFIED.—The amount specified under this paragraph for all Indian tribes with applications approved under this subsection is $5,000,000 for fiscal year 1999 and each succeeding fiscal year thereafter.

"(4) INDIAN TRIBE DEFINED.—In this section, the term 'Indian tribe' means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native entity which is recognized as eligible for the special programs and services provided by the United States to Indian tribes because of their status as Indians.

"(f) RESEARCH AND EVALUATION.—

"(1) IN GENERAL.—The amount appropriated to carry out this section for each fiscal year shall be increased by 2 percent and the Secretary shall reserve an amount equal to that increase to pay for the costs of conducting, through grant, contract, or interagency agreement, research and evaluation projects regarding the second chance homes funded under this section. In conducting such projects, the Secretary shall give priority to projects that are undertaken by independent and impartial organizations.

"(2) REPORT.—Not later than 4 years after the date of enactment of this section, the Secretary shall submit a report to Congress on the research and evaluation projects conducted in accordance with this subsection.".

(b) RECOMMENDATIONS ON USE OF GOVERNMENT SURPLUS PROPERTY.—Not later than 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services, after consultation with the Secretary of Defense, the Secretary of Housing and Urban Development, and the Administrator of the General Services Administration, shall submit recommendations to Congress on the extent to which surplus properties of the United States Government may be used for the establishment of second chance homes receiving funds under section 2008 of the Social Security Act, as added by subsection (a).

SEC. 102. ADOPTION PROMOTION.

(a) ADOPTION OF CHILDREN WITH SPECIAL NEEDS.—

(1) IN GENERAL.—Section 473(a) of the Social Security Act (42 U.S.C. 673(a)) is amended by striking paragraph (2) and inserting the following:

"(2)(A) For purposes of paragraph (1)(B)(ii), a child meets the requirements of this paragraph if such child—

"(i) prior to termination of parental rights and the initiation of adoption proceedings was in the care of a public or licensed private child care agency or Indian tribal organization either pursuant to a voluntary placement agreement (provided the child was in care for not more than 180 days) or as a result of a judicial determination to the effect that continuation in the home would be contrary to the safety and welfare of such child, or was residing in a foster family home or child care institution with the child's minor parent (either pursuant to such a voluntary placement agreement or as a result of such a judicial determination); and

"(ii) has been determined by the State pursuant to subsection (c) to be a child with special needs, which needs shall be considered by the State, together with the circumstances of the adopting parents, in determining the amount of any payments to be made to the adopting parents.

"(B) Notwithstanding any other provision of law, and except as provided in paragraph (7), a child who is not a citizen or resident of the United States and who meets the requirements of subparagraph (A) shall be treated as meeting the requirements of this paragraph for purposes of paragraph (1)(B)(ii).

"(C) A child who meets the requirements of subparagraph (A), who was determined eligible for adoption assistance payments under this part with respect to a prior adoption (or who would have been determined eligible for such payments had the Adoption and Safe Families Act of 1997 been in effect at the time that such determination would have been made), and who is available for adoption because the prior adoption has been dissolved and the parental rights of the adoptive parents have been terminated or because the child's adoptive parents have died, shall be treated as meeting the requirements of this paragraph for purposes of paragraph (1)(B)(ii).".

(2) EXCEPTION.—Section 473(a) of the Social Security Act (42 U.S.C. 673(a)) is amended by adding at the end the following:

"(7)(A) Notwithstanding any other provision of this subsection, no payment may be made to parents with respect to any child that—

"(i) would be considered a child with special needs under subsection (c);

"(ii) is not a citizen or resident of the United States; and

"(iii) was adopted outside of the United States or was brought into the United States for the purpose of being adopted.

"(B) Subparagraph (A) shall not be construed as prohibiting payments under this part for a child described in subparagraph (A) that is placed in foster care subsequent to the failure, as determined by the State, of the initial adoption of such child by the parents described in such subparagraph.".

(3) REQUIREMENT FOR USE OF STATE SAVINGS.—Section 473(a) of the Social Security Act (42 U.S.C. 673(a)), as amended by subsection (b), is amended by adding at the end the following:

"(8) A State shall spend an amount equal to the amount of savings (if any) in State expenditures under this part resulting from the application of paragraph (2) on and after the effective date of the amendment to such paragraph made by section 4(a) of the Enhancing Family Life Act of 1998 to provide to children or families any service (including post-adoption services) that may be provided under this part or part B.".

(b) PER CAPITA CHILD WELFARE DEMONSTRATION PROJECTS.—Section 1130(a)(2) of the Social Security Act (42 U.S.C. 1320a–9(a)(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) RESERVATION.—Of the 10 demonstration projects authorized under this subsection for each of fiscal years 1999 through 2002, the Secretary, upon receipt of an appropriate application, shall approve at least 3 demonstration projects in each of such fiscal years that are designed to test a per capita approach for the successful resolution of a foster care placement under which a private entity contracts for a fixed amount to either restore a child in foster care to the child's parent or parents or locate an adoptive placement for the child.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1998.

SEC. 103. EARLY CHILDHOOD DEVELOPMENT.

Title IV of the Social Security Act (42 U.S.C. 601 et seq.) is amended by adding at the end the following:

"PART F—ASSISTANCE FOR YOUNG CHILDREN

"SEC. 480. DEFINITIONS.

''In this part:

''(1) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given that term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

''(2) POVERTY LINE.—The term 'poverty line' means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved.

''(3) STATE BOARD.—The term 'State board' means a State Early Learning Coordinating Board established under section 481(c).

"(4) YOUNG CHILD.—The term 'young child' means an individual from birth through age 5.

"(5) YOUNG CHILD ASSISTANCE ACTIVITIES.—The term 'young child assistance activities' means the activities described in paragraphs (1) and (2)(A) of section 482(b).

"SEC. 481. ALLOTMENTS TO STATES.

"(a) IN GENERAL.—The Secretary shall make allotments under subsection (b) to eligible States to pay for the Federal share of the cost of enabling the States to make grants to local collaboratives under section 482 for young child assistance activities.

"(b) ALLOTMENT.—

"(1) IN GENERAL.—From the funds appropriated under section 484 for each fiscal year and not reserved under subsection (i), the Secretary shall allot to each eligible State an amount that bears the same relationship to such funds as the total number of young children in poverty in the State bears to the total number of young children in poverty in all eligible States.

"(2) YOUNG CHILD IN POVERTY.—In this subsection, the term 'young child in poverty' means an individual who—

"(A) is a young child; and

"(B) is a member of a family with an income below the poverty line.

"(c) STATE BOARDS.—

"(1) IN GENERAL.—In order for a State to be eligible to obtain an allotment under this part, the chief executive officer of the State shall establish, or designate an entity to serve as, a State Early Learning Coordinating Board, which shall receive the allotment and make the grants described in section 482.

"(2) ESTABLISHED BOARD.—A State board established under paragraph (1) shall consist of the chief executive officer of the State and members appointed by such chief executive officer, including—

"(A) representatives of all State agencies primarily providing services to young children in the State;

"(B) representatives of business in the State;

"(C) chief executive officers of political subdivisions in the State;

"(D) parents of young children in the State;

"(E) officers of community organizations serving low-income individuals, as defined by the Secretary, in the State;

"(F) representatives of State nonprofit organizations that represent the interests of young children in poverty, as defined in subsection (b), in the State;

"(G) representatives of organizations providing services to young children and the parents of young children, such as organizations providing child care, carrying out Head Start programs under the Head Start Act (42 U.S.C. 9831 et seq.), providing services through a family resource center, providing home visits, or providing health care services, in the State; and

"(H) representatives of local educational agencies.

"(3) DESIGNATED BOARD.—The chief executive officer of the State may designate an entity to serve as the State board under paragraph (1) if the entity includes the chief executive officer of the State and the members described in subparagraphs (A) through (G) of paragraph (2).

"(4) DESIGNATED STATE AGENCY.—The chief executive officer of the State shall designate a State agency that has a representative on the State board to provide administrative oversight concerning the use of funds made available under this part and ensure accountability for the funds.

"(d) APPLICATION.—To be eligible to receive an allotment under this part, a State board shall annually submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require. At a minimum, the application shall contain—

"(1) sufficient information about the entity established or designated under subsection (c) to serve as the State board to enable the Secretary to determine whether the entity complies with the requirements of such subsection;

"(2) a comprehensive State plan for carrying out young child assistance activities;

"(3) an assurance that the State board will provide such information as the Secretary shall by regulation require on the amount of State and local public funds expended in the State to provide services for young children; and

"(4) an assurance that the State board shall annually compile and submit to the Secretary information from the reports referred to in section

482(d)(2)(F)(iii) that describes the results referred to in section 482(d)(2)(F)(i).

"(e) FEDERAL SHARE.—

"(1) IN GENERAL.—The Federal share of the cost described in subsection (a) shall be—

"(A) 85 percent, in the case of a State for which the Federal medical assistance percentage (as defined in section 1905(b)) is not less than 50 percent but is less than 60 percent;

"(B) 87.5 percent, in the case of a State for which such percentage is not less than 60 percent but is less than 70 percent; and

"(C) 90 percent, in the case of any State not described in subparagraph (A) or (B).

"(2) STATE SHARE.—

"(A) IN GENERAL.—The State shall contribute the remaining share (referred to in this paragraph as the 'State share') of the cost described in subsection (a).

"(B) FORM.—The State share of the cost shall be in cash.

"(C) SOURCES.—The State may provide for the State share of the cost from State or local sources, or through donations from private entities.

"(f) STATE ADMINISTRATIVE COSTS.—

"(1) IN GENERAL.—A State may use not more than 5 percent of the funds made available through an allotment made under this part to pay for a portion, not to exceed 50 percent, of State administrative costs related to carrying out this part.

"(2) WAIVER.—A State may apply to the Secretary for a waiver of paragraph (1). The Secretary may grant the waiver if the Secretary finds that unusual circumstances prevent the State from complying with paragraph (1). A State that receives such a waiver may use not more than 7.5 percent of the funds made available through the allotment to pay for the State administrative costs.

"(g) MONITORING.—The Secretary shall monitor the activities of States that receive allotments under this part to ensure compliance with the requirements of this part, including compliance with the State plans.

"(h) ENFORCEMENT.—If the Secretary determines that a State that has received an allotment under this part is not complying with a requirement of this part, the Secretary may—

"(1) provide technical assistance to the State to improve the ability of the State to comply with the requirement;

"(2) reduce, by not less than 5 percent, an allotment made to the State under this section, for the second determination of noncompliance;

"(3) reduce, by not less than 25 percent, an allotment made to the State under this section, for the third determination of noncompliance; or

"(4) revoke the eligibility of the State to receive allotments under this section, for the fourth or subsequent determination of noncompliance.

"(i) RESERVATION OF FUNDS.—

"(1) TECHNICAL ASSISTANCE.—From the funds appropriated under section 484 for each fiscal year, the Secretary shall reserve not more than 1 percent of the funds to pay for the costs of providing technical assistance. The Secretary shall use the reserved funds to enter into contracts with eligible entities to provide technical assistance to local collaboratives that receive grants under section 482 relating to the functions of the local collaboratives under this part.

"(2) RESEARCH AND EVALUATION.—

"(A) IN GENERAL.—From the funds appropriated under section 484 for each fiscal year, the Secretary shall reserve 2 percent of the funds to pay for the costs of conducting, through grant, contract, or interagency agreement, research and evaluation projects regarding the young child assistance activities funded with amounts made available in accordance with the requirements of this part. In conducting such projects, the Secretary shall give priority to projects that are undertaken by independent and impartial organizations.

"(B) REPORT.—Not later than 4 years after the date of enactment of this part, the Secretary shall submit a report to Congress on the research and evaluation projects conducted in accordance with this paragraph.

"SEC. 482. GRANTS TO LOCAL COLLABORATIVES.

"(a) IN GENERAL.—A State board that receives an allotment under section 481 shall use the funds made available through the allotment, and the State contribution made under section 481(e)(2), to pay for the Federal and State shares of the cost of making grants, on a competitive basis, to local collaboratives to carry out young child assistance activities.

"(b) USE OF FUNDS.—A local collaborative that receives a grant made under subsection (a)—

"(1) shall use funds made available through the grant to provide, in a community, activities that consist of education and supportive services, such as—

"(A) home visits for parents of young children;

"(B) services provided through community-based family resource centers for such parents; and

"(C) collaborative pre-school efforts that link parenting education for such parents to early childhood learning services for young children; and

"(2) may use funds made available through the grant—

"(A) to provide, in the community, activities that consist of—

"(i) activities designed to strengthen the quality of child care for young children and expand the supply of high quality child care services for young children;

"(ii) health care services for young children, including increasing the level of immunization for young children in the community, providing preventive health care screening and education, and expanding health care services in schools, child care facilities, clinics in public housing projects (as defined in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b))), and mobile dental and vision clinics;

"(iii) services for children with disabilities who are young children; and

"(iv) activities designed to assist schools in providing educational and other support services to young children, and parents of young children, in the community, to be carried out during extended hours when appropriate; and

"(B) to pay for the salary and expenses of the administrator described in subsection (e)(4), in accordance with such regulations as the Secretary shall prescribe.

"(c) MULTI-YEAR FUNDING.—In making grants under this section, a State board may make grants for grant periods of more than 1 year to local collaboratives with demonstrated success in carrying out young child assistance activities.

"(d) LOCAL COLLABORATIVES.—To be eligible to receive a grant under this section for a community, a local collaborative shall demonstrate that the collaborative—

"(1) is able to provide, through a coordinated effort, young child assistance activities to young children, and parents of young children, in the community; and

"(2) includes—

"(A) all public agencies primarily providing services to young children in the community;

"(B) businesses in the community;

"(C) representatives of the local government for the county or other political subdivision in which the community is located;

"(D) parents of young children in the community;

"(E) officers of community organizations serving low-income individuals, as defined by the Secretary, in the community;

"(F) community-based organizations providing services to young children and the parents of young children, such as organizations providing child care, carrying out Head Start programs, or providing pre-kindergarten education, mental health, or family support services; and

"(G) nonprofit organizations that serve the community and that are described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code.

"(e) APPLICATION.—To be eligible to receive a grant under this section, a local collaborative shall submit an application to the State board at such time, in such manner, and containing such information as the State board may require. At a minimum, the application shall contain—

"(1) sufficient information about the entity described in subsection (d)(2) to enable the State board to determine whether the entity complies with the requirements of such subsection; and

"(2) a comprehensive plan for carrying out young child assistance activities in the community, including information indicating—

"(A) the young child assistance activities available in the community, as of the date of submission of the plan, including information on efforts to coordinate the activities;

"(B) the unmet needs of young children, and parents of young children, in the community for young child assistance activities;

"(C) the manner in which funds made available through the grant will be used—

"(i) to meet the needs, including expanding and strengthening the activities described in subparagraph (A) and establishing additional young child assistance activities; and

"(ii) to improve results for young children in the community;

"(D) how the local cooperative will use at least 60 percent of the funds made available through the grant to provide young child assistance activities to young children and parents described in subsection (f);

"(E) the comprehensive methods that the collaborative will use to ensure that—

"(i) each entity carrying out young child assistance activities through the collaborative will coordinate the activities with such activities carried out by other entities through the collaborative; and "(ii) the local collaborative will coordinate the activities of the local collaborative with—

"(I) other services provided to young children, and the parents of young children, in the community; and

"(II) the activities of other local collaboratives serving young children and families in the community, if any; and

"(F) the manner in which the collaborative will, at such intervals as the State board may require, submit information to the State board to enable the State board to carry out monitoring under section 481(g), including the manner in which the collaborative will—

"(i) evaluate the results achieved by the collaborative for young children and parents of young children through activities carried out through the grant;

"(ii) evaluate how services can be more effectively delivered to young children and the parents of young children; and "(iii) prepare and submit to the State board annual reports describing the results;

"(3) an assurance that the local collaborative will comply with the requirements of subparagraphs (D), (E), and (F) of paragraph (2), and subsection (g); and

"(4) an assurance that the local collaborative will hire an administrator to oversee the provision of the activities described in paragraphs (1) and (2)(A) of subsection (b).

"(f) DISTRIBUTION.—In making grants under this section, the State board shall ensure that at least 60 percent of the funds made available through each grant are used to provide the young child assistance activities to young children (and parents of young children) who reside in school districts in which half or more of the students receive free or reduced price lunches under the National School Lunch Act (42 U.S.C. 1751 et seq.).

"(g) LOCAL SHARE.—

"(1) IN GENERAL.—The local collaborative shall contribute a percentage (referred to in this subsection as the 'local share') of the cost of carrying out the young child assistance activities.

"(2) PERCENTAGE.—The Secretary shall by regulation specify the percentage referred to in paragraph (1).

"(3) FORM.—The local share of the cost shall be in cash.

"(4) SOURCE.—The local collaborative shall provide for the local share of the cost through donations from private entities.

"(5) WAIVER.—The State board shall waive the requirement of paragraph (1) for poor rural and urban areas, as defined by the Secretary.

"(h) MONITORING.—The State board shall monitor the activities of local collaboratives that receive grants under this part to ensure compliance with the requirements of this part.

"SEC. 483. SUPPLEMENT NOT SUPPLANT.

"Funds appropriated under this part shall be used to supplement and not supplant other Federal, State, and local public funds expended to provide services for young children.

"SEC. 484. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part—

"(1) $250,000,000 for fiscal year 1999;

"(2) $500,000,000 for fiscal year 2000;

"(3) $1,000,000,000 for each of fiscal years 2001 through 2003; and

"(4) such sums as may be necessary for fiscal year 2004 and each subsequent fiscal year.".

TITLE II—PARENT GRANTS

SEC. 201. PARENT GRANTS.

(a) PURPOSE.—It is the purpose of this section to provide parents with grants for career development and retraining after a period of child rearing.

(b) PROGRAM AUTHORITY AND METHOD OF DISTRIBUTION.—

(1) IN GENERAL.—From amounts appropriated under subsection (f), the Secretary of Education (in this section referred to as the "Secretary") may pay to each eligible institution such sums as may be necessary to pay to each qualifying parent for each academic year that the qualifying parent is in attendance at an institution of higher education, a parent grant, in an amount determined in accordance with subsection (c), for each child for which the qualifying parent remains outside the labor force.

(2) QUALIFYING PARENT.—In this section, the term "qualifying parent" means an individual who—

(A) is the custodial parent of a child under the age of 6;

(B) has no earned income as defined in section 32(c)(2) of the Internal Revenue Code of 1986; and

(C) is not receiving assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.).

(3) DISTRIBUTION.—Funds under this section shall be disbursed and made available to qualifying parents in the same manner as Federal Pell Grants are disbursed and made available to institutions of higher education and students under subpart 1 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq.), except that in the case of a parent grant awarded to a qualifying parent for expenses incurred in obtaining a secondary school diploma or its recognized equivalent, the Secretary shall make the grant funds available to the qualifying parent.

(c) AMOUNT.—

(1) IN GENERAL.—Subject to paragraph (2), the amount of a parent grant for which a qualifying

parent is eligible under this section for an academic year is equal to—

(A) in the case of a qualifying parent with an annual income of $50,000 or less, the maximum amount of the Federal Pell Grant awarded under subpart 1 of part A of title IV of the Higher Education Act of 1965 for such year; and

(B) in the case of a qualifying parent with an annual income of more than $50,000 but not more than $75,000, ½ of the maximum amount of the Federal Pell Grant so awarded for such year.

(2) SPECIAL RULES.—

(A) CALENDAR YEAR AWARDS.—A qualifying parent is eligible for a parent grant under this section for each complete calendar year the parent is outside the labor force, except that the Secretary shall prorate the amount for which the qualifying parent is eligible for the first year in which a child is born if the qualifying parent is outside the labor force for at least 4 months of the calendar year in which the child is born.

(B) SIMULTANEOUS AWARDS.—A qualifying parent is eligible for a parent grant simultaneously for each child for which the parent remains outside the labor force.

(C) LIMITATION.—The Secretary shall not award a qualifying parent a parent grant for any period the parent remains outside the labor force to pursue education with a parent grant awarded under this section.

(d) USES.—

(1) IN GENERAL.—A parent grant awarded under this section—

(A) shall be used not later than 15 years after the year for which the grant is awarded; and

(B) shall be used to pay—

(i) the cost of attendance (as determined in accordance with section 472 of the Higher Education Act of 1965 (20 U.S.C. 1087ll)) at an institution of higher education (as defined in section 481 of such Act (20 U.S.C. 1088)); or

(ii) for expenses incurred in obtaining a secondary school diploma or its recognized equivalent.

(2) AGGREGATION OF AWARDS.—A qualifying parent may aggregate parent grants awarded for more than 1 year or more than 1 child for use in a single academic year.

(3) ROLLOVER.—A qualifying parent may use any grant funds awarded for an academic year that are not used in the academic year, for use in a subsequent academic year, subject to paragraph (1)(A).

(e) RESEARCH AND EVALUATION.—

(1) IN GENERAL.—From the amounts appropriated to carry out this section for each fiscal year, the Secretary shall reserve 2 percent of such amounts to pay for the costs of conducting, through grant, contract, or interagency agreement, research and evaluation projects regarding the parent grants awarded in accordance with the requirements of this section. In conducting such projects, the Secretary shall give priority to projects that are undertaken by independent and impartial organizations.

(2) REPORT.—Not later than 4 years after the date of enactment of this section, the Secretary shall submit a report to Congress on the research and evaluation projects conducted in accordance with this subsection.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for fiscal year 1999 and each succeeding fiscal year.

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