

MEMORANDUM

March 11, 1997

TO: Bruce Reed
FR: Chris Jennings
RE: Two Possible Florida Radio Addresses For This Week
cc: Elena Kagan, Christa Robinson, Barbara Woolley

As we discussed, there are two possible radio addresses on health care that would be appropriate for the President to give this week on his trip to Florida. The first would highlight our new fraud and abuse initiatives and second would address our new health care coverage initiative for children. Both of these options would be well-suited for a radio address in the state of Florida which has taken innovative steps in both combating health care fraud and extending coverage to uninsured children.

Fraud and Abuse

Because Florida is both the self-acknowledged capital of health care fraud as well as the enforcement headquarters for anti-fraud activities, it is an appropriate state to highlight the President's new legislative agenda in this area. The President's radio address could focus not only on our new package of fraud and abuse initiatives but could underscore how these new proposals build on the recent successes we have had in prosecuting fraudulent health care providers through "Operation Restore Trust". The President could highlight specific examples of purveyors of fraud by clinical labs, medical equipment suppliers, home health care providers, and physicians. We would ask Governor Chiles to validate our new activities through a separate event in Florida immediately following the release of the radio address.

Health Coverage for Children

Florida also has an extremely successful, innovative "Healthy Kids" program which extends health care coverage to over 40,000 children. "Healthy Kids" is a school-based program funded by a mix of state, local public and private funding, and sliding-scale family premiums. This is exactly the kind of program that we hope our children's health care grants will help States develop and strengthen. These grants would provide \$750 million per year of Federal money which States could leverage to extend coverage to more children. Governor Chiles is happy to validate the fact that our children's initiative would enable him to provide coverage for thousands more uninsured children in Florida.

Please let me know as soon as any decision is made on how we should proceed.

Fax 6-2878
(My e-mail is down)

March 11, 1997

NOTE TO BRUCE REED

FROM: Elizabeth Drye *ED*
SUBJECT: Seatbelt Report and Kick Butts Day

SEATBELTS

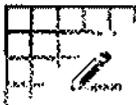
You suggested April 3 POTUS meeting w/big three auto execs for seatbelt report release. Timing is fine. CEO's will support and it would be great to have them there. But DOT does not want to associate the report exclusively w/big 3 CEO's, since a broad coalition deserves credit and the report explicitly seeks to engage states, employers, etc. How about an announcement with broader group following POTUS big 3 meeting?

Also, Secretary Slater will decide momentarily whether to push for financial sanctions in ISTEA reauthorization against states that don't have primary seatbelt laws (or blood alcohol content limits of .08 or motorcycle helmet laws). The ISTEA legislation we send to the Hill tomorrow won't have sanctions, just incentives, but we're working quietly on a more expansive safety title. If Slater decides to advocate for these tough provisions and OMB/White House clear them, we could announce at the report's release on April 4.

TOBACCO / KICK BUTTS DAY

Not sure yet what we'll have to say on 4/15 in NY. We expect a ruling from NC judge anytime between 3/17 and 4/21. HHS advises against statements on Internet advertising in this time frame given the status of the litigation, but DoJ is open to it. I am doing a memo for you and Elena on options. I'll get you a memo by the end of this week. We haven't identified any other potential announcements (e.g. new CDC data) that will be ready by 4/15.

cc: Elena Kagan



Bruce N. Reed
03/07/97 06:27:16 PM

Record Type: Record

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

cc:

Subject: Ideas to vet

The following ideas were suggested for our review. Some are half-baked, some less so, and others may be worth pursuing. Could you look into them and get back to Elena by COB Tuesday your advice on the ones in your area, as well as any better ideas you may have? Thanks. This is the same drill as before -- what's your guess as to whether it's 1) advisable; and 2) something we can get done; and how long will it take us to make a recommendation.

Thanks. The more good ideas of our own we put in the pipeline, the less of this we'll have to do.

1. Child care (Cynthia/Elena): The govt runs the largest day care operation in the country. Could we open govt day care centers to people who don't work for the govt for a reasonable fee?

[Cynthia: We should also look at other child care ideas that might make more sense, like endorsing an expansion of the dependent care tax credit, underwriting a major effort to build child care centers, etc.] *3-4?* *with very expensive*

2. Environment (Diane/Paul): 1) Is EPA working on an expansion of right to know laws to cover chemical waste in 7 additional industries? 2) When will EPA develop the Safe Water regs requiring every water company to send every consumer an annual statement showing test results of the quality of water in their tap and any health concerns about drinking it? 3) Are we expanding Brownfields?

3. Education/Volunteerism (Diana/Mike): For the service summit, are depts considering adopting schools? Could every dept adopt 10 schools? [OR could they sponsor charter schools? What would they do with a school they adopted?]

4. Family Leave (Paul/Elizabeth/Elena): Could the President do an executive order to extend family leave for federal employees to cover routine doctor visits etc. (in line with our legislative proposal)?

5. Education (Mike): Can we do anything to provide monetary incentives for American students to take engineering courses?

6. Aggressive Drivers (Elizabeth): Is DOT working on a way to set up a system for people to call police from the road on phones to report the location of reckless or aggressive drivers?

7. Criminal Checks for Nannies, Home Health Care (Dennis/Chris): Apparently a couple in NY whose nanny murdered their child is crusading for this. Do we have a database, registry, or background checks for this? [Haven't we done this 10 times already? The Oprah bill, and the new home health care regs, etc.]

8. Medical Records Privacy (Chris): Did you see the NYT story yesterday on the commission on this issue? Can the HC Quality Commission look at this sometime this century?

E

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See to separate sheet for 1+2

Doable - already started

Each of has auth. Can ask them on this.

phge w/in 10 days

(many times)

State staff enforcing guidelines smart health diplo all better public staff

leg - at least several wkts (from old memo)

Yes they could - not a science NSF (JLH); Dept of Health/Indus/Trade

guide meetings, library services, donate computers, do career days.

Start in small scale in principle

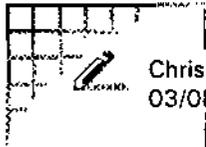
5 mos?

Another pass: unit emerg # for cellular phones

bill - didn't do much - could do better - a just Oprah no prod.

speedy

reap the fruits



Christopher C. Jennings
03/08/97 05:51:07 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP
cc: Elena Kagan/OPD/EOP
Subject: Re: Ideas to vet 

Good timing on the privacy issue. We are planning on holding a meeting with HHS, OMB and perhaps others on this issue hopefully sometime next week. Items like genetic screening info, as well as medical records protections will come up. This was an issue that got largely dropped in the Kassebaum-Kennedy bill last year because of a lot of controversy and bickering with the business, insurer and consumer community. The provision that got included was a directive that HHS come up with regs within, I think, two years but only if Congress had not passed something in the interim. While we could certainly include this in the Commission's charge, we may also want to see if we could develop something independent of the Commission (so as not have it drag on.) I'll give you a complete update after our meeting. I think it might be very good if Elena had the time to sit on this issue -- if she is interested. There are a lot of legal angles here that would benefit from her participation.

Re the criminal checks, as you mentioned in your note, we just did that on the home care reg. We may want to extend it to other health care providers as well. I will see how much more juice we can squeeze from this issue...

cj

Re

THE WHITE HOUSE

WASHINGTON

Draft

August , 1996

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Expanded Family Friendly Leave Policies

At the Nashville Family Reunion Conference on June 24, 1996, I announced several new family friendly workplace proposals that our Administration intends to pursue through future legislation. As you know, we have strongly supported meeting employees' family and medical needs in the Federal Government through the enactment of the Family and Medical Leave Act and the Federal Employees Family Friendly Leave Act. However, Federal employees often have important family and medical needs which do not qualify for unpaid leave under the Family and Medical Leave Act or sick leave under the Federal Employees Family Friendly Leave Act. We can take immediate action to build upon our past efforts and improve our current program by expanding our existing Federal family and medical leave policies.

In my June 21, 1996, memorandum, I directed all executive departments and agencies to expand their ability to provide "flexible hours that will enable employees to schedule their work and meet the needs of their families. This includes encouragement to parents to attend school functions and events essential to their children." At Nashville, Vice President Gore and I also spoke of the need for additional flexibility to help employees deal with routine family medical demands and assisting older relatives. Therefore, as part of this effort to address the needs of Federal workers for time to support their families, I ask the heads of executive departments and agencies to take immediate action to use their existing authorities to ensure that employees may schedule and be granted up to 24 hours of annual leave, compensatory time off, credit hours, or leave without pay each year for the following purposes:

- (1) **SCHOOL ACTIVITIES.** To allow employees to participate in school activities directly related to the educational advancement of a child. This would include parent-teacher conferences, interviewing for a new school, or participating in volunteer activities supporting the child's educational advancement.

(2) ROUTINE FAMILY MEDICAL PURPOSES. To allow parents to accompany children to routine dental or medical appointments, such as annual checkups or vaccinations. Although these activities are not covered by the Family and Medical Leave Act, the Federal Employees Family Friendly Leave Act does permit employees to use up to 13 days of sick leave each year for such purposes. However, agencies should assure that employees are able to use up to 24 hours of annual leave, compensatory time off, credit hours, or leave without pay for these purposes in the rare cases when sick leave is not available to the employees.

(3) OLDER RELATIVES' HEALTH NEEDS. To allow employees to accompany an elderly relative to routine medical appointments or other professional services related to the care of the elderly relative, such as making arrangements for housing, meals, phones, banking services, and other similar activities, when these activities are not covered by the Family and Medical Leave Act or the Federal Employees Family Friendly Leave Act.

Although executive departments and agencies generally approve employees' requests to take annual leave, sick leave (as appropriate for routine family medical purposes under the Federal Employees Family Friendly Leave Act), compensatory time off, credit hours, and leave without pay for these purposes, the new policy will assure that employees can schedule and receive up to 24 hours away from the job each year for these exceptional family and medical circumstances. Since this leave would not be covered by the Family and Medical Leave Act, it is in addition to the 12 weeks of unpaid leave that is already available to Federal employees under the Act. To the extent possible, I urge you to accommodate employee needs as mission requirements permit even when it is not possible for employees to anticipate or schedule leave in advance for these purposes.

I encourage you to use a partnership approach with your employees and their representatives in developing an effective program that balances the employees' need to succeed at work and at home. I ask agencies, unions, and management associations to work together to assess and improve the use of family friendly programs and to make certain that employees are aware of the new leave procedures.

Dennis K. Burke
03/11/97 05:20:27 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc:

Subject: Nanny Checks

I talked to Kent Markus about the nanny checks. The Oprah Bill really did not do anything. It merely encourages states to allow criminal history checks to be conducted for non-criminal purposes and added a few extra categories for the FBI to include in their database.

Up until now, it has been entirely a matter of state law -- each state determines how they will provide criminal history records to someone for a non-criminal purpose. There are some minor exceptions -- people who are employees of Federally-insured banks have criminal history background checks conducted upon them for employment.

Last year, Justice sent to the Hill what is known as a "Compact" agreement, in which states enter into an agreement to share criminal history info for non-criminal purposes. We were going to do an event around it -- bragging about how we were going to permit parents to conduct background checks on nannies, schools on bus drivers, etc. -- but then realized that the POTUS had made a very similar statement around Oprah a few years back.

Kent thinks there is room to do something here -- unfortunately, nothing by executive action -- and we would have to concede that Oprah really hasn't done anything in the last few years, too.

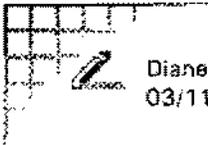
Diana Fortuna 03/11/97:05:19:47 PM

Record Type: Record

To: Elena Kagan/OPD/EOP
cc: Michael Cohen/OPD/EOP
Subject: Adopting schools for service summit

The idea of having the departments adopt schools for the service summit is certainly doable. In fact, several departments have already adopted schools. They could potentially get up to 10 schools each, particularly given that most major agencies have regional offices, and many of them have already adopted schools.

Activities connected to adopting a school include mentoring, teaching reading, donating equipment and books, organizing outings, and doing career days.



Diane C. Regas
03/11/97 04:46:48 PM

Record Type: Record

To: Elena Kagan/OPD/EOP
cc: Paul J. Weinstein Jr./OPD/EOP
Subject: Response to ideas to vet

2. Environment (Diane/Paul): 1) Is EPA working on an expansion of right to know laws to cover chemical waste in 7 additional industries? 2) When will EPA develop the Safe Water regs requiring every water company to send every consumer an annual statement showing test results of the quality of water in their tap and any health concerns about drinking it? 3) Are we expanding Brownfields?

1) EPA is in the middle of implementing the three phases of right to know expansion that the President announced in Baltimore in late 1995. Phase II is the idea mentioned in your note.

Phase I is the expansion of the number of chemicals covered from 300 to 600. The regulations for Phase I are done; companies will report the new information beginning in July 1997, and EPA will release the information in about April 1998.

Phase II is the expansion of the list of industries covered to include those that were not explicitly required to report in the law. While there is an ongoing discussion within the Administration about which industries should be covered, the rule will likely include at least mining, hazardous waste handlers, and utilities. EPA has a draft final rule at OMB for review, and we should expect the normal review process to yield a final rule within a couple of months.

Phase III is the expansion of reporting to include information about what is going on inside a factory, i.e. what chemicals are used in making products. EPA released a pre-proposal in late summer '96; and we should expect a proposed rule in the next year or so. This proposal will be very controversial for legal and policy reasons.

EPA has proposed that the Administration support right to know legislation (or legislative principles) that would provide information about toxicity in products (this is known as "family right to know") there is a CEO-NEC led process to take this up after the kids e.o. is decided. Some environmentalists feel strongly that the Administration should support Waxman's efforts to move this idea forward, even though prospects are dim for final legislation in this Congress. Industry is likely to criticize this idea, but will face difficulty in explaining why parents shouldn't be warned of toxics in products that kids are exposed to. The timing on this proposal is specifically dependent on how hard the WH pushes--it could be a few weeks to many months.

2) EPA is preparing regulations under the new Safe Drinking Water Act to require water utilities to provide information to consumers about what is in the tap water (known as "consumer confidence reports"). The regulations are being developed through a consensus process with the drinking water industry. The current schedule is to propose regulations later this year and to finalize the regulations 1998. This action is widely supported.

MEMORANDUM FOR BRUCE REED

FROM: LYN HOGAN AND CYNTHIA RICE

DATE: MARCH 11, 1997

SUBJECT: CHILD CARE; POSSIBLE EVENTS

Federal Government Run Centers

There are 106 GSA-run Federal child care centers and 110 non-GSA Federal child care centers. These centers already can let in children whose parents are not federal employees and many already do. The cost is generally too expensive for low-income families. We don't see much of an event here.

While infant care is currently at capacity, there is availability for older children. However, expanding availability through building new Federally sponsored center is an expensive proposition and not the most cost effective option.

GSA sites are expanding. There are six more GSA-run centers projected for FY 1997 and five for FY 1998. Generally the centers service children from 1.5 months to five years of age. In the summer months, special programs also service older children. At the beginning of FY 1997, 7,117 children were enrolled in the GSA-run centers. In 97 centers, a total of 1,712 families received some form of tuition assistance at some time during FY 1996. The centers reported that about \$1,157,200 in assistance was distributed through a variety of non-governmental contributions.

Child Care in Kentucky

A better idea for an event may be a visit to a center in Kentucky which teaches women who need to leave welfare for work to become child care providers. This pilot program offers welfare recipients 30 hours of training in subjects ranging from child development to discipline before beginning internships. The goal is to have these women working in their own homes or in child care centers following the training and internship. Massachusetts and Minnesota are experimenting with programs such as Kentucky's to train welfare recipients as caregivers.

Mary Bond of Louisville, Kentucky successfully used child care as a way off welfare well before Kentucky's program was launched. Six years ago when her two daughters were toddlers, initially cared for three children, the maximum allowed without regulation. Then she became certified and doubled her caseload. Now she estimates her income at \$34,000 before expenses.

FACSIMILE TRANSMISSION
Principal Deputy Assistant Secretary
The Administration for Children and Families

DATE: 3/11

TO:

Bruce Reed

Telephone: *456-6545*

Fax: *456-2878*

Number of Pages (excluding cover): *7*

FROM: Olivia A. Golden
 Principal Deputy Assistant Secretary for Children and Families

Telephone: (202)401-2337
 Fax: (202)401-4678

MESSAGE:

Attached is an informal memo on child care which the First Lady's Office requested from Joan Lombardi. We wanted to make sure you had a copy, in case some of the ideas interest you. Let me know if you have questions or need more info. -

Thanks!
 - Olivia



Department of Health and Human Services
 Administration for Children and Families
 370 L'Enfant Promenade, S.W., Washington, D.C. 20447
 Phone: (202) 401-9200

DATE:

TO: Melanne Vervaer
Office of the First Lady

FROM: Joan Lombardi
Associate Commissioner

SUBJECT: CHILD CARE: CHALLENGES AND OPPORTUNITIES

During the past four years, the Clinton Administration has continually recognized the importance of child care in the lives of working families. During the welfare debate, the Administration scored important victories by increasing child care funding and protecting basic health and safety standards. At the same time, we were able to consolidate federal programs and bring renewed attention to the child care issue.

Despite these accomplishments, significant challenges remain if we are to improve and expand child care services for children and families. Working families face incredible obstacles to accessing and paying for quality services. Furthermore, children are too often spending their time in environments that do not promote school readiness and/or school success.

The start of a new term, and the recent attention to early childhood education, provide important opportunities for moving forward with a renewed child care agenda. In response to a request from your office, this memo summarizes our accomplishments, describes key issues facing working families and outlines a range of options that could be considered to advance the child care agenda. It is important to note that the ideas presented are early thoughts that would need substantial discussion within the Administration before action is taken.

A. Accomplishments

In the past few years we have had important accomplishments in child care. Our primary focus has been to secure funds for child care as part of welfare reform, to streamline and coordinate child care assistance, to improve the quality of child care services through technical assistance and a healthy child care campaign and to implement the new child care amendments in PRWORA. The following are some of the major accomplishments in the first term:

o Direct funding for child care assistance has increased by more than one billion dollars in the past four years. In particular, the administration made important progress in increasing critical resources for child care in the welfare bill. Child Care funding has continued to increase over the past four years. Some \$600 million dollars was added to child care assistance this year, the first installment of the \$3.5 billion in PRWORA.

These increases, however, must be seen in context. PRWORA will put many more women, particularly women with very young children, into the labor force. States are currently in the process of making key decisions about how they will use the new federal child care dollars. These decisions will affect three important and interrelated areas of need: child care assistance for families transitioning off welfare, child care subsidy for low-income working families who have been receiving such support in the past and low-income working families waiting for child care assistance. This is an area HHS intends to carefully monitor.

o The Child Care Bureau, a focal point for the child care issue, was established for the first time. In 1995, Secretary Shalala created the Child Care Bureau, to streamline the operation of federal child care assistance and provide a focal point for child care at the federal level. Coming seventy-five years after the creation of the Women's Bureau, the establishment of the Child Care Bureau has galvanized the issue and provided pivotal leadership at a time of renewed interest in child care. Although child care was found both on the welfare side of HHS and within child welfare services, establishing a separate unit within government, with a mission statement that specifically included child development as well as workforce development for all families, was an historic step forward. In 1996, with the signing of PRWORA, the four federal child care programs, which were fragmented and confusing, were consolidated into a single funding stream, the Child Care and Development Fund.

The bureau has had several other important accomplishments including:

- The establishment of a National Child Care Information Center which links a range of resources together for policymakers and the general public. More than 50,000 people used the web page last year and thousands more called the hotline.

- Holding a series of national meetings for state child care administrators on such topics as infant care, school age care, care for children with disabilities, innovations in consumer education and family centered care.

- The launching of the **Healthy Child Care Campaign** in conjunction with the Maternal and Child Health Bureau which links child care and health services. The blueprint for action is being used in more than 40 states and in many more communities. Technical assistance is provided through a cooperative agreement with The American Academy of Pediatrics.

- **Creating linkages** between child care and other national initiatives including Empowerment Zones, National Service and Head Start. The Child Care Bureau also convenes a Federal Child Care Partners groups on a quarterly basis.

- The establishment of the **Child Care Research Partnership Consortium** which brings together state administrative data with university partners. In addition, the Bureau worked closely with the National Academy of Sciences which held a series of workshops that resulted in two key publications on child care for low income families.

- Helped increase public awareness by working with the Womens' Bureau Working Women's Count effort to hold three public events on child care across the country.

o The child care provisions of welfare reform were implemented. During the initial months of the second term, the Child Care Bureau has focused on implementation of the Child Care Amendments in the welfare reform legislation. This has included four main activities: making sure states received their new funds in a timely manner, establishing enhanced data collection systems, outlining a research agenda focused on child care for low-income families and designing a more expanded technical assistance system.

The technical assistance effort will include seven coordinated initiatives:

- The expansion of the National Child Care Information System
- The expansion of the Healthy Child Care Campaign
- The establishment of a Public/Private partnership technical assistance effort
- The establishment of a special technical assistance effort to promote inclusion of children with special needs.
- The establishment of a special technical assistance effort for states to improve data collection and systems development
- The continuation of national and regional leadership meetings on emerging child care issues

- The establishment of a National Tribal Child Care Information Center

B. Child Care in the U.S. at the Turn of the Century: Key Issues

Child Care is at a crossroads. Over the next century, the child care system will either flourish and grow, providing supportive environments for children and families, or it will be stretched and pulled, placing children in poor quality environments and increasing the stress on families. There are almost 10 million children under the age of 5 who are in need of child care and 21 million school age children. In order to ensure that families can be both productive workers and good parents, I believe at least three interrelated issues must be addressed in some way: public awareness, quality and affordability.

Public awareness. Although child care has moved from a back page story to front page news, there continues to be a gap between the overall public perception of the issue and the need for services. There is something puzzling about the child care issue. While it is on everyone's mind, there is limited public will to take bold steps to address it. We know that in every corner of the country, parents are "leaning across the fence" and talking about child care, struggling with child care and worrying about child care. Nothing is more poignant than the conversations of parents in August, faced with a few more weeks of vacation, while camps close down and the school house door remains locked for the summer. While child care emerged as a central issue in the "Working Women Count Survey", and is one of the top issues raised at our "At The Table" meetings held across the United States last year, unlike education, child care remains a private issue and has not made it to the top of the public's agenda.

Quality. Research has documented the importance of quality early childhood programs to school readiness. Not only are the first years of life critically important to school success, but more recent research has indicated that quality school age child care programs, particularly for children at-risk of school failure, can have a positive effect on academic achievement.

Despite the link between quality care and a good education, a number of stories have emerged over the past decade that raise serious concern about the quality of care. Child care quality is an issue that cuts across socio-economic lines. From the "National Child Care Staffing" study released in 1989 to the more recent "Cost and Quality Study", we know that concerns about quality have become commonplace. Yet there are limited resources to help build infrastructure, training and other service improvements. Although the administration was successful in maintaining a set aside for quality, only 4 percent of federal child care dollars are currently targeted for quality activities.

Affordability. While the average family pays about 7 percent of its income for child care, we know that child care consumes about a quarter of the income of low-income families who pay for care. At the same time, waiting lists for child care assistance for low-income families continue to grow.

Federal child care assistance includes \$2.9 billion in direct subsidies. While we know that this federal assistance alone is not enough to serve every needy family, estimating exact need is difficult and depends on how states define eligibility. For example if we define need by the eligibility criteria in the federal law- families below 85 percent of median income with children ages birth to 13, almost 8 million children from working families would be eligible for federal assistance that now serves an estimated one and a quarter million children. Being more conservative, if we define eligibility as 150 percent of poverty, we estimate that we still would meet only a quarter of the need. Furthermore, although the Dependent Care Tax Credit provides more than \$2 billion dollars of tax relief for child care expenses, since it is not refundable, the vast majority of low-income working families do not have access to such assistance.

C. Options for a Child Care Agenda in the Second Term

There are four key themes that could characterize the Administration's efforts in child care for the next four years:

- o Increasing child care support for working families
- o Improving the quality of care to promote healthy child development
- o Reaching out to the private sector
- o Building public awareness

1. Increasing child care support for working families

Most of our focus during the first term was on child care as a welfare issue. Although we have always promoted the concept that states should invest their CCDF funds on both welfare families and low-income families at risk for welfare dependency, the future focus could more clearly cast child care as broader working family issue. Initiatives could include:

- o **Expansion of the Child Care Tax Credit-** During the 1998 budget process, discussions were held within the Administration regarding the expansion of the Child Care Tax credit. It is estimated that expanding the credit by making it refundable could

reach some 2 million families. Although it was not included in the 98 budget package, such an initiative could be revisited in the 99 budget process. In estimating the need for such tax relief, particular attention should be paid to low-income working families who may not benefit from the direct assistance program.

- o Expansion of the Child Care and Development Fund- The Administration requested a \$144 million increase in child care assistance in the 1998 budget. Of this increase, \$100 million is part of the capped entitlement included in the welfare law. \$44 million would bring us to our full authorization of discretionary funds. The states' ability to use their full allotments this year will certainly affect our ability to ask for additional funding in the next year. While all states requested the new funding, the lag time caused by welfare planning and state legislative decisions may slow spending in this first year. We are working with states to encourage full utilization of 97 dollars. Requests for increases could be included in the 99 budget.

2. Promoting child development by improving child care quality.

Focusing on quality provides us an opportunity to address an issue of concern to all families. This is particularly important as younger and younger children are in care during the critical first three years of life. Just as Early Head Start has been the "signature initiative" of the Clinton Administration, promoting the link between "care and education" could be the hallmark of the second term activities in child care. The range of activities could include:

- o Promoting an initiative across HHS and DOD to support the quality of child care. The Department of Defense provides model child care services to the military community. Unlike the civilian community, DOD programs include standards and funding for training and accreditation. Last year, the Senate included language that encourages DOD to work with HHS to improve the quality of care for children in the civilian community. Funds could be set aside in the DOD budget to launch innovations across the states, particularly for infant and toddler care.

- o Expanding and more actively promoting the Healthy Child Care Campaign. Healthy child care efforts have now been funded in most states. MCH is in the final stages of funding the rest of the states, of launching a new effort to train health professionals to work in child care and issuing a new streamlined set of child care standards that all states and communities should adopt. Any one of these, or the set together, offer new opportunities to provide visibility to the campaign. In addition, the volunteer summit in Philadelphia provides an immediate opportunity for high level officials to call upon every doctor

and nurse in the country to "adopt a child care program". We may be able to interest the American Academy of Pediatrics and the Pediatric Nurses group to join us in such an effort.

o Expanding Head Start services to eligible children in child care. The Department, working through the Head Start Bureau in conjunction with the Child Care Bureau, is about to launch a major expansion of Head Start to serve 50,000 more children in a way that meets the needs of working families. By building on models emerging throughout the country, this year the Head Start expansion will promote collaboration with child care programs. This initiative will not only serve more children, but will bring Head Start comprehensive services to children in child care. Visits by administration officials to such programs will help raise visibility, and would be most useful after grants are awarded this fall.

o Expanding and improving school age care through Department of Education initiatives. A major part of any school reform agenda should include expansion and improvement of school age care, particularly in low-income communities. The vast majority of the 50,000 formal school age programs in the country are not found in low-income communities. Furthermore, more than 5 million children spend their time after school in self-care, watching hours of television in the afternoon. HHS is holding 10 regional meetings on school age care over the next 6 months, inviting school officials, child care administrators and community based leaders. More than 2000 people will be invited to participate. In addition, The President's budget includes \$50 million for After School Learning Centers. The administration could target these funds for programs in low-income communities and make such funding a top priority. In addition, the administration could review other ways to include extended learning or school age care in other Department of Education initiatives, particularly the "facilities initiative", research and America Reads. For example the Child Care Bureau has been working with The Corporation for National Service to ensure that Americorp members are focusing on literacy issues in school age care.

o Targeting job training funds to the child care workforce. The most important aspect of quality is the relationship of the child and the family with the provider. New efforts could be made to target job training funds to child care, and to provide increased visibility to child care workforce issues.

3. Promoting Public/Private Partnerships

It is clear that government alone cannot provide all the funding for child care assistance. The administration's efforts could include technical assistance, promoting promising initiatives and supporting new tax incentives.

o **Increasing Technical Assistance.** The Child Care Bureau is launching a new technical assistance effort to promote state initiatives that reach out to the private sector. The RFP should go out by the end of March with the project funded in early fall. Once funded, the administration could make the announcement of this new project a top priority. In addition, new child care regulations may include provisions to encourage private sector dollars as match.

o **Promoting promising initiatives.** High level officials could make visiting and talking about examples of private sector support for child care a priority. This could include a range of events from visits to state legislatures working on this issue to small companies that make a commitment to child care.

o **Increasing tax incentives.** Finally, the administration could support emerging Congressional proposals to provide tax relief for businesses that invest in child care. The Treasury Department, in conjunction with HHS, could review emerging proposals and consider the inclusion of new provisions in the budget.

4. Building Public Awareness of Child Care

The administration could consider strategies that provide parents with opportunities to speak out about child care, establish a strong child care research agenda and put in place an expert committee to recommend bold new steps to create a 21st Century Child Care system. Possible activities to be considered include:

o **Holding town hall meetings with parents.** A series of "town hall or village green" meetings could be planned for parents to talk about their child care issues and how to improve services. Leaders from the community, including the private sector and local government, could be invited to attend and encouraged to launch new initiatives. Stories and recommendations could feed into a report to the President or a National Task Force.

o **Designing a coordinated research agenda.** HHS is in the process of developing a research agenda that will include child care issues in the welfare research projects and will focus "first time" attention on what we are "buying" with the \$20 billion investment in subsidies over the next 6 years. Efforts are also underway to integrate child care in ongoing research on child development and to make linkages with large national surveys. The administration could make a request to all federal agencies with relevant research capability to include a focus on child care over the next few years. In addition, since there are no specific funds targeted to child care research at the federal

or state level, a special request should be made for child care research dollars, perhaps even to establish a National Center on Child Care Statistics modeled after the National Center for Education Statistics.

o Convening a National Task Force on the Future of Child Care The last major national report on child care was released by the National Academy of Science in 1990- Who Cares for America's Children? Child Care Policy for the 1990s. Many of the recommendations in this report are yet to be addressed. Just as we did for Head Start in 1994, we must develop a bipartisan blueprint for a 21st century child care system that provides recommendations for federal, state and local government, the private sector and communities and parents. The administration could convene a group of child care experts from across the country to consider these and other proposals to move child care beyond the crossroads.

IDEA MEMOS

March 10, 1997

MEMORANDUM FOR DON BAER

FROM: BRUCE REED
ELENA KAGAN

SUBJECT: IDEAS

Health and Safety

B

Patients' Bill of Rights/Quality Commission: The counsel's office is almost done vetting our nominations for the Quality Commission, which will be charged with developing a Patients' Bill of Rights. Announcement of the Commission can be combined with the release of a HHS regulation that would guarantee an expedited appeal whenever a plan proposes to deny care that a Medicare patient believes is urgently needed.

B

Home Health Care: We have asked HHS to review several regulatory and legislative proposals on home health care. One legislative proposal, which will not be ready for at least several weeks, would require criminal background checks for home health providers participating in Medicare.

B

Medicare fraud legislation: We have finalized and are ready to announce a new and very good package of Medicare fraud and abuse initiatives. We can unveil this package during the President's trip to Florida -- or if it doesn't fit there, we can look for another opportunity to make the announcement.

E

Classified research with human subjects: In response to recommendations of the President's Advisory Committee on Human Radiation Experiments, we have prepared (1) an Executive Order strengthening protections for human subjects of secret research; and (2) legislation expanding compensation for Cold War-era uranium miners. With one week's notice, we can be ready to announce these policies and release a summary report detailing the Administration's full response to the Committee's 18 recommendations.

E

Tobacco Advertising: We are reviewing a proposal for the President to take action responding to tobacco companies' use of the internet and other fora to get around our tobacco regulation. We could use "Kick Butts" day to announce this proposal, but we should first get DOJ assurance that this proposal does not compromise our

B AIDS
E RACE

E/B CEA SUMMARIES
EO ON GOVT/RELIGION

efforts to defend our tobacco regulation in court.

E **Seat Belt Study:** The Department of Transportation will give the President a report in a week or so on ways to increase seat belt use. DOT's report is likely to include ideas for presidential challenges to states and business groups, as well as a proposal (consistent with our budget) to offer financial incentives to states to improve and enforce seat belt laws.

E **Children's Health EO:** The DPC, NEC, CEO, and OSTP are working on an executive order designed to ensure that the federal government considers the special needs of children when taking regulatory action. The executive order requires every agency to determine whether a regulation may impose disproportionate risks on children and, if so, to evaluate the specific effects of the regulation on children. Several agencies have raised serious last-minute objections, but we are hoping that we can work these out in the next few weeks.

E CLONING
Education

B **School construction event.** Scheduled for this Friday.

B **Teachers package.** We have discussed unveiling this package during our trip to North Carolina. The President would call on state legislatures around the country to enact major pay incentives for master teachers; explain how our proposed budget will help set a new national standard of excellence in teaching; and issue a number of invitations and challenges.

E **Testing in Military Schools:** We have secured the commitment of the Department of Defense to give students in its schools our proposed 4th and 8th grade tests and to participate in the pilot program. We can announce this commitment whenever (and wherever) we wish to do so.

B ✓ **State School Officer Endorsements:** We are lining up endorsements for next Monday's meeting with Chief State School Officers. We'll know by the end of the week where we stand.

B **California Endorsement of Testing Plan:** California's superintendent, Delaine Eastin, is prepared to endorse our testing proposal, and a group of Silicon Valley high-tech executives are prepared to do so as well. We could do a good event during the President's visit March 24. California's endorsement is very important, since the state has 10-15% of the country's schoolchildren.

B **Advisory Panel for Education Tests:** The Education Department is thinking about the appropriate structure and composition of a panel of teachers and other trusted educators to advise on the development of our 4th and 8th grade tests. (The

B STDS CAMPAIGN/STRATEGY

B/E EDUC. STRATEGY DOCUMENT

E O-3 NEWS

B SERVICE NEWS

E VOTING RIGHTS EDUC

E HEAD START STDS

B STDS FOLLOWUP MEMO (B.11 K.)

Department may decide to use an existing, non-governmental group to perform this function.) We expect a decision in a few weeks.

Teacher of the Year. The President will meet with the Teacher of the Year and other outstanding teachers at the White House on April 15. He may be able to announce that the National Board for Professional Teaching Standards has selected additional master teachers.

Rollout of America Reads and Hope Scholarship. The President should announce the transmittal of these two pieces of legislation.

Roundtable on Standards. The President could participate in a session with teachers, students, parents, and others to explain the standards associated with his 4th and 8th grade tests. The roundtable would demonstrate with concrete examples the kind of student work -- and the kind of teaching -- that reflects high standards.

Welfare

Welfare-to-Work Transportation Plan: We can announce at any time our Access to Jobs proposal, which would allocate \$100 million of ISTEA funding to improve transportation systems so that welfare recipients and other low-income workers could get to work more easily. Lack of convenient and affordable transportation is currently an obstacle to getting people from welfare to work, and this proposed program is a very serious attempt to address this problem.

Child Support: We can announce new child support enforcement numbers, along with the submission of a new HHS report on child support enforcement and our submission of legislation (previously announced) to make it a felony to cross state lines to evade child support obligations.

Statutory Rape/Teen Pregnancy Prevention: DOJ should be ready sometime in April to release a report on statutory rape and its relation to teen pregnancy rates. We could do a radio address timed to coincide with the release of this report, discussing strategies to enforce statutory rape laws and decrease teen pregnancies.

Crime and Drugs

Hard Liquor Advertising. For years, the hard liquor industry has voluntarily agreed not to show liquor ads on TV. Some companies have now broken that agreement. In furtherance of his National Drug Control Strategy roll-out, the President could send a letter to the FCC requesting that they consider restrictions on hard liquor advertising on television during certain time periods.

B/E PRIVATIZATION / FLSA
B BROWNFIELD PRINCIPALS
B WR OUTREACH MEMO
ELI WR BUS. GROUP

B WR LEIS STRAT.
E JS LEIS STRAT.
B WR SO-STATE
B WR NGA
E WR Internet
E WR College

B WR State by state economic (PSW)
B/E WR GAME PLAN MEMO
B Chre, Cynthia, & Arke: Agenda

Sex Offender Registry. The President could visit the National Center for Missing and Exploited Children in Arlington, Virginia where he would take a tour of facility and announce that the interim National Sex Offender Registration system -- which he directed the Attorney General to develop in the June 21, 1996 Radio Address -- is now up and running. He also would announce that he is signing an Executive Order instructing the Attorney General and the Secretary of Defense to ensure that sex offenders released from Federal and Military prisons are listed in the national registry.

National Anti-Drug Media Campaign. The President's FY 98 Budget Submission includes \$175 million for a national anti-drug media campaign directed towards our youth. We will not be able to expend any funds on this initiative until we enact the appropriation bill, but ONDCP can expend discretionary funds in its FY 97 budget to begin producing anti-drug ads. At a Rose Garden event, the President could kick off his Administration's anti-drug media campaign with one of the celebrities who has committed to appear in an ad. The President could also release a letter that he is sending to every network issuing his challenge that they match our contribution and begin dedicating more air time to anti-drug ads. ONDCP is currently reaching out to celebrities and sports figures such as Michael Jordan, Grant Hill, and Tiger Woods to tape anti-drug ads, and this event should be ready sometime in April.

Anti-Gang Prosecutor Event. The cornerstone of the President's Anti-Gang and Youth Violence Strategy is a \$200 million anti-gang prosecution grant program. The President could meet with prosecutors from across the country in the Oval Office where they would thank him for his strong support in fighting gangs. The prosecutors -- Republican and Democrat -- would urge Congress to move quickly to pass the President's bill. We recommend April for this event.

After schools Initiatives Event. To highlight his new after-schools initiatives in the Anti-Gang Bill, the President could visit a successful after-school program and meet with the kids helped by the program. That day, he also would announce that HHS is providing several million dollars in grants from its FY 97 appropriation for new after-school programs across the country. This event should occur after the anti-gang event described above.

Victims Constitutional Amendment. In June 1996, the President announced his support for a constitutional amendment for victims rights -- to guarantee victims the right to be notified, to receive restitution, receive reasonable protection measures, and to be heard at sentencing and parole hearings. At a White House event, the President could: (1) urge Congress to pass the Amendment quickly; (2) receive a report from the Attorney General -- in response to his June 25, 1996 Directive -- outlining measures taken by the Justice Department to increase and improve Federal services and protections for victims of crime; (3) announce the creation of a Federal victim notification system; and (4) announce additional funding

from the Victims Crime Fund -- which is larger than ever before -- that will be provided to victims services and shelters throughout the country. This event could occur on April 19, the third anniversary of the Oklahoma City bombing or during April 14-18, which is National Crime Victims Week.

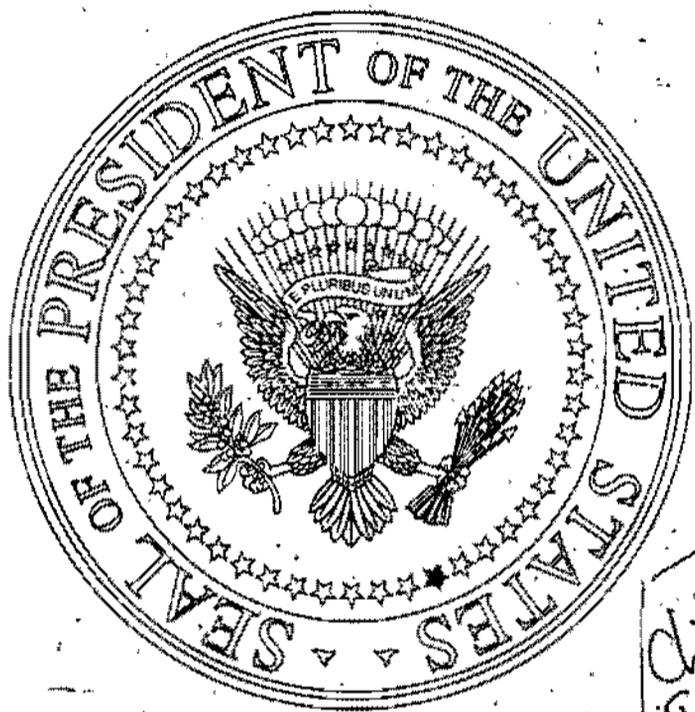
Service Summit

B
Scholars' Program: We announced last year a \$1,000 scholarship for high school students who have performed outstanding service, with the federal government putting up \$500 and a community or service organization (e.g., Lions, Elks, Kiwanis, Moose) putting up the rest. We can be ready any time to do an event inviting high schools that have obtained matching funds to submit names of candidates for the scholarship (perhaps in conjunction with a letter from the President to every high school principal).

B
Commitments: We could announce "commitments" from the federal government to the service summit -- proposals for how the federal government can support service and voluntarism to help youth. We could be ready to make such announcements in 2-3 weeks if necessary.

White House News Report

Kent/Funk
DPC
NCC
LHR
Labor
Training
by [unclear]



Educ

NI-NC-CALIF.
CSSO
Advisory Panel/EO
DOD EO (not schools)

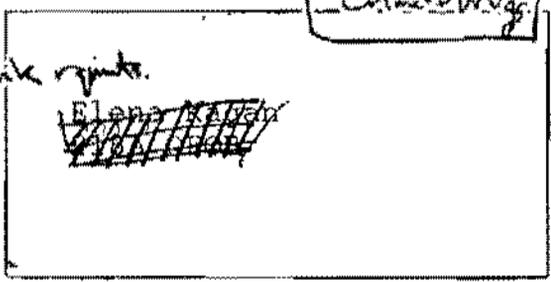
Ban on Human Cloning (UP)

Medicare fund legis.
→ Hill Care legis.
Children's Health EO
Huma subjects research EO/human radiation
WTW-EO

→ Add Internet to EEOC Job Bank reports.

Seat Belt study
→ Beer-wine/DOT
RaceComm?
WR Transportation

Tech + Research
Cancer
Environ.
Values Transp.
Family
Crime & Drugs



Children's Health EO - Zuker
Seat belt study
Huma subjects EO
Tuskegee
Bioethics
Alcohol/FCC
Sex Offender registry
River - summer
Disability regs.

Friday, February 21, 1997

Produced by the Office of News Analysis
Room 161 OEOB (Ext. 6-5694)

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Events
Special Projects



PRINTED ON RECYCLED PAPER

Bleed / G. G. / Rubin / McKee

*Some very interesting ideas
some really worth pursuing*

*FILE TO THE
CPL. 11/14/86*

THE PRESIDENT HAS SEEN

1-14-87

COVER STORY

*Tom
cc: FREEDMAN,
J. PRINCE*

OUTLINE

Ask a group of reporters about journalism's greatest achievements, and the answers are likely to sound like those the police would give. We found a problem, and we brought the culprit in. A free press, many journalists believe, proves its value through the injustices it uncovers and helps end. A century ago, the heroes of the trade were muckraking journalists who exposed the power of the oil and rail monopolies, showed the pathos of immigrant life in slaughterhouse and sweatshop, prepared the way for sweeping reforms of the Progressive era. A generation ago, the standard setters were investigative reporters who revealed why thalidomide was dangerous, dug for the truth about the My Lai massacre, and stood up to the government in publishing the Pentagon papers and in discovering the Watergate saga.

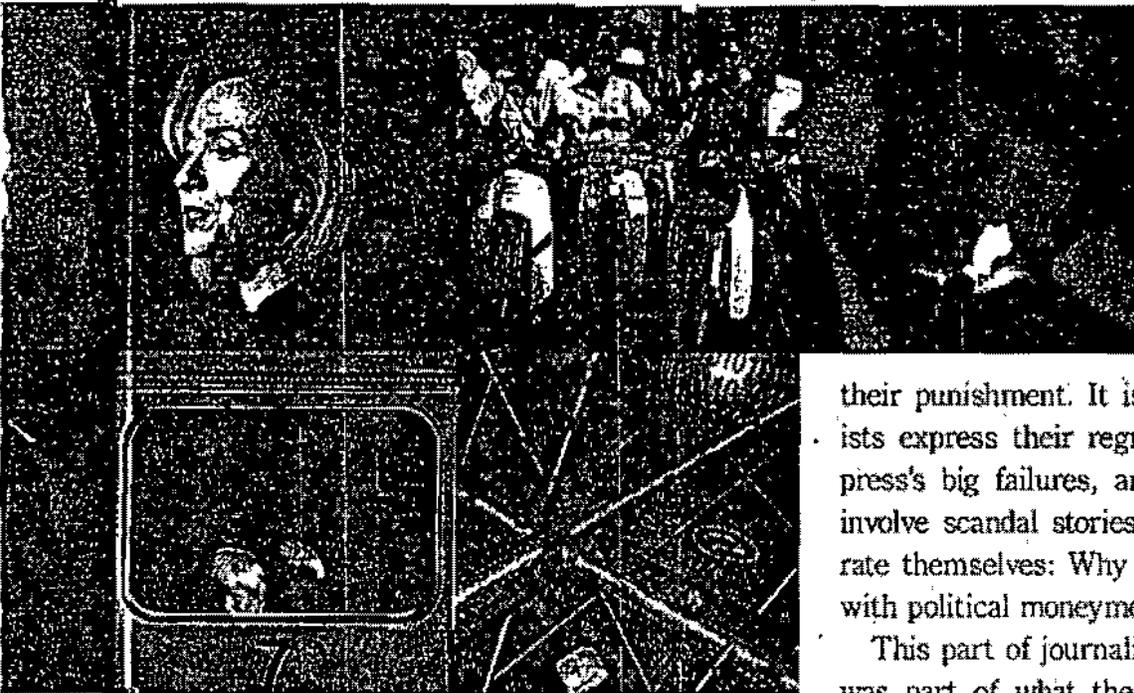
Recently as well, in the eyes of many journalists, the mainstays of the press have proved themselves and their trade indispensable with a continuing parade of exposés. Boesky and Packwood. Rostenkowski and Hubbell. Tailhook, redlining and—depending on your taste—Newt Gingrich's Go-Pac or Bill and Hillary Clinton's Whitewater.



1986



LOOK



The self-image of the press as a kind of civilian inspector general is revealed in the annual awards given by journalists for outstanding work in the field, many of which go to stories that identify wrongdoers and lead to

their punishment. It is also revealed when journalists express their regrets. Ask reporters about the press's big failures, and the answers are likely to involve scandal stories that they missed. They berate themselves: Why were we so slow to catch up with political moneymen like John Huang?

This part of journalism's function is essential and was part of what the framers of the Constitution had in mind when writing a First Amendment that guaranteed freedom of the press. For all its complaints about an overaggressive press, the public would miss the revelations, and the chastening effect that fear of exposure has on the powerful, if exposés were not aired. But the widespread assumption

9



■ OUTLOOK 1997

that journalism's function is primarily to root out problems has left the press unfit for another important part of its job.

When people decide to watch, read or listen to the news each day, they are not only looking for a summary of what has gone wrong in the world. Sometimes they would like an idea of what might be done to fix a problem. The average journalist, normally so directed and morally self-confident, shrinks instinctively from considering "solutions." To the extent reporters have thought about the distinction, they are likely to say that only problems—not solutions—are appropriate objects of their attention. Yes, a tough-minded correspondent may report on action plans or "model programs" that politicians propose. That's news. But to assess and speculate about which solutions would work best, which might work if applied broadly and which have been overlooked—that is "advocacy," not journalism, and must be avoided.

Tough-mindedness about solutions. There is something prissy and unrealistic about this reasoning. Problems have "advocates" promoting them as often as solutions do. No reporter would ignore incriminating documents about a political candidate simply because they came from an adversary's opposition-research unit. Nor would the reporter accept the documents at face value. He or she would study them, interpret them, check them out, and publish only what seemed persuasive. In theory the same reporting standards could be applied to potential solutions. Why is this so rarely done?

Perhaps journalists are reluctant to write about solutions because they no longer believe in them. In the past half century, most Americans, reporters among them, have come to doubt the ability of any large institution, but especially the government, to select the right goals or achieve what it sets out to do. When Americans were asked, in John F. Kennedy's day, whether they trusted the federal government to do the right thing, huge majorities said they did. Those people had World War II in mind. Today's Americans, schooled by the Vietnam War and assorted social mishaps, reject that notion by equally crushing margins.

Yet this view of the modern age as a blighted period in which negative appraisals are the only honest ones is wrong. The past half century has also been a time of amazing accomplishment—and not simply in the areas where almost everyone agrees that miracles recur: medical research and high technology.

Some examples of triumph are familiar, if often ignored—like the GI Bill (which Robert Maynard Hutchins, president of the University of Chicago, warned would turn campuses into "hobo jungles") and the building of the interstate highway system. Others are as impressive but little known. Before World War II, the standard period for home mortgages was 20 years. At government urging, the 30-year mortgage, with dramatically lower monthly payments, became the

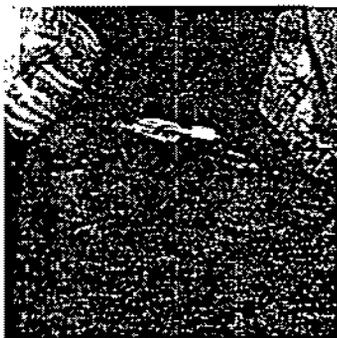
norm after the war. New home loans more than doubled the first year that 30-year mortgages were available, and America became a nation of middle-class homeowners. Foreign economists may complain that our country devotes too much of its wealth to housing, but a policy intended to expand homeownership clearly worked.

The U.S. Public Health Service began experiments 50 years ago to see whether fluoridated water would protect teeth against cavities. Since then, the rate of tooth decay has been cut by more than half, at huge savings in cost. (Each year, fluoridation costs 50 cents a person, versus about \$50 for an average filling.) Seat belt use increased dramatically from the early 1980s to the mid-1990s because of changes in laws and public-education campaigns. During that time, seat belts saved more American lives than were lost in the Vietnam War. The foster-care system has greatly expanded since the 1960s, and every newspaper reader is aware of its problems. But as the conservative analyst Douglas Besharov recently reported, overall deaths from child abuse have fallen by at least half in the past 20 years.

Even Social Security and Medicare, widely derided for pressures they put on the current



Understanding why certain efforts succeed is as important as knowing why others fail.



federal budget, have been hugely successful in their stated goal: getting old people out of poverty. When the teenage Bill Clinton shook JFK's hand in the Rose Garden in 1963, to be old was to be poor. Now those over 65 are, on average, the richest age group.

The point of remembering these achievements is not to weigh the 20th century's good against its bad but to illustrate the limited curiosity of journalism. Understanding when and why public and private efforts succeed should be as important as reporting how they fail. Today it's not. Reporters will toil around the clock, and squeeze their sources, and try to find an analysis that will impress their colleagues when it comes to explaining a corporate or political failure.

But when they have good news to serve up, they often feel compelled to do so in a condescending and cutesy way, as if this were not "real" journalism.

This special issue aims to take the same journalistic tools, ingenuity, and toughness of mind we routinely apply to failure—and use them in plumbing potential successes. The "silver bullets" that writers discuss here are ideas with the potential to cut through difficult problems, as the GI Bill and Medicare cut through problems in their day. The recommended solutions vary in theme, gravity and the likelihood of being adopted. Some will strike most readers as persuasive; others may seem merely provocative. But they share a valuable trait: Each correspondent has applied his or her talents to considering what might work. ■

BY JAMES FALLOW

1-14-97 To: [unclear] (G. Speer) (A. [unclear] [unclear]) - PR



James and PeggyAnn Powers (and James Jr.) live on the top story of PeggyAnn's folks' home.

floor of the house into a two-bedroom "accessory apartment," complete with its own kitchen and separate entryway. James and PeggyAnn moved in and pay for utilities and interest on the loan. Instead of stelling out nearly half of James's income for a cramped one-bedroom apartment, they pay a quarter of his income for a two-bedroom spread. Thanks to the savings, PeggyAnn is a full-time mom, taking care of the lively and inquisitive James Jr. And there's an added bonus: The 2-year-old gets to play with his adoring grandparents every day.

Dear landlord. Accessory apartments (sometimes called "granny flats") could provide millions of families with moderately priced rental housing and ease the affordability crisis at virtually no cost to the taxpayer.

They could also offer valuable opportunities to landlords. A recent divorcee struggling to pay the mortgage solo could solve her financial problem—and give herself a measure of personal security—by renting part of her home to someone she trusts. An aspiring young couple eager to buy their dream house could qualify for a loan by adding to their incomes the rent from an accessory apartment.

Or consider Hilda and Laurence Seibel of Somerset, Md., senior citizens whose children have grown up and moved out. Suffering health problems a decade ago, the Seibels did not want to be alone in their house but did not want to move into an apartment or retirement home either. They got a permit for an accessory apartment in their basement—over the objections of several neighbors—and haven't had a regret. Their current tenant is a classical musician who gets a break in the rent in exchange for helping with chores around the house. Says Hilda Seibel: "It's nice to know that someone is there, and I do enjoy the income, though it's not a lot."

Granny flats are one of those ideas so obviously sensible that you'd think no one could object. But they do, big time. Such apartments are illegal in most parts of the country, because of zoning ordinances that prohibit single-family homes from being "duplexed." Attempts to change these ordinances usually meet with implacable resistance

How to make housing affordable: Let people subdivide their homes

James and PeggyAnn Powers were getting by. She was a dental assistant; he was a shipping clerk. Together they could afford the \$825 monthly rent for their one-bedroom apartment on Long Island. Until the baby came along. Suddenly, they needed a bigger place—and that caused problems. How could they afford more for rent and shoulder the costs of raising a child—especially if PeggyAnn quit her job to care for the baby? They couldn't.

James and PeggyAnn faced a common working-class dilemma of the 1990s. Stagnant wages and rising rents have brought on a new housing crisis. Five million poor families—2 million of them led by full-time wage earners—pay more than half their pretax income for housing, and the number of families in that position is rising rapidly. James and PeggyAnn don't consider themselves poor. But staying in their old

apartment on James's salary alone would have meant devoting 45 percent of his income to housing. (The federal government considers shelter "affordable" if rent and utilities do not exceed 30 percent of income.)

Fortunately, PeggyAnn's father, Richard Schneider, came up with a wonderful alternative. A retired truck driver, Schneider lives with his wife, Mary, in a tidy two-story house in North Babylon, Long Island. With a \$32,000 bank loan, Schneider turned the top

There's only one small hitch with this idea. It is illegal almost everywhere in the country.

1-14-97

*PB Steiner - can this happen now
through quarterly?*

from neighborhood associations that fear a decline in property values. As a result, a balm for the country's housing crisis—a sort of Swiss Army knife of multiple benefits for a variety of housing conundrums—has been left on the shelf, used sparingly.

Entrance in back. Yet the few communities that do allow accessory apartments, such as North Babylon, do not seem the worse off for it. Drive the streets of this working-class suburb, where the small lawns are well tended and American flags flap in the breeze and basketball backboards stand like sentinels in the driveways, and you'd never know that 25 percent of the homes have accessory apartments. Local zoning rules are written to keep it

How could they afford to pay more rent and shoulder the costs of raising a newborn? They couldn't.

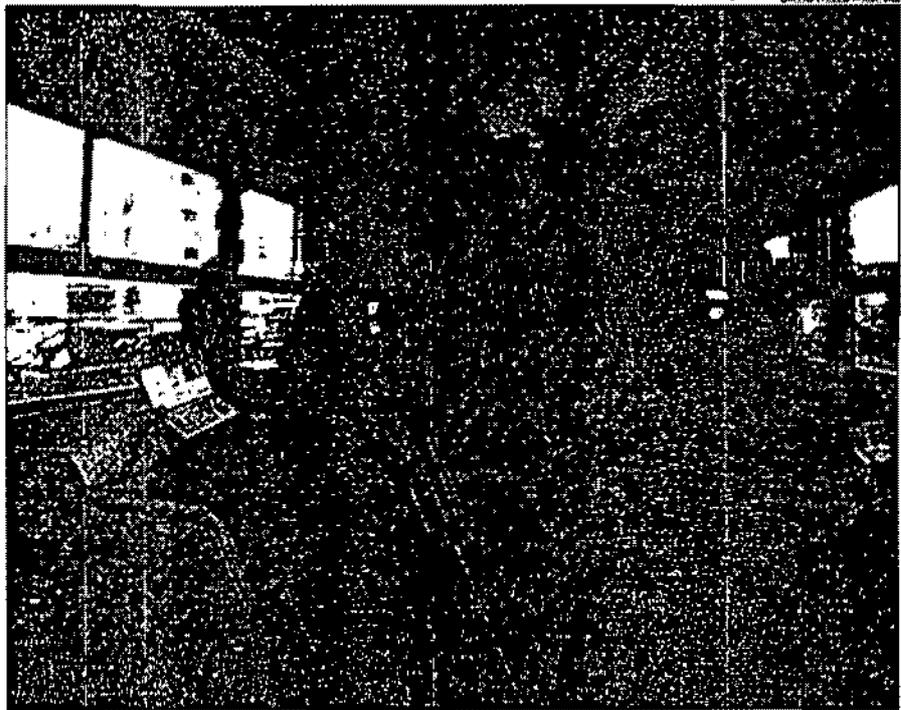
that way. Apartment entrances must not be visible from the street, and the homes must be owner-occupied, which gives landlords a powerful incentive to pick tenants of good character. (Worried neighbors often soften their objections once they get to know the new renters.)

In other countries, accessory apartments are not just tolerated but encouraged. Britain and Germany, for instance, offer tax breaks to homeowners who rent out portions of their houses. In 1991, a federal commission under former Housing Secretary Jack Kemp recommended removing zoning restrictions on accessory apartments. The Clinton administration did not carry through on the recommendation.

But the cresting of the baby boom may provide the demographic oomph that's needed to make accessory apartments a national reality. "The oldest boomers are turning 50, and their kids are starting to leave home. Many are loaded with debt and have college tuition bills to face, as well as elderly parents to help support. "The time is ripe," says George Gaberlavage, a senior analyst for the American Association of Retired Persons, which is preparing to launch a lobbying drive for accessory apartments in 1997. "This is one area where something could happen without huge amounts of federal money." ■

BY PETER MAASS

Jump-starting the Middle East peace process: Start with a paycheck, food on the table



Israel's sophisticated intelligence system is good at weeding out security risks.

The Middle East peace process isn't quite dead. But it's gasping. Since the terrorist bus bombings inside Israel in February and March and the election last May of Binyamin Netanyahu, the United States has tried everything from a White House summit to shuttle diplomacy in hopes of jump-starting the process. But to little effect. A U.S.-sponsored (and long-delayed) accord on an Israeli pullout from the West Bank town of Hebron is still possible. But Netanyahu's recent decision to reinstate aid to Jewish settlers in the West Bank has exacerbated tensions.

If anything, positions seem to be hardening on all sides. That's partially for economic reasons. Palestinians had expected to see their standard of living rise after the signing of the Oslo agreements. Instead, they've seen their average income drop at least 23 percent. This is in large part because Israel, understandably fearful of terrorists, has severely limited

the flow of Palestinian workers across the border. Tough economic times have the potential not only to boost cynicism but also to strengthen Hamas and other radical groups, who argue (with much resonance in the souks of Gaza and the West Bank) that Yasser Arafat's peace deal has done nothing for Palestinians. If this cynicism spreads, it will be that much harder for Arafat to make concessions—over such vexing issues as water rights and the future of Jerusalem—that are the price of peace.

Something similar is happening in Jordan. King Hussein sold the 1994 peace treaty with Israel to his skeptical public by claiming there would follow a peace dividend in the form of higher living standards. Yet the average Jordanian's income is stagnant since the signing of that treaty and unemployment is at least 18 percent. Jordan's economic troubles are linked to the gulf war. Close to 300,000 Jordanians worked in the gulf

states before the war. Their remittances kept Jordan afloat. But during the gulf crisis, King Hussein made the blunder of his political life by being seen as rooting publicly for Saddam Hussein. Saudi Arabia and other gulf states repaid his apostasy by booting out Jordanian guest workers; they've not been invited back. The result has been economic turmoil in Jordan and popular support for radical Islamists in the Jordanian legislature, who want King Hussein to repudiate the separate peace he signed with Israel.

economic benefits. If Jordanians and Palestinians could return to the gulf at the levels of the late 1980s, it would mean an extra \$1 billion plus a year to the economies of Jordan and the Palestinian Authority—significantly more than the international community's annual assistance to the Palestinians.

Remittances from the gulf would be the biggest windfall, but placing more workers in Israel would also help. Terje Larsen, former U.N. special coordinator for the occupied territories, says

for the first time since Iraq invaded Kuwait, Saudi Arabia's King Fahd agreed to receive Jordan's King Hussein. Saudi-Palestinian ties have also improved in the wake of the 1993 Oslo agreements. And Arafat, who is eager for a guest-worker deal, has also met with Fahd recently. Kuwait will be trickier, but the Kuwaiti foreign minister has recently talked of the need for closer ties with Jordan. Gulf state leaders remain understandably bitter about reports that some Palestinians gave the Iraqis detailed information on

where and how Iraq could attack oil lines during the gulf war. These leaders will no doubt put careful screening procedures in place before allowing in additional Palestinian guest workers.

Such screening has worked surprisingly well against terrorists in Israel. None of the suicide bombers has been a certified worker, and Israeli intelligence has become quite sophisticated at weeding out high security risks, including counterfeiters who attempt to cross over with daily workers. Moreover, by letting in more guest workers, Israel would gain control over a resource of great value to the Palestinian authorities—the wages of Palestinian guest workers—which Israel could turn on and off depending on how well Arafat polices areas under his control. And Israel would gain in the deal by



Hebron is simmering. Another assault on Israeli settlers could derail the peace process.

reducing dependence on about 250,000 foreign workers from Eastern Europe and East Asia—more than half of whom are in the country illegally and are creating social problems in Israel.

Since so much of the drag on the peace process is economic, it makes sense to use economic incentives to spark the talks back to life. Rethinking the punitive bans on foreign laborers may be the best way to demonstrate that peace is linked—firmly and demonstrably—to the economic prosperity of households and nations:

Pink slips. Consider the numbers. During the 1980s, more than 500,000 Jordanians and Palestinians held jobs in such oil-rich gulf states as Kuwait and Saudi Arabia. There are half that many today. An additional 120,000 Palestinians worked in Israel. But that number dropped to zero this past spring after a series of suicide bombings in Israel led Israeli authorities to close the checkpoints. Netanyahu has since edged up the number of Palestinian guest workers to 50,000, still well below the historic peak.

Providing work permits for additional workers would yield tremendous eco-

nomics. That's no small thing either. And it is politically feasible. In August,

that every 10,000 Gaza workers allowed to work in Israel each year would add \$20 million to the Palestinian coffers. Saudi Arabia alone already has 6.2 million foreign laborers and dependents from countries such as Pakistan. Some would obviously be displaced if more Jordanians and Palestinians were let in. The loss of those workers' livelihoods is no small thing. But the potential benefit is a comprehensive Middle East peace.

And it is politically feasible. In August,

**Half a million
Palestinians and
Jordanians once
worked in the gulf.
Half as many do today.**

reducing dependence on about 250,000 foreign workers from Eastern Europe and East Asia—more than half of whom are in the country illegally and are creating social problems in Israel.

For this whole package of labor reforms to work, gulf Arabs say Jordanians and Palestinians may have to eat some humble pie and publicly apologize for their leaders' past support of Saddam Hussein. In an open letter to King Hussein written earlier this year in the newspaper *Al-Watan*, Kuwaiti lawyer Walid Dou Rabba expressed a widely held sentiment when he wrote: "We cannot forget what you did. You will never have a place in the heart of the ordinary Kuwaitis. It is the duty of every Jordanian and everyone who supported the states that opposed [Kuwait] to apologize in person to every Kuwaiti citizen. Then, perhaps, we can begin to forgive." ■

BY DAVID MASOVSKY IN JERUSALEM

To Billed for Dr.

THE PRESIDENT HAS SEEN

1-14-97

Ignoring the solution. Jury's in: Needle exchanges slow the spread of AIDS



Critics don't want to feed a nasty habit. But junkies will shoot up clean or dirty.

AIDS was once the scourge of the gay community. Soon, it will be largely a drug addict's disease. Scientists believe that 50 percent of all new HIV infections occur among intravenous drug users, with an additional 20 percent or so occurring among junkies' sex partners. The syringe is the Typhoid Mary of the 1990s.

Yet what worked best in curtailing the spread of HIV among homosexuals—mass-education campaigns promoting safe sex—has been ineffective with drug addicts lurking in society's shadows. What does seem to work is giving drug users clean needles. Since 1986, some 100 small needle-exchange programs have sprouted up around the country, through which used syringes are traded for new, sterile ones—no questions asked. Often run by private groups with limited funds, these experiments have been the object of intense scrutiny by major universities and federal health agencies. The conclu-

sion? The programs work. Studies have shown up to a sevenfold reduction in all blood-borne diseases, a 33 percent projected drop in HIV infections and 25 percent fewer cases of dangerous behavior, such as needle sharing.

Besides saving lives, these needle exchanges deliver a huge financial payoff. Consider the case of an HIV-positive addict who infects eight others in a one-year period (a very modest estimate). If each turns to Medicaid to pay his or her lifetime medical costs (at an average

**Critics are purists
when it comes to their
'just say no' message.
Purity of needles is
less important.**

\$119,000 plus), that's about a \$1 million burden for taxpayers—money that could have been saved if the one addict had been in a needle-exchange program.

Evidence for the effectiveness of needle exchanges is not airtight. Drug users who participate in needle exchanges may be more safety conscious and thus at less risk of contracting HIV in the first place. But studies also show that those who participate improve their own behavior over time. So evidence that needle exchanges have at least some positive effects is strong.

High-level conflict. On balance, the studies are persuasive enough that physician Scott Hitt, chairman of President Clinton's Advisory Council on HIV/AIDS, rebuked his own president for banning the use of federal AIDS funds for needle exchanges. Hitt is joined in the endorsement of needle exchanges—and the call for more federal involvement—by the National Academy of Sciences, the Centers for Disease Control and Prevention and the General Accounting Office.

The administration worries that needle exchanges might increase drug use. It's a reasonable fear but one not borne out by research, according to the CDC. Only a handful of needle-exchange studies have tracked drug use, but their conclusions jibe with anecdotal evidence and common sense: While addicts prefer clean needles, they will eagerly opt for the abundant supply of dirty ones in the face of a monstrous drug craving.

Some worry that needle exchanges are the classic "Band-Aid"—dealing with HIV infection but not the underlying drug addiction. But needle exchanges have actually worked as a bridge into real treatment. One program in Tacoma, Wash., made nearly 1,000 referrals to drug treatment programs in two years. Others worry that needle exchanges, cheap as they are, will siphon funds from zero-tolerance treatment efforts. But the real problem is that all anti-addiction programs are woefully underfunded.

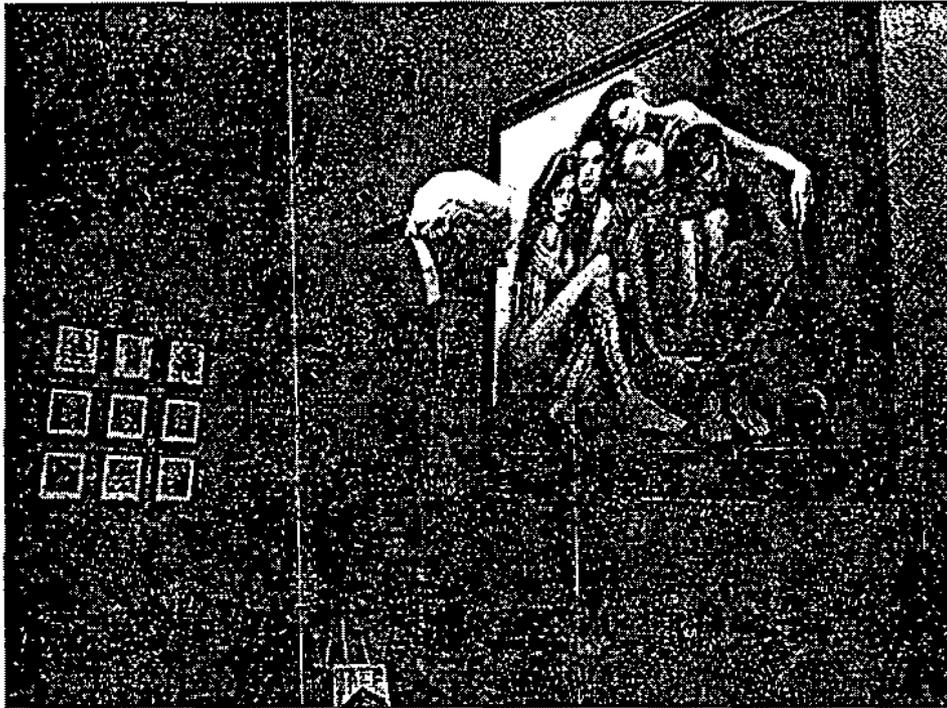
It's hard to avoid the suspicion that these concerns have less to do with science or public health than with politics: specifically, a reluctance to muddy the "just say no" message.

But there's another message leaders should heed—that no one has to die needlessly. Peter Lurie, a leading University of California researcher, estimates that nearly 10,000 lives could have been saved over the past few years by an aggressive expansion of needle-exchange programs. Wasn't the war on drugs supposed to be about saving lives? ■

By JOSHUA WOLF SHENK

PC

Portrait of the artist as a young waiter. Feed the muse from a real endowment



I don't know art, but I know what I like. And that's the problem with an arts ministry.

The National Endowment for the Arts, our federal funding agency for culture, has an anomaly in its name: the word *endowment*. Since it was founded in 1965, the NEA has never been a true endowment—that is, a huge fund whose earnings in interest and dividends are used to support the arts. Rather, it is funded like most other government agencies, through annual appropriation by Congress. This affords conservative lawmakers a yearly opportunity to grandstand about the occasional bizarre NEA-sponsored work of art as a pretext for slashing the agency's funding. Consequently, the NEA's budget has plummeted from \$176 million in 1992 to under \$100 million today. The only way to stop this death spiral is to abandon the NEA and create a true endowment, funded by a short-term tax on entertainment, including the cultural corner that conservatives complain about most: Hollywood.

Two states have already started in this

direction. Missouri and Texas have begun building \$200 million endowments, which eventually will generate enough cash to remove arts funding from the state budget entirely. Eight other states are also creating more-modest endowments to supplement appropriations.

Both Missouri and Texas are building their endowments by combining tax revenues and private donations. In Missouri, one quarter of the money will come from a state income tax on visiting artists and athletes, and three quarters

Who could argue? Tax Snoop Doggy Dogg and Stallone to fund children's theater and Beethoven's Ninth.

from private fund-raising. In Texas, the public portion will come from taxes on amusements, cigarettes, hotel occupancy and gasoline; the private portion, from fund-raising and merchandising.

Entertaining taxes. We should follow this model of public-private partnership. In her book *Art Lessons*, Alice Goldfarb Marquis suggests a 1/2 percent federal tax on commercial entertainment and professional sports; even such a tiny tax, authorized for only three years, would bring in \$6 billion. A private campaign over those three years could generate an additional half billion from foundations, corporations and individuals. At 6 percent interest, a \$6.5 billion endowment would earn \$390 million per year. Plowing \$50 million back into the principal would leave \$340 million a year for arts funding—nearly double the NEA's budget in its most beneficent years. To maximize growth, the new endowment should be invested not in government bonds but in equities, which are riskier but offer higher returns. The investment should be managed by professionals in the private sector.

It will be a political challenge to persuade Congress to hand over \$6 billion in tax dollars to a private organization—with no federal strings attached. But the strategy is designed to appeal to a broad range of lawmakers. There's the obvious appeal of taxing controversial entertainment like gangsta rap and adult fare from Hollywood in order to support arts institutions like symphonies and theaters. In fact, the tax could be structured as a "disincentive" to "immoral" culture by having it fall heaviest on adult entertainment. The endowment's charter also could be structured to allow funds for institutions rather than individual artists. (The NEA is already moving this way.) Fiscal conservatives should also be attracted to the idea of levying one small tax for just three years. And few lawmakers will resist ending the bitter budget fights, contentious government oversight and the politicizing of the arts.

So let the government collect a tax, then get out of the way. The creation of a true arts endowment can be a real collaboration between the people and their government—just once, but forever. ■

BY JOSEPH WESLEY ZEIGLER

Zeigler is an arts consultant and author of *Arts in Crisis: The National Endowment for the Arts Versus America*.

To Bruce (Ralph) McLaughlin

THE PRESIDENT HAS SEEN

1-14-97

Ray - PC

They're toking up for algebra class. Teenagers need incentives to keep it clean

Will today's grade-school students be the potheads and coke fiends of the early 21st century? That's the fear of crime watchers, who see few good new ideas to stop the drug abuse numbers from creeping upward. A new federal report says drug use among secondary-school students

American Alliance for Rights and Responsibilities. As he envisions it, schools would require or at least encourage students to take drug tests. The schools would be scored, and those posting the best records would get awards—something akin to the hoopla that surrounds National Merit Scholarships. The psy-

who pass get cards entitling them to discounts of 10 to 50 percent at 150 local businesses. Working with leaders of the Rotary Club, coordinator Gloria Terrell is talking to firms about providing college scholarships for students at the cleanest schools. Little Rock, Ark., Rotarians plan their own discount program soon.

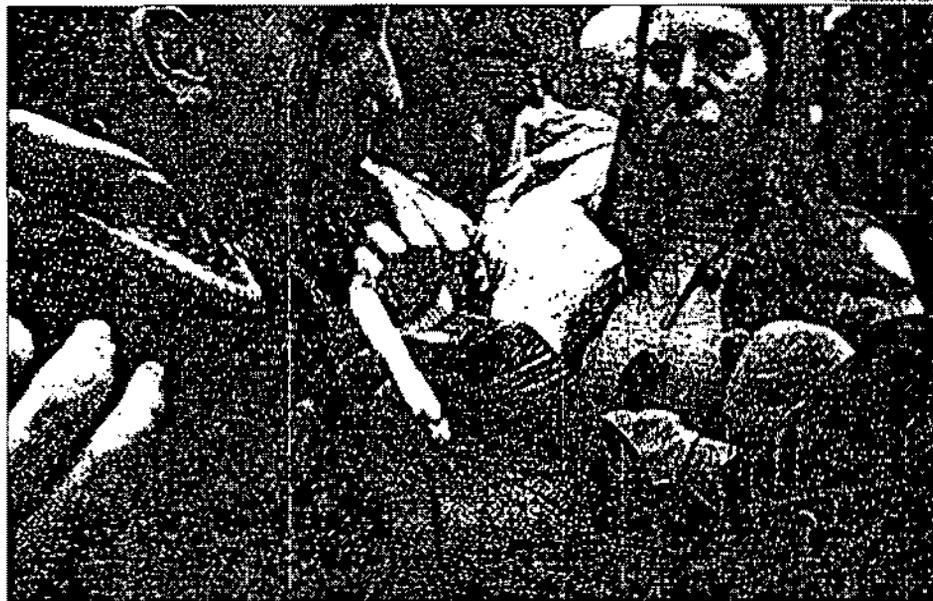
At least two incentives are at work, experts believe: Students who are enticed by merchandise discounts and help with college might nudge fence-sitting friends away from drugs. Similarly, the threat of tests might help students fend off peer pressure to get high. "Students tell friends, 'Our school tests for drugs, so I can't try this or I'm going to get caught,'" says Raymond Kubacki, whose Boston-based Psychomedics Corp. has contracts with 21 schools to test hair samples for drug use. Terrell cites examples of impact in Dallas, such as a high school boy who once belonged to a youth gang but who credits D-FY-IT with getting him on track to attend college. An evaluation should show in a few years whether D-FY-IT has brought drug abuse down.

Roadblocks ahead. Costs and civil liberties concerns may hold back significant expansion of these pilot programs. It's not clear right now who would pay for the tests—not to mention the treatment and counseling that would be offered to those who failed. Hair can be analyzed for drug use patterns for as little as \$40; urine, for as little as \$5. Advocates argue that the costs, paid by Rotarians in Texas, are modest compared with the damage that drug addicts do.

The legal concerns about mandatory drug testing await a test case. It could happen in New Orleans, where District Attorney Harry Connick has called for drug tests in local schools. Students who

tested positive would be offered treatment but would not be prosecuted. Still, educators are balking, afraid that families and civil libertarians will object to the intrusion on students' privacy. But the Supreme Court has approved compulsory drug tests for student athletes, and Connick believes the principle could be extended. A possible compromise might be mandatory but anonymous tests, which would provide schoolwide incentives without risking false accusations against individuals. Only more experiments will show whether incentives tied to drug tests can help turn the narcotics plague around. When you're losing a war, no strategy should go untried. ■

BY TED GUST



More teens are inhaling, and neither preaching nor punishment is dissuading them.

rose again last year, including a near doubling in the total who smoke marijuana daily. While "get tough" advocates continue to lobby for stiffer penalties—as Bob Dole did during the presidential campaign—supporters of prevention efforts emphasize the need for speedy treatment and preaching against the perils of narcotics. Those policies all have merit, but largely missing from the debate are practical, positive incentives for teens to take a pass.

One emerging idea is to use drug tests as the basis for competitions that would recognize teens who stay clean. "Let's generate social pressure in schools to reward non-drug use instead of focusing on penalizing abuse," suggests Roger Conner of the Washington, D.C.-based

chology is to emphasize group pride—much the way builders promote safety by calling attention to sites' injury-free streaks. But individuals could profit, too.

Modest experiments are underway. In a Dallas program called D-FY-IT (Drug Free Youth in Texas), 10,000 students have taken drug tests voluntarily. Those

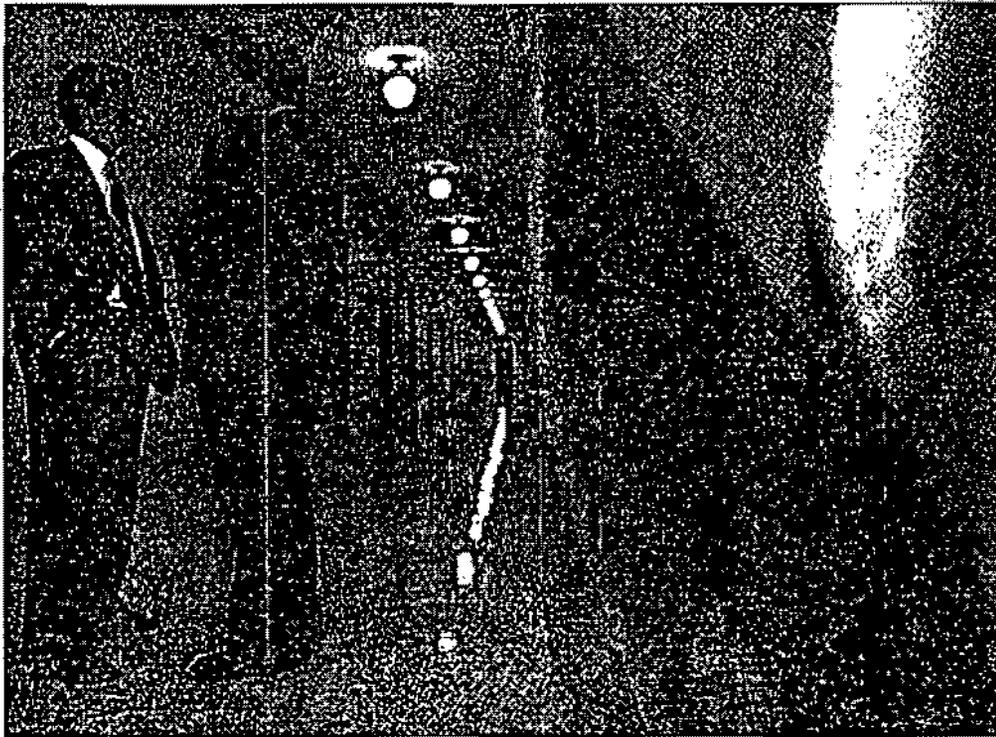
Drug testing in the schools gives fence-sitters an excuse to fend off peer pressure to get high.

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Bob Mead Sign. M



More than 15,000 registered lobbyists push their special agendas in the halls of Congress.

Bigfooting in Gucci loafers. Let's have the voters do more lawmaking at the ballot box

The complaint is familiar: Americans have lost faith in government because Washington is dominated by special interests and craven politicians who avoid tough decisions. The cynicism is not unfounded. Whether it's budget-shattering entitlement programs, loopholes in campaign finance laws or unimpeded immigration, the political establishment has shown a singular lack of courage in dealing with many of the most vexing public issues.

The answer? As the Sixties radicals used to say, power to the people — in this case, through a binding system of national citizens' initiatives and measures referred directly to voters by Congress. This process of direct democracy would change American politics more than anything since the advent of television and, at a minimum, force politicians to address issues they would love to ignore.

True, there are monstrous problems with the initiative process in some states.

Special interests in California, for instance, have dominated plebiscites for years by manipulating the electorate with expensive TV ads. Few voters manage to keep up with the debate over the dozens of measures on each ballot — just as the framers feared when they created our representative democracy. The results are often shoot-yourself-in-the-foot measures like Proposition 13, which forced cuts in property taxes in 1978 and decimated funding for California municipalities and public schools.

Californians love referendums. The state's a useful model for how not to design a national plebiscite.

Yet it's hard to see how special interests could do any more damage than they're already doing in Washington. And, on the wisdom scale, the average state initiative or referendum compares reasonably well with the average Washington law. In Colorado, for instance, voters in the 1970s passed a variety of good-government measures like sunshine laws to require open meetings and consumer-rights propositions. And in November, voters in Arizona and California liberalized the use of marijuana, defying those who disparage initiatives as a mere tool of the right.

California provides a valuable lesson in how *not* to set up rules for a national initiative process. Lesson No. 1: Avoid voter overload. To even qualify, a national ballot measure should first garner petition signatures

of at least 10 percent of eligible voters in two thirds of the states. Only the two issues with the most petition signatures would be allowed on the ballot. Lesson No. 2: Make sure the propositions are constitutional. The two most controversial recent California initiatives, Prop. 187 (on immigration) and Prop. 209 (on affirmative action), are now stuck in court. Had these initiatives been more soberly written, they might have provided voters with more effective and less draconian ways to vent their frustrations. The U.S. attorney general should have the power to throw out any national ballot measures that he or she determines to be unconstitutional. And a supermajority of the popular vote in two thirds of the states should be required for passage.

A few national politicians — including Newt Gingrich — are mulling over the idea of a national plebiscite, just as many bold leaders have done in the past. Sen. Robert La Follette, the progressive who successfully pushed for state-level initiatives, initially suggested a national referendum process in 1916 on whether the nation should declare war. La Follette's "war referendum" was never enacted. But his argument, that everyday people should "decide whether they shall spill their blood out upon murderous battlefields," makes just as much sense today as it did 80 years ago. ■

BY KENNETH T. WALSH AND LINDA KULMAN

Bob Baker / C. Fleming / H. Malabar
probability? Can you make? etc



Vincent Rescigno and Jean Miccio look more like neighbors than members of the same HMO.

ing in various incarnations around the country (box, Page 74). It was an insurance company, oddly enough, that brought Rescigno and Miccio together. Both belong to a health maintenance organization called Elderplan, which has embraced an approach to care that is as radical as it is ancient. At this HMO, the members help take care of one another. Passive recipients of expensive medical services become active providers of help and care. Soon after Miccio's accident, Elderplan's Member to Member program dispatched Rescigno to lend her a hand. Now, once a week, he drives her to the supermarket, or wherever else she needs to go.

Caring chits. Elderplan has tapped a vast underused resource—the desire of older Americans to be useful and needed—and turned it

into a way to cut the cost of medical care. The program is based on a concept called care-sharing or service credits. For each hour that members serve, they get a credit, which they "bank" in Elderplan's computer. The volunteers can "spend" those credits when they need help themselves. Before her accident, Miccio used to take another member shopping. Now Rescigno helps her; and she in turn provides telephone reassurance to a lonely shut-in. One day, Rescigno, too, may be on the receiving end. Elderplan's care bank has about 125 participants, who log over 800 hours per month. They help keep members out of hospitals and nursing homes, and this translates into savings for the HMO—and better care to boot. Consider the man in his 90s who broke the towel bar that he used to get in and out of the bathtub. The man was beside himself with worry. He couldn't afford the repair, and most older people don't like strangers in the house anyway. It was a broken hip waiting to happen until a fellow Elderplan member, a retired contractor, fixed the bar. That simple repair became Elderplan's home-repair service, which is now evolving into a safety inspection program—all run by volunteers.

It's difficult to reckon all the savings from such simple acts of neighborliness, but evidence from elsewhere is suggestive. At another "social HMO" in California—which, like Elderplan, supplements medical care with some social support services—members have en-

Old and frail and on their own. Expand barter systems for elderly health care

Everyone knows someone like Jean Miccio. In her 70s, she lives alone in a Brooklyn, N.Y., apartment. Most of her family is upstate; a couple of grandkids live nearby, but they work and are very busy. Several months ago, Jean fell while trying to catch a bus and now walks only with great difficulty. She can't do her own shopping or much of anything that requires getting around.

Society has no idea how to help folks like Miccio, and their ranks are growing fast. Some 34 million Americans are over the age of 65 today, a number that has doubled in the past 30 years and will double again by the year 2030, when most baby boomers will be in retirement. Thanks to Social Security, among other things, the vast majority of the elderly today live in their own homes. But many encounter problems like Miccio's; about 20 percent are substantially disabled.

Fortunately, there are also more and more folks like Vincent Rescigno. A re-

tired electrical worker who just turned 70, he's trim and spry. He's among the 60 percent to 80 percent of retirees who are basically healthy. In addition, he has time on his hands and a desire to help. "There are givers and takers," he says, "and I prefer to give."

Hmmmm?

The obvious solution here is to devise a system that links up the Miccios with the Rescignos. Such a system used to exist. It was called neighborhoods and "extended families." Now, new versions are evol-

At Elderplan, fixing a broken towel bar

counts as health care.

It was a broken hip waiting to happen.

Some other ways volunteers assist "aging in place"

Growing numbers of frail elderly people are living longer and living alone. Nearly 9 out of 10 say they prefer to live in their own homes. More and more are getting their wish to "age in place," thanks to an explosion of community-based programs that rely largely upon an inexpensive but plentiful resource—volunteers. Here are three examples:

■ Living at Home/Block Nurse Program.

This St. Paul, Minn., program recognizes that older people, like 80-year-old Mary Knight, are more likely to trust someone from the neighborhood than an unfamiliar social worker. Vol-

unteers, like next-door neighbor Ann Cohen, check in daily with Knight, driving her to her suburban doctor or even to the nearby bank (the three blocks is too far for Knight to walk since her recent leg surgery). A "block nurse," JoAnn Mason, who lives just three blocks away, visits regularly to check Knight's medications and coordinate her care. And a nurs-



ing assistant—provided by the neighborhood association for \$17 a visit—arrives every Friday to help her with light housework and bathing. Volunteers cleaned rooms that the reclusive Knight concedes had gotten "dirty and dusty" and unhealthy to live in after her surgery. Says Knight, from the living room of her home of 50 years: "Hopefully I can avoid a nursing home for the rest of my life."

Beyond creating community, reliance on volunteers keeps down costs for the care that, when provided by private agencies, quickly becomes very expensive. The 15 neighborhoods that run the Living at Home/Block Nurse Program rely on donations from individuals, foundations and even money raised at bake sales.

■ Faith In Action taps into the charity of church volunteers. Since 1993, the Robert Wood Johnson Foundation has given \$25,000 in start-up grants to nearly 450 churches, synagogues and social-service agencies to



create volunteer networks that serve 1 million elderly persons.

In Arizona's rural Yavapai County (roughly as large as Massachusetts but with only 135,000 residents), Faith in Action volunteers deliver medications and groceries to the isolated elderly who may live 70 miles from the nearest grocery or pharmacy.

■ Senior Companion Program, one of the oldest such programs, is run by the federal Corporation for National Service. The original idea in 1974 was to help the poor by hiring them for a small stipend to do chores for homebound seniors. But the program quickly grew



into an effective way to cut down on the high cost of institutional care. Senior Companions of Decatur, Ala., estimates that its 25 volunteers save taxpayers more than \$2 million annually

by keeping 60 seniors out of nursing homes. The \$3,800 stipend paid to each volunteer is less than a tenth of the cost of a year of nursing home care. Nationally, some 13,000 Senior Companions serve 35,000 elders. That kind of math has led to a proposal, currently under consideration at the White House, to substantially expand the unheralded national service program.

BY JOSEPH P. SHAPIRO

tered nursing homes at about half the rate of Medicaid recipients nationally. And that's without the kind of volunteer effort Elderplan has mustered. If programs like Elderplan can help keep significant numbers of the elderly at home and out of nursing homes, the potential savings could be substantial. America spends over \$75 billion every year on nursing homes, a tab that's projected at \$180 billion a year by 2005. Yet 10 percent to 20 percent of current nursing home occupants have no significant medical problem, according to surveys by Brant Fries of the University of Michigan.

Charity's dividend. Research has shown that isolated older folks are less healthy and use more medical care than those who are socially engaged. Rescigno can attest to that. He hasn't had more than a cold since 1992. "The only reason I am as healthy as I am," he says, "is that I'm so busy helping other people."

Among those he helps is a member

who was deeply depressed. One day Rescigno accompanied the man to a car repair shop and noticed that his spirits lifted when he got away from the house. Now they meet weekly at a diner, and the man no longer talks about suicide. Too often today, the medical system treats the elderly's problems only with drugs, which often spawn more problems. Some 32,000 hip fractures and 16,000 car accidents each year can be traced to the use of prescription drugs to treat the elderly. Expenditure leads to more expendi-

An amputee could have gone into a nursing home at \$35,000 a year. Instead, he became a telephone counselor.

ture. Yet sometimes all people need is a friend. Indeed, sometimes all they need is to be a friend. Elderplan Senior Manager Mashi Blech tells the story of a double amputee, partly paralyzed by a stroke, who spent his days alone in his apartment. Social workers decided he needed home visits, but when Blech called to match him with a volunteer, she found that he was "full of life and energy and enthusiasm. Instead of sending him a volunteer, I asked him to be a team coordinator." So the man, a former real-estate salesman, became leader of a team of volunteers. He helped with paperwork in the office and trained to become a telephone counselor. The man was certified as eligible for a Medicare-paid nursing home, which would have cost the system some \$35,000 per year. Instead, he spent his final days lighting people up with his humor and zest. ■

BY JONATHAN ROWE