

Item 7

^{Test}
Ambitious effort to close the opportunity gap -- esp in education, child care, health, & housing --
and to crack down on discrimination. ^{incomes}
Work w/ P&A eyes → Budget
→ Report on Race / Bill Ideas (ambitious ones)

I. Education - Moral Obligation

Universal
Appeal,
targeted
impact

A. Class Size - New Federal Response

- highly targeted to the kids who need it most: uses Title I formula to states. States must take care of districts with 30% poverty levels first. More than 1/2 →
- all the research shows that young, underprivileged children benefit most
- POTUS always talks about it in combination w/school construction

B. Education Opportunity Zones

- working with Rep. Clay on legislation to steer \$1.5B to poor urban/rural districts that hold schools accountable and provide extra help -- mentoring, summer school -- to help kids meet high standards
- our answer to vouchers: don't walk away from public schools, fix them

C. Teacher Recruitment (NAACP)

- Challenges in inner city schools is attracting teachers. Suburbs have more applicants.
- budget includes \$350m to create 35,000 scholarships to teach in underserved areas.
- also designed to help attract more minorities into the teaching profession.

INCOMES/MAKE WORK PAY
II. CHILD CARE

- Min wage > make work pay
- EITC

A. CCDBG

- \$7.5b to double from 1m to 2m.
- Only 1 in 8 eligible currently get served.

B. After-school -- \$1b

C. Other initiatives to raise quality without reducing affordability

D. Budget resolution battle

III. HEALTH CARE

A. Race & health initiative to eliminate racial & ethnic disparities in 6 areas by 2010

- \$400m to start closing the health gap on 6 diseases: diabetes (70% more), heart disease (twice as likely), AIDS, infant mortality, cancer, immunizations

B. Children's health outreach -- \$900m for more progress on 4m eligible but not covered

- 25% are African-American, 30% are Hispanic

C. Patients Bill of Rights (emergency room care etc.)

- D. Tobacco: working closely w/CBC and Hispanic Caucus to make sure that cessation & counteradvertising & research are targeted to minority comms, where tobacco cos have targeted.

IV. OTHER OPPORTUNITY GAP

A. Welfare-to-work vouchers -- \$283m / 50,000 vouchers to help people live near where they work and reduce the 2-hour commutes

-- \$150m for WTW transportation in Senate NEXTEA bill

B. Enforce Civil Rights laws

-- supported legislation on hate crimes (Hate Crimes conference, Hate Crimes bill)

-- 15% increase for EEOC, to cut the backlog more than 1/2

-- new initiatives for paired testing at EEOC and HUD and other reforms

Other Issues

x Criminal justice system

x Service

x Unphoned

x Unbanked

Balanced Budget
IRS Reform
Campaign Finance Reform

* → TREAS. re FICA

Education

modernism
Crumbling Schools
Computers in Classrooms : Teacher Training ~~Excess~~
^{low cost} Training Teachers/Reducing Class Size
After school Options
Education Opportunity Zones
Errata fight

* → MIKE to WRITE UP

Health Care

HMO Reform / Patients' Bill of Rights - Chris [They want to present us w/ Dem. bill]
Near Elderly Medicare / Cobra Buy-in
Crackdown on Medicare Fraud

Family Income

Child Care & Early Childhood Development Tax Credits/Block Grants
Minimum Wage Increase
Pay Equity Enforcement [→ Lanza will tell us what it means]
Small Business Pension Tax Credits
Pension Protections
Protect SS from Raid to Pay for GOP Tax Cuts
Child labor

- Dodd wants to set
career position

Juvenile Crime

Brady Junior
RICO on Gangs
After school Options
Drug/Gun Courts
Stop Teen Smoking / Tobacco Settlement ↑ *Health*
Drunk Driving

FEB. 12th

Environment

Right-to-know on Toxics (They'll send us bills)
Food/Water Safety on Rt to know
National Parks + Food safety
Environ Crimes

Joel: Strong Families
Safe Neighborhoods
Secure Retirement

Judges

Rahn: Gov. Estuary, protect Family

Tom

FIGHTING HOMELESSNESS

This is a proposed initiative that we received from the VA to address more fully the needs of homeless veterans. According to the Federal Plan to Break the Cycle of Homelessness, there are as many as 600,000 homeless persons on any given night. The National Coalition of Homeless Veterans estimates that there are 275,000 homeless veterans on any given night. They estimate that there would be double that number over the course of a year. This initiative would reach 50,000 additional veterans per year (150,000 over 3 years) for a total of approximately \$60 million per year.

I. FEDERAL PROGRAMS TO ADDRESS HOMELESSNESS

The McKinney Act, which was enacted in 1987, is the major federal legislation addressing homelessness. McKinney funding for targeted homeless assistance has increased dramatically. The McKinney Act grant assistance programs fund activities that provide homeless men, women, and children, with emergency food and shelter, surplus goods and property, transitional housing, some supportive housing, primary health-care services, mental health care, alcohol and drug abuse treatment, education, and job training. HUD currently administers nearly 70 percent **check** of the McKinney Act funds, or spends approximately \$1 billion on homelessness per year (OMB).

There are three major VA programs that work with the homeless:

1. Homeless Grant and Per Diem. This program awards grants to community-based organizations to acquire transitional housing with services. In FY 94 through FY 97, 101 grants were awarded to 84 non-profit or state or local government agencies in 36 states. There is approximately \$5 million per year for new grants. Pays up to \$16/day for ongoing operational costs.
2. Homeless Chronically Mentally Ill Veterans Program. The HCMI program places homeless veterans needing more intensive treatment into one of its roughly 200 contracted community-based facilities. The program serves over 20,000 homeless veterans per year, with over 3,000 receiving residential treatment. The average cost per day is \$38.
3. Domiciliary Care for Homeless Veterans. Treatment takes place in approximately 1500 dedicated beds at VA medical center domiciliaries.

SPECIFIC PROPOSAL FROM VETERANS AFFAIRS

A. Increase Funding for VA's Homeless Grant and Per Diem Program

Background

This program allows for the provision of grants and per diem payments to assist public and non-profit organizations establish and operate new supportive housing and service centers for homeless veterans. Since the first round of funding in 1994, the VA has awarded 101 grants to 84 community agencies in 36 states and the District of Columbia. Total VA funding for these projects was over \$21 million, or approximately \$5 million annually. When these projects are completed, approximately 1,700 new community-based beds will be available for homeless veterans. With the current round of funding that number is expected to grow to 2,200 beds in the future.

1. **Increase funding for new grants by \$7 million.** This additional \$7 million, added to the \$5 million already funded by the VA for a total of \$12 million, would create approximately 1000-5000 new beds annually with services for homeless veterans. At least 75% of the beds would be for eligible veterans.
2. **Increase per diem funding by \$7 million.** This funding is for ongoing operations, and it subsidizes providers, paying no more than one-half of their operating costs. Currently, approximately 3,200 veterans receive services from existing programs. Seven million would pay for approximately 5,000 different veterans receiving care paid for by VA. Within 2 years, more 10,000 homeless veterans annually could be completing treatment in VA quality-approved community setting operated by nonprofit entities, Native American tribes, or state and local governments.
3. **Provide \$5 million in new per diem funding.** P.L. 102-590 that created the Homeless Grant and Per Diem Program did not require an entity to receive a grant in order to be eligible for per diem; however, VA, by regulation and in an attempt to protect its grant investment, has limited per diem to programs that receive a grant. This would help to pay for care of approximately 2000 veterans in non-grantee, yet VA-approved, community-based programs.

Part A summary: \$24 million in funding (\$19 million if existing \$5 million not counted) for treatment and services for more than 5,000 veterans annually with service provided in community-based settings.

B. Increase Funding for Dedicated Staff and Contract Care Dollars at Each VA Medical Center.

Background

There are approximately 150 VA Medical Centers across the country. At 64 of these centers, there are dedicated staff with contract dollars to buy services from community service providers for homeless veterans. At those sites approximately 65 veterans are serviced at each site for an

approximate total of 4,000 veterans. At 10 additional medical centers there are dedicated staff without contract care money.

1. **Increase funding by \$27 million so that each of the approximately 150 VA Medical Centers in the country will have dedicated staff and contract dollars to address the needs of homeless veterans.** If this proposal is initiated with an average of 1.5 FTE per site for a cost of \$100,000 annually and contract care dollars for residential contract care and transportation for a cost of \$150,000 per site annually, there would be, for the first time, a comprehensive nationwide system to address the needs of homeless veterans by having dedicated staff at each VA Medical Center. Costs are approximately \$250,000 annually per site. This would allow as many as 4,000 new veterans to be treated in community residential settings. A total of up to 8,000 homeless veterans could be treated annually under this program by expanding the existing program. **New:** Dedicated staff at all VA Medical Centers would mean that more than 100,000 veterans could be seen and interviewed by VA clinicians in outreach activities over a three-year period. The additional staff (150 FTE) would, on average spend half their time on outreach activities thereby seeing an additional 10,200 veterans each year or more than 30,000 veterans over a three-year period.
2. **Provide \$2 million in new funding for Homeless Women Veterans Programs.** These funds would be used to develop up to 20 new programs for outreach, case management, and to provide residential care for homeless women veterans. Less than 3 percent of veterans treated under current programs are women. Special programs are needed because current offerings are male dominated making many women veterans uncomfortable, particularly considering a high rate of sexual trauma among women veterans. These programs would be largely contracted community care. The Department of Veterans Affairs estimates that up to 500 women veterans could be served annually under this initiative.
3. **Provide \$2 million in new funding for Compensated Work Therapy.** VA's medical care program offers Compensated Work Therapy (CWT) to help homeless veterans become gainfully employed. This program offers many veterans with significant barriers to employment, particularly homelessness, with job readiness experiences. At present, this program helps approximately 3,500 veterans annually to be able to move directly into competitive work in the community, and helps another 10,000 who need additional skills development and training. This program ties very closely with a number of programs at the Department of Labor to help veterans gain employment. The VA estimates that an additional \$2 million could help more than 2,000 veterans by creating new programs at ten sites and increasing program augmentations at 10 additional CWT sites.

Part B summary: **\$31 million in funding** to provide a VA continuum of care for veterans, including some hard-to-reach rural and women veterans with an estimated 13,200 veterans being assisted annually.

C. **Collaboration to Provide Care and Services Needed by Homeless Veterans.**

1. **Increase funding by \$10 million for the Homeless Veterans Reintegration Program (HVRP).** ^{DOL} The Department of Labor's Homeless Veterans Reintegration Program (HVRP) provides grants to community-based nonprofit organizations that work directly with homeless veterans. Currently, this program receives \$2.5 million and has 23 operating sites. The VA estimates that an increase of funding of \$10 million for a total of \$12.5 million would permit grants to be awarded to one or more projects in approximately 37 states. The VA estimates that with an additional \$10 million would allow up to 100 grantees to be funded and that more than 10,000 veterans could be served annually with up to 7,000 placed back on the employment rolls.
2. **Provide an additional \$2.5 million for Stand Downs.** At almost 100 sites across the country each year, community-sponsored events called "Stand Downs" bring homeless veterans together with community-based service providers; state and local government service providers; VA health care and benefits staff; and many others prepared to assist homeless veterans and their families with housing, health care, employment, legal matters, education, transportation, and other barriers preventing them from reintegrating into the social mainstream. The VA estimates that, with an additional \$2.5 million, more than 100 sites would be able to conduct these one-stop service delivery programs for homeless veterans. A three-year study of 227 events showed that more than 80,000 veterans and their family members were assisted by these events. The VA proposes that these additional funds could be used to help between 25,000 and 50,000 veterans attend "Millennium Stand Downs," which is a White House project (involving Dena Wood and John Hanson) with a goal of ensuring that all veterans will have safe lodging and will be able to secure treatment at the Millennium. The VA estimates that 35,000 veterans a year and over 100,000 over a three-year period could be engaged in first-step recovery activities.
3. **Fund an additional \$0.5 million to provide excess property to homeless veterans.** The VA, along with the General Services Administration and the Department of Defense, provide excess property each year to homeless veterans. Primarily, this program provides clothing such as boots, hats, coats, pants, shirts, and other excess military personal clothing items. However, sleeping bags, blankets and other items are sometimes available as well. A current inventory lists over 220 items with a total value of more than \$11 million. This Hammer Award-winning program has distributed more than \$35 million of property to homeless veterans during the last four years. The VA proposes a new initiative to add donated civilian clothing, furniture, and equipment to assist thousands of homeless veterans and community-based homeless veterans service providers. The VA estimates that an additional \$0.5 million could secure additional warehouse space and pay for shipping costs associated with this initiative and could help approximately 25,000 to 50,000 veterans. The VA estimates that approximately 40,000 per year and 125,000 veterans over a three-year period would be assisted by this initiative.

4. **Fund an additional \$0.5 million for the North East Program and Evaluation Center.** The North East Program and Evaluation Center (NEPEC) reviews, monitors, and evaluates VA's homeless programs. With all the additional programs and sites suggested under this initiative, additional funding would be needed to ensure a quality review with reliable information. According to the VA, NEPEC's high-quality standards of review are unmatched under any existing homeless program in the country and is the best protection in order to ensure that the highest quality evaluation is conducted.

Part C summary: \$3.5 million in funding for VA and \$10 million for the Department of Labor for job training and services for more than 115,000 homeless veterans annually. While some of these veterans may be duplicated, it would certainly represent the largest commitment ever made to improve the lives of homeless veterans.

D. Improvement of HUD's McKinney Act Funding Sources for Veterans.

Background:

Veteran-specific HUD McKinney Act funded projects are disproportionately under funded, and many projects claiming to be veterans' projects are not really targeted to veterans. After HUD's last round of funding, the VA contacted each of the projects listed by HUD as veteran-targeted or veteran-specific and found that many were not targeted or designed to serve veterans. According to information supplied by HUD, more than \$21 million was earmarked for "veteran" projects; however, VA discovered that more than \$9.5 million was not available for veterans. In its assessment, the VA excluded projects where less than one-third of their clients would be veterans. In fact, the VA found that many of the projects stated that no veterans or less than ten percent of the population to be served were expected to be veterans.

1. **Veteran representation on HUD's local planning boards.** Veterans Service Organizations believe that there is a strong need to have veterans' advocates at the local level because there is no existing mechanism to assist veterans at the national level to ensure that the needs of homeless veterans are addressed.
2. **Require HUD to use the "CHALENG for Veterans" Report.** For more than four years, VA has conducted meetings with strong participation from the veterans community in order to examine the services available locally for homeless veterans, identify the unmet needs of homeless veterans, and develop local action plans to address those unmet needs. This meeting and report called "CHALENG for Veterans" occurs at each VA medical center across the country and contains local resource information and a "veterans community view" of the unmet needs of veterans in the area. The overall information is folded into a national report. The VA proposes to require HUD and its local planning

process to use the "CHALENG for Veterans" report to ensure that the needs of homeless veterans will be met under HUD's local continuum of care plans. As with any reporting system, the weight each community would give to this information would vary; however, the VA believes that it is imperative that this information be available.

3. **Provide an additional \$4 million to HUD-VASH.** In this joint Supported Housing program with the Department of Housing and Urban Development, VA staff at 35 VA Medical Centers provide ongoing case management and other needed assistance to homeless veterans in permanent housing supported by nearly 2,000 specially-designed HUD rental assistance vouchers. Long-term housing has been identified as one of the top unmet needs of veterans for several years in the CHALENG report. Each VA employee, usually a social worker, manages approximately 30 voucher recipients. The VA estimates that up to 500 HUD Section 8 vouchers are expected to expire in the near future. The VA proposes that all current vouchers for veterans should be held and that more vouchers should be offered for seriously mentally and physically ill homeless veterans. The VA recommends that thirty additional sites be added and that 1,800 vouchers be added. The VA estimates that an additional \$4 million will permit approximately 1,800 veterans to gain long-term housing which will reduce their dependence on the VA health care system. [HUD costs associated with this proposal have not be estimated.]
4. **Americorps.** Military service and civilian volunteer service are highly compatible under the Corporation for National Service's "Collaboration for Homeless Veterans." LA VETS is a National Direct grantee from the Corporation and operates a highly effective program with approximately 90 full-time members. Approximately 40 percent of those members are veterans and many of those veterans have been homeless. The VA estimates that a near tripling of full-time members to 250 nationwide would mean operating programs in at least 20 states and providing outreach and coordinating community resources with VA health care for at least 50,000 homeless veterans. VA estimates the cost to the Corporation for National Service to be \$2 to \$3 million per year.

Part D summary: **\$4 million in funding** to provide long-term housing for approximately 1,800 veterans.

FINAL COSTS/SUMMARY

This proposal would constitute the single largest investment into breaking the cycle of homelessness among veterans. This proposal seeks to increase residential alternatives, community-based contracted care, job preparation activities, stand down activities, the distribution of clothing, and long-term housing. This proposal is estimated to positively impact 100,000 to 150,000 veterans annually. Additional funding for the VA would be \$60.5 million and additional funding for the Department of Labor's Homeless Veterans Reintegration Program

(HVRP) would be \$10 million. HUD's Section 8 costs are not contained in this estimate. [There appears to be a significant effort to increase section 8 long-term housing alternatives and this would simply urge a portion of those new voucher to be dedicated under this effort. Additional resources in the amount of \$5 million per year for the next two years would be needed. After three years, the increased funding could be reduced to the present level if projections of services are achieved.]

The VA estimates that if 40,000 veterans are returned to work by the third year of this initiative and that each veteran earns \$1,000 per month, the economy will be enriched with \$480 million in paid wages and, that assuming an overall tax rate of 15 percent, there will be \$72 million in additional tax revenues.

**Estimate of Veterans Impacted by Program Area
Over a Three-Year Period**

	Existing (Over 3 Years)	New (Over 3 Yrs)
Outreach	60,000	40,000
Stand Downs	60,000	37,000
Clothing Distribution		
Contract Care	9,000	12,000
Per Diem	10,000	21,000
CWT	40,000	6,000
HVRP	5,000	25,000
Americorps	10,000	15,000
TOTAL	154,000	156,000

	Year 1	Year 2	Year 3
Outreach and Community Contract Clinical Care	27	27	27
New Grants	12 7	12	12
Per Diem for Grantees	7	7	7

Per Diem for Non-Grantees	5	5	5
Compensated Work Therapy	2	2	.2
Stand Downs	2.5	2.5	2.5
Excess Property Distribution	0.5	0.5	0.5
Program Monitoring	0.5	0.5	0.5
<i>Homeless P</i>	2		
<i>Ongoing Efforts</i>		5	10
TOTAL Per Year	56.5 53.5	61.5	66.5
Additional Funding - Other Agency Collaborations			
HUD-VASH	1	2	3
Corporation for National Service	3	3	3
HVRP	10	10	10
TOTAL Per Year	14	15	16

USE OF DISCRETIONARY FUNDS FOR THE FY 2000 BUDGET

Detecting and managing bioterrorism. (new initiative) Bioterrorism is becoming an increasing threat that has the potential to injure or kill millions of Americans through deadly diseases, such as anthrax. This proposal funds HHS to train epidemic intelligence officers who identify and respond to attacks, develop a mass casualty emergency response system, maintain a stockpile of pharmaceuticals, and develop new vaccines and antibiotics that could be used in the event of an attack. It is strongly supported by HHS, OMB, DPC and the Vice President's Office.

Cost. Original HHS cost estimate: \$370 million

NAC supports
Issues. OMB believes that research and product regulation are primarily Federal responsibilities, while public health surveillance, laboratory and epidemiological capabilities, and medical response systems are areas that are primarily State responsibilities. Therefore, NIH, CDC, FDA, and SAMHSA did not receive the full funding amount requested.

Response. Although States play an important role in public health surveillance and emergency *in hospitals* medical response activities, it is clear that the current local public health infrastructure is unable to support these essential surveillance and response activities. Budget cutbacks and increasingly limited resources have forced many public health clinics and public health departments to close their doors permanently, and the Federal-State communications network is so inadequate that a recent test demonstrated that CDC was unable to contact nearly half of local health departments within a day's time. Depending on local public health entities to independently meet the challenges of detecting and managing the repercussions of a bioterrorist attack will place the country at risk. The OMB passback level prevents CDC from developing improved surveillance and overall emergency preparedness plans and delay FDA's development of new vaccines for anthrax and botulism. The passback level also eliminates SAMHSA's ability to assess the mass behavioral psychological, and socioeconomic response to a bioterrorist event.

CDC: 7m cut in bioterrorism. (need at least 30-40 to have program)
Status. OMB passback: +\$152 million; WH Need: additional +\$90 million; HHS appeal additional +\$218 million.

Combating resistance to antibiotics (superbug). (new DPC proposal.) Recent reports have indicated that resistance to antibiotics is increasingly becoming a public health crisis, causing prolonged illnesses and even death. Currently, hospitals spend over \$600 million each year treating infections caused by bacterial strains that are resistant to antibiotic therapy. This proposal funds CDC to develop and implement public health strategies that combat bacterial strains that are resistant to antibiotic therapies. This policy is supported by DPC and the Vice President's office.

Cost. Original DPC cost estimate: \$20 million

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

respond to bioterrorist attacks.

Response. Although the surveillance efforts associated with this initiative can be subsumed under this new public health surveillance initiative, we believe that the implementation of public health strategies to prevent resistance are important enough to be funded separately.

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

Family Caregiver Support Program. (new initiative) Approximately 7 million family caregivers currently enable their elderly relatives to remain in the community, providing care that would cost between \$45 and \$75 billion annually if provided by home health care aides. This proposal creates a new national program through the Administration on Aging to support Americans who care for chronically ill or disabled family member or friends. It provides State grants for "one-stop-shop" access point to provide services, such as information and counseling as well as respite services and adult day care. This proposal is a priority for the Vice President, DPC, and NEC, and is generally supported by OMB.

Cost. Original HHS cost estimate: \$150 million

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

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

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

Nursing home quality initiative. (originally a WH proposal; HHS has expanded it) On July 21, the President announced his commitment to addressing the current shortcomings in nursing home quality of care. This initiative provides mandatory and discretionary funds to HCFA to help States strengthen nursing home enforcement tools and increase Federal oversight of nursing home quality and safety standards. Funding will be provided for new enforcement provisions and increased surveys of repeat offenders and improve surveyor training. This proposal is strongly supported by DPC and the Vice President's office.

Cost. Original HHS cost estimate: \$153 million

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

3 things
counseling & rehab
limited services
Advocates need this to cover low income non-filers.
includes nursing home quality paid for by user fee
- Medicare info. program

VP
OMB

Response. The user fees used to fund a large part of this initiative will rapidly be discarded by the Hill, placing the initiative in jeopardy. Requiring HCFA to absorb the survey and certification costs associated with this initiative would significantly reduce the level of these important activities. In addition, there is currently another GAO investigation on nursing home quality underway, which underscores the need for a significant investment in this area.

Status. OMB passback: +\$107 million; WH Need: additional +\$37.5 million (\$12.5 million + \$25 million to reduce the unrealistically high user fees from \$50 million to \$25 million); HHS appeal: additional +\$12.5 million

Educating Medicare beneficiaries about long term care options. (new WH initiative)
Medicare beneficiaries are often unaware that Medicare does not provide long term care services. This proposal provides funds to HCFA to use the Medicare +Choice marketing materials to educate beneficiaries about long term care options outside of the Medicare program. This proposal is strongly supported by DPC and has been validated by the aging community, as they believe this proposal is necessary to assure beneficiaries have the information they need to understand their options.

Cost: Original DPC cost estimate: \$25 million.

Issues. OMB believes this is a solid policy worth funding, particularly if it is used to promote high quality long term care products. HHS has concerns with this proposal because it fears that it will be perceived as an endorsement of private long term care insurance.

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

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

Improving access to Ryan White programs. (existing program) Low income individuals infected with HIV often have to wait up to a year in order to access the comprehensive range of drugs needed to effectively treat HIV. This proposal will increase our current proposed investment in the Ryan White program and the AIDS Drug Assistance Program, which provide a range of critical services for people with HIV/AIDS. OMB and HHS are not advocating for an increase but do not oppose one. Increasing this investment is a top priority for the AIDS office and the Vice President's office.

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

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

Status. Ryan White OMB passback: +\$72.2 million; WH Need: additional +\$50 million;

no HHS appeal

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

Cost. Original HHS cost estimate: \$50 million

CBC promise

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

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

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

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

Cost. Original HHS cost estimate: \$50 million

Race init. promise

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

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

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

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

Cost. Original HHS cost estimate: \$146 million

Issues. The OMB passback refocuses mental health activities within the PHS, concentrating on mental health research at NIH, and State grants and specialized service delivery. OMB has stated that the reduction in mental health research grants is justified in the context of large increases for mental health research at NIMH.

Response. Mrs. Gore's office is recommending a White House Conference on Mental Health for this spring to raise awareness about mental illness and to take the next steps to improving access to and treatment of mental health. In addition, next year, HHS will release a Surgeon General's report documenting the widespread incidence and impact of mental illness.

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

Preventing and treating asthma. (new initiative) Over the past 15 years, the number of children afflicted with asthma has doubled to total about 6 million. The most rapid increase in prevalence over this time period has occurred in children under the age of 5, with rates increasing over 160 percent. The steep climb in rates of morbidity and mortality classify asthma as an illness with significant public health implications. This proposal funds HHS and EPA to educate patients and providers about new treatment guidelines for asthma, conduct a national asthma awareness campaign, reduce asthma triggers in homes, and establish school based asthma programs in every community. This proposal is strongly supported by both the First Lady's office and DPC.

Cost. Original estimates: \$50 million for HHS and \$25 million for EPA

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

Response. Although OMB's disease management strategies can and should be incorporated into the HHS proposal, to eliminate the research and wider components of the proposal would greatly inhibit our ability to alleviate the morbidity and mortality associated with this illness.

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

Promoting Medicaid de-institutionalization. (new initiative) One of the biggest frustrations for people with severe disabilities and their families is the "institutional bias" in Medicaid -- meaning the tendency to simply put people with great health care needs in nursing homes rather than develop viable, community-based alternatives. This proposal builds on a current demonstration program that by develops and propagates models that give people residing in a nursing home a choice of care settings after a "date certain". This proposal is strongly supported by HHS.

Cost. Original HHS cost estimate: \$38 million

Issues. OMB and DPC believe that this program is not well designed and would not be validated by the disability community, which is already complaining about the current demonstration program.

Status. OMB passback: +(0); WH Need: +(0); HHS appeal: +\$38 million

Improving Emergency Medical Services in Rural Areas. (new initiative) The presence of viable EMS systems is critical for residents in rural and frontier areas. Because of the high rates of occupational injury associated with employment unique to rural areas, such as farming, mining, and fishing, rural residents experience disproportionate rates of trauma and medical emergencies. Many rural and frontier communities face challenges in obtaining ambulance equipment and communication systems and recruiting, training, and retaining EMS personnel. This proposal provides grant funds to States and local communities through HRSA to promote EMS systems development, integrate EMS systems into local primary care services, and enhance provider recruitment, retention and education efforts. It is supported by HHS and DPC, and has been endorsed by the National Rural Health Association.

Cost. Original HHS estimate: \$50 million

Issues. OMB would prefer to fund this program through the Medicare program rather than through a PHS grant program. They believe that this initiative would do little to improve access to health care services or address the many health problems facing rural communities.

Response. The grant program structure takes into account the unique nature of small rural communities and allows States to design systems that work for their individual constituencies. In addition, the proposal is a way to relieve some financially burdened rural hospitals of the extraordinarily expensive burden of 24-hour a day ER coverage.

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

Providing needed education funds to children's hospitals. (new WH initiative) Medicare has invested billions of dollars in graduate medical education to hospitals since 1966. However, because of its current distribution formula, free-standing children's hospitals are forced to

shoulder the majority of the cost of training pediatricians, placing them at a severe financial disadvantage. This proposal creates a new discretionary grant program to provide GME funds through the PHS in order to provide freestanding children's hospitals with Federal financing for the cost of providing direct graduate medical education. This proposal is strongly supported by the First Lady's office, DPC, and the National Association of Children's Hospitals. HHS does not oppose this proposal, as long as it is not funded through the Medicare trust fund.

Cost. Original DPC cost estimate: \$40 million

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

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

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

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

Cost. Original DPC estimate: \$250 million

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

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

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

Investing in Promising Biomedical Research.

Cost. Original HHS request: \$1.5 billion

Issues: While both HHS and DPC support more generous increases, OMB has suggested that NIH reduce the amount of research started in FY 1999 in order to adjust to this new funding

level. Many argue that this is not the best use of resources in a tight budget given the already generous funding at NIH.

Response. Funding NIH at the OMB passback level would allow the agency to fund only 6,600 new research project grants, which is a 28% decrease from the number of projects funded in 1999 and the lowest level of new research since 1994. OMB suggested that NIH reduce the amount of research started in FY 1999 in order to adjust to this new funding level, which is not a reasonable or responsible path to advocate. It is also important to note that both the President and Vice President have both spoken in great detail about the importance of investments in biomedical research.

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

**MOVING THE PRESIDENT'S AGENDA FORWARD:
FUNDAMENTALLY IMPROVING AMERICAN EDUCATION**

This FY2000 budget appeal is designed to build on the momentum that the President has generated for real education reform, to redouble our efforts to achieve educational excellence, and help States and communities deliver the better, safer schools that the American people told us they wanted in the recent elections. In addition, this proposal includes measures to hold schools accountable for ending social promotion, raising student achievement, lowering dropout rates, and putting high standards into the curriculum and instruction.

This request would provide a \$3.2 billion increase in discretionary funds over the FY1999 level, including Class Size Reduction. In dollar terms, this increase would be roughly equal to the investment level proposed by the President for education in FY1998 and FY1999, and would demonstrate continued strong support for education as a top priority.

Increases are focused in the following areas (dollars are in millions):

	<u>1999</u>	<u>2000 Proposal</u>	<u>Change</u>
CLASS SIZE REDUCTION (2 OPTIONS)			
Hire 45,000 Teachers without Match	\$1,200.0	\$1,800.0	+\$600.0
<i>(Hire 45,000 Teachers with 20% Match -- Requires Authorization</i>	<i>\$1,200.0</i>	<i>\$1,500.0</i>	<i>+\$300.0</i>
INCREASING ACCOUNTABILITY AND PUTTING HIGH STANDARDS IN SCHOOLS AND CLASSROOMS			
Goals 2000	\$491.0	\$591.0	+\$100.0
Comprehensive School Reform Demonstrations (Obey-Porter)	\$145.0	\$215.0	+\$70.0
Charter Schools	\$100.0	\$110.0	+\$10.0
Tough Courses in High School	---	\$100.0	+\$100.0
Report Cards to Rate Schools on Their Progress (See Title I increase below)			AGREE
IMPROVING READING AND THE BASICS			
Reading Excellence Act	\$260.0	\$310.0	+\$50.0
Even Start	\$135.0	\$185.0	+\$50.0
Title I Grants to LEAs	\$7,676.0	\$8,076.0	+\$400.0
Research to Improve Early Reading and Mathematics Instruction	---	\$75.0	+\$75.0
Earlier Identification to Help Young Children With Reading and Behavioral Problems	---	\$50.0	+\$50.0
Special Education -- Preschool, Infants and Toddlers, State Improvement	\$779.2	\$861.4	+\$82.2

*Traps & Teachers
Parent-Teacher compacts*

	<u>1999</u>	<u>2000 Proposal</u>	<u>Change</u>	
ENSURING A WELL QUALIFIED TEACHER IN EVERY CLASSROOM				
Eisenhower Professional Development	\$335.0	\$435.0	+\$100.0	
Teacher Quality and Recruitment	\$75.0	\$175.0	+\$100.0	
Improving Math Instruction	----	\$50.0	+\$50.0	
Bilingual Professional Development	\$50.0	\$65.0	+\$15.0	
Technology Teacher Training	\$75.0	\$75.0	----	AGREE
Middle School Teacher Training	----	\$30.0	+\$30.0	AGREE
STRENGTHENING SCHOOL SAFETY AND EXPANDING AFTER-SCHOOL CARE				
Safe and Drug-Free Schools	\$566.0	\$613.0	+\$47.0	
21 st Century Community Learning Centers	\$200.0	\$400.0	+\$200.0	
CREATING HIGH HOPES AND PATHWAYS TO COLLEGE				
Pell Grants	\$7,704.0	\$8,409.0	+\$705.0	
Pell Grant Maximum Award	\$3,125	\$3,325	+\$200	
Perkins Loans Capital Contributions	\$100.0	\$100.0	----	
GEAR-UP	\$120.0	\$240.0	+\$120.0	
TRIO	\$600.0	\$650.0	+\$50.0	
Tech-Prep and Vocational Education	\$1,154.2	\$1,179.7	+\$25.5	
College Work Study	\$870.0	\$934.0	+\$64.0	AGREE

December 14, 1998

SUMMARY OF ALTERNATE APPEAL FOR FY 2000 ED BUDGET

A review of the Department's appeal of the OMB passback on the 2000 ED budget request suggests the following alternative proposal:

A \$36.3 billion request would provide a \$3.2 billion or 9.8 percent increase over the 1999 level. In dollar terms, this increase would be roughly equal to the increases appropriated by Congress for the Department in 1998 and 1999 and would demonstrate continued strong support for educational reform and improvement.

This appeal is designed to build on the momentum for real education reform, redouble our efforts, and help States and communities deliver the better, safer schools that the American people told us they wanted in the recent elections.

Increases are focused in the following areas:

CLASS SIZE REDUCTION

The \$1.8 billion request is an increase of \$600 million over the 1999 level that would support hiring more than 45,000 teachers, or almost half of the President's commitment to hire 100,000 new teachers over 7 years. As an alternative, a \$1.5 billion request with a legislative proposal for a 20-percent match from the States would support hiring the same number of teachers.

INCREASING ACCOUNTABILITY AND PUTTING HIGH STANDARDS IN SCHOOLS AND CLASSROOMS

Goals 2000: \$591 million (+\$100 million) to help States complete development of standards and assessments and bring standards-based reform to an additional 2,800 schools.

Comprehensive School Reform Demonstrations (CSRD): \$215 million (+\$70 million under Title I) to help an additional 1,300 schools carry out comprehensive, research-based reforms.

The \$145 million FY 1999 appropriation will fund about 2,700 CSRD grants at \$50,000 each. This will reach approximately 2,160 — or 34 percent — of the 6,300 low-performing Title I schools identified for school improvement.

Our FY2000 appeal would reach an additional 1,300 Title I schools, including 1,040 school improvement schools. This increase would reach, in total, about 51 percent of the schools targeted by the legislation as most in need of services.

[Assumptions: (1) Title I school improvement schools are the main target for this program; and (2) 80 percent of the CSRD schools are school improvement schools]

Charter Schools: \$110 million (+\$10 million) to stay on track to reach the President's goal of supporting 3,000 new charter schools by 2001.

Tough Courses in High School: \$100 million in new funds to expand efforts to increase the rigor of instruction and improve academic achievement at the high school level, with a priority on districts and high schools with a high concentration of low-income students. Funds would support expansion of Advanced Placement curricula offerings and tougher coursework in non-AP areas like Algebra, as well as reforms aimed at reducing drop-out rates, improving school safety, raising student achievement, and increasing college-going rates.

IMPROVING READING AND THE BASICS

Reading Excellence Act: \$310 million (+\$50 million) to help an additional 100,000 children read well and independently by the end of the third grade through direct instruction, tutoring, professional development of their teachers, or other means.

The FY 1999 appropriation for the Reading Excellence Act will allow local educational agencies to reach approximately 520,000 children – less than 15 percent of children, grades K-3, who demonstrate the lowest reading proficiency or reading readiness.

Our appeal for a FY2000 appropriation of \$310 million will allow us to reach an additional 100,000 children, bringing the total up to almost 18 percent of the population.

Even Start: \$185 million (+\$50 million) to permit States to provide family literacy services to additional 50,000 disadvantaged children and parents.

Title I Grants to LEAs: \$8.1 billion (+\$400 million) to help more than 12 million disadvantaged and minority students meet the same high standards as other students.

Education Research: \$139 million (+\$75 million) to support new research on the impact of technology in the classroom, effective strategies to help Spanish-speaking children to learn to read in English, and methods to prepare teachers in early reading and math.

Special Education School-based Research Implementation: \$50 million to assist school districts in addressing the needs of children aged 5 through 9 with marked problems learning to read and children with behavioral problems. Hundreds of thousands of young children who may later be identified as learning disabled or emotionally disturbed could benefit from early intervention.

ENSURING A WELL-QUALIFIED TEACHER IN EVERY CLASSROOM

Eisenhower Professional Development State Grants: \$435 million (+\$100 million) to provide a “down payment” on a reauthorization strategy aimed at providing teachers with support and guidance during their first three years of teaching (a critical time, when many new teachers leave the profession); supporting on-going, intensive professional development that allows teachers to collaborate on the improvement of teaching; and establishing performance-based teacher assessment systems.

Teacher Quality and Recruitment: \$175 million (+\$100 million) for grants that would fund 2,000 more scholarships over the 1999 level to help recruit new teachers to serve in high-need school districts. The appeal level would fund 20 additional State grants and 16 additional Lighthouse Partnerships. The Department estimates that 700,000 new teachers will be needed over the next ten years to teach in high-poverty school districts.

The FY1999 appropriation provides 1,400 scholarships to help recruit new teachers to teach in high-poverty areas. This is less than one percent of the estimated 700,000 new teachers needed over the next ten years to teach in high-poverty school districts. Our 2000 appeal would provide a total of 3,400 scholarships – a small, but significant step towards meeting the Nation's need.

Our FY2000 appeal would also increase from 20 to 40 the number of State grants, and would more than double the number of partnership grants to 28.

Improving Math Instruction: \$50 million in new Eisenhower Federal Activities funding to pay for mathematics teacher leaders who will work to boost math achievement in 4,500 high-poverty schools.

Bilingual Professional Development: \$65 million (+\$15 million) to support new awards in 2000. In December 1996, the California Department of Education reported a shortage of 21,000 credentialed teachers to serve limited English proficient students. Approval of Proposition 227 by California voters is likely to increase the demand for teachers with training in alternative methods for serving limited English proficient students. States such as Texas, Wisconsin, and New Jersey have also reported critical shortages of bilingual and ESL teachers.

Based on California data, we estimate that there is a national shortage of approximately 53,000 certified bilingual or ESL teachers. Our FY1999 appropriation will support the preparation of about 4,000 teachers, less than 8 percent of this need.

At our FY2000 appeal level, we should be able to train 5,200 new teachers, almost 10 percent of the number needed.

STRENGTHENING SCHOOL SAFETY AND EXPANDING AFTER-SCHOOL CARE

Safe and Drug-Free Schools and Communities: \$613 million (+\$47 million) to support new strategies to reduce violence and drug abuse in the Nation's schools. Increases include \$20 million to develop model approaches for alternative schools serving students removed from regular schools for disciplinary reasons, \$15 million to expand the Coordinator Initiative, and \$12 million for Project SERV.

21st Century Community Learning Centers: \$400 million (+\$200 million) to increase support for after-school programs in rural and inner-city public schools throughout the Nation. The request will provide new awards to an additional 500 districts to support programs in an additional 1,600 schools and communities to serve 250,000 more students and community members. These programs provide expanded learning opportunities in a safe, supervised environment during after-school hours, on weekends and during the summer months.

The FY1999 appropriation of \$200 million will support approximately 1,700 centers that serve 250,000 students – only 5 percent of the estimated five to seven million school-aged children who go home alone after school each day.

Our FY2000 appeal of \$400 million will allow us to serve twice the number of students and communities -- a total of 500,000 students in 3,200 centers in 1,000 districts – thus reaching 10 percent of our target population.

CREATING HIGH HOPES AND PATHWAYS TO COLLEGE

Pell Grants: \$8.4 billion (+\$705 million) to support a \$200 increase in the Pell Maximum to \$3,325.

Perkins Loans Capital Contributions: \$100 million, the same as in 1999, to support more than \$1 billion in loans to approximately 683,000 students, or 15,000 fewer than in FY 1999.

GEAR UP: \$240 million (+\$120 million) to support early college awareness and preparation services to an additional 180,000 disadvantaged students. The new program targets low-income middle school students and may include scholarship assistance.

Of the 6,000 high-poverty schools eligible for Partnership grants, we would only be able to give awards to about 700 – or 12 percent – of these schools in FY1999. Our FY2000 appeal would allow us to make awards to 400 more high-poverty schools – thus serving more than 18% of eligible schools.

In FY1999, approximately 30 State grant awards would be made to the 53 eligible States and Territories. Our FY2000 appeal would allow us to make awards to 14 additional States.

TRIO: \$650 million (+\$50 million) to expand services and increase staff training for postsecondary outreach and student support services that complement the new GEAR UP program.

In FY99, the TRIO programs would serve approximately 720,000 disadvantaged students—about ten percent of the eligible population.



Cynthia A. Rice

12/08/98 06:25:04 PM

Record Type: Record

To: Laura Emmett/WHO/EOP

cc:

Subject: Tobacco discretionary one pagers



budt1208.wpd Note to Elena and Bruce: if we can increase CDC beyond \$100 million I would like to (they asked for \$243 mi -- \$169 mi above current levels -- and have appealed for a \$154 mi increase). Their ability to work with states will help ensure the \$206 billion settlement is put to good use and through CDC we can support some of the international efforts some of our friends care so much about without highlighting it as 'international.'

Smoking Cessation

The state settlement with the tobacco industry will provide funds for states to provide coverage of smoking cessation to Medicaid recipients as well as privately insured individuals if they choose to do so. As we pursue national legislation to finish the job of reducing teen smoking and holding the tobacco industry accountable, we should ensure that individuals with federal health insurance have access to treatments to help them quit smoking. While we can and should provide such coverage to federal employees by executive order, we need additional funds to provide coverage to veterans and military personnel. In FY 2000, these proposals would cost an estimated \$90 million in non-defense discretionary and \$60 million in defense discretionary.

Smoking Cessation Works

More than 90 percent smokers who attempt to quit do so on their own, and the vast majority fail within 2 to 3 days. However, research shows that effective cessation methods can increase quit rates by as much as fourfold (from about 5 percent to 10-20 percent) and could alone help over 2 million people stop smoking. The Agency for Health Care Policy and Research (AHCPR) has endorse 5 smoking cessation methods that have been proven to be effective in helping people to quit: gum, patch, nasal spray, inhaler, and pill (Zyban).

Many Veterans Started Smoking While in the Military

Of the 25 million veterans in this country, approximately 8.9 million or 36 percent smoke. Our FY '99 budget proposed a new discretionary program open to all veterans who began using tobacco products while in the service, regardless of their eligibility for other VA health care services (services would be contingent only on the availability of funds). Under the proposal, the VA would contract with private sector entities to furnish AHCPR-approved services to interested veterans. OMB estimated that this proposal would cost \$87 million for the first year, and \$435 million over 5 years. We propose to include this initiative in the FY 2000 budget.

Tobacco Use Reduction is Critical to Military Readiness

Currently about one-third of military personnel smoke, and the Department of Defense has set a goal of a smoke-free military by the year 2010. DOD's comprehensive plan would include: incorporating anti-tobacco messages into education and training programs for military personnel and commanders; launching a military-wide tobacco counteradvertising campaign; requiring data collection and annual assessments regarding tobacco use including questions about tobacco use in all medical evaluations; and covering over-the-counter tobacco cessation products under military health care coverage (currently the military covers prescription but not over-the-counter drugs). The estimated annual cost of this cessation benefit would be \$60 million per year.

Tobacco: Public Health Funding

The FY 2000 budget should include critical core federal public health efforts to prevent young people from smoking by curbing youth access to tobacco products, sponsoring counter-advertising and other public information campaigns, providing technical assistance regarding the best ways for states to spend their settlement dollars, conducting additional research on what works, and monitoring youth behavior through expanded surveys. Currently, the OMB passbacks fund FDA, CDC, and SAMSHA tobacco programs at FY 1999 levels. We recommend: 1) for FDA, an increase of \$66 million (from \$34 to \$100 million); 2) for CDC, an increase of \$27 million (from \$73 to \$100 million); and 3) for SAMSHA, an increase of \$4 million (from \$0 to \$4 million).

Food and Drug Administration

A critical part of the FDA's tobacco regulation involves access restrictions to ensure underage youth cannot purchase tobacco products. These restrictions remain in effect, unlike the other parts of the FDA rule stayed by industry litigation. Under this initiative, the FDA works with states to conduct unannounced compliance checks of retail establishments and provides retailers with public information materials to help them enforce the rules (which require picture I.D. for any tobacco purchasers who appear to be under age 27 and impose fines on retailers that violate the rules). If FDA is funded at the FY 1999 \$34 million, it will only be able to conduct minimal compliance check efforts in the states.

Centers for Disease Control

Addition funding for the Centers for Disease Control's Office of Smoking and Health will fund:

- **Counteradvertising and public information campaigns** to discourage young people from smoking. It is unclear when the state settlement-funded counteradvertising campaign will be launched, and how effective it will be. Without additional funds, CDC will be unable to fund new counteradvertising efforts.
- **Programs and technical assistance.** Funds are needed to provide technical assistance to the states regarding best practices and promising tobacco control interventions and to provide support and advice to efforts in other countries. Funds are also critical to continue core state tobacco prevention programs and expand school health education programs in states and local communities.
- **Research** on effects of tobacco on human health and impact of public health programs.

SAMSHA

SAMSHA's \$4 million FY 2000 request will fund the expanded SAMSHA survey which will collect more complete and accurate information on teen tobacco use, including information on teen tobacco use by brand. These data will form the basis for lookback surcharges that will ensure tobacco companies undertake meaningful efforts to reduce youth smoking. In June, the President directed HHS to collect these data.

21st Century Community Learning Centers

1. **Policy Description:** The initiative would add an incentive program to the regular 21st Century Community Learning Centers competition targeted for schools and districts that are or will implement policies to end social promotions. Currently, schools and districts all apply in one competition for funds for after-school programs. Through a peer-review process, applicants are ranked by a point system, in which applicants who meet the priorities set by the program receive extra points. The applicants with the highest scores receive funding. [According to information self-reported by the 282 grantees on their applications, among the current 824 community learning centers, 59 percent of schools plan to offer weekend programs and 79 percent of schools plan to offer summer programs.]

Our proposal would maintain this current structure, but would add an additional incentive program for 21st Century Community Learning Center grantees who request support to provide additional after-school or summer school services to student who need extra help in order to meet promotion standards. We propose setting aside 50% of new funding dedicated to providing services for children who need extra assistance or enrichment to meet state or local standards. The Department of Education will develop a two-tiered competition: Tier One will be the regular 21st Century competition, open to everyone eligible under the statute; and Tier Two will be open only to 21st Century grantees --either current grantees or successful applicants from this new Tier One competition-- and will be exclusively for incentive grant supplements, added to the 21st Century grants, for services to children not meeting state or district standards for promotion. Tier One grantees would have their applications for Tier Two automatically forwarded and current grantees will also be invited to submit an incentive application for Tier Two review.

The applicant's eligibility as a district for Tier Two grants will be determined by whether they are implementing policies that require students to demonstrate they have met academic performance standards in order to be promoted, at key transition grades. In addition to the currently required application describing their 21st Century program, districts applying for these incentive funds would have to demonstrate that they have a no-social promotion policy which includes the provision of after-school and summer school help. They would also have to show that they are taking appropriate steps (including appropriate use of Title I and other federal funds) to improve teaching and instruction throughout the school day (e.g., smaller classes, better trained teachers, clear grade-by-grade standards, early identification of students who need extra help, etc.), rather than relying solely on extended learning time to help students meet promotion standards.

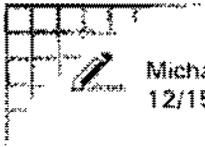
2. **Cost:** \$500 million in new dollars for the proposal, so that funding for the 21st Century Learning Centers would total \$700 million in FY 2000. Of the new funding, \$250 million would support the currently structured 21st Century Learning Centers Program and \$250 million would fund the targeted funding for social promotion.

3. **Unresolved Issues:** Because many school districts have promotion policies requiring students to meet standards but still practice social promotions, we have additional work to determine how best to ensure that applicants are genuinely ending social promotion. Our present thinking is to require evidence that the district (1) will rely on assessments tied to state or local academic

standards, with established performance standards that must be met for promotions, (2) has established a system to provide extra help to students who need it, including through after-school and summer school programs, and (3) has widely publicized the policy to parents, students and teachers.

All involved in the development of this proposal have been concerned that linking an end to social promotions with the after-school program could narrow the support for after-school programs by too closely identifying it with low achieving students. We believe the program design proposed above will mitigate against this by clearly enabling districts to receive funds and operate programs without ending social promotions. However, there is clearly some risk in this approach.

4. Status: We have consulted with Department of Education staff, and there is understanding through the Deputy Secretary level that this proposal replaces the Education Opportunity Zones proposal, the Secretary has not signed off on this policy option.



Michael Cohen
12/15/98 01:14:21 PM

Record Type: Record

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

cc:

Subject: New Initiatives

Elena asked this morning if we should do anything on teacher quality in new initiatives, in light of yesterday's meeting. My immediate answer was no, stick with \$200 million for Title 1 accountability.

I've continued to think about Elena's question, looking for a way to give as more of a teacher quality message. I've just received and reviewed the latest, scaled-back passback appeal from ED, which you presumably discussed with Riley a little while ago. I've also got a little more intelligence from the Hill on Troops to Teachers. As a result of all this, I would suggest the following:

1. **\$18 million for Troops to Teachers** (this is a proposal that will clearly move on the hill, and we should be part of it. This would extend the current program, but would not provide the broader effort to recruit mid-career adults into teaching. However, it is clearly a step toward the \$120 million teacher recruitment component in the teacher Quality proposal we discussed last night.

AND

2a. **\$182 million for accountability.**

OR

2b. **add \$82 million into the Teacher Quality and Recruitment program in HEA** (which is based on our proposal). This will fund (1) additional scholarships (around 1,200) to help recruit new teachers (2) grants to 15-28 states to strengthen teacher certification and (3) expand the Lighthouse partnerships (about 12 more) to strengthen teacher education programs.

AND add \$100 million for Title 1 accountability, as a downpayment toward \$200 million in ESEA.

National Service Initiatives

Expand AmeriCorps to 100,000.

1. Policy Description. We propose expanding the AmeriCorps program from its current level of 50,000 members per year to 76,000 members in 2000 and then to 100,000 members by 2001. This expansion will target activities that are focused on the needs of children and youth, including summer programs, after-school programs, tutoring and mentoring. This expansion of 25,000 members in FY 2000 would include:

- **High School:** a new initiative to expand AmeriCorps to 10,000 high schools students serving full time in the summer and part-time (5 hrs/week) during the school year. These high school students will tutor, mentor, staff after-school programs and provide special assistance to at-risk children in summer programs such as Head Start. In exchange, students will be eligible for an AmeriCorps education award, and receive the equivalent of minimum wage for their full-time summer service.
- **Summer:** adding 15,000 to a summer program targeted at college students. AmeriCorps currently has a summer-only component that is very popular with college students seeking meaningful summer employment.
- **Full-time:** supporting the addition of 5,000 other full-time AmeriCorps members.

2. Cost. This expansion will cost \$132 million in FY 2000 and \$170 million in FY 2001 over the current funding level for AmeriCorps.

3. Unresolved Issues. We are still discussing the blend of high school, summer and full-time AmeriCorps participants. The second year expansion (in 2001) relies heavily on the summer program. We are also still considering which grade levels to target with the high school program (11th and 12th grade, only 12th grade etc.). We are also looking at whether to make the service cross-generational i.e. high schoolers also serving in senior centers.

4. Status. We have worked with the Corporation for National Service, OMB, NEC, the First Lady's office, Education and Treasury on this proposal. OMB is skeptical of the ability of the Corporation accommodate a large expansion of its program, particularly with full-time AmeriCorps members.

Experience Corps: Seniors for Schools.

- 1. Policy Description.** We now have the largest, healthiest senior population in the Nation's history. At the same time, growing numbers of young people are in desperate need of responsible adult intervention. We propose expanding an existing demonstration program to create a senior corps allowing 40,000 seniors to serve in afterschool programs, and as tutors and mentors and in child care centers in their communities. Of this total, 10,000 will serve between 15-20 hours per week, and the remainder will serve 3-5 hours per week. In exchange, seniors would be eligible for small incentives, including awards to participate in senior learning programs. Evaluations from the demonstrations show increased test scores among the participating students and heightened senior involvement in the local schools.

- 2. Cost.** \$40 million for the first year, funded as a demonstration program through the national senior service corps.

- 3. Unresolved Issues.** We are still looking at the range of incentives that could be provided to seniors.

- 4. Status.** Staff from the Corporation for National Service, Treasury, OMB, the First Lady's office, NEC and Education all worked on the design of this proposal. While OMB did not fund this, their staff was very supportive of this proposal and of the demonstration upon which this is based.

1,000 Service-Learning Leader Schools

1. Policy. This initiative proposes to build upon the President's "Leader schools" program which designates schools with exemplary service-learning activities in order to help create 1,000 schools with outstanding service-learning programs. Research has shown that high-quality service-learning has a positive impact on student achievement and behavior. Moreover, as states (MD and soon CA) and large school systems (Chicago) move to require or strongly encourage service, these schools can serve as models for state and local investments in service programs.

2. Cost. \$30 million in FY 2000.

3. Unresolved issues. We have not resolved how this program would deliver services to high schools to enable them to be designated "leader" schools. This proposal envisions the delivery of technical assistance, coordinators and other support to enable schools to implement high-quality service programs.

4. Status. CNS and NEC are highly supportive of a service-learning initiative provided that the emphasis is on the development of high-quality programs, and not merely the requirement that students perform some type of service. Education is doing some internal consultations on recommendation as to how to best encourage the development of 1,000 high quality programs.

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

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

**See attached one-pager for discussion.

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

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

**DRAFT: COMMUNITY EMPOWERMENT
USES OF FUNDS FOR FY 2000 BUDGET**
(Dollars in Billions)

DISCRETIONARY	Request	OMB Passback	Treas/HUD Appeal	WH Priorities	COMMENTS
	FY 2000	FY 2000	FY 2000	FY 2000	
Vouchers					
Section 8	-----	11.408	11.717		
WTW	.289	.144	.289	.145	Deich would go along if not out HUD budget.
Family Incremental	-----	.204	.927		
Subsidized Housing	-----	.144	.564		
CDFI Fund	.125	.100	N/A	.25	We asked for \$125 last year and got \$90.

MANDATORY	Request	OMB Passback	Treasury/HUD Appeal	WH Priorities	COMMENTS
	FY 2000-04	FY 2000-04	FY 2000-04	FY 2000-04	
Green Bonds	1.0	N/A	N/A	0	Treasury dislikes, but NEC, OVP, CEQ, EPA, HUD support.
Tax Credit For Equity Investments In CDFIs	0.1	N/A	N/A	0	Treasury will go along but Tax Policy doesn't like idea. Proposed in 1996 budget.
Empowerment Zones II	.750	.750	-----	0	

**NEW CRIME INITIATIVES
USES OF FUNDS FOR FY 2000 BUDGET**
(Dollars in Billions)

DISCRETIONARY	Request	OMB Passback	AGCY Appeal	WH Priorities	COMMENTS
	FY 2000	FY 2000	FY 2000	FY 2000	
COPS II	0.315	0.3	0.0	1.4	\$650 M in offsets and \$650 M in new money identified; still \$100 M short.
Firearms Enf. Initiative	0.021	0.006	0.0	.031	Need \$25 M in new funds for 200 new agents and prosecutors (\$15 M for ATF; \$10 M for DOJ). To be coupled w/\$78 M already in budget for total of \$109 M.
Certainty of Punishment	0.060	0.005	0.0	0.100	Need \$95 M to fund. Could be alternative to prison funding.
Coerced Abstinence	0.187	0.153	0.085	0.250	Need \$97 M to fund. Could be alternative to prison funding.

**EDUCATION INITIATIVES
USES OF FUNDS FOR FY 2000 BUDGET**

DISCRETIONARY	Request	OMB	ED	WII	COMMENTS
	FY 2000	Passback FY 2000	Appeal FY 2000	Priorities FY 2000	
21st Century After-School Program (ending soc. Prom.)	300	250	+150	+450	POTUS priority
<u>Choice</u>					
Charter Schools	120	110	---	+10	Keeps us on path to 3,000
Work-site schools	---	---	---	+10	expands public school choice options
Magnet Schools 104 (for interdistrict magnets)	114	---	---		Passback meets our priority
High Schools at 120* Community Colleges (In Tech-Prep line item) *10 million for this initiative	106	+14	+10		expands public school choice options
<u>Teacher Quality</u>					
Teacher Quality and Recruitment (HZA Title II)	175	75	+100		
Teacher Recruitment (Byrd Scholarship) *no funding included for this new initiative	39.2*	39.2	---	+28	use existing authority for new initiative
Reduce Unqualified Teachers (Eisenhower national) no funding included for this initiative	---*	---	---	+50	
Mid-Career Teachers (expand Troops to Teachers)	---	---	---	+25	
School Leadership (Eisenhower national)	50	---	---	+50	

Education Reform
Education Excellence
and Accountability

+200

Respond to
POTUS Fund
priority for
stronger
accountability

(add to Title 1)

Goals 2000

515

491

+100

+25

signal that
G2K remains

high priority

**DRAFT: HEALTH CARE
USES OF FUNDS FOR THE FY 2000 BUDGET**
(Dollars in billions, fiscal years)

DISCRETIONARY	Requests	OMB	HHS	WH	COMMENTS
	2000	Passback 2000	Appeal 2000	Priorities 2000	
Bioterrorism	0.370	0.152	+ 0.218	+ 0.090	High priority
Superbug	0.020	0.000		+ 0.010	High priority
AoA Caregiver Program	0.150	0.010	+ 0.140	+ 0.140	Needed for LTC initiative
Nursing Home Quality	0.153	0.107	+ 0.013	+ 0.500	Needs \$; mand & discr.; user fee unrealistic
Medicare LTC Education	0.025	0.000		+ 0.025	Needed for LTC initiative
AIDS: Ryan White	0.100	0.072		+ 0.050	OMB funding only minimum
AIDS: CBC Initiative	0.100	0.000	+ 0.050	+ 0.050	Needed for CBC
Race & Health	0.080	0.000	+ 0.103	+ 0.050	High priority
Mental Health	0.100	0.000	+ 0.116	+ 0.100	VP priority
Asthma (only EPA funds)	0.025	0.000	+ 0.050	+ 0.025	Funded through EPA/maybe Medicaid
Rural emergency services	0.050	0.000		+ 0.025	POTUS interest/possible mandatory
FDA, Food Safety	0.550	0.127	+ 0.263	+ 0.050	Need \$50 m for food safety
Children's CME	0.150	0.000		+ 0.040	FLOTUS priority
DoD Cancer, osteoporosis					Want \$200 million of DoD increase
Biomedical Research	1.500	0.049	+ 1.500	*	VP priority (will need \$500-750m)
TOTAL: New Initiatives	3.373	0.517	+ 2.453	+ 1.155	
<i>Total: Overall HHS Request</i>	<i>3.128</i>		<i>+ 2.453</i>		Includes other initiatives not listed
MANDATORY	Requests	OMB		Additions/ Priorities	
	2000-04	2000-04		2000-04	
Jeffords-Kennedy	1.200	1.200			POTUS priority/disability comm thinks in
Medicare Buy-In	1.700	0.000		+ 1.700	POTUS priority
Cancer Clinical Trials	0.750	0.000		+ 0.750	VP priority
Medicaid Disability Equity Opti	0.110	0.110			Important to disability community
Medicaid for Foster Kids	0.050	0.050			FLOTUS priority
Legal Immigrant Kids	0.100	0.100			Last year's proposal
CHIP Territories	0.100	0.100			" "
QMB Low-Income Reforms	0.000	0.000			Depending on baseline, budget neutral
Kids' Outreach	0.000	0.000			" "
TOTAL	4.010	1.560		+ 2.450	

* Does not include NH

**DRAFT: NATIVE AMERICANS/FOOD SAFETY/EQUAL PAY
USES OF FUNDS FOR FY 2000 BUDGET**
(Dollars in Millions)

DISCRETIONARY	Request	OMB Passback	Agency Appeal	WH Priorities	COMMENTS
	FY 2000	FY 2000	FY 2000	FY 2000	
Food Safety					Admin. Priority
FDA	\$48.9	\$0	\$48.9	\$48.9	
CDC	\$18	\$0	\$18	\$18	
USDA	\$20	\$20	(\$30.5)*	\$30.5	
Equal Pay					Next step
EEOC	\$17.3	\$0	\$17.3	\$17.3	
DOL-OFCCP	\$10.4	\$0.383	\$0	\$10.4	
Native American Educ: 1000 Teachers	\$0	\$0	\$10	\$10	POTUS Executive order
Interior: Econ Dev	\$0	\$0	\$0	\$1	POTUS Directive
Interior: BIA School Construction	\$108.8	\$78.3	\$30.5 (to make up diff)		Followup to FY99 Req
HHS-IHS budget	\$382	\$175	\$207 (to make up diff)		

*Although no part of the Food Safety Initiative, USDA objects to denial of salary increases, arguing that this will cut the number of inspections and undercut the Initiative.

**DRAFT: TOBACCO
USES OF FUNDS FOR FY 2000 BUDGET**
(Dollars in Billions)

DISCRETIONARY	Request	OMB Passback	Agency Appeal	WH Priorities	COMMENTS
	FY 2000	FY 2000	FY 2000	FY 2000	
<hr/>					
Tobacco					
CDC	.243	.74		+.26	
FDA	.184	.34		+.66	
SAMHSA Survey	.4	0		+.4	
Smoking Cessation					
Non-Defense	---	---	---	+.90	
Defense	---	---	---	+.60	
<hr/>					

**DRAFT: WELFARE
USES OF FUNDS FOR FY 2000 BUDGET**
(Dollars in Billions)

DISCRETIONARY	Request	OMB Passback	Agency Appeal	WH Priorities	COMMENTS
	FY 2000	FY 2000	FY 2000	FY 2000	
Child Support Crackdown.	N.A.	N.A.	N.A.	+092	\$8 mi to DOJ \$1.2 mi to HHS
Access to Jobs level	.150	.075	.150	+.750	Full authorized
Welfare-to-Work Housing Vouchers	.289	.144	.289	+.144	Passback also had up to 36,000 (Not all
	Through svgs WTW)				
Targeted Substance Abuse Grants	.121	.026	.60	+24	About 1/3 for women w/ kids
IDAs	--	.012	??	+13	Presidential initiative
BRIDGE	.150	0	N.A.	+.150	Task Force priority
<hr/>					
MANDATORY	Request	OMB Passback	DOL Appeal	WH Priorities	COMMENTS
	FY 2000-04	FY 2000-04	FY 2000-04	FY 2000-04	
Welfare-to-Work	6.5	N.A.	N.A.	+5.0	OMB has not passed back yet

Work-Site Satellite Schools

1. Policy Description: The purpose of this initiative is to broaden the choices available in the public school system by increasing the number of public elementary schools located at work sites. Typically, the employer pays for the school facility, utilities, and maintenance. The district provides the teachers, curriculum and instructional materials. The work-site schools are paired with "host" neighborhood elementary schools that provide administrative support and other resources. Through such arrangements, districts can increase parent involvement, relieve overcrowding, promote diversity (as workplaces are often more diverse than neighborhoods), offer smaller class sizes and save on facilities and transportation costs. Companies can enjoy greater productivity and offer the school as a family-friendly employee benefit. This initiative will provide planning grants to school districts and tax credits to participating businesses in order to increase the number of satellite work-site schools from 30 existing schools to about 1,000 by early in the next century.

Grants of up to \$250,000 to \$500,000 will be distributed competitively to 20-40 school districts that have identified interested work-site business partners. These grants will support planning and start-up activities for the development of work-site satellite schools, including: staff training, coordination between the district, employers, work-site and neighborhood host schools, and coordination between districts for satellite schools drawing students from multiple districts; staff planning with businesses on changes to facilities prior to service as public school, curriculum planning for both satellite and host schools, information meeting with affected neighborhood schools and potential business partners, transfers of meal and resource (art/music) services between satellite and main host school and other start-up costs.

Local districts will be required to report on the number of satellite schools created and to provide data on the achievement at satellite schools for research and evaluative purposes. Because these schools will actually be part of an existing elementary school, they should be required to follow whatever reporting requirements (including Title I assessments) that are applicable at the main campus. Any assessment information should be broken out to reflect scores at the satellite school. In addition, satellite schools together with their host schools will be required for providing special services to limited English proficient students and students with disabilities.

2. Cost. \$10 million for first year, \$85 million over 5 years. Funded through ED's FIE (Fund for Improvement of Education). This would fund planning grants for 150 - 300 school districts, and could support the planning for approximately 500 work-site schools.

3. Unresolved Issues. We have proposed a companion tax credit (see description below) to provide incentives for business to participate in this initiative. However, we have not yet resolved with Treasury the cost of the credit; nor have we yet reached agreement with ED and Treasury over how best to administer the credit -- specifically, which agency would have responsibility for certifying that business are eligible for the credit. If necessary, we believe the program can work effectively without a tax component, in part because a number of participating work sites (e.g., hospitals) are non profits and therefore will not benefit from a tax break, and partly because for-profit companies derive tangible benefits (e.g., reduced costs due to employee turnovers) so that a tax break may not be needed.

Tax Credit: Businesses that provide facilities for use as a public school or operate existing facilities will be eligible for a tax credit covering 25% of qualified costs, not to exceed \$150,000 per year.¹ Qualified costs include: the value of property that the business has built, leased, or donated for use as a public school. In order to be eligible for this credit the work-site school must be open to children of all employees of the company (or contractor of that company), allow students from surrounding districts to fill remaining slots in school and allow all students to complete the academic year regardless of changes in their parents employment. Each year, a limited number of credits could be claimed: in the first year, up to 60 credits would be available. In subsequent years, the limits would be as follows: Year 2 - 120; Year 3 - 240; Year 4 - 480; Year 5 -960.

4. Status. We have worked closely with Education and Treasury staff in the design of this proposal. However, the Deputy Secretary of Education has recently expressed strong opposition to this proposal, though his reasons do not appear compelling. We are continuing to try and work this out with him.

¹Modeled on the tax credit for businesses that provide daycare facilities.

Child Support Law Enforcement Initiative

This initiative will double the number of prosecutions of egregious child support violators over the next XX years by providing resources to identify, investigate, and prosecute these cases. This effort will be part of a challenge to law enforcement in every state to join our national effort to ensure America's children receive the support that they need and deserve. Cost: \$45 million over 5 years (\$40 million to DOJ, \$5 million to HHS).

*How much in FY 2000? \$9m
Create Bill? Judicial Comm or Finance?*

Willful Failure to Pay Child Support is a Felony

In June, the President signed into law the Deadbeat Parents Punishment Act, creating two new categories of felonies for the most egregious child support violators, a proposal he had made in the 1997 State of the Union. This law strengthens the Child Support Recovery Act, which has resulted in nearly 500 child support prosecutions since 1992. Many prosecutors say they would be able to prosecute even more child support cases prosecutor's office if they had legal staff dedicated to child support issues and if they received referrals after a complete financial investigation had been conducted.

New Initiative will Double Child Support Prosecutions

This new initiative will 1) create Child Support Multi-Agency Investigative Teams in every region of the country to identify, analyze, and investigate cases for prosecution and 2) provide US Attorneys' offices with paralegals dedicated to child support issues. This initiative will not only force those prosecuted to pay the child support they owe, but will influence the conduct of many other parents who owe support.

New Investigative Resources: The new funds will establish investigative teams in every region of the country. States will refer child support cases to this site, where trained investigative staff will locate the violator, determine exactly how much he owes, and document information needed for prosecution. The investigated case will then be referred to federal or state prosecutors as appropriate. The first five screening sites will be set up in Columbus, New York, Baltimore, Dallas, and Sacramento serving 17 states plus D.C. that have the majority of the nation's child support cases.

New Prosecutorial Resources: To ensure US Attorneys' offices have the skilled legal staff they need to double the number of prosecutions in XX years, this initiative will fund a paralegal dedicated to child support cases for every US Attorneys' office that does not now have one.

A Challenge to Law Enforcement in Every State

More and more law enforcement officials realize that failure to pay court ordered child support is a crime and can be a major contributor to juvenile delinquency and crime. In announcing this initiative, the President will challenge law enforcement in every state to fight for child support enforcement and join in cooperative agreements with child support agencies as authorized by the 1996 welfare reform act.

Access to Jobs Transportation

When the President signed the Transportation Equity Act into law, he praised the new Access to Jobs program noting that "If you can't get to work, you can't go to work." TEA-21, as the transportation bill is called, authorized the President's welfare to work transportation proposal at \$150 million annually, with guaranteed funding from the Highway Trust Fund at \$50 million in FY 1999, \$75 million in FY 2000, growing to \$150 million by 2003. DPC recommends FY 2000 funding at the full authorized level of \$150 million, which would double the number of communities served to 400. The OMB passback recommended \$75 million in FY 2000, the same amount as appropriated in FY 1999.

Access to Jobs Expands Transportation for Low Income Workers

The Access to Jobs program provides competitive grants to assist states and localities in developing flexible transportation services to connect welfare recipients and other low income persons (up to 150% of poverty) to jobs and other employment related services. The program is intended to promote new or expanded transportation services such as shuttles, vanpools, new bus routes, connector services to mass transit, employer provided transportation, and guaranteed ride home programs. TEA-21 also included \$10 million a year for Reverse Commute grants to address the urban/suburban mismatch for workers of all incomes.

Transportation is Critical for Welfare to Work

As the President has often remarked, transportation continues to be one of the significant challenges facing people making a transition from welfare to work. While two-thirds of all new jobs are in the suburbs, three-quarters of welfare recipients live in central cities or rural areas. Many entry level jobs require evening or weekend hours that are poorly served by existing transit routes, and few welfare recipients own reliable cars. Forty percent of rural counties don't even have public transportation.

An Additional \$75 Million Will Serve 200 More Communities

The additional funding will double the number of individuals who receive Access to Jobs transportation services by expanding both the number of communities who receive Access to Jobs grants and the funding level for these initiatives. With current funding levels, average grants are limited to \$1 million for the largest communities and \$150,000 for rural communities. Such funding levels are inadequate for communities trying to fill major transportation gaps. One possibility that has been discussed in the context of the President's race book would be to target the additional \$75 million above pass-back to a select number of areas who agree to participate in a Jobs Gap Challenge to raise the employment rate of young adults in distressed neighborhoods through regional economic strategies.

Welfare-to-Work Housing Vouchers

In his 1998 State of the Union the President said "helping families move closer to available jobs" was one of things we need to do to complete the job of welfare reform and in the FY 1999 Appropriations Act, the President secured 50,000 new welfare-to-work housing vouchers. This is the first time that housing vouchers have been targeted for families moving from welfare to work and these were the first new housing vouchers authorized by Congress in five years. For FY 2000, OMB's pass-back included \$144 million for 25,000 additional welfare-to-work housing vouchers. DPC recommends 25,000 more welfare-to-work vouchers, at a cost of \$144 million above pass-back, to bring the total number of welfare-to-work vouchers to 100,000 in FY 2000.

Housing Assistance Can be Critical to Getting and Keeping a Job

How does OMB idea for rents work?

Families can use these housing vouchers to move closer to a new job, to reduce a long commute, or to secure more stable housing to eliminate emergencies that keep them from getting to work every day on time and perform their best on the job. These targeted vouchers will give people on welfare a new tool to make the transition to a job and succeed in the work place.

In many places, jobs are being created far from where most welfare recipients live and are not readily accessible by public transportation. Currently, about two-thirds of new jobs are being created in the suburbs, but three of four welfare recipients live in central cities or rural areas. These housing vouchers complement the Access to Jobs transportation funding.

The additional vouchers will be available on a competitive basis to local housing agencies, including tribes and tribally designated housing authorities. Applications must be developed in consultation with the state, local, or tribal welfare agency and the local Welfare-to-Work formula funds grantee (typically the Private Industry Council), to ensure that services are coordinated.

The vouchers will be used where they are essential to a successful transition from welfare to work—that is, where housing assistance is critical for a family to get or keep a job. To receive a welfare to work voucher, a family must be eligible for or currently receiving Temporary Assistance for Needy Families (TANF) or have received TANF within the past two years, and not already receiving HUD tenant-based housing assistance.

The Need for Welfare-to-Work Housing Vouchers is Great

HUD is currently developing the notice of funding availability so it is too early to determine how many applications will be received. However, we know there is a large unmet need for affordable housing for welfare recipients and other working poor families. There are over 5 million families who qualify for but do not receive federal housing assistance. About 2.4 million renter households with 'worst case' housing needs were working, with over half earning the equivalent of full-time year-round pay at the minimum wage. Only about one-quarter of current welfare recipients currently receive federal housing assistance.

Substance Abuse Treatment for Women Moving from Welfare to Work

SAMSHA's Targeted Capacity Expansion Grant program provides funds to address emerging substance abuse problems. Unlike the SAMSHA block grant, which states decide how to spend, the targeted grants are awarded on a competitive basis by HHS to assist specific needy populations and they can go directly to local communities. In FY 1998, approximately one-third of these grants went to poor women with children, many on TANF. For FY 2000, SAMHSA requested \$121 million in funding for these grants (a \$100 million increase from FY 1999). OMB passback included \$26 million. DPC recommends increasing funding to \$50 million or more so we can double the number of welfare recipients served.

Many Women on Welfare May Need Substance Abuse Treatment

While funding for the basic SAMSHA state block grant increased this year, there continues to be extreme pressure on substance abuse treatment resources in many communities, and limited funding for women with children. National estimates show that approximately 20 percent of welfare recipients have a substance abuse problem, and some states who have recently reviewed their welfare caseloads have even higher estimates. Many of these individuals will need treatment and after-care services in order to get and keep a job.

Targeted Capacity Grants Serve Women with Children and Other Needy Populations

In FY 1988, SAMSHA supported 41 targeted capacity grants totaling \$24 million to a combination of state, local, and tribal agencies and community-based organizations. Grants are available for three years, with first year funding generally between \$500,000 and \$700,000. Approximately one-third of the FY 1998 grants are targeted to TANF or substance abusing women with children. For example, Women in Need in Brooklyn received \$250,000 to expand capacity to serve an additional 85 homeless women and women with children receiving TANF. The Wisconsin Department of Health and Family services received \$750,000 to provide intensive family treatment to 121 women with children and TANF recipients. The targeted capacity grants have strong support from local officials.

SAMHSA has identified six target groups for these targeted capacity grants including: substance abusing women and their children, clients participating in welfare reform programs, juvenile and adult criminal justice-referred offenders, dually diagnose youth offenders, substance abusing physically and cognitively challenged individuals, and hard-to-reach IV drug users.

Individual Development Accounts

In 1992, Bill Clinton proposed to "establish Individual Development Accounts (IDAs) to help low-income Americans save, and create new private-sector opportunities." President Clinton included IDAs in his 1994 welfare reform proposal and the 1996 welfare reform law allowed States to use welfare reform block grants to establish IDAs. The Human Services Reauthorization Act signed by the President in October 1998 for the first time directly authorizes Federal funds for IDAs by establishing a five-year, \$125 million demonstration program. The FY 99 Appropriations Act included \$10 million to get this demonstration off the ground. For the FY 2000 budget, OMB's passback includes only \$12 million, or one-half of the authorized amount. DPC supports funding the new demonstration at the full authorized level in FY 2000 in order to successfully launch this Presidential initiative. The additional \$13 million will fund IDAs for up to 6,000 more people.

An Asset-Based Approach To Help Low-Income Americans Get Ahead. Fully one-half of all Americans have either no, negligible, or negative assets available for investments. Low-income individuals and families, whether working or on welfare, should be encouraged to develop savings and assets. IDAs will help low-income families achieve greater independence and economic well-being by providing incentives to save for a first home, education and training, or to start a new business.

Highlights of the IDA Demonstration Authorized by the Human Services Reauthorization Act

- Establishes a five-year, \$125 million demonstration program to establish Individual Development Accounts (IDAs) for more than 50,000 people.
- For each dollar deposited into the IDA by a low-income family, the administering agency would provide a match of between \$1 and \$8.
- IDA investments could be withdrawn for three purposes: (1) purchase of a first home, (2) post-secondary education and training, and (3) the creation of a new small business. In cases of hardship -- such as job loss or serious medical illness -- individuals are allowed to withdraw their own savings, but would lose the matching contributions.
- Households that are either eligible for Temporary Assistance for Needy Families (TANF) or that qualify for the Earned Income Tax Credit and have a net worth below \$10,000 are eligible to participate in this demonstration.
- Grants will be provided to local entities -- including non-profits -- to administer the IDA demonstration. The demonstration gives a preference to entities that are able to attract pledges of substantial non-Federal, especially private sector, funding to serve as a match for the Federal dollars.
- Requires a rigorous evaluation of the program.

NATIVE AMERICAN INITIATIVE

Policy Rational and Cost: The initiative has four parts, taking steps in each of the areas the President identified at the Native American Economic Development Conference.

1. **1000 New Teachers for Native American Students.** American Indian children have the highest drop-out rate and the lowest high school completion rate of any racial or ethnic group in the country. Despite this tremendous need, American Indian school children have few role models to guide them. Of the Nation's more than 2 million elementary and secondary teachers, less than 1 percent -- only 18,000 teachers, are American Indian/Alaska Native. Recognizing these needs and challenges, the plan seeks to train 1000 new Native American teachers. At the Native American Economic Development Conference, the President signed an executive order that called for an interagency plan to be developed with recommendations identifying initiatives, strategies, and ideas for future action to support the goal of improved education. Our plan seeks to increase the number of American Indians entering the teaching field and to enhance the skills of those already in the pipeline. The Department of Education proposal has three parts: (1) a fellowship program that will support the training of 1000 new American Indian and Alaska Native teachers over 5 years by providing for their expenses while attending school, including child care; (2) funding for 25 grants to educational institutions, with priorities for partnerships with tribal colleges, to create teacher training programs in Native American communities; and (3) providing continuing education for in-service teachers to improve the quality of teaching in Native American communities. (Cost: \$10 million.) *Set aside?*

Uncertainties and vetting: This initiative was not included in the Department of Education's initial budget request, but had requested \$3 million for a related effort on professional development. In its appeals, the Department has included a request for our \$10 million initiative. (The Department would require approximately \$7 million in additional money above their initial request initiative coupled with another \$3 million from their initial budget request that they have reallocated to this initiative.) Education and DPC have been working with OMB very closely and OMB has become more supportive of the idea. Both Interior and Education are very much in favor of this idea.

2. **Technical Assistance for Economic Development.** At the Native American Economic Development Conference, the President directed the Department of the Interior, the Department of Commerce, and the Small Business Administration to develop, within 90 days, a strategic plan for coordinating economic development initiatives for Native American and Alaska Native communities. The centerpiece of the strategic plan would provide a toll-free number, located at the Bureau of Indian Affairs, in which tribes could access information about how the federal government can assist them in economic development efforts. This number would provide one point-of-contact for tribes across all government agencies and would eliminate the need for tribes to be familiar with the intricacies of specific government programs. In addition, the BIA will organize business seminars throughout Indian country (staffed by various agency representatives) which will

consist of both general sessions and individualized technical assistance. (Cost: \$1,043,640).

Uncertainties and vetting: Interior did not include this in their initial budget request or their appeal stating that they had to make hard choices and that they hoped the WH would push the plan. OMB is generally supportive of this request, but doesn't know where additional money would come from. Interior, the groups (National Congress of American Indians), and the tribes are very enthusiastic about this initiative.

3. **BIA School Construction and Repair.** Compared to other schools, Bureau of Indian Affairs schools are generally in worse condition. Two-thirds of the educational facilities are over 30 years old and more than one-quarter over 50 years old. The backlog to correct safety and code deficiencies and to replace existing facilities exceeds \$1 billion and is growing. With new funds, BIA will build three new schools and provide much needed repairs to several others. This proposal follows the President's initiative from last year that sought a 61 percent increase over FY 1998 (\$87 million was in the President's budget, Congress gave \$60 million) and is also included as a response to the President's Native American education executive order. (Cost: For FY 2000, BIA requested \$108.8 million but received only \$78.3 million from OMB, they request the difference --\$30.5 million.) *set aside?*

Uncertainties and vetting: Interior strongly supports this measure. The groups have listed this as one of their priority areas. OMB is generally supportive, but doesn't know where the additional money would come from.

4. **Improving Health Care.** There is a high degree of well-documented unmet health care needs in the Native American community. Because of inflation and the fact that the Native American population is one of the fastest growing, a major emphasis of the IHS FY2000 budget is on increased funding to restore access to basic health care services such as immunizations, emergency care, primary care visits, well-child visits, and needed improvements in basic facilities. This proposal also includes program enhancements in health care for women, children, and the elderly. (Cost: \$207 million. IHS requested \$382 million above FY 1999 enacted, the passback provided \$175 million).

Uncertainties and vetting: OMB is supportive of increasing funding for health care, but feels that the entire amount should not be given in one year because IHS doesn't have the capacity. OMB fully funded the access to clinical care part of the request and feels that is the most important area. IHS feels it can absorb these funds and has appealed for the full amount of its request.

Food Safety Initiative

Policy Rationale and Cost: Advancing food safety is one of the Administration's signature issues and this year's initiative would maintain our leadership in the area by working to establish a nationally integrated food safety system with Federal, state, and local authorities. The initiative includes measures by FDA, USDA and CDC.

FDA: The majority of FDA's request (\$25.6 million) would go toward expansion of their inspection and compliance capability. As part of its efforts to integrate efforts with non-federal agencies, FDA will enter into contracts and partnerships so that states will follow FDA guidelines and procedures. Among the tangible goals FDA states they could accomplish if the initiative were funded: for the first time in decades, FDA will ensure that every high risk food manufacturer in the United States is inspected at least once a year; for other food firms, inspections will be twice as often as today (from once every 8 years to once every 4 years) and for the first time ever, state and Federal inspection results will be shared, via an electronic connection, that will reduce overlapping efforts and greatly enhance the ability of those authorities to improve public health. The measure also boosts our international capability so that FDA will increase the number of international inspections from 100 to 250 and will conduct evaluations of foreign food production systems. In addition, FDA seeks \$9.0 million improving its traceback capabilities; \$6.9 million for new research programs and \$2.7 for risk assessment; and \$4.7 million in new education funding. (Cost: \$48.9 million over the FY99 request.)

CDC: The goal is to create a national system that provides comprehensive data on the occurrence of food-borne illness that can be used by agencies at every level to combat food-borne illness. The majority of the investment is targeted toward surveillance activities, specifically expanding the scope of FoodNet and the capacity of PulseNet to better capture pathogen DNA fingerprints of both *E. coli* O157:H7 and *Salmonella enteritidis* and include more state health departments in the network. This expanded surveillance network is the heart of our nation's food-borne disease early warning system. The current surveillance system does not provide adequate coverage of the US population. (Cost: \$18 million over the FY99 request.)

USDA: USDA complains that while OMB more than fully funded their initiative, they imposed \$473 million in user fees on FSIS and failed to provide a needed \$30.6 million for obligated salary increases and redeployment of inspectors. This is on top of a flat budget when the agency is trying to implement extensive new HACCP reforms. FSIS has very little discretionary money, since most is tied up in inspector salaries and other fixed costs. USDA has stated that OMB's failure to include the \$30.6 million will force them to shut down the inspection program during the last 9 days of the year or furlough over 300 employees. The Secretary has sent a letter complaining that the lack of salary funds effectively downsizes his inspection force and undercuts the commitment the President made to improve food safety and effectively regulate meat and poultry. (Cost: The salary increases and inspector redeployment cost \$30.6 million).

Uncertainties:

USDA. The USDA/OMB dispute on user fees is an old one, and USDA acknowledges they will probably lose again. USDA may suggest a compromise they think OMB might agree to: include the full funding request for FSIS in the budget (\$652 million) but elsewhere in the budget acknowledge that the Administration expects user fees to cover \$473 million of the cost. The argument being that currently Congress is not technically being requested to provide the actual amount the Administration and most observers think it really needs.

Vetting.

These proposals have been developed by the USDA, FDA, and CDC and explained to OMB. OSTP has also been involved in their development.

We have not consulted with consumer groups, but it seems likely they would strongly support the initiative. The groups have called us to support the idea that there be some new initiative, and to complain in general about user fees. It seems likely we will get significant flack for the user fees from Congress and consumer groups, especially if we have no new initiative.

EQUAL PAY

*Complement legislation
Technical assistance to employers
Increased EEOC enforcement
Initiative on glass ceiling*

TF

Policy Rational and Cost: Currently, American women earn about 75 cents for every dollar men earn. In the past, the Administration has announced a package of initiatives on equal pay, including endorsing legislation to strengthen enforcement of wage discrimination. This proposal suggests further steps the Administration can take (without legislation) in the EEOC and Department of Labor on this important issue. The measure includes: an education program for employees; new outreach to businesses to provide information on current law and offer technical assistance; and upgrading training for EEOC employees and resources for increases in enforcement capabilities. As a result of the initiative, EEOC states it will reach over 10 million workers through public service announcements and reach over 3000 small, medium, and large employers by providing technical assistance. The Department of Labor (Office of Federal Contract Compliance Programs) also seeks funding for a related Women in Non-Traditional Occupations Initiative, which will identify best practices, emphasize anti-discrimination and anti-harassment activities, and explore incentives to improve access for women into glass ceiling and nontraditional opportunities such as construction, technology, and manufacturing. (Cost: \$17.3 million for EEOC and \$10.4 million for DOL -- \$6.8 million for DOL's non-traditional occupations and \$3.8 million for DOL equal pay outreach and compliance reviews).

Uncertainty: EEOC did not receive any of the \$17.3 million in their passback for this initiative, but they are appealing the entire amount. OMB did not fund this because they stated they prefer that EEOC continue to work on reducing its backlog, but OMB staff seems open to some funding for this initiative. DOL received only \$383,000 out of the \$6.8 million requested in a Women in Non-Traditional Occupations Initiative. OFCCP also requested \$3.81 million in their base for the equal pay compliance reviews and outreach, but did not receive any of this request. DOL is currently not appealing any of the \$10.4 million.

Vetting: The agencies produced the equal pay proposal at our request. The issue is one of the most important to Americans, and the proposal (while small) would certainly be greeted positively by groups active in the area. OMB implied to EEOC that they had to make a choice between reducing the backlog and undertaking this effort. We think both the equal pay measure and reducing the backlog are worthy of support.

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

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

**See attached one-pager for discussion.

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

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

ABORTION SAFETY

1. Description of Policy. This proposal would provide additional security for abortion clinics in the wake of escalating violence against clinics and providers. As you know, this builds on the Justice Department's National Task Force announced on November 9 that creates a central location for information related to clinic violence and that provides training to federal, state and local law enforcement personnel. While the Task Force is already providing valuable support to communities affected by clinic violence, a key missing piece is funds for security at clinics. Under this proposal, Justice would give grants to conduct security assessments, purchase hardware, and provide additional U.S. Marshall support for clinics at risk.

2. Cost. \$4.5 million in FY 2000.

3. Status and Unresolved Issues. DPC has developed this proposal with DOJ. It has been vetted by and has the strong support of outside groups, including Planned Parenthood, the Feminist Majority, and the National Abortion Federation. OMB has seen this proposal, but has not signed off on it.

Reform and Automation of Abuse and Neglect Courts

Policy. The purpose of this effort is to provide enhanced support to abuse and neglect courts in order to better serve children in our public child welfare system. The 1997 Adoption and Safe Families Act (ASFA) shortened timeframes for judicial decision-making and permanency planning for children in foster care, adding to caseload pressures already felt by abuse and neglect court systems throughout the country. This initiative would help alleviate this burden by providing competitive grants to state and local abuse and neglect courts for the development of computerized case-tracking systems to better monitor and expedite the permanency plans of the children served by the courts. In addition, the initiative will enhance judicial training and disseminate "best practice" standards for attorneys practicing in the abuse and neglect courts. The DOJ would administer the court automation initiative, while HHS would administer the training and technical assistance effort. The model dependency court work done at the Department of Justice and current work underway to implement the ASFA has set the stage for increased support for court data systems development to ensure that children do not fall through the cracks of unreliable data systems. Senators Rockefeller and DeWine introduced a bill at the end of the 105th Congress that included these two pieces.

Cost. Total of \$5 million in FY 2000 discretionary funding: (1) \$4 million for OJJDP to offer competitive grants for abuse and neglect courts to automate case-tracking systems, and (2) \$1 million to HHS for judicial training and for dissemination of "best practice" standards for attorneys practicing in the abuse and neglect courts. The funding level would be maintained over five years, in order that multi-year automation grants be awarded.

Objections and Status. DPC has only had preliminary discussions with HHS and DOJ; HHS and DOJ staff believe that support for courts is critical for the ASFA to be successful, but both agencies are likely object to this increase if it replaces other funding priorities.

Head Start Expansion

Policy and Cost. The purpose of our Head Start expansion policy is to reach the President's goal of serving 1 million children with Head Start services by the year 2002. The 1999 reauthorization of Head Start made that goal more expensive to accomplish because it increased significantly the percentage of expansion dollars (new money in the program) that must be targeted to quality, rather than to serving more children. Before the reauthorization, twenty-five percent of expansion dollars were targeted to quality; under current law, the quality percentage rises sharply but phases down over time -- 50 percent in FY 2000, 47.5 percent in FY 2001, and 35 percent in FY 2002. Another factor making it difficult to meet our goal is the gradual expansion of Early Head Start, which carries a more expensive per-child cost. OMB and HHS also disagree about the per-child cost of Head Start services.

Our FY99 budget (before the reauthorization) assumed the creation of 44,000 new slots in FY00, for a total enrollment of 910,000. OMB advises that adding 44,000 slots in FY00 under current law requires a funding level of \$5.266 billion. Due to lower than projected participation rates in 1997 and 1998, however, adding 44,000 new slots brings the program to only 881,000 and would require \$5.8 billion over the five-year guidance levels to achieve our goal. Reaching 910,000 slots in FY00, as assumed in the FY99 budget, would require over 70,000 new slots in FY00, costing \$6.6 billion over the five year guidance level to reach our goal.

OMB estimates that its FY00 Head Start guidance level -- \$4,997 billion -- will allow the program to add about 20,000 in FY00, for a total enrollment of 857,000. Under this scenario, reaching the 1 million by 2002 would require adding 71,000 new slots in each of FYS 2001 and 2002, which, OMB calculates, would cost roughly \$5.3 billion over the five year guidance levels. HHS' amended request (after the reauthorization) and appeal for Head Start for FY00 is \$5,395 billion, with which they propose to create 54,000 new slots for a total of 892,000 slots in 2000.

Objections and Status. OMB anticipates that the discussion of the FY00 and out-year Head Start funding levels will take place during Shalala's meeting with Lew. The options to be considered will be (1) commit to the goal and invest the dollars necessary to reach it; (2) commit to reaching 1 million children but over a longer time, *e.g.* by 2004; (3) walk away from our goal. The DPC should affirm that we must determine and commit to a path to reach the 1 million participation goal, perhaps over a longer period.

Yes

FMLA and Paid Leave Research and Evaluation Fund

Policy. The purpose of creating an FMLA/Paid Leave Research and Evaluation Fund is to strengthen the foundation for innovation in the States toward providing paid parental leave benefits for lower-income American workers. Today, a few states are providing these benefits and several states are exploring strategies to do so. However, many unanswered questions remain. This fund would serve to (1) explore how best to structure paid leave delivery systems; (2) evaluate current state systems; and (3) support state efforts to design or explore paid leave systems, *e.g.* through a state paid leave commission. In addition, this fund would provide needed resources to update the data in the 1995 national FMLA Commission leave study, to answer important questions such as how many Americans have benefited from the FMLA since its enactment.

Cost. The cost of this FMLA and Paid Leave Research and Evaluation Fund is \$10 million for FY 2000; it would be administered by the Department of Labor.

Objections and Status. The DPC has engaged in discussions primarily with the Department of Labor to explore a number of paid leave policy options -- including a federal system of providing benefits, a demonstration fund, and research and evaluation efforts -- and has determined with DOL input that a research fund is a necessary foundation for either of the other more ambitious options. While OMB has been involved in broader discussions of paid leave, we have not discussed the research fund with them.

**DRAFT: HEALTH CARE
USES OF FUNDS FOR THE FY 2000 BUDGET**

(Dollars in billions, fiscal years)

DISCRETIONARY	Requests	OMB	HHS	WH	COMMENTS
	2000	Passback 2000	Appeal 2000	Priorities 2000	
Bioterrorism	0.370	0.152	+ 0.218	+ 0.090	High priority
Superbug	0.020	0.000		+ 0.010	High priority
AoA Caregiver Program	0.150	0.010	+ 0.140	+ 0.140	Needed for LTC initiative
Nursing Home Quality	0.100	0.035	+ 0.013	+ 0.100	GAO investigation underway/ need \$
Medicare LTC Education	0.025	0.000		+ 0.025	Needed for LTC initiative
AIDS: Ryan White	0.100	0.072		+ 0.050	OMB funding only minimum
AIDS: CBC Initiative	0.100	0.000	+ 0.050	+ 0.050	Needed for CBC
Race & Health	0.080	0.000	+ 0.103	+ 0.050	High priority
Mental Health	0.100	0.000	+ 0.116	+ 0.100	VP priority
Asthma (only EPA funds)	0.025	0.000	+ 0.050	+ 0.025	Funded through EPA/maybe Medicaid
Medicaid de-institut. grant	0.050	0.000	+ 0.038		Other disability policies should be enough
Rural emergency services	0.050	0.000		+ 0.025	POTUS interest/possible mandatory
FDA, Food Safety	0.550	0.127	+ 0.263	+ 0.050	Need \$50 m for food safety
Native Americans	0.500	0.175	+ 0.205		Probably OK
Children's GME	0.150	0.000		+ 0.040	FLOTUS priority
DoD Cancer, osteoporosis					Want \$200 million of DoD increase
Biomedical Research	0.500	0.049	+ 1.500		Problem that won't go away
TOTAL	2.870	0.620	+ 2.696	+ 0.755	

MANDATORY	Requests	OMB	Additions/	
	2000-04	Passback 2000-04	Priorities 2000-04	
Jeffords-Kennedy	1.200	1.200		
Medicare Buy-In	1.700	0.000	+ 1.700	POTUS interest
Cancer Clinical Trials	0.750	0.000	+ 0.750	VP priority
Medicaid disability option	0.110	0.110		Important to disability community
Medicaid for Foster Kids	0.050	0.050		FLOTUS priority
Legal Immigrant Kids	0.100	0.100		Last year's proposal
CHIP Territories	0.100	0.100		" "
OMB Low-Income Reforms	0.000	0.000		Depending on baseline, budget neutral
Kids' Outreach	0.000	0.000		" "
TOTAL	4.010	1.560	+ 2.450	

**DRAFT: HEALTH CARE
SOURCES OF FUNDS: FY 2000 BUDGET OPTIONS**

	OMB LIST		COMMENTS
	2000	5 Years	
For Discretionary Programs			
DRG Payments	0.084	0.420	Somewhat controversial
Single Fee for Surgery	0.140	0.760	Somewhat controversial
Lab Fees	0.030	0.190	Can only have 1 Lab policy (see below)
Hospice Double Payment	0.060	0.360	Very controversial
Reducing Prosthetics & Orthotics	0.090	0.470	Very controversial/contrary to disability init.
Reducing Enteral Nutrients	0.030	0.150	Very controversial
Subtotal	0.434	2.350	
MIP/ Flatlining Fraud **	0.090	0.990	Contrary to fraud efforts
Bad Debt Payment Reductions	0.160	1.490	Dropped from Omnibus: very controversial
Hospital Update Reduction	0.250	4.600	Viable but controversial/ should lower amt.
DSH Reduction or Medicaid Admin **	0.150	1.770	Not good policy
IME reform **	0.300	2.000	Ahead of Commission/ not for this year
Subtotal	0.950	10.850	
TOTAL	1.384	13.200	
For Mandatory Programs			
Cost Allocation			
With TANF Prohibition	0.295	1.900	Very controversial/bad policy
Without TANF Prohibition	0.050	1,000	Better but still difficult
Last Year's Program Integrity		2,300	OK
20% Lab Coinsurance for lower prevent. copays		0.300	Ahead of Commission/one 1 Lab policy
Medicaid Generics		0.100	Slightly controversial
Technical Fix to Medicare SGR (physicians)		0.300	OK
TOTAL		5.900	

** OMB may drop on its own.

MANDATORY HEALTH PROGRAMS IN THE FY 2000 BUDGET

Jeffords-Kennedy Work Incentives Improvement Act. (New WH initiative; Congressional proposal) The unemployment rate among the 30 million working-age adults with disabilities continues to be much higher than that of the general population -- close to 75 percent for people with significant disabilities. This proposal would enable people with disabilities to go back to work by providing an option to buy into Medicaid and Medicare, and includes other pro-work initiatives. This initiative is strongly supported by the disability community; it is their number one priority for the next Congress and has broad bipartisan support in Congress and in the states.

Cost. Original estimate: \$1.2 billion over 5 years

Issues. Since the Congress and disability community know this bill's costs, this funding level will cause great concern -- especially with the AIDS groups who primarily benefit from the demonstrations which were cut.

Status. OMB passback: \$1.05 billion over 5 years; WH Need: + \$150 million

Medicare buy-in. (WH initiative included in last year's budget) Americans ages 55 to 65 have a greater risk of becoming sick; have a weakened connection to work-based health insurance; and face high premiums in the individual insurance market. This initiative allows (a) people ages 62 to 65 to buy into Medicaid; (b) displaced workers ages 55 to 65 to buy into Medicare; and (c) extends COBRA for retirees whose employers drop their health coverage. The President expressed interest in keeping this policy in the budget.

Cost. HHS preliminary estimate: \$1.7 billion over 5 years

Issues. OMB and HHS do not support since they believe that it uses scarce offsets and is not politically viable prior to the Medicare Commission's report. They have also raised a concern about implementation in 2000 due to Y2K.

Response: The President feels strongly that we keep this proposal in the budget. He rightly recognizes that recent data continue to underscore the severity of this problem. Since the Commission is not addressing this issue at all, its inclusion in the budget is hardly getting ahead of the Commission. Moreover, it is one of the few coverage expansion initiatives being proposed and would be noticed if not included. Senators Daschle and Moynihan as well as Congressman Gephardt are intending to introduce this legislation at the beginning of the next Congress. We are looking into the Y2K issue, but believe that this may be overstated.

Status. OMB passback: \$1.6 billion over 5 years; WH Need: Start in 2000

Medicare cancer clinical trials demonstration. (WH initiative included in last year's budget) Americans over the age of 65 make up half of all cancer patients, and are 10 times more likely to get cancer than younger Americans. This proposed three-year demonstration would cover the patient-care costs associated with certain high-quality clinical trials. This policy is strongly supported by the Vice President's office.

Cost. \$750 million over 3 years (capped mandatory program, separate from the Trust Fund)

Issues. This policy is not supported by OMB because of concerns about singling out a specific disease group and the belief that it substitutes for existing spending. HHS has not indicated that this is a high priority. They have also raised a concern about implementation in 2000.

Response. As therapies and the possibility of a cure progress, there is growing support for covering the costs of clinical trials by both Medicare and private insurance (a provision was included in the Dingell-Ganske bill). This policy is a capped demonstration that offers the opportunity to determine the feasibility and advisability of covering clinical trials generally. This is a top priority of the Vice President and all the cancer advocacy groups. We disagree that there is a Y2K problem for this proposal.

Status. OMB passback: \$750 million for 2001-03; WH Need: Start in 2000. Not in HHS submission.

Medicaid disability equity option. (New HHS initiative) Historically, Medicaid policy and practice has inadvertently discriminated against community-based people with disabilities by only allowing states to expand eligibility to residents in nursing homes. To help reduce this "institutional bias", this policy would provide a parallel option for covering community-based as well as nursing home residents with income up to 300 percent of the SSI limits. This policy was recommended by HHS and is supported by OMB, DPC and NEC. It is needed because some in the disability community believe that we need to focus on this issue as well as the "return to work" agenda.

Cost. HHS estimate: \$110 million over 5 years

Issues. None

Status: OMB passback: \$110 million over 5 years; WH Need: \$0

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

Cost. HHS estimate: \$50 million over 5 years

Issues. None.

Status: OMB passback: \$50 million over 5 years; WH Need: \$0

Medicaid and CHIP eligibility for legal immigrant children. (OMB initiative included in last year's budget) A part of welfare reform that the Administration opposed was its treatment of legal immigrants -- particularly children. It banned legal immigrant children who enter the country after 8/22/96 from being eligible for Medicaid and the Children's Health Insurance Program (CHIP). This policy would lift this ban, allowing qualified immigrant children to receive the important health care offered by Medicaid and CHIP. This policy is supported by all agencies.

Cost. HHS estimate: \$230 million over 5 years

Issues. None.

Status. OMB passback: \$230 million over 5 years; WH Need: \$0

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

Cost. OMB estimate: \$50 million in 2000

Issues. Since this proposal was only developed on December 9, we have not yet gotten HHS's & other WH offices' input. We believe that it makes policy sense but aren't sure of the politics.

Status. OMB passback: \$50 million 2000; WH Need: \$0

Medicare Rural Hospital Initiative. People residing in rural areas continue to face barriers to access to health care. HHS submitted an initiative to improve rural emergency systems (described in the discretionary program list). However, because of the problems on the discretionary side of the budget, OMB recommended that we consider mandatory Medicare options. This option would provide grants to rural hospitals to become Critical Access Hospitals (CAH). CAHs are small, limited service hospitals with 15 or fewer beds that treat uncomplicated cases like simple pneumonia. Such hospitals get special reimbursement from Medicare. This improves local access to needed health care services. The President and Chief of Staff have expressed interest in rural

health, as have Senator Daschle and many other members of Congress.

Cost. WH estimate: \$50 million in 2000 [note: mix of grants and Medicare payments; may have more than a one-year cost]

Issues. This has not yet been vetted by OMB and HHS -- although OMB has indicated it would be sympathetic to a Medicare-based approach. This could raise issues with the Medicare Commission which has discussed rural subsidies.

Status. OMB passback: \$0 million; WH Need: \$50 million in 2000

CHIP funding for territories. (OMB initiative included in last year's budget) When the Children's Health Insurance Program (CHIP) was created in 1997, the Congress rejected the share of the total \$24 billion that the Administration recommended for the territories. Part of this funding was restored in the CHIP technical' amendment passed in 1997. This policy would restore the remainder of the allotments to the territories that we originally proposed. This policy is supported by all agencies.

Cost: HHS estimate: \$144 million over 5 years

Issues: None.

Status. OMB passback: \$144 million over 5 years; WH Need: \$0

"Qualified Individuals" Medicare beneficiaries' premium support reforms. (New WH initiative) One of the President's priorities in the Balanced Budget Act of 1997 was an expansion of premium assistance for low-income beneficiaries. Because the Republicans insisted that (a) it be capped; and (b) it fund only the part of the premium associated with the home health transfer for beneficiaries with incomes between 135 and 170 percent of poverty, this program has been difficult to implement. This proposal would make this assistance more meaningful by increasing it to 50 percent of the premium for beneficiaries with incomes up to 150 percent of poverty.

Cost. Depends on final Medicaid baseline (know by 12/14); hoping it is budget neutral

Issues. This policy is supported by all agencies, but support may change if it is not budget neutral. States and aging advocates would be for this initiative.

Status. This is pending the cost estimates.

Children's health outreach. (Modified WH initiative) Covering up to 5 million uninsured children is one of the President's major health priorities. Although implementation of the new

Children's Health Insurance Program (CHIP) will go a long way towards this goal, at least 4 million uninsured children are eligible for Medicaid today. This policy allows states to use up to 3 percent of their CHIP allotment for specific outreach activities.

Cost. HHS estimate: \$0

Issues: Because children's health outreach is a priority for both the President and First Lady, the absence of an outreach policy in the budget would be noted. However, last year's initiative -- that included Medicaid presumptive eligibility in sites like schools and child care centers and the use of a special TANF fund for outreach -- cost \$900 million and were not widely supported. OMB and HHS support this approach.

Status. OMB passback: \$0 million over 5 years; WH Need: \$0

Small business purchasing coalitions. (Modified WH initiative) Over a quarter of workers in firms with fewer than 10 employees lack health insurance -- almost twice the nationwide average. The White House initiative encourages the development of purchasing groups modeled on FEHBP by providing a temporary tax provision for private foundations that want to fund the start-up costs of qualified small business coalitions and having the Office of Personnel Management provide technical assistance. It also provides tax credits to employers who purchase health insurance for their employees through qualified small business purchasing coalitions. Only employers who did not previously offer coverage qualify for the credit of up to 10 percent of the employer contribution. OMB has included a mandatory grant program in its passback -- identical to that included in last year's budget.

Cost. Treasury: \$44 million over 5 years; OMB: \$100 million over 5 years

Issues. The grant option has been included in the President's budget for the last several years but has not been seriously considered by Congress. DPC and NEC have concluded that the grant proposal is a non-starter and that the only viable option is the tax incentive option. Treasury remains skeptical about the benefits of the WH tax incentive option and worries that it opens a loophole for profit-seeking insurers to qualify for preferential tax treatment.

Response. The President -- and Secretary Rubin -- have historically supported the concept of purchasing coalitions. Shifting the funding to a public-private partnership model could be more effective at generating support. Also, since the Republicans are likely to introduce a much more problematic version in 1999, it might be good to have an alternative. Treasury's preliminary estimates suggest that up to 1 million previously uninsured workers and family members could become covered as a result of this initiative. HHS generally supports the tax incentive option.

Status. OMB passback: \$100 million over 5 years; WH Need: \$44 million on tax side.

Welfare-to-Work Reauthorization

In 1997, the President insisted that the Balanced Budget Act provide \$1.5 billion a year in FY 1998 and FY 1999 for states and local communities to help move long-term welfare recipients in high poverty areas into jobs and help them succeed in the work force. In order to ensure the success of welfare reform for individuals who face the greatest challenges, we propose to reauthorize the Welfare-to-Work program in FY 2000, with several program modifications including a stronger focus on increasing the employment of low income fathers so they can better meet their responsibilities to their children. Given current funding constraints, we recommend reauthorizing the program at \$1 billion for FY 2000.

Continuing to Help Those with the Greatest Challenges Get and Keep Jobs

The Welfare-to-Work program funds job creation, job placement and job retention efforts such as wage subsidies and other critical post-employment support services. The program targets welfare recipients with the greatest challenges to employment -- long term recipients with poor work histories, low basic skills, or substance abuse problems. The program also serves noncustodial parents with barriers to employment whose children are long term welfare recipients.

Currently, about 75 percent of the Welfare-to-Work funds are allocated to states on a formula basis, which in turn must pass 85 percent of these funds to local Private Industry Councils or Workforce Boards. The remaining 25 percent of the funds are awarded on a competitive basis by the Department of Labor to support innovative welfare to work projects at a variety of private and public organizations.

In this reauthorization, we propose to retain the program's strong focus on those most in need by retaining the basic individual eligibility criteria, with some modifications. We propose to further target funds on areas of need by 1) committing the Administration to focus competitive grant funds on special high priority needs, including individuals with substance abuse problems, low literacy/basic skills, and/or disabilities; 2) doubling the funds set aside for Native American tribes; and 3) requiring at least 20 percent of formula funds to be used to help fathers get and keep employment and become financially responsible for their children.

Stronger Focus on Fathers

Because it is critically important that both parents contribute to the support of their children, this Administration has launched unprecedented and sustained child support campaign and in 1997 we collected a record \$13.4 billion in child support, a 68 percent increase since 1992. While every father has a moral obligation to support their children, some need help getting a job and succeeding in the workforce in order to do so. Already, many states are using some of their Welfare-to-Work funds to help fathers of children on welfare get jobs. Now, we propose to ensure every state help committed fathers fulfill their obligations to their children. Under this proposal, states will provide job placement and job retention assistance to low income fathers who sign personal responsibility contracts committing them to work and pay child support. States shall commit at least 20 percent of their formula funds (about \$150 million a year) to helping low income fathers get and keep jobs and ensuring they support their families. States that wish to devote more of their formula funds to this population may do so.

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

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

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

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

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

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

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

CHILD CARE AND DEVELOPMENT BLOCK GRANT

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

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

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

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

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

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

CHILD WELFARE: CHILDREN AGING OUT OF FOSTER CARE

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

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

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

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

Cost Overview and Status.

- (1) Independent Living program (Mandatory) -- \$175 million over five years to increase the program by 50 percent. HHS requested this increase and OMB included it in its passback.
- (2) Transitional Living Program (Discretionary) -- \$5 million increase over FY 1999 for a total of \$20 million. HHS did not include this in its request, but OMB included it in its passback.
- (3) Medicaid coverage (Mandatory) -- \$50 million over five years. HHS did not include this in its request; OMB included in its passback.
- (4) IV-E Eligibility Extension (Mandatory) -- \$50 million over four years. HHS did not request; OMB planning to include in a later passback.

Green Bonds

Policy: These bonds would encourage actions that recognize the relationship between land conservation and development. Green infrastructure projects would create environmental amenities in urban, suburban, and rural areas which would encourage long-term economic investment including those aimed at creating jobs, restoring environmental quality, and providing an attractive and functional setting for urban revitalization. This proposal would create a new financing mechanism -- green bonds -- to raise funds to finance environment-related public projects. Like qualified zone academy bonds (QZABs), this program would allow state and local governments to issue zero interest bonds to lenders who could claim a tax credit for the life of the bond in lieu of interest. The issuer makes no principal or interest payments on the bond until maturity (13 years). The overall program would be capped at \$200 million annually over five years.

To be eligible for this support, the local community would have to raise the bulk of the financing, at least 55% (unresolved issue). The fifty largest cities, in partnership with appropriate stakeholder interests, governments, and organizations, would apply directly to EPA (& Interior -- open issue), for their credit subsidy. This will insure that these large cities, particularly those with many environmentally impaired neighborhoods, will receive adequate attention and appropriate treatment in the process of allocating the subsidies. A portion of the credit subsidies could be allocated and administered by the states among their local communities. The states would need to have plans to ensure that funding is allocated by the relevant state authorities according to need and also according to evidence that the interest rate subsidy is being used to support environmental improvement projects. The subsidies will be distributed among participating states and municipalities on a population-based formula.

The green bonding proposal would encompass both public, governmental activities and private activities that promise public benefits. The virtue of a mechanism that encompasses both activities is largely one of efficiency and efficacy. For example, the cost to a developer of adding an environmental amenity with significant public benefits (e.g. extra pollution control features) may be far less than if a government entity had to implement the same measure independently. Similarly, incentives to accelerate the timing of private activity (e.g. **more accessible** compliance with the soot and smog rules) also may create public benefits (room for new development while attaining air goals) that governmental entities otherwise could not promote.

To allow greater flexibility to localities in electing between private or public approaches to the same "green infrastructure", public entities would be permitted to use the new bonding authority to capitalize revolving funds that in turn could be used by private entities meeting the qualified use definitions. This would probably ease the understandably daunting enforcement burden identified by the Internal Revenue Service. In addition, projects would be certified in compliance by a state environmental agency.

There would be a menu of projects that would be eligible for assistance. In each category, the QZAB model would work for the public activities (same approach as school construction), and private activities (same approach as school construction except funds would capitalize a local revolving fund available to private entities):

- **Open Space (Including Farmlands and Wetlands)** -- Activities to be eligible here should include the following: 1) Governmental acquisition or revitalization of open space or parks. 2) Private or nongovernmental acquisition of conservation or preservation easements;
- **Water Pollution** -- Activities to be eligible here should include the following: 1) Government-initiated passive infrastructure to control polluted runoff (i.e. not capital-intensive treatment plants funded under other mechanisms). 2) Enhancements to private development projects that add significant polluted runoff control features. 3) Public purchase of water pollution reductions from sources not captured by regulation (e.g. small businesses and farmers);
- **Brownfield Redevelopment;**
- **More Accessible Smog and Soot and Carbon Reductions** -- Activities to be eligible here should include the following: Accelerated soot, smog, or carbon reductions by regulated entities, or reductions above the price-per-ton cap established in EPA's implementation plan.

Cost: \$200 million annually. \$1 billion over five years.

Issues: 1. Who would allocate? 2. How much local match? What is targeting?

Vetting: NEC, EPA, CEQ, OVP, OFL support doing something like this. Treasury opposed. OMB has not indicated a view. In general conversations, Conference of Mayors have indicated strong interest. EPA has done some preliminary vetting with groups such as American Farmland Trust, Conservation Fund, Trust For Historic Preservation.

I believe there would be strong support from Governors as well. Today, Governor Gilchrist announced new support for environmental water cleanup and Michigan, with a coalition of Republicans, have passed a new bond authority called the "Clean Michigan Fund."

12/2/98

Bruce -

I wanted to be sure
you saw the appeal we
submitted to OMB. It
reflects the work we have
done w/ you, Tanya & Shirley.
Talk to you soon.



CORPORATION
FOR NATIONAL
 SERVICE

December 1, 1998

The Honorable Jacob J. Lew
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Jack,

This letter and the attachments are the Corporation for National Service's appeal of the OMB mark for the fiscal year 2000 budget. The Corporation recognizes the priority afforded national service by OMB within overall spending constraints, and appreciates the support designed to accomplish key management objectives.

As you are aware, the Corporation has engaged in active discussions with various offices in the White House about the way to build upon the Administration's accomplishments in national service. An emerging consensus in those discussions is that the time is right for the Administration to make bold proposals to shape the role of national service for the next century. Those plans include:

- enabling AmeriCorps to grow, providing 100,000 young people an opportunity to serve in one year by the fall of 2001;
- asking senior citizens – some 60 million, the biggest and most available resource of citizen power in the country – to meet critical community needs for after-school programs, child care, and support for independent living in larger numbers and greater effectiveness; and
- reaching out to the 60 million young people in schools and colleges, who can contribute to their communities and learn the joy and duty of serving if they see themselves – and we see them – more as resources and leaders than problems.

The additional budgetary investment in national service that is required to achieve significant impact is relatively modest compared to other alternatives for federal spending, \$176 million above the OMB mark. Growth in national service also reinforces key Administration policies in the areas of after-school care, child care, tutoring in reading and math, summer programs for youth, education initiatives, and independent living.



To accomplish these objectives the Corporation needs a budget of approximately \$954 million in fiscal year 2000. This represents an increase of \$176 million above the OMB mark of \$778 million. The comparable 1999 level is \$715 million.

Enclosed are the details concerning these appeals. In summary, the major items in the appeal, when compared to the OMB mark, will:

- Enable AmeriCorps to grow to 76,000 members in 2000, then to 100,000 members in 2001. Part of this expansion is achieved through a new initiative to engage 10,000 high school students in serving full-time during the summer and part-time during the school year along side older AmeriCorps members while earning money to go to college. The overall expansion will cost \$132.1 million above 1999 levels; in contrast, the OMB mark generally does not propose to expand AmeriCorps further in FY 2000.
- Launch a new senior service program, "Experience Corps: Seniors for Schools," enabling 40,000 seniors to meet after-school and child care needs in their communities. Of the total, 10,000 will serve between 15-20 hours per week, and the remainder will serve 3-5 hours per week. This program will cost a total of \$40 million, or \$30.6 million more than the amount provided in the OMB mark for this initiative.
- Expand service-learning programs by building upon the 100 President's leader schools program being implemented this year to create 1,000 more "leader" schools throughout the country, based on the research that shows the positive impact of high quality programs on student learning and citizenship, and serving as models for state and local investment in quality service learning. This will require \$30 million above the OMB mark.
- Fulfill the President's stated purpose of providing a matched scholarship totaling \$1,000 to a student doing outstanding service in every high school in the country. This will require a total of \$10 million, or \$5 million above the OMB mark.

The enclosed document also identifies other minor adjustments to the OMB mark. In many areas, including the need for program administration and evaluation funds, we are in agreement with the levels and policies reflected in the OMB mark.

At the request of the President's Chief of Staff's office, this week we are also offering thoughts to the White House staff on how over the next year we can mount a bipartisan effort to further promote an ethic of service in the country. Asking our nation's youth, our experienced elders, and those in between to meet needs in their communities through service is a message that crosses not only political lines, but one that unites our nation's religious, education, business, and intellectual leaders. We can, I believe, use the progress

and momentum of follow-up to the Presidents' Summit in states and communities throughout the country to fulfill an original purpose of the 1993 legislation: "to renew the ethic of civic responsibility and the spirit of community throughout the United States." The policies recommended in this appeal will help support that agenda.

Also enclosed is a table summarizing the appeal levels by activity.

As always, we appreciate the excellent support and guidance from you and your staff in developing the Administration's plans for national service for 2000 and beyond.

Sincerely,



Harris Wofford
Chief Executive Officer

Enclosures

CORPORATION FOR NATIONAL SERVICE
FISCAL YEAR 2000 BUDGET APPEAL
(dollars in thousands)

Activity	1996 Enacted	1997 Enacted	1998 Enacted	1999 Enacted	2000 OMB Request	2000 OMB Mark	2000 OMB Appeal	Difference 2000 Appeal to 2000 OMB Mark
National and Community Service Act (NCSA): (funded by HUD/VA appropriations)								
National Service Trust	\$59,000	\$59,000	\$70,000	\$70,000	\$164,000	\$96,000	\$115,000	\$19,000
AmeriCorps Grants	215,000	215,000	227,000	237,000	271,000	237,000	306,100	69,100
Innovation, Assistance, and Other Activities	29,850	30,000	30,000	28,500	45,000	31,500	42,900	11,400
Evaluations	5,000	5,000	5,000	5,000	5,830	5,500	5,500	0
National Civilian Community Corps	18,000	18,000	18,000	18,000	28,000	21,000	21,000	0
Learn and Serve America: K-12 and Higher Ed	43,000	43,000	43,000	43,000	80,000	50,000	80,000	30,000
Program Administration/State Commissions	24,818	25,000	27,000	28,500	33,000	33,000	33,000	0
Points of Light Foundation	5,500	5,500	5,500	5,500	6,000	5,500	6,000	500
Subtotal, NCSA	\$400,268	\$400,600	\$428,600	\$438,600	\$830,830	\$479,600	\$609,600	\$130,000
Inspector General	2,000	2,000	3,000	3,000	3,000	3,000	3,000	0
Subtotal, NCSA and OIG	\$402,268	\$402,600	\$428,600	\$438,600	\$833,830	\$482,600	\$612,600	\$130,000
Domestic Volunteer Service Act (DVSA): (funded by Labor/HHS appropriations)								
AmeriCorps*Volunteers in Service to America								
AmeriCorps*VISTA	\$41,235	\$41,235	\$65,235	\$73,000	\$81,171	\$75,000	\$88,000	\$13,000
AmeriCorps*VISTA Literacy Corps	0	0	0	0	0	0	0	0
Subtotal, VISTA	41,235	41,235	65,235	73,000	81,171	75,000	88,000	13,000
National Senior Service Corps								
Retired and Senior Volunteer Program	34,949	35,708	40,279	43,001	54,347	49,000	48,000	(3,000)
Foster Grandparent Program	62,237	77,812	87,593	93,256	89,545	83,533	85,000	1,467
Senior Companion Program	31,155	31,244	35,368	36,573	43,790	39,790	39,000	(790)
Senior Demonstration Program	0	0	0	1,080	8,869	4,709	40,000	35,291
Subtotal, Senior Programs	128,341	144,764	163,240	173,910	196,551	187,032	220,000	32,968
Program Administration	28,541	27,850	28,129	29,129	34,000	33,500	33,500	0
Subtotal, DVSA	\$198,117	\$213,849	\$256,804	\$276,039	\$311,722	\$295,632	\$341,600	\$45,968
TOTAL, CORPORATION	\$600,385	\$616,349	\$685,104	\$714,539	\$845,552	\$778,032	\$954,000	\$175,968

Corporation for National and Community Service

Appeal of the OMB Mark for the 2000 Budget

(dollars in thousands)

AMERICORPS

Activity	FY 1999 Enacted	FY 2000 Request	FY 2000 OMB Mark	FY 2000 Appeal
National Serv. Trust	\$70,000	\$164,000	\$96,000	\$115,000
AmeriCorps Grants	237,000	271,000	237,000	306,100
AmeriCorps*NCCC	18,000	26,000	21,000	21,000
AmeriCorps*VISTA	73,000	81,171	75,000	88,000
TOTAL	\$398,000	\$542,171	\$429,000	\$530,100

The Corporation's appeal for AmeriCorps is designed to expand AmeriCorps to 76,000 members in 2000, growing to 100,000 members in 2001. This expansion above the 1999 level of 53,000 members is achieved through:

- a new initiative to enable 10,000 high school students to serve during the summer and part time in the school year along side older AmeriCorps members while earning money to go to college;
- a summer program of 5,000 members (1,000 of which will be through AmeriCorps*VISTA) who conduct activities focused on the education needs, including most importantly reading, of young children and youth;
- growth in the full-year program of 8,200 members, to include 2,350 under AmeriCorps State and National programs, 4,000 under the education award only program, 1,200 under AmeriCorps*VISTA, 200 under AmeriCorps*NCCC; and increasing the AmeriCorps Promise Fellowships from 550 to the President's stated goal of 1,000 (see Innovation and Assistance for the AmeriCorps Promise Fellowships).

The overall expansion will cost \$132.1 million above 1999 levels, or \$101.1 million above the OMB mark, in the activities discussed below. In contrast, the OMB mark generally does not propose to expand AmeriCorps further in FY 2000. OMB had earmarked funds for the National Service Trust based on original projections by the Corporation of potential shortfalls in the outyears for the Trust. Recently completed analyses of the requirements for the Trust have indicated that such shortfalls will not occur under projected enrollment and trust fund usage estimates.

National Service Trust

The OMB mark is \$96 million, an increase of \$26 million above the FY 1999 enacted level but a decrease of \$68 million below the original Corporation request. Of the amount provided, OMB has earmarked \$5 million for the President's Student Service Scholarships, the same amount as in the prior year.

The Corporation's appeal is for \$115 million, an increase of \$45 million above the amount enacted in fiscal year 1999. The increased funds will provide for: (a) a President's Student Service Scholarship for a high school student doing outstanding service in every high school in the country (+\$5 million above the prior year level); (b) education awards for a new High School AmeriCorps program, where 10,000 students will serve during the summer; (c) education awards for 5,000 AmeriCorps members who will serve in summer programs to meet the education needs of young children during those critical months; and education awards for 8,000 full-time members (including AmeriCorps Promise Fellows) serving in programs across the country.

The President's Student Service Scholarships are designed to implement the President's announced goal of a \$1,000 scholarship to be awarded for outstanding service to at least one student in every high school in the country, with 50 percent of the scholarship being provided by non-federal funding. The OMB mark would permit such scholarships to be awarded in only one-half of the high schools in the country. In contrast, the appeal level will permit a scholarship in every school, as announced by the President. Although the original budget request sought \$37.5 million to fund one unmatched and one matched scholarship in every school, the appeal seeks a total of \$10 million, which should be sufficient to fund one matched scholarship in each high school in the country.

The President's Student Service Scholarships are a component of the President's Student Service Challenge, a key low-cost strategy to promote service at the elementary, secondary, and postsecondary levels. These awards are designed to encourage more young people to serve in their communities, as called for under goal 5 of the Presidents' Summit.

The remaining increases in the appeal for the Trust result from the education award costs from expansion of the AmeriCorps program, as described below under AmeriCorps Grants, AmeriCorps*VISTA, AmeriCorps*NCCC, and Innovation and Assistance, which includes the Education Award Only program and the AmeriCorps Promise Fellowships.

AmeriCorps Grants

The Corporation proposes growth in AmeriCorps grants of \$79.5 million above 1999 levels to support expansion as follows:

State and National Full-Year Programs

The appeal proposes to add 2,350 members in activities designed to meet the needs of children and youth, an overall priority for the Corporation.

The estimated cost for this initiative is \$27.1 million.

(We are also proposing to add 4,000 full-year members under the education award only program; see Innovation, Assistance and Other below.)

High School AmeriCorps

The Administration will extend the reach of AmeriCorps to the high school level.

Specifically, 10,000 high school students will serve during their junior and/or senior years for approximately five hours per week, as well as full-time during the summer, in programs designed to meet the needs of young children. These high school students will tutor, mentor, staff after-school programs, and provide special assistance to at-risk children in summer programs such as Head Start.

In exchange, the students will learn critical skills, enhance their resumes when applying to college, and participate in effective service-learning programs. The students will receive the AmeriCorps stipend for their full-time summer activities, but no stipend for their volunteer service during the school year. Upon completion of the program, they will be eligible for an AmeriCorps education award of between \$1,000-\$1,250, depending upon the length of the program.

Program costs in addition to those in the Trust are estimated at \$30 million.

Summer Program

Under the appeal, the Corporation will support a summer program in the year 2000 of 4,000 members (plus 1,000 members under AmeriCorps*VISTA), mostly college students, who will engage in activities designed to meet the education needs of young children. The activities will include supporting summer school, mentoring, teaching reading, math, and other basic skills, and providing support for high school students to obtain the information and skills required to attend college.

Summer programs are not new to the Corporation, and have generally been very effective when combined with full-year efforts, as opposed to starting new activities for a limited three-month period. With the numbers of full-year projects engaged in the America Reads Challenge, and the fact that most AmeriCorps programs focus on the needs of children and youth, expanding summer programs significantly at this time can be done efficiently and effectively. Further, these programs serve as excellent recruitment vehicles for future full-year AmeriCorps members.

AmeriCorps members receive an education award of \$1,000 for service during the summer.

Program costs for the summer program, in addition to those in the Trust, are estimated at \$12 million.

AmeriCorps*NCCC

The Corporation agrees with the OMB mark of \$21 million. This level will support about 200 additional members above 1999 levels, permitting more cost effective utilization of the campuses and their capacity.

AmeriCorps*VISTA

The appeal level of \$88 million, an increase of \$15 million above the prior year level, when combined with a growth in cost shares, will support approximately 1,200 additional full-time members in fiscal year 2000, and a summer program of 1,000 members.

The Corporation believes that growth in AmeriCorps should be reflected across its various components and AmeriCorps*VISTA offers unique opportunities to expand national service in the areas of technology and welfare-to-work. In addition, AmeriCorps*VISTA supports the America Reads initiative, with approximately 40 percent of the overall resources of the program devoted to literacy.

SERVICE-LEARNING

Activity	FY 1999 Enacted	FY 2000 Request	FY 2000 OMB Mark	FY 2000 Appeal
Learn and Serve America	\$43,000	\$80,000	\$50,000	\$80,000

Over the last several years, with the support of the Administration and a growing number of states and school districts across the country, service-learning has gained stature and importance in education at the elementary, secondary and postsecondary levels because of its positive impacts. The powerful effects of service-learning on civic and social responsibility, school engagement, and academic achievement are becoming widely known and this has led to a rapidly growing trend in education toward mandating or encouraging service and service-learning in schools. Currently, Maryland, along with numerous local school districts such as Chicago, Philadelphia, and Washington, have mandated service as an integral part of the school's curriculum or extra-curriculum life. Many other states, including California, and school districts are considering such policies.

These trends are supported by education research. Recent evaluations show that well-designed and consistent service-learning activities have the following benefits to student participants: increased engagement in school; improved academic performance; increased acceptance of others, including improved racial understanding; improved civic leadership; and substantial self-reported increases in learning and complex problem solving. In addition, at-risk students experience stronger improvement in measures of academic performance and social responsibility.

In addition to the impact upon the individual student, evaluations also indicate strong community benefits. Agencies where students serve have high satisfaction rates with the program and are able to increase their capacity to get important objectives accomplished. Further, communities tend to see schools in a more positive light.

The Administration can help leverage these activities by providing funding to support quality programs in more schools. Although the OMB mark provides an additional \$7 million above the prior year level to support school-university partnerships, as proposed by the Corporation, there are no additional monies for supporting the growth being discussed with White House staff.

The Corporation's appeal seeks an additional \$30 million for two major purposes. First, we will provide grants of up to \$25,000 to develop 1,000 additional leader schools to serve as models for introducing service-learning into elementary, middle, and high schools across the country. The competition for 100 national examples of leader schools for

service-learning is just being announced. This will provide the base for the use of the additional funds to support the following types of activities:

- a portion of a master teacher's time to implement large-scale service-learning projects, train other teachers in service-learning methods, and coordinate service-learning projects on a schoolwide or districtwide basis;
- the hiring of a service-learning coordinator to support training and implementation of service-learning activities (some of these coordinators may be AmeriCorps members);
- the operation of a summer institute on service-learning in which teachers pilot the use of service-learning with students, with the goal of drawing lessons from this institute to make service-learning a regular part of the curriculum used during the school year;
- the training of principals; and
- the spread of specific component's of the President's service-learning leader schools program, including enhancing specific effective practices.

In addition to the funding of ongoing programs, the Corporation seeks an additional \$5 million in training and technical assistance funds to train teachers, faculty members, principals, students, and community partners in effective service-learning methods. The strategy is to identify and support regional and local trainers who will train the above listed categories of individuals in effective service-learning practices. Some of these activities will be part of the continuing education for experienced teachers; others will focus on the significant numbers of new teachers being added either to reduce class size or to meet the needs of a growing number of young people in those age ranges.

These strategies to spread service among all school-aged youth are further buttressed by appeals elsewhere in this package for the AmeriCorps High School program (see AmeriCorps grants) and the President's Student Service Challenge, including the President's Student Service Scholarships (see the National Service Trust).

NATIONAL SENIOR SERVICE CORPS

Activity	FY 1999 Appropriation	FY 2000 Request	FY 2000 OMB Mark	FY 2000 Appeal
Experience Corps: Seniors for Schools	\$1,080	\$8,869	\$4,709	\$40,000
Foster Grandparent Program	93,256	89,545	93,533	95,000
Senior Companion Program	36,573	43,790	39,790	39,000
Retired and Senior Volunteer Program	43,001	54,347	49,000	46,000
TOTAL	\$173,910	\$196,551	\$187,032	\$220,000

The Corporation's primary appeal within its Senior Corps programs is to launch a new Experience Corps: Seniors for Schools initiative. This initiative is based on discussions with White House staff and is described in greater detail below. The Corporation and OMB are in general agreement on the funding levels and strategies for the Corporation's existing programs, including incorporating the successful elements of previous demonstration initiatives, such as volunteer leaders, into these programs to increase their effectiveness.

Experience Corps: Seniors for Schools

In this newly proposed initiative, the Administration will both challenge seniors, whose reservoir of skills and experience remain largely untapped, to give to their communities in new ways and challenge communities to offer the structure and opportunities that will attract seniors to work on critical problems.

Several publications coming out over the next few months will demonstrate the productive and humanitarian potential of this growing natural resource—the largest, best-educated, and most vigorous collection of older adults in the history of the country. At the very time the Administration seeks to assure that the country's elders have the means for productive aging, it is appropriate to ask seniors to serve further in order to secure our country's future.

The Administration will support a new senior service initiative to engage, as a start, 10,000 seniors in intensive service of 15-20 hours a week. These seniors will serve in programs in 500 communities and will target activities at the education needs of children and youth, including tutoring in reading and math, after-school programs, child care, and summer programs. In addition, they will recruit and help manage 30,000 volunteers, organized in teams, who will serve on a less frequent basis, typically 3-5 hours per week.

In total, 40,000 new seniors will serve in these 500 communities as a result of this initiative.

Older adults are particularly appropriate for national service assignments; they are experienced workers, family members and citizens, among other things, and are a rich repository of the support needed by young people to make the transition to adulthood.

The 10,000 seniors will serve 15-20 hours per week in schools, community organizations, libraries, Boys and Girls clubs, and churches. Seniors will tutor, mentor, staff after-school programs, provide special assistance to at-risk children in day care centers, and perform a full range of tasks necessary to promote the successful education of children. In exchange, seniors themselves will receive modest benefits totaling about \$1,500-\$2,000 per individual per year that will defray the costs of service (e.g., transportation and meals) and provide sufficient incentives to serve an amount of time that is equivalent to a part-time position. The incentives could include cash, educational benefits, or reductions in costs for prescriptions, with each incentive package determined locally and supported in part by private and matching funds.

The Corporation for National Service will build upon its history of successful senior service programs to launch this new initiative, including most importantly recent successful demonstration projects over the last several years.

The budget appeal level for the program is \$40 million.

Retired and Senior Volunteer Program

The Corporation's original request, and the OMB mark, recognized the need for program expansion to help resolve a critical issue facing this program. Specifically, a recent evaluation found that projects have reached a point where existing staff levels are insufficient to adequately support outcome-based assignments for volunteers, which require greater time and effort to develop. To respond to the weaknesses identified, continue growth of this program with a solid base of over 450,000 volunteers, and increase quality consistent with the Corporation's stated objectives under the Government Performance and Results Act (GPRA), additional funds for local projects are critical.

Both the Corporation's original request and the OMB mark also incorporate the use of volunteer leaders in the Retired and Senior Volunteer Program.

Although the Corporation's budget also included funds for the requirement that 1/3 of the increase be targeted at programs of national significance as required by the authorizing statute, the OMB mark appeared to eliminate the request for these funds.

In recognition of the fact that the Corporation's total appeal for senior programs and other initiatives exceed the target, the Corporation has adjusted its budget to a total of

\$46 million, with the increase of \$3 million above 1999 levels targeted primarily at the need for projects to have an administrative base sufficient to meet impact goals. Leaders will be supported under the new Experience Corps initiative described below, and all projects, including existing Retired and Senior Volunteer projects, will be eligible to compete for resources under this initiative. Therefore, leaders are not included in this appeal. Programs of national significance, mandated in the authorizing legislation, are included.

Foster Grandparent Program

The OMB mark for this program is a slight increase above the '99 level. The Corporation's original request was actually for a slight decrease when compared to the '99 level due to the fact that new projects awarded in 1999 and programs of national significance did not require funding in 2000. In September the Corporation did not request new projects in the 2000 budget, but did include modest growth for volunteer leaders and expansion to permit up to 10% of federal funds be used to support non-income eligible persons to serve as Foster Grandparents.

The Corporation is seeking \$1.5 million above the appeal level for this program. These funds would be targeted at existing programs requiring assistance to support impact programming objectives, including programs of national significance as mandated in the authorizing legislation. Given the absence of authorizing language to support leaders and to permit up to 10% of federal funds to support non-income eligible persons, the appeal does not include funds for these categories under the demonstration authority.

Senior Companion Program

The OMB mark provides for about one-half of the expansion originally requested by the Corporation. A significant part of this expansion was for new projects in underserved areas of the country. In addition, the Corporation sought funds for programs of national significance, leaders, and to offset the costs of expanding income eligibility to achieve impact programming goals.

The Corporation proposed significant growth in this program because it supports the overall strategy of the Administration with respect to independent living assistance. The Senior Companion Program contributes to Federal cost containment of both aging and long-term care services in three direct ways. First, it provides high quality, reliable, low-cost, personal support to seniors experiencing difficulties with activities of daily living, allowing them to live independently within their own homes for as long as possible. Specifically, Senior Companions provide personal companionship primarily to persons who have physical, mental, or emotional impairments. Secondly, local Senior Companion projects represent a timely and significant addition to the array of services available in local communities for adults in need of extra assistance and their caregivers. Finally, by engaging income eligible seniors age 60 and over in providing non-medical personal support with activities of daily living, the Senior Companions themselves experience

higher levels of wellness than peers not similarly involved in meaningful, valued roles within local health and social service agencies.

The Corporation's appeal accepts the overall OMB mark for this activity, with slight adjustments. The Corporation suggests language that will permit the increased funds to be targeted at new projects; leaders, which are authorized under Senior Companions, and programs of national significance will be supported.

OTHER PROGRAM PROPOSALS

Activity	FY 1999 Appropriation	FY 2000 Request	FY 2000 OMB Mark	FY 2000 Appeal
Innovation, Assistance, and Other	\$28,500	\$45,000	\$31,500	\$42,900
Evaluation	5,000	5,830	5,500	5,500
Points of Light Foundation	5,500	6,000	5,500	6,000
TOTAL	\$39,000	\$56,830	\$42,500	\$54,400

The Corporation's appeals for these activities are related primarily to the initiatives mentioned above in other activities. Specifically, expansion of the education award only program under AmeriCorps and maintaining the AmeriCorps Promise Fellows initiative is dependent on the Corporation's appeal being accepted for the Innovation, Assistance, and Other activity.

Innovation, Assistance, and Other Activities

The Corporation's original request of \$45 million for this activity, a significant expansion of \$16.5 million above the prior year level, was intended to fund an enhanced education award only program, the second year of the AmeriCorps*Promise Fellowship program, and a series of initiatives related to training and technical assistance and direct communications with members.

OMB's mark provides \$31.5 million for this activity. It will support reduced efforts in existing training and technical assistance functions, no expansion of funds for education award only programs under AmeriCorps, and 1/3 of the AmeriCorps Promise Fellowship initiative.

The Corporation's appeal for an additional \$11.4 million above the OMB mark focuses on two areas – the education award only program and the AmeriCorps Promise Fellowships.

Education award only programs are the strategy used by the Corporation to place maximum reliance on state and local entities to provide almost all operational funding for AmeriCorps, with the Corporation providing modest funding for program support and the education award. This initiative, announced by the President at the Presidents' Summit in Philadelphia as a new partnership with the non-profit, educational, and faith-based sectors, has particularly strong Congressional support and was a key part of the agreement with Senator Grassley to have the Corporation's average budgeted cost, across all AmeriCorps programs, be \$15,000 plus inflation in fiscal year 2000.

Of the expansion described under AmeriCorps, 4,000 new members will be enlisted through the education award only program. To provide the modest program support necessary for this initiative, the Corporation will require an additional \$2.0 million in this category. These funds will provide about \$500 per member in local program support. In contrast, the OMB mark would not provide for any expansion of this initiative in 2000. The Corporation does not have the legislative authority to support the education award only program through the AmeriCorps grants activity, and it is therefore essential that this activity be funded beyond the OMB mark.

The second area within the appeal is the AmeriCorps Promise Fellowship program. This new initiative supports outstanding and experienced AmeriCorps members spending one year serving as leaders in organizations that are committed to helping to meet one or more of the five goals of the Presidents' Summit. Last year at Philadelphia, President Clinton, former Presidents Bush, Carter, and Ford, Mrs. Nancy Reagan, and General Colin Powell, with the endorsement of many governors, mayors, and leaders of the independent sector, declared: "We have a special obligation to America's children to see that all young Americans have:

- Caring adults in their lives, as parents, mentors, tutors, coaches;
- Safe places with structured activities in which to learn and grow;
- A healthy start and healthy future;
- An effective education that equips them with marketable skills; and
- An opportunity to give back to their communities through their own service."

These five goals are now the five fundamental resources sought by America's Promise -- The Alliance for Youth, is the focus of the campaign to achieve the goals of the Presidents' Summit.

As a major partner in this effort with America's Promise, the Corporation for National Service devotes a substantial part of its activities to help meet these goals, including the work of AmeriCorps, Learn and Serve America, and the National Senior Service Corps. This new Fellowship program is providing States and local communities with additional and unique support through these AmeriCorps leaders to help carry out their plans to provide America's children with these five fundamental resources.

The cost of the program to the Corporation to support about 1,000 members is about \$12.4 million annually; a significant portion of the costs are covered by public and private organizations at the local level. The OMB mark would about support 1/3 the size of the current program of 550 members; in contrast, our appeal level will support a second year of the program at 1,000 members, the level called for in the President's remarks at the City Year Convention in Cleveland, with further growth dependent upon additional local funding.

Evaluation

The Corporation agrees with the OMB mark of \$5.5 million, an increase of \$500,000 above the prior year level. These increased funds will support activities in fiscal year 2000 designed to measure the Corporation's progress against goals established through implementation of the Government Performance and Results Act.

Points of Light Foundation

The Corporation's appeal includes \$6 million for the Points of Light Foundation, an increase of \$500,000 above the OMB mark and the prior year level.

These funds permit the Points of Light Foundation to carry out its broad statutory mandate to encourage every American and every American institution to help solve our most critical social problems by volunteering their time, energies and services through community service projects and initiatives. The additional funds will help support the additional partnerships forged between the Corporation and the Foundation over the last several years, including the joint national and community service conference, collaboration in state and local initiatives to achieve the goals of the President's Summit, the America Reads Challenge, and the President's Student Service Challenge.

ADMINISTRATION

Activity	FY 1999 Appropriation	FY 2000 Request	FY 2000 OMB Mark	FY 2000 Appeal
Program Admin., NCSA	\$28,500	\$33,000	\$33,000	\$33,000
Program Admin., DVSA	29,129	33,500	33,500	33,500
TOTAL	\$57,629	\$66,500	\$66,500	\$66,500

The Corporation and OMB mark are identical for fiscal year 2000; hence, there is no budget appeal under these activities.

The Corporation is appreciative of the support and understanding OMB has shown toward the managerial challenges brought on by the long-term under funding of program administration activities. The proposed level will permit the Corporation to significantly strengthen its managerial capabilities. The Corporation will continue to concentrate its managerial improvements on financial management improvement and on grant oversight. The new program elements will be administered within that funding total.

The Corporation concurs at this time with the OMB passback of 630 full-time equivalent positions. However, because the new program elements within the appeal will require additional grant activity, the Corporation may have to add up to 20 FTEs to manage those grants. The exact FTE totals will be worked out with OMB staff when those plans are developed further during the discussion of the program appeals.

Facsimile Cover Sheet

US Department of Veterans Affairs

To: Thomas L. Freedman - Mary L. Smith &
David Hochshield

Fax No: 456-~~858~~ 7431

From: Peter H. Dougherty
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Transmitting this cover page plus (5) page(s).

Comments: Here is a modified plan that looks to addressing the unmet needs of homeless veterans. It is a very balanced plan that I think you will find if approved would do create a real opportunity to end homelessness among our nation's veterans.

**Completing the Promise
Breaking the Cycle of Homelessness
for America's Veterans**

Increase Outreach to Homeless Veterans:

- 1. Outreach** - Dedicated staff at all VA Medical Centers would mean that more than **100,000 veterans would be seen and interviewed by VA clinicians in outreach activities over a three year term.** The additional staff (150 FTEE) would, on average, spend half their time on outreach activities thereby seeing an additional 10,200 additional veterans each year or more than 30,000 veterans over the three year demonstration.

- 2. Stand Downs** - at as many as 100 sites across the country each year there are events that bring homeless veterans together with community based and state and local government service providers, VA health care and benefits staff and a host of others prepared to assist them and their families with housing, health care, employment, legal, education, transportation or other barriers preventing them from reintegrating back into the social mainstream. We estimate that these events with modest financial support could support these one-stop service delivery programs for homeless veterans. There is a targeted White House project to assure that all veterans at the Millennium will have a safe places to go to and will have be able to secure treatment as we enter the new millennium. This initiative could be targeted to that effort. Between 25,000 and 50,000 veterans could attend these Millennium Stand Downs. Over the three year period between 50,000 and 100,000 veterans could be engaged in first step recovery activities.

- 3. Excess military and civilian clothing** - VA, with GSA and DoD assistance, provides excess property to veterans who are homeless. Generally this consists of boots, hat, coats, pants, shirts and other excess military personal clothing items. Sometimes sleeping bags, blankets and other items are also available. A current inventory lists over 220 items is being distributed to community events [such as stand downs, community-based veteran homeless service providers, to Vet Centers and other VA targeted homeless programs] This Hammer Award winning program has distributed more than \$35 million of property to homeless veterans during the past four years. A significant new initiative to add donated civilian clothing (much more appropriate for veterans attempting to return to work) and donated furniture and equipment could assist thousands of homeless veterans and community based homeless veterans service providers. **70,000 - 125,000 veterans would be assisted by this initiative over a three year period.**

Increase community based residential care and services:

- 1. 31,000 veterans could be housed over three years in high quality community based settings** By having 150 additional FTEE each VA medical center would, for the first time have dedicated staff with community based contract money available including \$2 million for demonstration sites for new women veterans. These new dollars could ensure that more than 19,000 additional veterans are provided residential care over three years.
- 2. Nearly 20,000 veterans additional could be serviced over three years by community based programs** by increasing per diem by \$7 million for new grantees, providing \$5 million for non grant recipients and using \$2.5 million in new funds in years two and three. Average cost per veterans is estimated to be \$1440
- 3. The psychological break to being homeless among veterans is to be gainfully employed.** VA offers Compensated Work Therapy (CWT) to address this need. This program offers many veterans with significant barriers to employment, particularly homelessness, with job readiness, job hardening, experiences. At present this medical care program results in some veterans being able to move directly into competitive work in the community (approximately 3,500 annually) with nearly 10,000 who need additional skills development and training. An additional \$2.0 million annually would allow ten significant new program activations and ten significant program augmentations of CWT sites and expand programs that could place more formerly homeless veterans in competitive employment. More than 6,000 veterans could benefit from this initiative over three years.

Collaboration with others

The missing (Federal) links to help homeless veterans.

- 1. HVRP - the Homeless Veterans Reintegration Program (administered and funded by DOL VETS)** provides small grants to community based non-profit organizations who work directly with homeless veterans. Currently this program receives \$2.5 million and has 22 operating sites. If funding is provided in the amount of \$12.5 million, (an increase of \$10.0 million) we believe one or more projects could be awarded in 3/4's (37) of the states. (Up to 100 grantees could be funded - up to 45,000 veterans could be served with up to 30,000 placed back on to employment rolls over the three year period.

2. **Veteran representation on HUD's local planning boards.** There is a strong need to have a veterans advocate at the local level since there is no existing mechanism to assist veterans at the national level to ensure that the needs of homeless veterans are addressed locally.
3. VA has, for more than 4 years, conducted meetings with strong participation from the veterans community to looking into the services available locally for homeless veterans (catalogue/list the current resources), identify the unmet needs, and develop local action plans to address those unmet needs. This meeting and report (called "CHALENG for Veterans") occurs at each VA medical center across the country and is filled with local resource information and unmet needs of veterans in that area. A targeted way to get that information to HUD's local planning process should be initiated. **IF HUD used the "CHALENG for Veterans" Report it would significantly ensure that the needs of homeless veterans are being looked at in the local continuum of care plans.** As with any reporting system, the weight each community would give to this information may vary, however, it is important for this information to be considered.
4. **HUD-VASH** - Long term housing has been identified as one of the top unmet needs of veterans for several years in our CHALENG report. Each VA employees [generally a social worker] case manages approximately 30 voucher recipients. A number, believed to be up to 500 HUD Section 8 vouchers are expected to expire in the near future. All current vouchers for veterans should be held and more vouchers should be offered for seriously mentally and physically ill veterans who have been homeless. If thirty additional sites were added to the present list and 1,800 future vouchers would be added, there would be a total annual VA staff investment of \$4.0 million, **1,800 veterans would have long-term housing** which will reduce their dependence on VA health care system. [HUD costs associated with this proposal are unknown.]
5. **AmeriCorps** -- Military service and civilian voluntary service are found to be highly compatible under the Corporation of National Service's "Collaboration for Homeless Veterans." LA VETS is a National Direct grantee from the Corporation and operates a highly effective program with approximately 90 full-time members. Approximately 40% of those members are veterans and many of those veterans have formerly been homeless. A near tripling of full-time members to 250 (nationwide) could mean operating programs in at least 20 states and provide outreach and coordinating community resources with VA health care for at least 50,000 veterans who are homeless.

Program Monitoring and Evaluation

1. Monitoring and evaluation of VA's homeless programs has been rigorous since its inception more than ten years ago. With all the additional programs and sites suggested and to ensure a quality review with reliable information that is both understandable and comparable to existing program monitoring an additional \$0.5 million annually for the North East Program and Evaluation Center (NEPEC) is needed. NEPEC's high quality standards of review are unmatched under any existing homeless program system in the country and is the best protection to ensuring that the highest quality evaluation is conducted.

FINAL COSTS/SUMMARY:

Impact on Lives

Over 3 years, more than 250,000 veterans will be seen, provided clinical care, including contract residential care and care provided under per diem, job preparation and job referral. Tens of thousands will, as a result of this increase intervention, be healthier and happier thereby reducing out nation's health care costs appreciably.

If 40,000 veterans are returned to work, by year three and make \$1,000 per month, the economy will be enriched with \$480 million in paid wages and even at an overall tax contribution of 15%, a contribution of \$72 million in the total tax revenues could be achieved.

Estimate of Veterans Impacted by Program Area Over a Three Years Period

	Existing and New	New Only
Outreach	100,000	30,000
Stand Downs	105,000	37,000
Clothing Distribution		
Contract Care	31,000	19,000
Per Diem	42,000	30,000
CWT	40,000	9,000
HVRP	45,000	30,000
AmeriCorps	25,000	15,000
TOTAL	388,000	170,000

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	Year 1	Year 2	Year 3
Outreach and Community Contract Clinical Care	27	27	27
New Grants	12	12	12
Per Diem for Grantees	7	7	7
Per Diem for Non-Grantees	5	5	5
Compensated Work Therapy	2	2	2
Stand Downs	2.5	2.5	2.5
Excess Property Distribution	0.5	0.5	0.5
Program Monitoring	0.5	0.5	0.5
Ongoing efforts		5	10
TOTAL by YEAR	66.5	61.5	66.5
ADD'L Funding - Other Agency Collaborations			
HUD-VASH (VA costs only)	1	2	3
HVRP	10	10	10
TOTAL by YEAR	11	12	13