Cynthia A. Rice 11/19/99 01:35:59 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP

cc: Andrea Kane/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP, Eugenia Chough/OPD/EOP@EOP

Subject: New Ideas for FY 2001 Budget

Here are our new ideas to date on welfare (defined broadly as usual). It's a bit long but designed to be easy to read. As the chart on the first page shows, many of these ideas could be packaged in a number of useful ways, and could perhaps be joined with some other team's proposals under certain broad agenda categories.

FY01 Budget Ideas 1119 to br,

We have not finished preparing tobacco ideas. Do you want us to write up various pay-for options yet? Besides the expected investments in FDA and CDC prevention programs and the DOJ lawsuit and the $328 appropriation for tobacco farmers we should extend in 2001, we could, if we were willing to re-open recoupment, put together a tobacco prevention package which we would require states to fund out of their state settlement dollars as a condition of receiving federal Medicaid funds. It would never pass the Congress, but it would better define what we want states to do and Shalala could use it as a platform if we send her around to state legislatures. Dan Mendelson is interested Medicaid coverage of cessation which could be part of such a package. There are several down sides -- how do we handle farmers... are we willing to put a price tag on how much we want states to spend, etc. Do you think this is worth exploring?

Various Ways to Package Welfare Budget Ideas
11/19/99 DRAFT

	Promote Responsible Fatherhood	Support Working Families	Help People Get to New Jobs	Move More People from Welfare to Work	Encourage Saving and Asset Building	Promote Faith and Community	Foster One America
1. Child Support Enforcement	√	√		√			
2. Welfare to Work Grants	√			√		√	
3. Housing Vouchers	√	√	√	√			
4. Transportation		√	√	√			
5. Food Stamps		√	√	√			
6. Individual Development Accounts		√	√		√		
7. Homeownership		√			√		
8. WOTC/WtW Tax Credits				√			
9. Full Funding of Social Services Block Grant		√		√			
10. Transitional Medicaid		√		√			
11. Legal Immigrant Benefits		√					√
12. Ex-Offender Employment	√	√					
13. Incentives for Charitable Giving		√				√	
14. Tax Credit for Work Expenses for People with Disabilities		√		√			
15. Increased Access to Technology for People with Disabilities		√		√			
16. DOL Funding for Employment of People with Disabilities		√		√			

child support audits
→ target them on particular areas
→ undistributed support

Welfare to Work Budget Ideas
11/19/99 DRAFT

1. **Child Support Enforcement**: While child support collections have risen dramatically under the reforms enacted by this Administration, in too many cases child support is an unreliable source of income for families moving from welfare to work and other low income families. We could put forward a package of proposals to a) collect more child support; b) provide more reliable support for mothers and children; and c) help low-income fathers get jobs so they can support their kids. These proposals could be coupled with new collection data we expect to have shortly showing collections since 1992 have nearly doubled, from $8 billion to an expected $15.5 billion or more.

   a) **Collecting More Support:** We are just beginning to explore the feasibility of increasing federal involvement in garnishing wages and bank accounts in interstate child support cases. Currently, the federal government, through the newly created federal databases, locates the jobs and bank accounts of deadbeat parents in other states, but then relies on the states to follow up. The federal government could possibly assist state efforts by directly contacting the employer of the deadbeat parent to begin withholding wages and contacting the financial institution to seize financial assets.

   BR - good work on it

   b) **Streamlining Child Support Distribution Rules So Mothers Get More Reliable Child Support Income**: The current child support distribution rules are complex and often counterproductive. When a father pays support in a given month, whether or how much of that support goes to his children depends on a complex set of rules involving whether the child is or ever was on welfare, and whether the father owes past due support that accumulated before the mother and child were on welfare, while they were on welfare, or after they left welfare. As a result, there is often little connection between what a father pays and what his family gets, parents have less incentive to cooperate with the child support system, families can't count on stable child support income, and state child support staff spend time figuring out how to distribute payments every month among 14 categories – time they should use to collect more support.

   Send BR longer piece

   HHS has proposed a two part proposal, which simplifies the child distribution rules at a cost of $500 million over 5 years, and also provides federal match to states that pass through child support to families on welfare, at a cost of $100 million over 5 years. (These proposals cost money because collections which under the current rules would go to the state and federal governments for past-due support accrued before or while the family was on welfare would go instead to the family.) The cost of the pass through proposal is kept low by providing federal match only to states that increase their pass through from current levels (about half the states currently pass through $50 or more) up to a cap of $100 per month. We would suggest amending this to give the handful of states now passing through $100 or more some incentive by providing federal match for either additional pass through up to a total of $100 per month or $50 more than the current pass-through level.

Possible new pay-fors
(3) assume higher pay → savings in incentive funds
(4) payments to states → new obligated based on expected use on a rolling basis → long term savings

Republican House members and states are very interested in reforming the distribution rules; in particular Rep. Nancy Johnson's Ways and Means subcommittee staff have indicated they plan to make this a priority in the coming months. House and Senate Democrats and some Republicans are interested in increasing pass through to families on welfare, including Senators Kohl, Snowe, Bayh, and Domenici who have introduced bills to do so.

Also (1) paternity (2) 3 year reviews

HHS partially funds these proposals by an initiative to require states to seize gambling proceeds from parents who owe child support, raising just over $200 million over five years. Other ways to restructure ~~for paternity~~ to address paternity issues

c) **Enable more low income fathers to work and pay child support** (see Welfare-to-Work grants and Ex-Offender Employment sections below).

d) OCSE employment demos? e) law enforcement initiative

2. **Welfare-to-Work Grants**: New investments in the Welfare-to-Work program could help both long-term welfare recipients (mostly mothers) and non-custodial parents (mostly fathers) get and keep jobs. Since 1998, the WtW program has invested more than $350 million in projects helping non-custodial parents of children on welfare to work and support their families. At the same time, the new technical amendments which include an explicit personal responsibility contract requiring child support cooperation for non-custodial parents and expand eligibility for non-custodial parents should increase the program's focus on fathers. There are several ways we could propose additional resources for Welfare to Work:

   a) **Propose additional $750 million - $1 billion, similar to our FY 2000 proposal**, with some additional program changes we proposed this year that were not enacted as part of the technical amendments (including requiring states to spend at least 20% on low income fathers, increase funding for tribes, allow tribes to apply directly for competitive grants, rolling unallocated formula funds to competitive grants and giving preference to communities and tribes from states who chose not to apply).

   b) **Propose $250 - $500 million only for competitive grants**, with major emphasis on responsible fatherhood and other priorities. Major advantages of this approach include: there has been strong unmet demand for competitive grants, this gets funds directly to locals (many competitive grantees are cities and counties), it positions us for working with Hill on fatherhood proposals, and it targets resources where they are most needed.

   c) **Extend the three year deadline** for formula and competitive grantees to spend down FY 1998 and FY 1999 funds. This would probably not have a cost given OMB's spending projections, but it probably would given CBO's (which we expect to assume all the $3 billion is not spent in time).

3. **Housing vouchers**: We should support HUD's overall request for $983 million for 172,000 new Section 8 vouchers, with the caveat that 50,000, rather than the 25,000 HUD proposed, be used for welfare to work. In addition, we should propose designating approximately 1,000 vouchers for family reunification awarded on a competitive basis for responsible fatherhood demonstration projects that encourage non-custodial parents to re-unite with their

Also OMB, Gene proposal on making vouchers work both → expand markets → discrimination

families. This would build on a promising father's program implemented in Hartford. OMB advises that Congress has historically provided several thousand family unification vouchers, even in years when they provide no new vouchers, though these vouchers have traditionally focused on keeping families together to avoid foster care.

4. **Transportation:** There are several ways we could help low income families get the transportation they need to get to work.

   a) **Access to Jobs Transportation**: Support funding at full authorized level of $150 million. Funding of $150 million would roughly double the number of communities served (as many as 150 new projects) and provide continued funding for the multi-year projects approved in FY 1999. For FY 2000, Congress provided funding only at the guaranteed level of $75 million, then earmarked about $50 million of the funds, leaving only about $25 million for competitive grants.

   → CDFIs / South Shore Bank

   b) **Family Loan Program**: We could provide one-time seed funding to one or more national organizations to provide loans to low-income families, which under current models families use primarily to repair or purchase cars. The Ways to Work loan program has already provided $13 million in loans ranging from $750 to $2,500 [chk] to over 12,000 families in about 30 sites to help them move to self-sufficiency and is now seeking federal funding to expand this effort to reach over 50,000 families in 70 communities over the next 10 years. TANF funds could be used for this purpose, though state by state investments may be an inefficient way to spur a national effort.

   ? HHS / office of Comm Services

   Minneapolis

   process ak into Congress NOFA

   c) **Promote Car Leasing**: Another option is to help low-income families lease cars, which provides access without the ongoing responsibility of ownership. We are investigating several ideas outlined by Paul Glastris, including tax credits to encourage companies to enter this market (building on a model by former Detroit Lion Mel Farr who the President met with during his first New Markets Tour), more generous depreciation rules on used cars, making the tax code more favorable for working poor people who buy or sell used cars, or subsidies to families to offset leasing costs. As with loans, TANF funds could be used for this purpose.

   New Markets

   PPI auto choice / insurance idea → car insurance more affordable to low income families

   d) **Food Stamp Vehicle Limit**: See below.

   e) **IDAs** -- Expand to Include Cars: See below.

5. **Food Stamps**: There are several proposals we could make to help ensure access to food stamps for working families. Unlike the executive actions we took last July, these require legislative changes.

   a) **Food Stamp Vehicle Limit**: Currently families with incomes under 130 percent of poverty who own a car worth more than $4,650 are not eligible for food stamps. In recognition of the importance of a reliable car for families moving from welfare to work, most states have increased their vehicle asset limits for TANF. This proposal would give states the option to conform this food stamp vehicle limit to the vehicle limit used in their

get list of states alternative: one year transition

TANF or Medicaid program, ensuring families that work their way off welfare do not suddenly face the loss of their food stamps if they buy a reliable car. This builds on the executive action we took this summer, which clarified that states could use the higher TANF limit for families receiving TANF funded services, even if they did not receive TANF-funded cash assistance. This will cost $1.6 billion over 5 years, and is part of broader bipartisan anti-hunger legislation, introduced by Senators Specter and Kennedy and Representatives Walsh and Kaptur which is strongly supported by advocacy groups and also includes legal immigrant food stamp benefits (see below), an increase in the shelter deduction ($495 million over 5 years) and increased funding for TEFAP – emergency food ($20 million appropriation per year).

$1.7 if reg change could be less

b) **Food Stamp Outreach**: We should propose at least $10 million for FY 2001 for on-going food stamp outreach efforts, including campaign materials and an enhanced 1-800 number. We are exploring whether a "Community Food and Nutrition" HHS program that Congress funded at $5.5 million for FY 2000 could be useful in this regard. (HHS proposes no funding for FY 2001 in anticipation that Congress will continue funding this effort.) Neighborhood Innovation program - HHS asked for $27 mi
** multiple program outreach **

fund through one stops? HHS?

c) **Improving Nutrition Among the Elderly**: Less than 30 percent of the elderly who are eligible for food stamps actually participate. For many, the application process is too complicated while others are to embarrassed to seek out and use food stamps. To overcome these barriers, USDA proposes to spend $65 million over five years ($15 million in FY 2001 and $25 million in '02 and '03) to conduct a pilot program which will test an array of alternative application and benefit structures over three years. These alternatives would test a commodity alternative for the elderly, a streamlined food stamp application process, and provide assistance in completing applications. We plan to examine this proposal closely to see if it is worth supporting. Use $ for 1-800?

d) **Food Stamps for Legal Immigrants**: see section on Legal Immigrants below.

e) Child Care + Adult Feeding Proposal (COMB) → proactive proposal to prevent fraud produce savings

6. **Individual Development Accounts**: We should support HHS's request for funding the Assets for Independence IDA demonstration program at full authorized level of $25 million and should consider expanding IDA use to include cars needed to get or keep a job. Currently, both the IDA demonstration program and the IDA provisions under TANF allow these matched savings accounts for three purposes: to buy a first home, pay for higher education, or start a small business. Helping families to save for a car reinforces the importance of saving while giving them access to a vehicle which will allow them to get a job, keep a job, or take advantage of job opportunities they couldn't otherwise access, and reduce long and stressful commutes. In FY 2000, the Administration proposed $20 million for IDAs, but Congress only appropriated $10 million. IDA technicals

Assets – Race Gap

7. **Homeownership**: We are exploring a number of options to promote home-ownership among low-income families. We understand Treasury is developing a proposal to encourage homeownership through a tax credit that reduces monthly costs for low-income homebuyers. PPI has proposed "no interest second mortgage tax credits" to lending institutions that are willing to make small no-interest 25 year loans to qualified low-income families to use as

child dev't accounts (asset rules) - SITC → ? leave under NEC?

section 8 for homeownership (now allowed)

down payments. Incentives could also be provided to employers to help their low-income employees buy homes, such as Bank of America's Associate Home Ownership Program which was highlighted in the President's August 3rd welfare town hall. This approach has the advantage of connecting employment and home ownership, and enlisting employer participation, but on balance, it probably makes more sense to subsidize individuals than businesses. We could certainly highlight leading-edge companies such as Bank of America, whose efforts would complement a tax credit for families, in any announcement.

8. **WOTC/Welfare to Work Tax Credits**: We should support multi-year extension or permanent extension of these credits beyond the new December 31, 2001 date. Cost to be determined.

OMB can't pay for

Tony fight to OMB

9. **Full Funding of Social Services Block Grant**: We should support full $2.4 billion funding of the Social Services Block grant, which states use to invest in child care, foster care, and other family services. HHS's budget proposal funds SSBG at only $1.7 billion, the amount enacted in FY 2000 but a $680 million cut over our proposal last year. This issue is important to the child care advocacy community.

Genie to check - is 1.7 bi full auth amt

target resource to child welfare

OMB = some increment maybe 1999 $1.775

10. **Transitional Medicaid**: The transitional Medicaid program, which provides a year of Medicaid for families leaving TANF due to increased earnings or child support, is expiring in FY 2001 and we should propose to extend it. [Need to verify costs, whether HHS proposed it, what health team thinks].

Genie

Report card on insurance for low-income families

11. **Legal Immigrant Benefits**: At a minimum we should repeat the proposals we made last year, and there are compelling reasons to go further in several areas.

a) **Health Care**: Our FY2000 proposal would have provided a state option to cover children and pregnant women under CHIP and Medicaid, regardless of when they entered the U.S. (Under current law, states have this option only for immigrants who arrived in the U.S. before 8/22/96.) This proposal has bipartisan support and was introduced by Senators Chafee, Mack, McCain, Jeffords, Moynihan, and Graham and costs $325 million over five years.

The immigrant groups support expanding our proposal by adding one introduced this year by Senator Moynihan and Rep. Levin that would expand this Medicaid state option to also cover disabled immigrants irregardless of when they enter the U.S. This proposal would cost about $2 billion over 5 years. The groups identified this as their highest priority to add to our proposals from last year.

b) **Domestic Violence Victims**: The immigrant groups say their second priority above our proposals from last year is to allow legal immigrants who are qualified under the Violence Against Women Act due to domestic violence to be eligible for all federal public benefits, including SSI, food stamps, TANF, Medicaid, and CHIP, regardless of the date of entry. Cost is likely to be small, but is yet undetermined.

c) **Refugees**: The groups' third highest priority is to eliminate the 7 year limitation on the exemption from all benefits for refugees and asylees. The argue many elderly or disabled refugees have a very hard time learning English or otherwise qualifying for naturalization and will lose benefits without this extension. The Balanced Budget Act extended these benefits from 5 to 7 years.

d) **Food Stamps**: Last year, our budget contained a modest food stamp proposal making legal immigrants in the United States on August 22, 1996 who subsequently become elderly eligible for food stamps, at cost of $60 million over 5 years. (The 1997 Agricultural Research Act covered those already elderly as of 8/96.)

There is growing support for a much broader restoration, which would make all legal immigrants eligible for food stamps (this principally adds adults who entered the U.S. before 8/96 and all immigrants who entered the U.S. after 8/96 to the restorations made by the Agricultural Research Act.) This proposal would cost $975 million over five years. This broader restoration was included in bipartisan anti-hunger legislation introduced by Senators Specter and Kennedy and Representatives Walsh and Kaptur which is strongly supported by advocacy groups and also includes expanding the food stamp vehicle limit (see above), an increase in the shelter deduction ($495 million over 5 years) and increased funding for TEFAP – emergency food ($20 million appropriation per year).

It is also possible to devise a proposal to restore food stamps to specific subsets of the legal immigrant population (e.g., all those eligible under our SSI proposal – see below; all immigrants who entered the U.S. before 8/96; all household with children and/or elderly, irregardless of date of entry).

e) **SSI Disability Payments**: SSI payments for the poor disabled also confer Medicaid eligibility. The Balanced Budget Act of 1997 restored disability and health benefits to 380,000 legal immigrants who were in U.S. before 8/96 and become disabled after entry. Our FY 2000 budget would have restored eligibility for SSI and Medicaid to legal immigrants who enter the country after that date if they have been in the United States for five years and become disabled after entering the United States, at a cost of about $1 billion over 5 years. This proposal needs to be rescored but will be much more expensive this year, since with the passage of time more immigrants would qualify.

BR could go either way
OMB will fight

Neither the Balanced Budget Act nor our FY 2000 proposal restored SSI to the poor elderly who are not disabled (who would be covered under SSI if they were citizens and many of whom eventually will qualify as disabled as they become frail). This provision is included in the Moynihan/Levin bill, but this expansion of our proposal has not been identified as high a priority as others listed above by the key groups we have consulted. We do not have a score of the cost of this addition.

12. **Ex-Offender Employment**: Because many low-income non-custodial parents have criminal records and a high proportion of men in prison are fathers, we're exploring ways to help men in prison become better fathers and prepare them for employment upon their release. DOL has proposing $200 million in the FY 2001 budget for ex-offender training through the

Workforce Investment Act, and DOJ is proposing a re-entry program. In concept, these initiatives have merit and we are in the process of learning more about both department's proposals.

13. **Incentives for Charitable Giving**: There are a variety of tax proposals we developed leading up to the Philanthropy Conference we may wish to propose in the FY 2001 budget.

    a) **Deductibility of Charitable Contributions for Nonitemizers**: One broad change that could effect both the level and composition of individual gifts would be to allow non-itemizers to claim a deduction (or tax credit) for charitable contributions above a certain floor. In addition to affecting the total amount of charitable contributions, allowing non-itemizers to take such a deduction could also affect the proportion of gifts going to different types of recipients since non-itemizers gifts disproportionately benefit religious organizations and social service groups as opposed to educational institutions and private foundations. There are a number of ways this proposal could be structured, which could cost from $2 to $6 billion a year.

    b) **Allowing Charitable Giving Until April 15**: If the charitable deduction is meant to provide some incentive for charitable giving, there should be consideration of the entire design of the program in order to achieve this purpose in the most effective manner. The cost of this proposal is negligible.

    c) **Excise Tax on Investment Income of Private Foundations**: Private foundations pay an excise tax on their net investment income, which includes interest, dividends, and net capital gains and is reduced by expenses incurred to earn this income. While the intent of the distinction between a 1 and 2 percent rate of tax on investment income was to prevent foundation disbursements from falling, the mechanism is unduly complicated and may even reduce foundation giving. This excise tax should be eliminated or modified. Cost to be determined.

    d) **Improving Disclosure by Charitable Organizations**: Because of the public nature of charities, their tax returns are open to the public and by far the most important source of public information about charitable organizations are the IRS Forms 990 annual information returns. Over the years, the amount of information to be included on these returns by charitable organizations has increased, as have the penalties for failure to file and accurately completing these returns. Despite the evolution, the Forms 990 are frequently criticized both by charities who have difficulty completing them and by the public that has difficulty reading them. Requiring electronic filing of Forms 990 would make it easier for the public to access this information and reduce fraud.

14. **Tax Credit for Work Expenses for People with Disabilities**: We should propose again the tax credit developed by our health team, which would providing a $1,000 tax credit for work-related expenses for people with disabilities. Under this new proposal, workers with significant disabilities would receive an annual $1,000 tax credit to help cover the formal and informal costs that are associated with employment, such as special transportation and

technology. Last year, this tax credit was estimated to cost $700 million over 5 years and projected to help 200,000 to 300,000 Americans.

15. **Increased Access to Technology for People with Disabilities**: We should make again the proposal NEC developed for last year's budget which would: (1) help make the federal government a "model user" of assistive technology; (2) support new and expanded state loan programs to make assistive technology more affordable for Americans with disabilities; and (3) invest in research, development and technology transfer in areas such as "text to speech" for people who are deaf, speech recognition, and eye tracking for people who cannot use a keyboard. Last year's proposal cost $35 million in FY 2000, more than doubling the government's current investment in deploying assistive technology.

16. **Labor Department Funding for Employment of People with Disabilities**: The Department of Labor has proposed $148 million in FY 2001 to help increase the employment of people with disabilities. The concept is worth considering, but we need to work with DOL to better define what the funds would be used for.

Jennings = use tobacco $ for prescription drugs

Add Substance Abuse grants
Cessation a) Medicaid b) VA/DOD c) FEHBP

Lookback for states

As condition of federal Medicaid funding.....
→ if youth smoking rates don't decline
Koop/Kessler - McCain rates states have to spend a certain amt %
CDC rates on prevention programs
look @ Daschle/Conrad prevention activity → add health coverage

Tax ?

Down to 50 cents ⟷ 63 cents → where are we?
and add lookback???

Tie excise tax triggered by youth smoking rates

Robb/Bauchner bill → what does Treasury think?

Bruce 11/22 - spoke to Jack
→ more likely to want for tax cuts rather than discretionary
→ so lookback that doesn't make $8 in first couple years
→ if not below 15%
↑ 30 cents

→ set-aside for after-hours care

-- should we try again on teacher scholarships?

→ Think through revised ~~what's~~ quality proposal

CHILD CARE

1. Move CCDBG to discretionary side, scale back to $5b over 5 {$2bn in 2001 (Dodd)
2. Scale back Early Learning Fund if possible was $600 mi/yr → work in/approps → rest in out years advance approps}
3. An inexpensive paid leave demo
4. Whatever you recommend on SSBG
5. Child care tax
6. ~~Comment~~ Campus Child Care (Dept of Ed)

WELFARE/FOOD STAMPS/IMMIGRANTS

1. Child support enforcement/distribution rules/pass-through: 100m/yr (maybe more if we can come up with a good enforcement idea)
2. Competitive grants for welfare-to-work: 250-500m, with another 500-750m of formula grants in the out-years (and extend the 3-yr deadline for when they can spend down the $). We're looking at the VP's proposal for work requirements for fathers.
3. Cars-to-work: Raise the food stamps vehicle limit (1.6b over 5), plus perhaps a few other cheap bells and whistles
4. IDAs: 25m
5. Food stamp outreach: 10m (We're also looking at USDA's proposal on elderly nutrition)
6. Whatever you think we can get on immigrant benefits
7. Re-entry: DOL has proposed a training program for ex-offenders; we're also looking at a DOJ proposal on fathers leaving prison. Maybe we should combine all these fatherhood proposals together into a single package.
8. Pell

In the no-cost department, we'd like to expand charitable choice to whatever social services programs we can.

Child Care
Welfare to Work
EITC
Immigrant Benefit
Food Stamps
SSBG

Labor - Next Time
- Universal Reemployment
- Ex Offenders
- Disabilities

OMB Proposal → have separate mtg

TANF
① proposal for BA (rescind cont fund)
② More aggressive supplemental growth fund cap

1-800 #

OMB ideas on Welfare

- Funds for additional training + support services through One Stops
  next to leverage TANF $s

- Make TANF + Food Stamps + Medicaid mandatory partners @ One Stops

- Competitive grants for job training
- Case management $ to One Stops
  ?? competitive or formula ??

Low wage workers broadly (not just for new TANF)

EITC - NEC

① Third Tier - for families w/ 3 children
(poverty rate for families w/ 3 kids about twice as high as w/ 2)
→ phase outs

② Marriage penalty for EITC

→ Think about this in context of total marginal tax rate
→ DCTC
→ '

TO: Cynthia, Eric, Andrea

Dick Saul from ACF faxed me attached description of "Demonstration Partnership Program". This is model for their Neighborhood Innovation program.

Gene

This Facsimile is from the

Administration for Children and Families
Office of Community Services
Demonstration and Special Projects Division
370 L'Enfant Promenade, SW
Washington, DC 20447-0001

FAX NUMBER: (202) 401-5538

This transmission consists of this cover page plus 4 **pages.**

Date: 11-24-99

To: Gene Chorogh

Phone:

Fax No: 456 7431

From: Dick Saul

Office:

Phone: (202) 401-9341

MESSAGE: Here's the stuff on "DPP" that I said I would send. Happy Thanksgiving!
Dick

THE DEMONSTRATION PARTNERSHIP PROGRAM

The Demonstration Partnership Program (DPP), administered by OCS, in ACF, was created by Section 408 of the Human Services Reauthorization Act of 1986, as amended in 1994. ***It is the laboratory for new ideas coming from local communities*** through the network of 1000 Community Action Agencies -- local agencies that are in the forefront of the movement from "Maintenance to Transformation" in social services that is at the heart of welfare reform.

DPP's purpose is to stimulate the development of innovative approaches to increasing the self-sufficiency of the poor; to test and evaluate these new approaches, and to encourage their replication through dissemination of project results and findings. DPP strengthens the ability of grantees to integrate, coordinate and redirect activities through community partnerships promoting maximum self-sufficiency among the poor. As such, DPP can be a powerful resource for States as they seek to move TANF recipients into sustaining jobs.

Demonstration Partnership Grants are made to Community Action Agencies and other CSBG Eligible Entities for projects which are: • Innovative • Involve new combinations of community partnerships • Include rigorous third party evaluation of process and outcome. Three-year grants are made for general programs for an amount up to $350,000, with a 100% non-federal match.

Since 1987, 104 grants have been awarded under the program addressing a wide range of issues which are now of vital importance to States as they seek successful transition of TANF recipients to work which can sustain their families. Some examples: DPP in 1987 funded two ground-breaking projects in ***micro-enterprise/self-employment*** for the poor in Vermont and New York State which became models for similar programs across the country. In 1989 DPP funded the first project for *comprehensive* ***Family Development for self-sufficiency*** in Marshalltown, Iowa, which now trains communities across the country in the highly successful techniques of this innovative approach which builds on family and personal strengths and self-evaluation. In 1992 DPP funded a Philadelphia project which for the first time has successfully developed *Micro-Enterprise/Self-Employment opportunities for* ***homeless men and women.*** That same year DPP funded the *Phoenix* ***Young Fathers Mentoring*** *Program*, in which for the first time the Big Brothers/Big Sisters organization worked with young fathers to help them assume greater responsibility for the well being of their children. In 1994 DPP funded *Steps to Career Success, a program in Tacoma, WA which provided essential* ***post employment support services*** *to former welfare recipients newly placed in jobs. In September 1997, the Vice President invited the project's Director, Rosemary Barnhart to present the project findings to his Coalition for Sustaining Success, and included among materials given to all conference participants the project's* ***Guidelines for Establishing a Post Employment Support services Program for Welfare Recipients.*** Other projects funded in 1994 include *the Penquis* ***Prisoners/-Families*** *Project,* which is working with inmates to strengthen ties to their families and help prepare them for gainful employment after release; the ***Lead Abatement Awareness and Training Program,*** in Fresno, CA, which trains and certifies low-income weatherization crew members statewide in lead hazard control; and the ***Western Maine Family Development Partnership,*** on which Maine is basing much of its TANF program.

DPP is one of the few programs that requires strict third-party evaluations of all funded projects. The recently published ***Self-Sufficiency Project Implementation Manual*** provides valuable insights on "best practices" learned from eight years of DPP projects to achieve successful programs. ***With modest funding DPP can continue its ground-breaking work in identifying and overcoming the barriers to successful transition from welfare to work, in sectoral development of true career opportunities for TANF recipients, and in new efforts with the growing prison populations and support for noncustodial parents, to increase their capability to fulfill their family responsibilities.***

Appropriations for DPP are authorized at $30 million; DPP last received a then "full" $7.9 million appropriation in FY 94; the last appropriation, in FY 1995, was rescinded by the Congress in May 1995. The DPP authorizing legislation remains intact. Because of DPP's broad flexibility and focus on locally developed innovative solutions to pressing problems facing successful transition from welfare to work, there is growing interest in renewed funding for the program. October 1999

DEMONSTRATION PARTNERSHIP PROGRAM AUTHORIZING LEGISLATION (As ammended in 1995)

HUMAN SERVICES REAUTHORIZATION ACT OF 1986

Sec. 408. DEMONSTRATION PARTNERSHIP AGREEMENTS ADDRESSING THE NEEDS OF THE POOR.

(a) GENERAL AUTHORITY.

(1) In order to stimulate the development of new approaches to provide for greater self-sufficiency of the poor, to test and evaluate such new approaches, to disseminate project results and evaluation findings so that such approaches can be replicated, and to strengthen the integration, coordination, and redirection of activities to promote maximum self-sufficiency among the poor, the Secretary may make grants from funds appropriated under subsection (e) to eligible entities for the development and implementation of new and innovative approaches to deal with particularly critical needs or problems of the poor which are common to a number of communities. Grants may be made only with respect to applications which

(A) involve activities which can be incorporated into or be closely coordinated with eligible entities' ongoing programs;

(B) involve significant new combinations of resources or new and innovative approaches involving partnership agreements; or

(C) are structured in a way that will, within the limits of the type of assistance or activities contemplated, most fully and effectively promote the purposes of the Community Services Block Grant Act; and

(D) contain an assurance that the applicant for such grants will obtain an independent, methodologically sound evaluation of the effectiveness of the activities carried out with such grant and will submit such evaluation to the Secretary.

(2) No grant may be made under this section unless an application is submitted to the Secretary at such time, in such manner, and containing or accompanied by such information, as the Secretary may require.

(3) Initial and subsequent grant awards may fully fund projects for periods of up to 3 years.

(b) FEDERAL SHARE; LIMITATIONS.

(1) (A) Subject to subparagraph (B) grants awarded pursuant to this section shall be used for new programs and shall not exceed 50 per centum of the cost of such new programs.

(B) After the first funding period for which an eligible entity receives a grant under this section to carry out a program, the amount of a subsequent grant made under this section to such entity to carry out such program may not exceed 80 percent of the amount of the grant previously received by such entity under this section to carry out such program.

(2) Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services.

(3) Not more than one grant in each fiscal year may be made to any eligible entity, and no grant may exceed $350,000. Not more than 2 grants may be made under this section to an eligible entity to carry out a particular program.

(4) No application may be approved for assistance under this section unless the Secretary is satisfied that-

(A) the activities to be carried out under the application will be in addition to, and not in substitution for, activities previously carried on without Federal assistance; and

(B) funds or other resources devoted to programs designed to meet the needs of the poor within the community, area, or State will not be diminished in order to provide the matching contributions required under this section.

(c) PROGRAMS DIRECTED TO SPECIAL POPULATIONS.

(1) In addition to the grant programs described in subsection (a), the Secretary may grants to community action agencies for the purpose enabling such agencies to demonstrate new approaches to dealing with the problems caused by entrenched, chronic unemployment and lack of economic opportunities for urban youth. Demonstrations shall include such activities as peer counseling, mentoring, developing of job skills, assistance with social skills, community services, family literacy, parenting skills, opportunities for employment or entrepreneurship, and other services designed to assist such at-risk youth to continue their education, to secure meaningful employment, to perform community service, or to pursue other productive alternatives within the community.

(2) Such grants may be made only with respect to applications that---

(A) identify and describe the population to be served, the problems to be addressed, the overall approach and methods of outreach and recruitment to be used, and the services to be provided;

(B) describe how the approach to be used differs from other approaches used for the population to be served by the project;

(C) describe the objectives of the project and contain a plan for measuring progress toward meeting those objectives; and

(D) contain assurances that the grantee will report on the progress and results of the demonstration at such times and in such manner as the Secretary shall require.

(3) Notwithstanding subsection (b), such grants shall not exceed 80 percent of the cost of such programs.

(4) Such grants made under this subsection on a competitive basis shall be based on an annual competition determined by the Secretary. Grant made under this subsection shall not exceed $500,000.

(d) DISSEMINATION OF RESULTS. ---- As soon as practicable, but not later than 180 days after the end of the fiscal year in which a recipient of a grant under this section completes the expenditure of such grant, the Secretary shall prepare and make available to each State and each eligible entity description of the program carried out with such grant, and relevant information developed and results achieved, and a summary of the evaluation of such program received under subsection (a)(1)(D) so as to provide a model of innovative programs for other eligible entities.

(e) REPLICATION OF PROGRAMS.

(1) The Secretary shall annually identify programs that receive grants under this section that demonstrate a significant potential for dealing with particularly critical needs or problems of the poor that exist in a number of communities.

(2) Not less than 10 percent, and not more than 25 percent, of the funds appropriated for each fiscal year to carry out this section shall be available to make grants under this section to replicate in additional geographic areas programs identified under paragraph(1).

(f) REPORT TO CONGRESS. ---The Secretary shall submit annually, to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate, a report containing-----

(1) a description of---

(A) programs for which grants under this section in the then most recently completed fiscal year; and

(B) the evaluations received under subsection (a)(1)(D) in such fiscal year; and

(2) a description of the methods used by the Secretary to comply with subsection (d);

(3) recommendations of the Secretary regarding the suitability of carrying out such programs with funds made available under other Federal laws; and

(4) a description of each program identified under subsection (d)(1) [1] or replicated under subsection (e) (2), and an identification of the geographical location where such program was carried out.

(g) DEFINITIONS. --As used in this section--

(1) the term "eligible entity" has the same meaning given such term by section 673(1) of the Community Services Block Grant Act 42 U.S.C. 9902(1)), except that such term includes an organization that serves migrant and seasonal farm workers and that receives a grant under the Community Services Block Grant Act (42 U.S.C. 9901 et seq.) in the fiscal year preceding the fiscal year for which such organization request a grant under this section ; and

(2) the term "Secretary" means the Secretary of Health and Human Services.

(h) AUTHORIZATION OF APPROPRIATIONS.

(1) There are authorized to be appropriated $30,000,000 for fiscal year 1995, and such sums as may be necessary fiscal years 1996, 1997, and 1998, to carry out this section.

(2) Of the amounts appropriated for this section, not less than 30 percent and not more than 40 percent shall be used to carry out the programs authorized under subsection (c).

(3) In addition to sums which are required to carry out the evaluation, reporting, and dissemination of results under subsections (a), (c), (d), and (f), the Secretary is authorized to reserve up to 2 percent of the amounts appropriated pursuant to subparagraphs (1) and (2) for administration of the program as well as for planning and technical assistance.

(42 U.S.C. 9910b)

[Last full appropriation of $7.9 million for DPP apportioned in FY 1994; $7 million of $7.9 million FY 1995 appropriation was rescinded by the Congress in the Spring of 1995; no appropriations for FY 1996, 1997, 1998, 1999, or 2000. The underlying authorization for the program remains intact, although the "authorization for appropriations" section only provided for appropriations through 1998.]

[1] Error in amendment made by section 601(1)(B) of Public Law 101-501. Should strike 'subsection (d)(1)' and insert 'subsection (e) (1)'.

Eugenia Chough 11/23/99 07:12:46 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP

cc:

Subject: CORRECTION: Neighborhood Innovation Program

I realized that the fax was missing a key page, and I was reading the wrong authorizing language. The language IS very flexible and broad afterall -- could be good for outreach. New additional page is in your box. Please disregard my earlier email below. Here's correct info:

It was authorized as part of the CSBG reauthorization. The appropriation level is 9% of the CSBG block grant for 3 discretionary programs (Community Econ Development, Rural Community Development, and Neighborhood Innovation). If the first 2 were zeroed out, and HHS got their full $500 million request, it's true that up to $45 million could go to Neighborhood Innovation program.
In sum, authorizing language authorizes grants, loans, or guarantees to state and public agencies and nonprofits OR contracts or jointly financed cooperative arrangments with states/public agencies and nonprofits and even for-profits. Purpose of grants or contracts are to test or develop innovative approaches that overcome problems identified by communities, including assistance to projects designed to serve low-income families.

HHS' 2-pager sounds is vague. They talk about CBOs providing post-employment svcs, job training for fathers, helping and preventing incarcerated dads, women in non-traditional jobs.

Coates and Dodd sponsored this provision. Apparently Coates was shooting to make more money available to faith-based communities, but the final language was much broader than that.

I have a call into HHS to find out who on Hill would be likely supporters. Let me know if you have other questions for them.

Eugenia Chough 11/23/99 03:00:31 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP

cc:

Subject: Neighborhood Innovation Program

I'm putting a copy of the authorizing language in your box. It was authorized as part of the CSBG reauthorization. The appropriation level is 9% of the CSBG block grant. HHS requests $500 million for CSBG in FY01-- if they got that amount, up to $45 million could go to Neighborhood Innovation program.

In sum, authorizing language creates discretionary competitive grants for private nonprofit community development corps to provide technical and financial assistance for low-income families by creating employment and business development opportunities.

HHS' 2-pager sounds much broader and mushier than the language. They talk about CBOs providing post-employment svcs, job training for fathers, helping and preventing incarcerated dads, women in non-traditional jobs.

I have a call into HHS to find out who on Hill would be likely supporters. Let me know if you have other questions for them.

"(C) GOVERNING BOARDS.—For a community development corporation to receive funds to carry out this paragraph, the corporation shall be governed by a board that shall consist of residents of the community and business and civic leaders and shall have as a principal purpose planning, developing, or managing low-income housing or community development projects.

"(D) GEOGRAPHIC DISTRIBUTION.—In making grants to carry out this paragraph, the Secretary shall take into consideration the geographic distribution of funding among States and the relative proportion of funding among rural and urban areas.

"(E) RESERVATION.—Of the amounts made available to carry out this paragraph, the Secretary may reserve not more than 1 percent for each fiscal year to make grants to private, nonprofit organizations or to enter into contracts with private, nonprofit or for-profit organizations to provide technical assistance to aid community development corporations in developing or implementing activities funded to carry out this paragraph and to evaluate activities funded to carry out this paragraph.

"(3) RURAL COMMUNITY DEVELOPMENT ACTIVITIES.—The Secretary shall provide the assistance described in paragraph (1) for rural community development activities, which shall include providing—

"(A) grants to private, nonprofit corporations to enable the corporations to provide assistance concerning home repair to rural low-income families and concerning planning and developing low-income rural rental housing units; and

"(B) grants to multistate, regional, private, nonprofit organizations to enable the organizations to provide training and technical assistance to small, rural communities concerning meeting their community facility needs.

Coates, Dodd

(

faith based intention

"(4) NEIGHBORHOOD INNOVATION PROJECTS.—The Secretary shall provide the assistance described in paragraph (1) for neighborhood innovation projects, which shall include providing grants to neighborhood-based private, nonprofit organizations to test or assist in the development of new approaches or methods that will aid in overcoming special problems identified by communities or neighborhoods or otherwise assist in furthering the purposes of this subtitle, and which may include providing assistance for projects that are designed to serve low-income individuals and families who are not being effectively served by other programs.

"(b) EVALUATION.—The Secretary shall require all activities receiving assistance under this section to be evaluated for their effectiveness. Funding for such evaluations shall be provided as a stated percentage of the assistance or through a separate grant awarded by the Secretary specifically for the purpose of evaluation of a particular activity or group of activities.

We would plan to evaluate all grants with local 3rd party eval.

"(c) ANNUAL REPORT.—The Secretary shall compile an annual report containing a summary of the evaluations required in subsection (b) and a listing of all activities assisted under this section. The Secretary shall annually submit the report to the Chairperson of the Committee on Education and the Workforce of the House of Representatives and the Chairperson of the Committee on Labor and Human Resources of the Senate.

Eugenia Chough 11/23/99 03:00:31 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP

cc:

Subject: Neighborhood Innovation Program

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This Facsimile is from the

Administration for Children and Families
Office of Community Services
Demonstration and Special Projects Division
370 L'Enfant Promenade, SW
Washington, DC 20447-0001

FAX NUMBER: (202) 401-5538

This transmission consists of this cover page plus ~~9~~ 10 pages.

Date: 11-23-99

To: Jeanie Chough

Phone:

Fax No: 456 7431

From: Dick Saul

Office:

Phone: (202) 401-9341

MESSAGE: Per request. Note That auth. is "such sums". As I mentioned on phone, we would anticipate focusing on a number of areas such as Fathers (in ~~Hum~~ Building Deconstructi Prisoners and Families, Women in Highway Construction etc I'm also forwarding "True Welfare Reform" which disusses some of the areas we could cover with This very flexible program.

SEC. 119. REPEAL OF HEAD START TRANSITION PROJECT ACT.

The Head Start Transition Project Act (42 U.S.C. 9855–9855g) is repealed.

TITLE II—COMMUNITY SERVICES BLOCK GRANT PROGRAM

SEC. 201. REAUTHORIZATION.

The Community Services Block Grant Act (42 U.S.C. 9901 et seq.) is amended to read as follows:

"Subtitle B—Community Services Block Grant Program

"SEC. 671. SHORT TITLE.

"This subtitle may be cited as the 'Community Services Block Grant Act'.

"SEC. 672. PURPOSES AND GOALS.

"The purposes of this subtitle are—

"(1) to provide assistance to States and local communities, working through a network of community action agencies and other neighborhood-based organizations, for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient (particularly families who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)); and

"(2) to accomplish the goals described in paragraph (1) through—

"(A) the strengthening of community capabilities for planning and coordinating the use of a broad range of Federal, State, local, and other assistance (including private resources) related to the elimination of poverty, so that this assistance can be used in a manner responsive to local needs and conditions;

"(B) the organization of a range of services related to the needs of low-income families and individuals, so that these services may have a measurable and potentially major impact on the causes of poverty in the community and may help the families and individuals to achieve self-sufficiency;

"(C) the greater use of innovative and effective community-based approaches to attacking the causes and effects of poverty and of community breakdown;

"(D) the maximum participation of residents of the low-income communities and members of the groups served by programs assisted through the block grants made under this subtitle to empower such residents and members to respond to the unique problems and needs within their communities; and

"SEC. 674. AUTHORIZATION OF APPROPRIATIONS.

"(a) IN GENERAL.—There are authorized to be appropriated such sums as may be necessary for each of fiscal years 1999 through 2003 to carry out the provisions of this subtitle (other than sections 681 and 682).

"(b) RESERVATIONS.—Of the amounts appropriated under subsection (a) for each fiscal year, the Secretary shall reserve—

"(1) ½ of 1 percent for carrying out section 675A (relating to payments for territories);

"(2) 1½ percent for activities authorized in sections 678A through 678F, of which—

"(A) not less than ½ of the amount reserved by the Secretary under this paragraph shall be distributed directly to eligible entities, organizations, or associations described in section 678A(c)(2) for the purpose of carrying out activities described in section 678A(c); and

"(B) ½ of the remainder of the amount reserved by the Secretary under this paragraph shall be used by the Secretary to carry out evaluation and to assist States in carrying out corrective action activities and monitoring (to correct programmatic deficiencies of eligible entities), as described in sections 678B(c) and 678A; and

"(3) 9 percent for carrying out section 680 (relating to discretionary activities) and section 678E(b)(2).

CSBG
01 request =
$500 M
9% = $45 M

"SEC. 675. ESTABLISHMENT OF BLOCK GRANT PROGRAM.

"The Secretary is authorized to establish a community services block grant program and make grants through the program to States to ameliorate the causes of poverty in communities within the States.

"SEC. 675A. DISTRIBUTION TO TERRITORIES.

"(a) APPORTIONMENT.—The Secretary shall apportion the amount reserved under section 674(b)(1) for each fiscal year on the basis of need among Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

"(b) APPLICATION.—Each jurisdiction to which subsection (a) applies may receive a grant under this section for the amount apportioned under subsection (a) on submitting to the Secretary, and obtaining approval of, an application, containing provisions that describe the programs for which assistance is sought under this section, that is prepared in accordance with, and contains the information described in, section 676.

"SEC. 675B. ALLOTMENTS AND PAYMENTS TO STATES.

"(a) ALLOTMENTS IN GENERAL.—The Secretary shall, from the amount appropriated under section 674(a) for each fiscal year that remains after the Secretary makes the reservations required in section 674(b), allot to each State (subject to section 677) an amount that bears the same ratio to such remaining amount as the amount received by the State for fiscal year 1981 under section 221 of the Economic Opportunity Act of 1964 bore to the total amount received by all States for fiscal year 1981 under such section, except—

"(1) that no State shall receive less than ¼ of 1 percent of the amount appropriated under section 674(a) for such fiscal year; and

"(B) to remove religious art, icons, scripture, or other symbols;

in order to be eligible to provide assistance under a program described in subsection (a).

"(3) EMPLOYMENT PRACTICES.—A religious organization's exemption provided under section 702 of the Civil Rights Act of 1964 (42 U.S.C. 2000e–1) regarding employment practices shall not be affected by its participation in, or receipt of funds from, programs described in subsection (a).

"(c) LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.—No funds provided directly to a religious organization to provide assistance under any program described in subsection (a) shall be expended for sectarian worship, instruction, or proselytization.

"(d) FISCAL ACCOUNTABILITY.—

"(1) IN GENERAL.—Except as provided in paragraph (2), any religious organization providing assistance under any program described in subsection (a) shall be subject to the same regulations as other nongovernmental organizations to account in accord with generally accepted accounting principles for the use of such funds provided under such program.

"(2) LIMITED AUDIT.—Such organization shall segregate government funds provided under such program into a separate account. Only the government funds shall be subject to audit by the government.

"(e) TREATMENT OF ELIGIBLE ENTITIES AND OTHER INTERMEDIATE ORGANIZATIONS.—If an eligible entity or other organization (referred to in this subsection as an 'intermediate organization'), acting under a contract, or grant or other agreement, with the Federal Government or a State or local government, is given the authority under the contract or agreement to select nongovernmental organizations to provide assistance under the programs described in subsection (a), the intermediate organization shall have the same duties under this section as the government.

"SEC. 680. DISCRETIONARY AUTHORITY OF THE SECRETARY.

"(a) GRANTS, CONTRACTS, ARRANGEMENTS, LOANS, AND GUARANTEES.—

"(1) IN GENERAL.—The Secretary shall, from funds reserved under section 674(b)(3), make grants, loans, or guarantees to States and public agencies and private, nonprofit organizations, or enter into contracts or jointly financed cooperative arrangements with States and public agencies and private, nonprofit organizations (and for-profit organizations, to the extent specified in paragraph (2)(E)) for each of the objectives described in paragraphs (2) through (4).

"(2) COMMUNITY ECONOMIC DEVELOPMENT.—

"(A) ECONOMIC DEVELOPMENT ACTIVITIES.—The Secretary shall make grants described in paragraph (1) on a competitive basis to private, nonprofit organizations that are community development corporations to provide technical and financial assistance for economic development activities designed to address the economic needs of low-income individuals and families by creating employment and business development opportunities.

"(B) CONSULTATION.—The Secretary shall exercise the authority provided under subparagraph (A) after consultation with other relevant Federal officials.

Moving Families From Welfare to Work

A Response from the Office of Community Services

TRUE WELFARE REFORM THROUGH CAPACITY BUILDING IN LOW-INCOME COMMUNITIES

CREATING CAREER OPPORTUNITIES THROUGH SECTORAL DEVELOPMENT AND BUILDING THE STRUCTURES THAT WILL PROVIDE NECESSARY POST-EMPLOYMENT SUPPORT SERVICES AND INCENTIVES TO ENABLE TANF FAMILIES TO MOVE INTO THE ECONOMIC MAINSTREAM

Office of Community Services
Administration for Children and Families
Department of Health and Human Services
Washington, DC 20447
October 1999

"Moving Families From Welfare to Work"
ECONOMIC DEVELOPMENT AND WELFARE REFORM

There is an emerging issue in Welfare Reform: Will TANF replace welfare with a permanent underclass of working poor whose needs will drain local community resources? Or are we to supplant welfare mothers with families having pride and hope? **What is needed to give families pride in their work and hope for their futures?**

- First: We must do more than just connect TANF recipients to existing jobs and employers; we must focus on ***building capacity in low-income communities which will offer not just jobs, but a measure of economic control over the engine which creates jobs. We must build vertically integrated local enterprises that will create career opportunities with upward mobility and will reverse the dollar drain from low income communities and revitalize their economies.*** Above all, we must *not* be satisfied in the short term (or at any time) with the dirty jobs at the bottom -- minimum wage or part-time jobs without benefits, performing work which profits absentee owners.

- Second: ***We must work to provide the supports and incentives that will make it possible for transitioning welfare clients to succeed in their employment, advance their careers, and achieve genuine and lasting self-sufficiency. This will mean involving employers with local Social Agency support structures, such as the network of 1000 Community Action Agencies, to provide "post employment support services" essential to job retention and advancement; and it will mean seeking innovative ways, such as the growing practice of establishing and supporting "Individual Development Accounts" -- "IDAs" -- to encourage low income families to accumulate assets which will enable them to move into the economic mainstream.***

- Third: We must look to ***local Community Action Agencies, and other community based organizations for innovative strategies to develop partnerships that can access national and local resources, build local capacities, and overcome barriers, both personal and structural, to success. This must include work with noncustodial fathers to help them become family breadwinners, and, of the utmost importance, strategies that can reduce the rates of incarceration among minority males, and that can help prisoners and their families maintain and strengthen the ties that can reduce recidivism and contribute to family prosperity after release.***

1. Creating Career Opportunities Through *Sectoral Development*: We must look at ***Sectors of the Economy*** which hold special promise for significant enterprise and job creation, and ***for which we have, or can develop, proven models for program design, interventions, and partnership collaborations.*** OCS has in recent years, through its Economic Development, JOLI, and Demonstration Partnership Program (DPP), funded scores of economic development, job creation, and self-sufficiency projects, many of which have been rigorously evaluated, and from which a variety of valuable "best practices" have been extrapolated. A comprehensive array of best practices can be found in OCS' recently published ***Self-Sufficiency Project Implementation Manual.*** **[The Implementation Manual is available from the Superintendent of Documents for $7.50, Stock #017-090-000-84-4 by calling (202)512-1800.]** Some sectors to consider:

- Several JOLI, DPP, and Economic Development ***Microenterprise Projects*** over the past years have successfully moved welfare recipients to self-sufficiency. The Central Vermont CAA DPP project has expanded to a statewide network of microentrepreneurs, many of whom are now engaged in a broad program of sub-contracting; the WSEP JOLI project in Chicago and the Institute for Social and Economic Development JOLI project in Iowa City have moved into a second generation phase of expanding successful microenterprises to create additional jobs; the Women Entrepreneurs of Baltimore (WEB) project has helped over 50 low income women start their own businesses. **For more information contact Nolan Lewis at OCS (202) 401-5282, nlewis@acf.dhhs.gov; and the Damon Bethea at the Aspen Institute's Self Employment Learning Project, (202) 833-7446, damon.bethea@aspeninst.org, website:** www.aspeninst.org.

- ***Jobs and Businesses as Day Care Providers.*** OCS-funded projects in Minnesota, Lincoln Nebraska, and Chicago have all assisted welfare women to undertake successful home based day care businesses, which not only provide income, but also help others to overcome one of the most important barriers to moving from welfare to work. ***A major dilemma which must be faced up to in Child Care is how to increase the income of Day Care providers to a reasonable level which can support their families and at the same time provide care that TANF recipients can afford.*** It is a truism that our society pays three times as much to those who care for

and maintain our automobiles as we pay to those who care for our children. ***Another important consideration is the availability of day care during non-traditional working hours.*** In Washington State, for example, fully 40 percent of jobs into which TANF recipients have moved are jobs with "non-normal" hours, that is, during evenings or early mornings. **Millions of childcare dollars go to the States. Millions more in DOL Welfare to Work dollars go through the States to local Private Industry Councils. For information: DOL website: http://wtw.doleta.gov; existing programs: Lincoln Action can be reached at (402) 471-4515. Beatty Brasch is Executive Director. Bethel New Life can be reached at (773) 826-5540.**

- ***Jobs and Businesses in Transportation Services.*** Another critical barrier to moving from welfare to work is the ***Spatial Mismatch*** between jobs and low income workers. A recent Cayahoga County, Ohio study found that 90% of available jobs were inaccessible to TANF recipients. A similar spatial mismatch also frequently exists between TANF recipients and essential services and training opportunities. This is not only a serious barrier to employment, ***it also represents an opportunity for creative entrepreneurial and career development. TEA21 (the successor to ISTEA) contains substantial funding to the Department of Transportation for overcoming "spatial mismatch" for TANF recipients. Local communities must seek to assure that at least some of this funding supports locally owned community-based transportation systems that will provide jobs to local residents.*** Many rural CAA's have long been involved in alternative transportation programs; and there is now an HHS-funded ***Community Transportation Assistance Project***, focusing on welfare-to work issues, carried out by the **Community Transportation Association of America** through its **National Transit Resource Center: 1-800-527-8279, and its website is "www.ctaa.org".**

- ***Women in Highway Construction.*** Pilot projects now underway in Kentucky, Colorado, North Carolina, Washington, DC (under JOLI) and Montana and Washington State, are training welfare recipients for well-paying jobs in highway construction and maintenance. Up to $10 million a year in federal highway monies under Section 140(b) of TEA21 are available to the Secretary of Transportation to support additional pilot programs to perfect project design for recruitment, training, placement, and support services for programs of this kind. ***This is a $20 billion a year industry with a workforce that today averages over 55 years in age! A serious shortage of trained workers is threatened; women now make up less than 5% of the industry workforce; there is an ongoing presidential initiative to put women in these jobs, and subsection (c) of this same section of TEA21 provides up to $10 million per year for a program to support disadvantaged and minority contracting businesses with training and assistance programs.*** **These programs are administered by FHwA's Office of Civil Rights, whose Director, Ed Morris, can be reached at (202) 366-0693. Contacts for the OCS funded projects: Stephanie Gorrell at Kentucky River Foothills, (606) 624-2046; Alice Daly at MiCasa in Denver, (303) 573-1302; Donneania Davis at Rural Advancement Fund, NC, (919) 734-3994, ddavis@pindigital.net; Sandra Van Fossen at W.O.W., Washington, DC, (202) 638-3143.**

- ***Home Health Care and Housekeeping Care for the Elderly and Infirm.*** A JOLI project in Boston is creating higher than minimum wage jobs for low income residents of Boston. Another highly successful program which provides Housekeeper Services that have employed thousands of welfare recipients over the past two decades is the CABS Corporation in Brooklyn, NY. **More information about these programs is available from the Boston Home Care Associates Project (617) 262-2422, and the CABS Housekeeper Service Company in Brooklyn, NY (718) 388-0220.**

- ***Opportunities in Environmental Hazard Remediation.*** In 1995 EPA and OCS jointly funded six projects to train and support community residents for new jobs and contracting opportunities in lead hazard remediation activities. Most of these projects have also supported successful small contracting businesses that have obtained contracts from HUD lead hazard control grantees. HUD has made over $500 million in lead hazard control grants to States and cities across the country for remediation of low income housing; and this will only reach a small portion of the millions of homes that contain such hazards. The job and contracting opportunities are enormous; and OCS and HUD have signed a Memorandum of Understanding (MOU) that underscores and reinforces ***the policy of Section 3 of the Housing and Community Development Act that requires that "employment and other economic opportunities" generated these funds "shall, to the greatest extent feasible, be directed toward low- and very low-income persons"*** **Copies of the MOU are available from OCS. Among the sources of information represented by the OCS/EPA projects are Tim Bolding at United Way**

of the Mid-South, Memphis TN (901)543-5731; and Trinette Britt, Bethel New Life, Chicago IL (773) 826-5540. In a recent development HUD has received an appropriation of $10 million to undertake an initiative in "Healthy Homes" which seek to develop programs taking a holistic approach to dealing with all environmental hazards in low-income homes, from lead and asbestos to carbon monoxide, pesticides, and asthma causing antigens. As a "Healthy Homes Initiative" takes hold both the breadth of work experience and the number of employment and contracting opportunities will increase significantly. **Information about both the Lead Hazard Control Program and the new "Healthy Homes Initiative" are available from the HUD Office of Lead Hazard Control, (202)755-1822, and Dennis Livingston, Community Resources, Baltimore, MD (410) 727-7837. E-mail: "dlresource@aol.com"**

- ***Brownfields Remediation and Development.*** We must seek ways to link welfare to work activities with the development of Brownfield sites. With innovative partnerships between the community, local public agencies, and private business and industry, the goals should be the expansion of the community's equity in its physical, economic, and social resources, which would include the creation of career ladder jobs, opportunities for entrepreneurship and home ownership, the rehabilitation and beautification of the physical environment, and improved health and quality of life in low-income communities. **Up-to-date information about Brownfields development is available from Marjorie Buckholtz at EPA, telephone (202) 260-6153 or Myra Blakely at (202) 260-4527. HUD had a Brownfields NOFA which closed in August 1998. For information about future funding opportunities go to http://www.hud.gov/bfields.html**

- ***Vertically Integrated Building Deconstruction and Materials Re-Use.*** OCS in FY 1997 first funded The Institute of Local Self-Reliance (ILSR) in Washington D.C. to carry out the initial phase of what we hope will be a major program looking toward the replacement of *demolition* by a return to the *deconstruction* of buildings and the *re-use of salvaged building materials* which now go to the landfill. Deconstruction is environmentally preferable and more labor intensive than demolition, offering important opportunities for training and union jobs. The Hartford (CT) Housing Authority, with the support of its HOPE VI contractor and the Laborers International Union, and with assistance from ILSR and funding from its HOPE VI grant under Section 3, has trained 8 low-income fathers and one mother from the Housing Project, who are in the union's apprenticeship program, working for their own Deconstruction Service Company, and earning a wage and benefit package of $23/hour (which will increase when they achieve journeyman status). The Hartford project is expanding to create another 40 new jobs by spring of 2000 through deconstruction of abandoned city-owned properties; and a marketing-sales enterprise for building materials re-use, also worker-owned, is being established. Similar projects in eight other communities are in the planning stage. ***Analysis of the take-down of the first six units in Hartford shows that once the initial one-time training and business development costs are discounted, the cost for deconstruction, at approximately $3/square foot, is comparable to that for traditional demolition.*** Deconstruction also offers opportunity for significant, vertically integrated enterprise development through materials salvage, recycling, re-use and remanufacturing. For example, through its JOLI program OCS has funded the **Materials for the Future Foundation (MFF) in San Francisco,** which as representative of a consortium of area deconstruction projects will develop and operate a mill that will reprocess and re-work lumber retrieved from deconstruction, creating such products as flooring and molding with significantly higher value, thereby greatly enhancing the markets for their member deconstruction programs. **More information is available from ILSR, 2425 18th Street NW, Washington DC 20009, (202) 232-4108; e-mail: ilsr@igc.org; website:** http://www.ilsr.org . **Lisa Geller of MFF can be reached at (415) 561-6530.**

- ***Other recycling-related initiatives include Scrap-Based Manufacturing, Wood Pallet Recycling and Re-Use, Carpet Recycling, and the Recycling and Re-Use of Household Appliances.*** Each of these areas presents promising opportunities for low-income community-based and -owned enterprises with career potential. Each is the subject of a separate Report by the Institute for Local Self-Reliance (ILSR) prepared for EPA. ***[Example: 500 million wood pallets are produced in the U.S. each year -- representing 50% of all the hardwood timber harvested in the U.S.! In 1990 4.6 Million Tons of used pallets were sent to the landfill. Today, 30 pallet reuse operations have created 882 jobs in handling 331,000 tons of pallets each year. [Only 7% of the pallets going to the landfill in 1990, so there is room for expansion!]*** ILSR has wide experience working with State and local governments and community groups on projects of this kind. **Reports and information about all of these initiatives are available from ILSR (see above). Another resource: Appalachian Regional Recycling Consortium:** http://civic.bev.net/pdc/arrc/arrc.html

II. Making it possible for low-income families to work, to retain their jobs, to advance in their careers, and to enter the economic mainstream. The lessons of OCS Programs and Projects are many and varied:

- ***Welfare recipients going to work need a strong structure of support that can respond to crises but which recognizes the already great demands on their time.*** The Pierce County, WA CAA in Tacoma WA two years ago completed a successful DPP project, ***Steps to Career Success,*** which tested post employment intervention strategies, including workplace mentoring, and validated their importance for enhancing job retention of clients moving from welfare to work. **Project Director Rosemary Barnhart recently presented at the Vice President's Coalition for Job Retention. She can be reached at (360) 866-7589. Copies of the Project's "Guidelines for Establishing a Post Employment Support services Program for Welfare Recipients" are available from OCS and from Rosemary's Webpage:** http://www.olywa.net/rosemaryb **E-mail: rosemaryb@olywa.net**

- ***Prevention of Homelessness***, which can be the most serious barrier to employment and job retention. The *Steps to Career Success* program in Tacoma found that over 30 percent of their participants, recently hired former welfare recipients, experienced serious threats of homelessness through eviction as many as three time in one year, each of which would have meant loss of job had the project not been able to intervene. Stabilization and crisis services such as those provided by the *Steps* project and OCS' ***Family Support Center*** Projects, should continue ***after*** employment.

- ***Importance of Stabilization and Supportive Services that can overcome barriers to self-sufficiency:*** **Stabilization Services** are survival-oriented services designed to meet basic needs, and can include food, clothing, shelter and utilities, family crisis intervention, emergency medical and mental health care, emergency detoxification. **Supportive Services** address some of the barriers to self-sufficiency that exist for most welfare recipients and many working poor, and most often include transportation, child care, life skills training, parenting training, health care, mental health counseling, work clothing and tools. A recent study by the National Governors' Association, ***WORKING OUT OF POVERTY, Employment Retention and Career Advancement for Welfare Recipients,*** found widespread recognition of the need for such Post Employment Services, but its authors found little knowledge or experience among social agency practitioners or employers about what to do to meet the need or how to do it. **The study is available on the Association's website at www.nga.org/cdp/center.asp. The *Steps* program in Tacoma is a source of valuable information about effective provision of stabilization and supportive services. (see references above.)**

- ***Finding innovative ways to encourage and support asset accumulation among low-income families through tools like Individual Development Accounts (IDAs).*** New legislation, the *Assets for Independence Act*, signed in October 1998, authorizes $25 million a year for five years for OCS to implement a program of demonstration projects to set up IDAs among the poor. The FY 1999 appropriation to OCS was $10 million, with which OCS funded 40 IDA projects in twenty-five states and the District of Columbia, averaging total funding of approximately $195,000 for the five-year project. **Resources to contact for more information: CFED, (202) 408-9788, contact: Ray Boshara, "ray@cfed.org", website: www.idanetwork.org; The National Federation of Community Development Credit Unions, 1-800-437-8711, contact: Cathie Mahon, "cmahon@natfed.org", website: www.natfed.org; Center for Social Development, (314)935-7433, contact: Michael Sherraden, "sherraden@gwbssw.wustl.edu", web: http://gwbweb.wustl.edu/users/csd; and at OCS, Sheldon Shalit, sshalit@acf.dhhs.gov.**

III. Building community partnerships that will mobilize resources and overcome barriers to success. If we are to succeed in finding ways to provide family-sustaining jobs and careers for TANF recipients and the fathers of their children, jobs and careers that will lift them out of poverty and *not* create a poverty stricken underclass, then all available resources must be found and exploited. In some case this will mean working to access Federal funding, in others it means working with States to access block grant type funds. At the same time we must work to overcome and remove barriers to success such as unhealthy dwellings and communities that cause asthma and developmental disorders which lead to low educational attainment; substance abuse which leads to loss of employment and family disintegration, and perhaps the greatest barrier of all: incarceration. A few examples follow. There are undoubtedly more.

- ***Implementing HUD Section 3 of the Housing and Community Development Act.*** HUD-funded housing and development projects represent a major source of economic activity in many distressed neighborhoods. The policy of the Congress and the purpose of Section 3, as expressed in the Section 3 legislation as amended in 1992, is ***"to ensure that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing".*** **Enforcement of Section 3 compliance is the responsibility of the Division of Economic Opportunity, headed by John Waller, (202) 708-3633 x7048. Overall responsibility for Section 3 implementation rests with the Office of the Assistant Secretary for Fair Housing and Equal Opportunity, Ms. Eva Plaza, (202) 708-4252.** Contact Richard Saul at OCS for information on Memoranda of Understanding spelling out Section 3 requirements and options. rsaul@acf.dhhs.gov.

- ***Using State discretionary authority to fund training and support of women and minorities in Highway Construction and Maintenance.*** It has already been noted that Section 140(b) authorizes the Secretary of Transportation to withhold highway funds for the support of Pilot Projects. The same section authorizes the States, *at their option,* to withhold up to 1/2 of one percent of their highway funds each year for similar purposes, including support for the training and support of women and minorities in these careers. Nationally, this represents some $60 million dollars a year, yet only a handful of States exercise that option. ***With looming shortages of trained workers in highway construction and maintenance, and a 50 percent increase in highway funding, community leaders should urge State DOT's to take advantage of these funds to strengthen their highway construction workforce while making a significant contribution to the success of their State's TANF program.***

- ***Working with local Private Industry Councils to access Department of Labor Welfare to Work funding in support of all of these options and opportunities.*** The DOL/ETA Welfare to Work Internet Homepage has a wealth of information about the WtW program with links to a wide variety of information sources for individuals, employers, and the community, including ETA's regularly published issue briefs *Rural Voice* and newsletter *Ideas That Work.* **The Dol/ETA Homepage address is: "http://wtw.doleta.gov". Another very valuable resource for all kinds of WtW information is the McKnight Foundation website at: "http://www.mcknight.org/welfare-reform/"**

- ***Attacking perhaps the greatest barrier of all: incarceration. Accessing programs of the Department of Justice, substance abuse programs of NIH, and programs in ACF's Office of Child Support Enforcement that support noncustodial fathers.*** Resources to try; **Sylvia McCollum, Inmate Placement Admin., Fed. Bur. of Prisons, e-mail:smccollum@central.unicor.gov; Shannon Bonsey, who directed the OCS-funded Prisoners and Families Demonstration Partnership Project at Penquis Community Action Program, Bangor ME, (207) 973-3578; DOJ's Weed and Seed program: website: www.ojp.usdoj.gov/eows; Office of Juvenile Justice and Delinquency Prevention: website: www.ncjrs.org/ojjdp; and HUD's "Officer Next Door" program: www.hud.gov/search, and search for "Officer Next Door".**

Eugenia Chough 11/23/99 09:24:35 AM

Record Type: Record

To: tjohnson@acf.dhhs.gov
cc: yolanda butler <ybutler@acf.dhhs.gov>, Cynthia A. Rice/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP
bcc:
Subject: Re: Neighborhood Innovation Project FY 2001

Thanks, Thelma!

Thelma H Johnson <tjohnson@acf.dhhs.gov>

Thelma H Johnson <tjohnson@acf.dhhs.gov>
11/23/99 08:42:03 AM

Please respond to tjohnson@acf.dhhs.gov

Record Type: Record

To: Eugenia Chough/OPD/EOP

cc: Yolanda Butler <ybutler@acf.dhhs.gov>
Subject: Neighborhood Innovation Project FY 2001

Per your discussion with Yolanda Butler in the DHHS, ACF Office of Legislative Affairs and Budget on yesterday, I am attaching a description of the OCS plans for the Neighborhood Innovation Program for FY 2001. I realize that you asked for a 1-pager; however, I hope the 2-pager will suffice.

I will be away from the office most of today. If you wish to discuss this justification today, you should call Richard Saul on (202) 401-9341.

Otherwise, you can reach me in the office on either Wednesday or Friday on (202) 401-5523. Or you can send me an e-mail at:

Tjohnson@acf.dhhs.gov

The following was included as an attachement. Please use UUDECODE to retrieve it. The original file name was '2001NEIGHBORHOOD INNOVATIONS.DOC'.

11/22/99

THE OCS NEIGHBORHOOD INNOVATION PROGRAM

SUPPORTING LOW INCOME FAMILIES AND FATHERS AT THE COMMUNITY LEVEL

Helping low-income working families, including many leaving TANF, succeed and advance at work is one of the next great challenges for effective implementation of welfare reform. Another is reaching and assisting the transition to successful work experience of the hardest to serve. Many of these are fathers with backgrounds of incarceration, substance abuse, and low educational attainment. Others are the families that make up a significant proportion of those who remain on the welfare roles.

Through creative use of the broad, flexible authority of the new **Neighborhood Innovation Program** community-based organizations can be helped to play a crucial role in meeting these twin challenges. There is an emerging issue in Welfare Reform: Will TANF replace welfare with a permanent underclass of working poor whose needs will drain local community resources? Or are we to supplant welfare mothers with whole families having pride and hope?

To give families pride in their work and hope for their futures we must do more than just connect TANF recipients to existing jobs and employers. We must focus on building capacity in low-income communities which will offer not just jobs, but a measure of economic control over the engine which creates jobs. We must build vertically integrated local enterprises that will create career opportunities with upward mobility and will reverse the dollar drain from low income communities and revitalize their economies.

At the same time, we must work to provide the supports and incentives that will make it possible for transitioning welfare clients to succeed in their employment, advance their careers, and achieve genuine and lasting self-sufficiency. This will mean involving employers with local Social Agency support structures, such as the network of 1000 Community Action Agencies, to provide "post employment support services" essential to job retention and advancement; and it will mean seeking innovative ways, such as the growing practice of establishing and supporting "Individual Development Accounts" -- "IDAs" -- to encourage low income families to accumulate assets which will enable them to move into the economic mainstream.

Finally, we must look to local Community Action Agencies, and other community based organizations for innovative strategies to develop partnerships that can access national and local resources, build local capacities, and overcome barriers, both personal and structural, to success. This must include work with noncustodial fathers to help them become family breadwinners, and, of the utmost importance, strategies that can reduce the rates of incarceration among minority males, and that can help prisoners and their families maintain and strengthen the ties that can reduce recidivism and contribute to family prosperity after release.

The broad, flexible authority of the **Neighborhood Innovation Program** will enable OCS to entertain and support new, locally created and designed initiatives in all of these areas that will show the way for the deployment of major resources in ways that will assure their most effective and efficient use in the resurrection of low income communities.

With **Neighborhood Innovation Program** funding, OCS can continue its ground-breaking work in identifying the barriers to successful transition from welfare to work and developing and testing innovative programs to overcome them. We can foster Sectoral Development: looking at new sectors of the economy which hold special promise for significant enterprise and job creation, and for which we have, or can develop, proven models for program design, interventions, and partnership collaborations. These will lead to the creation of new enterprises and activities such as Building Deconstruction and Materials Re-use, or careers for Women in Highway Construction, that provide true career opportunities for Fathers and TANF recipients. We can forge new efforts to strengthen the family ties of the growing prison populations, helping them return to productive lives after release. We can develop new programs to promote healthy homes in healthy communities through grass roots environmental clean-up activities that also create new careers. And, in partnership with the Office of Child Support enforcement, can continue support for young fathers, whether noncustodial or within their families, to increase their capability to fulfill their family responsibilities.

A recent study by the National Governors' Association, ***WORKING OUT OF POVERTY, Employment Retention and Career Advancement for Welfare Recipients,*** found widespread recognition of the need for Post-Employment Support Services, but its authors found little knowledge or experience among social agency practitioners or employers about what to do to meet the need. OCS has funded a broad network of community-based organizations to carry out anti-poverty programs which provide many of these very services and support. With its limited discretionary and demonstration resources, OCS has already identified innovative and promising roles for community-level agencies in creating new employment opportunities and in assisting low-income families to succeed at work and home.

What is needed now is a concerted effort to disseminate the findings of these projects and to initiate new projects that will build on their experience to further refine the most successful techniques for the support of successful transitioning from welfare to work, and for post employment support for TANF recipients that will assure their on-the-job success and upward mobility. In isolated urban low-income communities, immigrant neighborhoods, and rural areas separated from labor markets, low-income parents struggle to find productive jobs, and once found, to master the challenges of the workplace and achieve upward mobility. Local organizations which have a stake in those communities provide these parents with an indispensable link to employers and social service agencies offering new avenues to employment and essential services and support. These local organizations need the direction and knowledge that can be gained from the kinds of programs OCS plans to support and evaluate under its FY 2001 **Neighborhood Innovation Program.**

Andrea Kane 11/23/99 05:31:05 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP
cc:
bcc:
Subject: Re: FW: WtW applicants?

We can say we got $6.5 billion in requests for a total of nearly $700 million in available funds (the competitive grants are 25% after backing out tribal allocations, abstitence evaluation, WTW evaluation, and peformance bonus). The total of the 3 rounds was $690 M.
Cynthia A. Rice

Cynthia A. Rice 11/23/99 05:07:20 PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP
cc: Eugenia Chough/OPD/EOP@EOP
bcc:
Subject: Re: FW: WtW applicants?

So we can say we got $6.5 billion in requests for a total of --was it -- $750 million in competitive grants? Or was it closer to $700 million?
Andrea Kane

Andrea Kane 11/23/99 05:05:41 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP
cc:
Subject: FW: WtW applicants?

---------- Forwarded by Andrea Kane/OPD/EOP on 11/23/99 05:05 PM ----------

Dahm Emily <dahm-emily@dol.gov>
11/23/99 04:50:48 PM

Record Type: Record

Eugenia Chough 11/23/99 03:55:02 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP

cc:

Subject: SSBG approps history

$ in billions

	Authority	Pres Budget	Enacted
1989 (authorized)	$2.8	$2.8	$2.8
1994			$3.8 (Senate)
1996 (WR -- new ceiling)	$2.38	$2.38	$2.38
1997	$2.38	$2.38	$2.5
1998	$2.38	$2.38	$2.299
1999	$2.38	$1.909	$1.909
2000	$2.38	$2.38	$1.775
2001(TEA-21 -- new ceiling)	$1.7	$1.7 (HHS request) $1.909 (OMB idea)	

Barbara
Jack

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

November 15, 1999

RECEIVED
NOV 19

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

Dear Jack:

In the submission of the fiscal year 2001 budget, certain legislative proposals for the Department of Agriculture's (USDA) nutrition assistance programs were not included. I recently completed my review and provide for your consideration proposals which will improve nutrition among seniors, support the working poor, and expand nutrition education.

IMPROVING NUTRITION AMONG THE ELDERLY

The sharp increase in the elderly population forecast over the next decade poses a special challenge to our nutrition assistance programs. Relatively few elderly--less than 30 percent--who are eligible for food stamps actually participate. For many, the application process is too complicated while others are too embarrassed to seek out and use food stamps. To overcome these barriers, USDA proposes a pilot program which will test an array of alternative application and benefit structures (within the authority of the Food Stamp Program) over three years. These alternatives would test a commodity alternative for the elderly, a streamlined food stamp application process, and provide assistance in completing applications. The focus would be elderly-only households with income at or below 130 percent of the poverty guidelines. This modest investment now will show the Administration's commitment to ensuring the nutritional well-being of seniors.

MAINTAIN NUTRITION ASSISTANCE SAFETY NET AND ENHANCE EMPLOYMENT OPPORTUNITIES

The Nation's nutrition safety net provides critical support for families moving from welfare to work. However, less than half of all working individuals who are eligible for food stamp benefits participate in the program. Increasing access to food stamps for working families will promote work, good nutrition and health and will help families remain in the work force and off welfare. One major obstacle is the current restriction on the ownership of reliable vehicles. Current rules prevent many low-income working households from participating in the Food Stamp Program. Eliminating the fair market value test would extend nutrition support to many working poor families and remove a barrier to finding and retaining work.

57062

USDA also proposes to strengthen the adequacy of the nutrition safety net and enhance the food security of low-income Americans by lowering the food stamp benefit reduction rate (BRR) from 30 percent to 25 percent. The BRR has not changed since it was set in 1977. Since then, the portion of household expenditures spent on food has fallen while spending on housing, utilities, and other essentials has risen. Data from a recent FNS sponsored survey of food stamp participants suggest that more than half may not be able to set aside 30 percent of their net income for food purchases to supplement their food stamp benefits. Reducing the BRR will increase benefits to households with income and help ensure that they have the resources to purchase a low-cost, nutritious diet.

USDA also proposes to restore food stamp eligibility to certain legal immigrants made ineligible by welfare reform legislation enacted in 1996. Agricultural research legislation in 1998 restored eligibility to some; this proposal would complete the restoration.

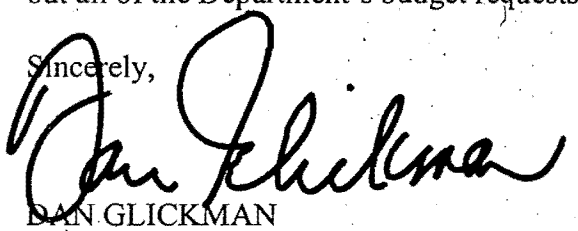
I am aware that OMB and FNS staff are working to develop legislative proposals to enhance program integrity in the Child and Adult Care Food Program. I am confident this collaborative effort will culminate in proposals that correct many of the integrity concerns surrounding this program.

NUTRITION EDUCATION

Currently there are no funds for Nutrition Education and Training in schools. Accordingly, USDA proposes to provide a stable funding base for State agencies to support nutrition education and food service training of the school meals programs. The State Administrative Expense funding base would be expanded to include the value of entitlement commodities.

I look forward to working with you during your consideration of not only these proposals but all of the Department's budget requests.

Sincerely,



DAN GLICKMAN
Secretary

Enclosure

FNCS DEPARTMENT ESTIMATES FISCAL YEAR 2001
PROPOSED LEGISLATION

Program: Pilot Program for the Elderly

Proposal: Conduct a pilot program to improve nutrition among the elderly to test the relative merit of streamlining the food stamp application process, changing the form of benefits or providing assistance to access existing benefits. The three-year pilot program with multiple alternatives would focus on pure-elderly households with incomes at or below 130 percent of the poverty guideline. The elderly could be given a modified application asking only limited questions. The pilot could also test the acceptability of providing applications at locations other than welfare offices, such as senior centers, hospitals or Social Security offices. The alternatives might include:

- Commodity Alternative for the Elderly: This alternative would provide an alternative application process and benefit package for pure-elderly households. Participants would receive a monthly comprehensive food package tailored to the needs of the elderly.

- Alternative Application Process for the Elderly: This alternative would modify and simplify the application process for pure-elderly households but give them food stamp benefits via EBT.

- Application Assistance for the Elderly: This alternative would also act within the structure of the Food Stamp Program and would rely on the current application form, but would provide assistance in filling out the application to elderly households.

- Senior Discount Card: This alternative would build on the popularity of many Senior Discount operations offered by retailers. Elderly households would receive benefits via an alternative EBT card.

Evaluations would be conducted to examine how well elderly households respond to these alternative application and benefit delivery components. A separate survey may be conducted to better understand why some elderly households do not participate in the Food Stamp Program.

Rationale: Participation in the Food Stamp Program among elderly households remains low. Approximately 30 percent of the eligible households with elderly members participate in the Food Stamp Program versus 63 percent for the FSP population overall. There is some evidence that the reason for such low participation among the elderly includes the complexity of the application and the application process, the negative attitude of eligibility workers, and the stigma of applying for and using food stamps. Increasing participation by elderly households in nutrition assistance programs is vital to improving their nutritional status and will become even more critical as the number of elderly persons grows with the aging of the "baby boom" generation. Only by testing these and other alternatives can FNS determine what works best to improve nutrition among the elderly. This pilot would also provide an opportunity to examine more closely why elderly do not participate in the Food Stamp Program. When fully implemented, we could serve from 20,000 to 40,000 people.

Budget Impact: The proposal would impact food stamp benefits. Mandatory funding
($ in millions)

	2001	2002	2003	2004	2005	Total
Cost*	$15**	$25	$25	$0	$0	$65

*Most of the expected costs are for establishing various pilot projects and the potential for increased benefits for current and new participants in the pilot sites. Depending on the response to a request for pilot projects and the success of the initial projects, additional funding may be requested in the future.

**In the first year, we expect a lower cost due to the time needed for start up (most of the first year cost is to award an evaluation contract). Once the projects have been awarded to sites and the infrastructure established where needed, costs will increase because of the benefit cost associated with this pilot project.

FNCS DEPARTMENT ESTIMATES FISCAL YEAR 2001
PROPOSED LEGISLATION

Program: Food Stamp Program

Proposal: Enhance nutrition security for low-income Americans by lowering the benefit reduction rate to 29 percent of a household's net income in FY 2001, 27 percent in FY 2002 and 25 percent in FY 2003 and beyond.

Rationale: The current benefit reduction rate was established in 1977. It was set somewhat arbitrarily at 30 percent to represent what was thought then to be a reasonable investment by participating households to achieve their food needs.

Since then the portion of household expenditures devoted to food has fallen while housing, utilities, and other costs have increased. Some food stamp households now spend over half of their budget on housing and a significant portion on transportation. A recent national survey of program participants found that people with incomes below poverty spend, on average, 25 percent of their income on food. Reducing the BRR will help ensure that they have the resources to purchase a low-cost diet.

The pressure to meet other necessities may limit the ability of low-income families to meet their food needs. Recent data suggest that more than half of participants may not have 30 percent of their net income available to supplement their food stamp allotments. As a result, the majority of low-income households spend less than the value of the Thrifty Food Plan on food. These households are more likely to be larger, to have children and to have earned income.

This policy supports work by decreasing the reduction in food stamps for working poor families that increase their earnings. When fully implemented in FY 2003, FNS calculates that 15.3 million people (150,000 of them new participants) will benefit, raising their average monthly benefit by $8 per person ($24 for new participants).

Budget Impact:
($ in millions)

The proposal would impact food stamp benefits. Mandatory funding

	2001	2002	2003	2004	2005	TOTAL
Cost	$260	$815	$1,440	$1,485	$1,540	$5,540

FNCS DEPARTMENT ESTIMATES FISCAL YEAR 2001
PROPOSED LEGISLATION

Program: Food Stamp Program

Proposal: Eliminate the fair market value (FMV) test in determining household vehicle resources for food stamp eligibility. In essence, this policy excludes from countable resources one vehicle per household and the value of vehicles with little to no equity.

Rationale: In today's market a reliable car is necessary to find work, hold a job, and use child care. Current food stamp rules create a barrier to participation and may discourage work by forcing low-income families to choose between a central nutritional support and ownership of a reliable vehicle.

Eliminating the fair market value test will help families with children and the working poor. Of those households who are ineligible for food stamps because of their vehicles, almost 60 percent have children and a little more than half are working poor households. Eliminating the FMV test would allow more of these poor families to receive needed nutrition assistance. In addition, this policy simplifies program rules, lessening the administrative burden for States and participants.

The President recently acted to ease the vehicle rules for some households, containing 22,000 people, so that they could more easily achieve self-sufficiency. Our FY 2001 proposal continues the President's efforts by helping even more working people. In FY 2002, 395,000 people will benefit, and their average monthly benefit will be $84 per person.

Budget Impact: The proposal would impact food stamp benefits. Mandatory funding.
($ in millions)

	2001	2002	2003	2004	2005	TOTAL
Cost	$190	$400	$415	$425	$445	$1,875

FNCS DEPARTMENT ESTIMATES FISCAL YEAR 2001
PROPOSED LEGISLATION

Program: Food Stamp Program

Proposal: Restore food stamp eligibility for legal immigrants made ineligible by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and not made eligible by the Agricultural Research, Extension, and Education Reform Act of 1998. Eliminate the five-year waiting period for food stamp benefit receipt. (Note: elimination of the five-year waiting period requires a change to INS laws and regulations and this change is beyond the jurisdiction of the Agriculture committees.)

Rationale: President Clinton said when signing PRWORA into law that some of its provisions went too far. Enacting this proposal would reverse an action in PRWORA that is unrelated to moving individuals from welfare to work and is a continuation of the President's FY 2000 proposal which restores eligibility to legal immigrants who become elderly after August 22, 1996. This FY 2001 proposal will improve child well-being by increasing food stamp benefits to households with children in need of nutrition assistance. In addition, it will ease State administration of the program by providing a comprehensive restoration in place of the patchwork of restorations to portions of the legal immigrant population. The President has supported our efforts to restore eligibility to legal immigrants who lost their eligibility when welfare reform passed. This proposal finishes this task by restoring eligibility to all remaining legal immigrants. When the restoration is fully realized (we assume legal immigrants will return over a 3 year period), we expect 560,000 people will benefit and their average monthly benefit will be $56 per person.

Budget Impact: The proposal would impact food stamp benefits. Mandatory funding.
($ in millions)

	2001	2002	2003	2004	2005	TOTAL
Cost	$105	$235	$375	$405	$425	$1,545

FNCS DEPARTMENT ESTIMATES FISCAL YEAR 2001
PROPOSED LEGISLATION

Program: Child Nutrition Programs

Proposal: Provide funding for nutrition education and training activities through expansion of the State Administrative Expense (SAE) Fund earning base.

Rationale: The Nutrition Education and Training (NET) Program is a direct grant-to-States program which provides the nutrition education and food service training component of the Child Nutrition Programs. For more than 20 years, NET has promoted an infrastructure and quality standards that support local schools in providing nutritious meals and improving the health and nutrition behavior of our Nation's children. State and local NET coordinators have been responsible for much of the local success of the Department's Team Nutrition effort.

Under current law, funding for the NET Program is based on a formula under which States annually are entitled to receive 50 cents for each child enrolled in schools and child care institutions within the State, subject to the availability of appropriations. In the recent past, the Congress has appropriated little or no moneys for NET which has seriously undermined the States ability to carry out their nutrition education responsibilities to food service professionals, teachers and students.

In order to address the unstable nature of NET Program funding and the problems which it has caused, the Department is proposing to increase the amount of SAE funds currently available to States by including the value of entitlement commodities in the total amount of program dollars upon which the amount of SAE funding is based. Under this proposal, the current discretionary funding for NET would be replaced by mandatory funding provided for under the additional SAE described above and this funding would be allocated to States on a formula basis and earmarked for NET-like activities at the State and local level.

Budget Impact:
(in millions)

	2001	2002	2003	2004	2005	TOTAL
Cost	$11	$11	$11	$12	$12	$57

~~Food Stamp~~

Eric G.

1) Child support ~~interstate~~

2) Non profits ideas

3) Food Stamp memo

[redacted]

[redacted]

CR

- Faith based ideas

- ? Tobacco ideas

→ ~~talk to Eric tomorrow~~ morning

- Second chance homes

Eric P. Liu
11/22/99 07:13:14 PM

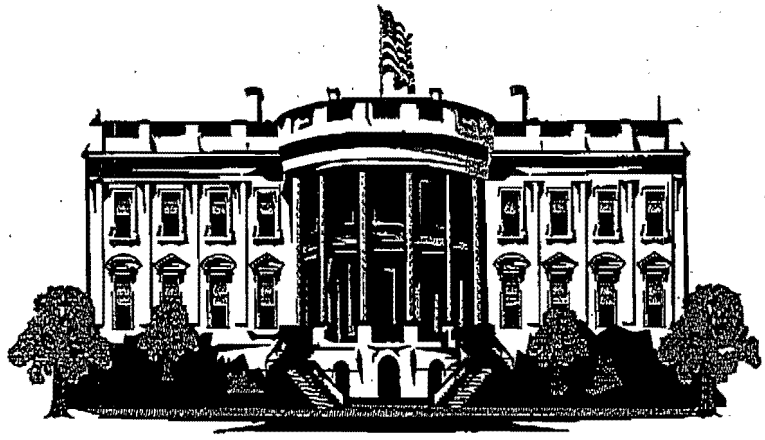
Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP

cc:
Subject: new ideas

I just found buried in my folder a memo that might be of some interest to you -- it's a set of ideas drawn up by a guy named Dalton Conley, who's a pol sci prof at Yale and whose schtick is "asset policy" -- measuring and creating wealth rather than mere income (wrote a book called "Black Wealth, White Wealth"). He was referred to me by a mutual friend at NSC, and he sent this memo that I forgot about shortly thereafter and that I'll now fax over to you. The Child Development Account, and the Saved Income Tax Credit, seem interesting. Curious what you think of the underwriting ideas.

Anyway, more grist for the mill.



FAX COVER SHEET

ERIC LIU
DEPUTY ASSISTANT FOR DOMESTIC POLICY
THE WHITE HOUSE
WASHINGTON, DC 20502
PHONE: 202/456-5565 • FAX: 202/456-2878

DATE: 11/22 NUMBER OF PAGES (INCL. COVER): 8

FROM: Eric Liu

TO: Cynthia Rice, Andrea Kane, Eric Gould

FAX: 6-7431

COMMENTS:

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NEW WORK

To: Eric Liu, Domestic Policy Council
Fr: Dalton Conley, Yale University
Re: Asset Policy

Asset policy represents the third way to lift the boats of disadvantaged Americans.

Americans are listening to and worrying about their net worths more than ever, as evidenced by record levels of individual involvement in the stock market. However, despite the recent robust economy, inequality in net-worth has grown, even while income inequality has been reduced. At the same time, U.S. savings rates have hit new lows. Both these issues point to the importance of a broad, asset-based social policy.

Social policy has generally missed half the story when it comes to the economic resources of American families. We have focused on incomes at the expense of ignoring wealth (a.k.a., assets or net-worth). When one understands family economic resources to be more than just income, a new image of the American socio-economic landscape emerges with respect to opportunity, with respect to race relations, with respect to long-term economic security. Some policy efforts have been made here and there as of late to consider assets, but these have been scattered and small-scale for the most part (such as IDAs, micro-enterprise, etc.). By contrast, here **I am advocating that a broad based, "asset policy" form the centerpiece of the last year of the Clinton administration, forming linkages across the domains of education, health, housing, economic development and race policy.** Asset policy enjoys the political advantage of being very progressive while co-opting the themes of savings, thrift and self-reliance so often given lip service my Republican lawmakers. Further, recent challenges to race-based policy also point to an opportunity for asset policy as a means to "heal America's racial divide."

- **Affirmative Asset Policy**: "Equity inequity" is the single largest race gap in America today. African Americans own approximately one-tenth the wealth of whites, and this gap has grown since the civil rights triumphs of the 1960s. While this gap itself should be attacked in the many of the ways I outline below, it also presents a unique opportunity to pursue racially progressive policy in a number of other areas while remaining ostensibly color blind.

  For instance, a number of states have recently had their affirmative action policies thrown out by the courts. In response, several are developing class-based policies for university admissions, hiring, etc. However, they are measuring class in the traditional way, by income, which may exacerbate the problem of racial inequality. However, given the unequal distribution of wealth by race, if class-based affirmative action were based on a combined wealth-income measure, then it would de facto aid minorities disproportionately.

  This type of affirmative action would blunt the criticism that it is based on group rights, that it aids the minorities who need it least, and that it is stigmatizing, since net worth is a lot less obvious than skin color. It might run into opposition from traditional minority constituencies, but if presented as the only way to save

affirmative action such resistance could be overcome. This would make good on Clinton's promise to "mend, not end" affirmative action and could be done through executive orders and requirements that are pegged to Federal education and research funding. One thing to think about when designing this, or any asset based, criterion is the potential for individuals to game the system. Families may shift assets to appear more asset poor than they really are. An alternative would entail using neighborhood averages as proxies for family asset levels; of course, this option has its own drawbacks. Perhaps a combination of individual and census track measures would work best.

• **Social Insurance**: This initiative would entail the Federal government providing funds or other impetus for states or public-private partnerships to underwrite insurance against any drop in real estate values in communities that is a result of a changing racial composition of a neighborhood. By insuring against value changes, such a policy has the potential of ending the vicious cycle of "white flight" and "tipping." That is, most white residents who move out of a neighborhood that begins to integrate do so for fear that others will leave as well, that a rash of selling will occur, thereby depressing real estate values. This, of course, becomes a self-fulfilling prophecy since everyone wants to sell before everyone else does. With insurance in place against such price runs, the primary incentive for selling is eliminated.

Ideally, as was the case in Oaklawn, Illinois, this insurance will never need to be cashed in. This will help foster integrated communities and preserve housing equity among minority residents who bear the brunt of such selling sprees. The Federal government can foster such policy through block grants or by underwriting the insurance itself. The problem that might be associated with such a policy is in the realm of public relations: Minorities may resent the perception that they need to be "insured against." Also, developing a statistical model for housing prices that factors out the effects of race from other forces presents a challenge, though a tractable one, in my estimation.

• **Home Ownership:** In addition to trying to foster integrated communities, the government can do much to promote home ownership in America's inner cities. First, a massive initiative to provide low-interest, government backed loans to urban homebuyers would do much to aid the conditions of impoverished urban communities. This policy could be modeled after the FHA and VA programs that, in the wake of World War II, created a whole new class of suburban homeowners. An additional, more controversial plan would entail selling public housing to its residents for a nominal fee. This, of course, has the drawback of taking units out of HUD's stock.

Higher rates of home ownership translate to cleaner neighborhoods, less crime and more civic participation in general. The analogy I like to use is that when you own your home, you think twice about pouring glop down the drain, as compared to when you rent. Ownership gives Americans a stake in the future of their house

and their local area. Home ownership creates economic allegiances in local communities since one's housing values are determined not just by the condition of one's own home, but by the state of one's neighbors' house, and as the general conditions of the area including school quality, crime rates, environmental conditions an so on.

• **Child Development Accounts**: Individual Development Accounts (IDAs), the current demonstration project to foster savings among low-income, low-wealth families has several problems. First of all, it is much too small in scope, an experiment rather than a social policy. Second, it is focussed on adults, for whom the public is much less likely to have sympathy than children. Third, in most of the experimental sites, the withdrawal rules are much too lax. Fourth, it requires poor families to put away much of the money themselves.

I suggest a complementary program called Child Development Accounts (CDAs). This program gives each child, when born, a small asset sum (perhaps $4,000). This fund, however, would not be fungible by the child's guardians. It would only be accessible by the child him/herself when s/he reached the age of majority. The state of Nebraska has put such a policy on the table and should be examined as a potential model (its initial endowment figure is $2,000). Parents could add to this sum, tax-free, up to a limit (as is the case with the Uniform Gift to Minors Act), but once they put the money in, they would not be able to take it out. If made universal, such a program might be politically more feasible since it would appeal to middle class parents saving for their children's college tuition.

If this sort of redistributive measure is too politically unfeasible in today's climate of public opinion, another option would scrap the initial birthright endowment of the fund and require families to put in money themselves, tax free. This could be made both universal (and thus politically popular) and progressive by accompanying it with a matching fund that is calculated along the lines of the same subsidy rate as the Earned Income Tax Credit or the IDA model. It could be called the Saved Income Tax Credit (SITC). The Earned Income Tax Credit is currently the most effective means we have of lifting working families out of poverty, but of course focuses on family incomes, neglecting their asset status. The EITC as it currently stands could be combined with a savings matching plan in the form of a refundable tax credit to give low-income working families an additional financial advantage if they put their EITC money straight into a CDA or IDA.

• **TANF**: In order to make welfare truly temporary asset restrictions should be slackened and savings should be allowed. Such changes can be made without congressional approval. Many states have already raised their asset caps but should be pushed farther. Further, during the time period in which recipients would receive TANF, they should be allowed to save money. Only if combined with savings will work truly be a way out of welfare. Only by allowing welfare recipients to save themselves out of dependency will we make welfare a hand up

and not a hand out. The Food Stamp program has even stricter asset tests (a $2,000 limit). The USDA could be instructed, without Congressional action, to raise these limits substantially.

• **Means Testing:** If we altered the poverty line to not be focussed solely on income, but on family wealth level as well, social policy would target the "truly disadvantaged" more effectively. For example, if we defined poverty not just by income, but with the additional criterion that a family could not own more than, say, an equal amount in net-worth in order to be considered poor, we could raise the poverty line and reach more of the working, "near-poor" population that is currently the forgotten group in American social policy. For instance, in 1998, the poverty line for a family of two adults and two children was approximately $17,000 in annual income. If added a poverty qualification criterion that the family could not have a net worth in excess of that same income line either, we may be able to, in a cost-neutral fashion, raise these limits to $25,000 (which better accords with most public opinion data of where the poverty line should be).

Such a change would have enormous implications for how money is divided up among the states since many programs currently base their funding on the numbers of families living in poverty, by state. Since many means-tested programs are pegged to the poverty line in some way at the individual level as well, this would have an enormous impact on expanding eligibility for Medicaid, Foodstamps, TANF, and so on. The drawback of this policy is political; anytime one fiddles with the way states are allocated money, it is a huge nightmare of entrenched interests fighting the novel approach.

However, short of such a massive change, there are ways to change individual eligibility requirements for Federal programs through agency regulations, adding an asset component to the calculation of need. This may initially appear to stand in contrast to the argument I have been making about relaxing asset restrictions for TANF and Food Stamp eligibility, but in the end is not, since the asset tests for those programs are much tighter than I would be suggesting here. There are also many other Federal programs that are means tested and which can have an asset component, ranging from school lunches to Section 8 housing vouchers to some agricultural subsidies.

To: Eric Liu, Domestic Policy Council
Fr: Dalton Conley, Yale University
Re: First Lady's Philanthropy Conference

The main focus of the philanthropy conference should be asset building in disadvantaged communities. Assets can be defined broadly to include areas ranging from health to home ownership to business equity.

The innovative mechanism to achieve these ends is by "indirect support." Indirect support entails donors using their resources to leverage or underwrite loans and insurance, as opposed to the traditional model of direct giving. This approach often involves partnerships between traditional business interests and the foundation and volunteer sector. By thinking of assistance more broadly than direct grant making, the resources of foundations or individual donors can be spread a lot farther.

Perhaps the best example of this is the partnership between the Ford Foundation, Self Help, a North Carolina based nonprofit community development organization, and Fannie Mae, the nations largest source of home mortgage funds. Ford provided $50 million to Self Help in order to underwrite mortgages to low wealth individuals who would normally not have qualified for a home loan. By spending its money in this indirect fashion, Ford is able to provide $2 billion dollars in loans to 35,000 families.

I think that this type of partnership is the model for the future of large-scale philanthropy. Of course, programs for home loans should be expanded, but there are also a number of other innovative ways in which philanthropic donations can be used to have maximum impact in both social and economic realms.

- **Small Business Development:** Foundations can provide the capital reserves for small business loans to economically distressed communities. This entails the same idea as the home ownership strategy, leveraging a smaller amount of donor money to give a lot of micro enterprise loans that would not have otherwise qualified. Foundations can also provide the seed money to underwrite informal capital pools, mimicking those in some immigrant communities.

- **Health insurance:** Donors can use funds to underwrite insurance for underprivileged communities. With foundation support, more low income working families who are not currently eligible for Medicaid may be able to purchase health insurance through foundation sponsored health insurance purchasing cooperatives (HIPCs).

- **Social insurance:** Perhaps the most innovative idea would help foster integrated communities. This is insurance against a drop in real estate values that is due to a changing racial composition of a neighborhood. By insuring against value changes, this insurance short circuits the vicious cycle of "white flight" and "tipping." That is, most white residents who

move out of a neighborhood that begins to integrate do so for fear that others will leave as well, that a rash of selling will occur, thereby depressing real estate values. This, of course, becomes a self-fulfilling prophesy since everyone wants to sell before everyone else does. With insurance in place against such price runs, the primary incentive for selling is eliminated. Ideally, as was the case in Oaklawn IL., this insurance will never need to be cashed in. This will help foster integrated communities and preserve housing equity among minority residents who bear the brunt of such selling sprees.

- **Home Ownership:** Donors underwriting mortgage insurance would allow economically disadvantaged families to put down less money when buying a home.

Programs such as these represent an effort to provide the "fishing pole" as opposed to the "fish," as the old adage goes, the "third way" approach to philanthropy in the realm of economic development.

Bruce N. Reed
11/22/99 06:33:48 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP

cc: Eric P. Liu/OPD/EOP@EOP
Subject: 2nd chance homes

Should we fund something on 2nd chance homes in the budget, given BC's interest?

Budget Ideas – Eric 11/19 REVISED

Restoring Benefits to Legal Immigrants

Health Care

Our FY2000 proposal would have provided a state option to cover all qualified children and pregnant women under CHIP and Medicaid, regardless of when they entered the U.S. This proposal was also introduced in a bipartisan manner by Sens. Chaffe, Mack, McCain, Jeffords, Moynihan, and Graham.

	00	01	02	03	04	01-06
Cost	32	57	67	82	87	325

The immigrant groups support a proposal introduced this year by Sen. Moynihan and Rep. Levin that would build upon the proposal in our FY2000 budget by expanding this state option to also cover all lawfully resident disabled immigrants under Medicaid (i.e., eliminate the 5 year bar and "qualified" limitation for lawfully resident disabled immigrants). This proposal would cost about $2 billion / 5years.

Food Stamps

Restore food stamp eligibility for legal immigrants made ineligible by PRWORA and not made eligible by the Agricultural Research Act. Eliminate the five year waiting period for food stamp benefit receipt. This proposal is a continuation of the FY2000 proposal which restores eligibility to legal immigrants who become elderly after 8/22/96 (the five year cost of the FY2000 proposal was $60 million). Less than full restoration may be perceived as undercutting the bipartisan congressional efforts led by Sens. Kennedy and Specter and Reps. Walsh and Kaptur (they have introduced and have bipartisan cosponsors for a comprehensive hunger proposal that includes restoring food stamps to legal immigrants, allowing a TANF/ food stamp vehicle, an increase in the shelter deduction [$495 million / 5 year] and increased funding for TEFAP – emergency food [$20 million appropriation / per year]).

	01	02	03	04	05	01-06
Cost	30	115	200	275	355	975

SSI

The FY2000 proposal would have restored eligibility of post 8/22/96 qualified immigrants who have been in the U.S. for at least 5 years and who have become disabled after entry.

	01	02	03	04	05	01-06
Cost	200	200	200	200	200	1,000

For FY2001, immigrant advocates and a group of congressional Democrats led by the Moynihan/Levin bill support building upon the FY2000 proposal by fully restoring eligibility of pre-8/22/96 immigrants (i.e., permitting elderly pre-8/22/96 immigrants to obtain SSI without proving disability.) We don't yet have an estimate of this expansion.

Refugees
Eliminate the 5 to 7 year limitation on the exemption from benefits for refugees and asylees. Many elderly or disabled immigrants have a very hard time learning English or otherwise qualifying for naturalization.

Domestic Violence Victims
Allow legal immigrants who are qualified under the Violence Against Women Act due to domestic violence to be eligible for all federal public benefits, including SSI, food stamps, TANF, Medicaid, and CHIP regardless of the date of entry.

Food and Nutrition – In the Vice-President's hunger policy announcement last month, he proposed three of the ideas below – the option to allow states to conform the food stamp auto allowance with their TANF or Medicaid auto allowance, restoring food stamps to all legal immigrants and expanding outreach efforts.

Allowing Working Families to Own a Reliable Car Without Being Denied Food Stamps
The Nation's nutrition safety net provides critical support for families moving from welfare to work. However, less than half of all working individuals who are eligible for food stamp benefits participate in the program. Increasing access to food stamps for working families will promote work, good nutrition and health and will help families remain in the work force and off welfare. One major obstacle is the current restriction on the ownership of reliable vehicles. Current rules prevent many low-income working households from participating in the Food Stamp Program. States should be given the option to conform this food stamp vehicle limit to the vehicle limit used in their TANF or Medicaid program. This would allow – but not require – states that have liberalized the rules in their TANF programs to apply the same rules in the food stamp program, so that families that work their way off welfare do not suddenly face the loss of their food stamps.

	01	02	03	04	05	01-06
Cost	195	355	345	355	365	1,615

Improving Nutrition Among the Elderly
The sharp increase in the elderly population over the next decade poses a challenge to our nutrition assistance programs. Relatively few elderly – less than 30 percent – who are eligible for food stamps actually participate. For many, the application process is too complicated while others are to embarrassed to seek out and use food stamps. To overcome these barriers, USDA would conduct a pilot program which will test an array of alternative application and benefit structures over three years. These alternatives would test a commodity alternative for the elderly, a streamlined food stamp application process, and provide assistance in completing applications. The focus would be elderly-only households with income at or below 130 percent of poverty. This modest investment will show the Administration's commitment to ensuring the nutritional well-being of seniors.

	01	02	03	04	05	01-06
Cost	15	25	25	-	-	65

Enhance Knowledge of the Food Stamp Program
Provide $6 million in funding for the development and implementation of a campaign designed to disseminate information to the working poor about eligibility for participation in the Food Stamp Program. Informing this targeted audience is very important, particularly given their low participation rate and potential confusion about losing their food stamp eligibility when they leave TANF.

Child Support

Federal Assistance in Enforcing Inter-State Wage Withholding and Asset Seizure of Dead-Beat Parents
Despite recent improvements in child support collections, much more needs to be done to ensure that all children receive the support from their noncustodial parents. A significant challenge still persists in establishing and enforcing inter-state child support orders. The Federal government could assist state efforts by directly contacting the employer of a non-compliant obligor, who is identified by the Federal Parent Locator Service (FPLS), that they must begin withholding wages. The Financial Institution Data Match (FIDM) enables identification of accounts belonging to noncustoidal parents who are delinquent in their child support orders. Again, in inter-state child support cases the Federal government could assist States by seizing certain financial assets of delinquent obligors.

Assisting Child Support Agencies in Enrolling Children in Medicaid/CHIP
As part of the data gathering IVD agencies do to establish child support orders they in many cases have the income information necessary to determine whether the children are qualified for such coverage. Thus, IVD agencies could take an active role in enrolling children in Medicaid/CHIP. However, these tasks would constitute an expansion of the IVD agency's role and would require a commitment of IVD time and resources. For this to occur, additional resources and incentives would need to be provided.

Nonprofits

Supporting the Role of Nonprofits and Encouraging Philanthropy
The nonprofits sector is an integral component of our national life and as this sector grows in size and importance, there is an ever greater opportunity to forge partnerships with Government to address pressing public problems. To promote the potential between nonprofits and government we should offer the same type of services and assistance to the nonprofits sector that we do for small businesses. Nonprofits need access to capital in order to build the infrastructure to assist our communities. The FY2001 budget could provide assistance through seed funding or subsidized low-interest loans. In many cases, it is philanthropy through gifts and volunteerism that fuel the efforts of nonprofits. The Administration could encourage and foster philanthropic behavior through tax proposals.

Tobacco

1. **Tax**
   A. A 55 cent per-pack increase.

	01	02	03	04	05	01-06
Cost	6,400	6,400	6,400	6,400	6,400	32,000

B. Acceleration of the BBA's 5 cent excise tax.

	01	02	03	04	05	01-06
Cost	679	163	-	-	-	842

2. Support Critical Public Health Efforts to Prevent Youth Smoking

A. CDC -- $101 million to continue the National Tobacco Control Program, providing funds for states to: prevent initiation among youth, eliminate exposure to ETS, promote quitting among adults and youth, and eliminate disparities among population groups. Four program components include: (1) community interventions, (2) counter-marketing, (3) policy and regulation, and (4) surveillance and evaluation. In 1999, National Cancer Institute's ASSIST (17 states) program and CDC's IMPACT (32 states and DC) program were consolidated into the National Tobacco Control Program at $51 million. Requested increase would bring states wit the former IMPACT programs up to a comparable funding level as states with former ASSIST programs.

B. CDC -- $30 million and 10 FTEs to provide the Foundation for the New Millennium of Tobacco Use Prevention and Control. CDC would expand efforts to coordinate a national approach by:

- Providing federal leadership -- $22.3 million for cooperative agreement support for the state National Tobacco Control Program, technical assistance, communication and education support to states, school health and oral grants.
- Strengthening tobacco use science for public health action -- $6.3 million for surveillance and evaluation TA, lab and community prevention research.
- Working with partners to create global tobacco programs -- $1.4 million to support global tobacco control efforts, TA, oversight, coordination of international data, and partnerships with multilateral organizations.

C. FDA -- $88 million to expand youth anti-smoking outreach and enforcement activities in all states.

- Enforcement and evaluation – Expand inspections from 400,000 in FY 2000 to 540,000 retailers. Monitor compliance with rules such as advertising outside the proximity of schools and playgrounds, black and white text only ads, and elimination of vending machines except in adult-only places. Funds would also support completion of national retailer database.
- Compliance outreach – Distribute retailer information kits and newsletters.
- Product regulation – FDA may need to develop performance standards for cigarettes and smokeless tobacco products, classify products, and inspect industry practices.

3. **Fund the Department of Justice for the Necessary Legal Costs Associated with the Tobacco Litigation.** The Department of Justice has initiated litigation against the tobacco industry to recover certain federal health expenditures caused by tobacco use. The FY2001 budget should propose $20 million for the Department of Justice to finance costs incurred in preparing and bringing litigation against the tobacco companies for tobacco-related Federal health costs. a) DOJ b) HHS-VA-DOD

4. **Medicaid Cessation Coverage.** Promotion of cessation among current smokers offers the promise of immediate health benefits. In order to assist individuals in helping to kick the habit of smoking, Medicaid could provide a limited benefit for prescription smoking cessation products.

5. **Claiming a Federal Share of State Tobacco Settlements**

Cynthia A. Rice 11/22/99 05:42:30 PM

Record Type: Record

To: Victoria A. Wachino/OMB/EOP
cc: J. Eric Gould/OPD/EOP, Eugenia Chough/OPD/EOP
bcc:
Subject: Re: Sen. Robb's alternative idea for tobacco farmers

Now that we're all re-focusing on FY '01, we'd like to get Treasury's read on the Boucher bill and Senator Robb's alternative to it, to see if we should include in the '01 budget. Do you guys want to proceed with re-engaging Treasury or would you like us to work on them?

Victoria A. Wachino

Victoria A. Wachino 11/09/99 05:19:54 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP
cc:
Subject: Re: Sen. Robb's alternative idea for tobacco farmers

Joe has had a difficult time getting Treasury's read on this. His take is that they are overwhelmed with extenders and other things coming to a head on the Hill this week.

Eric P. Liu
11/19/99 02:30:05 PM

Record Type: Record

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

cc: Bruce N. Reed/OPD/EOP@EOP, Cathy R. Mays/OPD/EOP@EOP, Anna Richter/OPD/EOP@EOP
Subject: budget/sotu ideas

If you've sent BR and me rough sketches of your budget ideas, thanks. If not, pls do that soonest. What we want to do next is have these sketches fleshed out into paragraph-long bullets, with cost estimates where applicable, by COB next Wednesday. Anna will set up times on Mon or Tues with each of you so we can talk through what you're developing. We're in a compressed timeframe, but from the looks of it, we've got some very good stuff in the mix.

Message Sent To:

Christopher C. Jennings/OPD/EOP@EOP
Cynthia A. Rice/OPD/EOP@EOP
Thomas L. Freedman/OPD/EOP@EOP
Paul J. Weinstein Jr./OPD/EOP@EOP
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Nicole R. Rabner/WHO/EOP@EOP
Andy Rotherham/OPD/EOP@EOP
Sandra Thurman/OPD/EOP@EOP

Budget - FY '01

(1)

(1) Housing vouchers
- (a) 170,000 in HUD budget
  - ? 50K Welfare to Work
- (b) family reunification? how many?
  - → fathers focus

(2) DoL WHW
- (a) $1 billion → page of bullet points on why we need it
- (b) change fatherhood?
- (c) fatherhood/criminal justice → Crime team working on proposal

(3) Transportation
- (a) appropriate at maximum authorization
  - no earmarks

(4) IDAs
- (a) full funding
- (b) expand to cars?

(5) Food Stamps
- a) vehicles
- b) legal imm
- c) shelter deduction
- d) $$ for outreach/mandatory??
- e) Fund for multi-program outreach
  - ? challenge grants amend $500 million ~~multip~~

(6) Legal imm
- a) Same SSI + Medicaid
- b) More on food stamps?
- c) New ideas imm groups

7 Child support
→ pass through vs distribution rules

8 Home ownership
→ ways to encourage
→ encourage what Bank of America does
→ tax credit?
→

9 Extension of tax credits
→ WTW
→ WOTC
} should we propose to combine?

10 Tobacco - cessation / Medicaid
→ scoe
→ NGA ?

11 Funds for CDC + FDA - tobacco

12 Funds for DOJ litigation

13 Tax

14 ? Recoupment

15 Charitable / non-profits

16 SSBG
HHS cut $80 mil

17 Transitional Medicaid

18 Distillation idea

19 Tobacco farmers

Andrea Kane 11/19/99 09:53:22 AM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP

cc:
Subject: FYI: Proposal for Vouchers from Center for Budget and Policy Priorities

I of course told Steve we'd hold this close, and look forward to discussing this and other housing ideas in more depth once they finish Director's review

---------- Forwarded by Andrea Kane/OPD/EOP on 11/19/99 09:52 AM ----------

Francis S. Redburn 11/19/99 09:34:38 AM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP

cc:
Subject: FYI: Proposal for Vouchers from Center for Budget and Policy Priorities

I don't think Michael would mind my sharing this with you. It indicates where we are heading. Will be able to talk more specifically after our conversation with the Director next week.

---------- Forwarded by Francis S. Redburn/OMB/EOP on 11/19/99 09:32 AM ----------

Francis S. Redburn 11/15/99 02:41:54 PM

Record Type: Record

To: Michael Deich/OMB/EOP@EOP

cc: See the distribution list at the bottom of this message
Subject: FYI: Proposal for Vouchers from Center for Budget and Policy Priorities

You should have received a copy of this 11/12/99 proposal from Greenstein, Sard, and Lubell. It recommends a small initiative to make vouchers work better in difficult markets and additional steps to improve voucher success rates.

I was pleased to see that their ideas so closely parallel the recommendation in the Rental Assistance Issue Paper for Director's Review, which draws from the investigation Katherine conducted as her Summer project. One difference: they propose competitive awards to PHAs for a menu of additional administrative efforts or payments to landlords or families plus separate initiatives to provide TA and training and to challenge discrimination against voucher holders. Our proposal folds these purposes together; rather than having the funds be awarded competitively, it gives HUD discretion to direct the funds to places where it spots a problem and to specify the appropriate intervention.

Jeff Lubell and I both attended the recent Urban Institute roundtable on these issues. I've since spoken to Marge Turner of UI, who organized the roundtable. She was enthusiastic about an initiative of

the kind we are recommending. We also are talking to PIH and PD&R staff about a practical method of identifying PHAs where success rates are low or falling, in order to facilitate timely and appropriate interventions.

Message Copied To:

Alan B. Rhinesmith/OMB/EOP@EOP
Katherine L. Meredith/OMB/EOP@EOP
James F. Jordan/OMB/EOP@EOP
Douglas Pitkin/OMB/EOP@EOP
Sherron Duncan/OMB/EOP@EOP

Andrea Kane 11/19/99 12:32:54 PM

Record Type: Record

To: Eugenia Chough/OPD/EOP@EOP, Cynthia A. Rice/OPD/EOP@EOP

cc:
Subject: FY 2000 substance abuse budget

good news

---------- Forwarded by Andrea Kane/OPD/EOP on 11/19/99 12:32 PM ----------

Patrick Aylward 11/19/99 12:10:02 PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP

cc: Richard J. Turman/OMB/EOP@EOP, Leanne A. Shimabukuro/OPD/EOP@EOP
Subject: FY 2000 substance abuse budget

I don't believe we've met, but I am the SAMHSA examiner, and Richard has asked me to respond to your question.

The FY 2000 budget requested $1,615 million for the substance abuse block grant. The vetoed L/HHS bill had $1,585 million. Our bottom line during negotiations was $1,600 million - which is the level that was achieved.

The FY 2000 budget requested $110 million for targeted treatment capacity expansion. The vetoed bill included $88 million. Through additions from the CBC and our negotiations, the current bill provides $114 million.

Please let me know if you require any further information.

Andrea Kane 11/19/99 09:10:53 AM

Record Type: Record

To: Richard J. Turman/OMB/EOP@EOP

cc: Leanne A. Shimabukuro/OPD/EOP@EOP
Subject: FY 2000 substance abuse budget

did we end up getting the increases we requested for substance abuse block grant and targeted capacity expansion grants?

Budget Ideas – Eric 11/19

Restoring Benefits to Legal Immigrants

Health Care

Build upon the FY2000 proposal (which would have provided a state option to cover all qualified children and pregnant women under CHIP and Medicaid, regardless of when they entered the U.S.) by providing a state option to cover all lawfully resident disabled immigrants under Medicaid (i.e., eliminate the 5 year bar and "qualified" limitation for lawfully resident disabled immigrants).

Food Stamps

Restore food stamp eligibility for legal immigrants made ineligible by PRWORA and not made eligible by the Agricultural Research Act. Eliminate the five year waiting period for food stamp benefit receipt. This proposal is a continuation of the FY2000 proposal which restores eligibility to legal immigrants who become elderly after 8/22/96. Less than full restoration may be perceived as undercutting the Kennedy/Specter proposal.

	01	02	03	04	05	01-06
Cost	30	115	200	275	355	975

SSI

The FY2000 proposal would have restored eligibility of post 8/22/96 qualified immigrants who have been in the U.S. for at least 5 years and who have become disabled after entry. For FY2001, build upon the FY2000 proposal by fully restoring eligibility of pre-8/22/96 immigrants (i.e., permitting elderly pre-8/22/96 immigrants to obtain SSI without proving disability.)

	01	02	03	04	05	01-06
Cost	200	200	200	200	200	1,000

Refugees

Eliminate the 5 to 7 year limitation on the exemption from benefits for refugees and asylees. Many elderly or disabled immigrants have a very hard time learning English or otherwise qualifying for naturalization.

Domestic Violence Victims

Allow legal immigrants who are qualified under the Violence Against Women Act due to domestic violence to be eligible for all federal public benefits, including SSI, food stamps, TANF, Medicaid, and CHIP regardless of the date of entry.

Food and Nutrition

Allowing Working Families to Own a Reliable Car Without Being Denied Food Stamps

The Nation's nutrition safety net provides critical support for families moving from welfare to work. However, less than half of all working individuals who are eligible for food stamp benefits participate in the program. Increasing access to food stamps for working families will promote work, good nutrition and health and will help families remain in the work force and off welfare. One major obstacle is the current restriction on the ownership of reliable vehicles.

Current rules prevent many low-income working households from participating in the Food Stamp Program. States should be given the option to conform this food stamp vehicle limit to the vehicle limit used in their TANF or Medicaid program. This would allow – but not require – states that have liberalized the rules in their TANF programs to apply the same rules in the food stamp program, so that families that work their way off welfare do not suddenly face the loss of their food stamps.

	01	02	03	04	05	01-06
Cost	195	355	345	355	365	1,615

Improving Nutrition Among the Elderly

The sharp increase in the elderly population over the next decade poses a challenge to our nutrition assistance programs. Relatively few elderly – less than 30 percent – who are eligible for food stamps actually participate. For many, the application process is too complicated while others are to embarrassed to seek out and use food stamps. To overcome these barriers, USDA would conduct a pilot program which will test an array of alternative application and benefit structures over three years. These alternatives would test a commodity alternative for the elderly, a streamlined food stamp application process, and provide assistance in completing applications. The focus would be elderly-only households with income at or below 130 percent of poverty. This modest investment will show the Administration's commitment to ensuring the nutritional well-being of seniors.

	01	02	03	04	05	01-06
Cost	15	25	25	-	-	65

Enhance Knowledge of the Food Stamp Program

$10 Provide $6 million in funding for the development and implementation of a campaign designed to disseminate information to the working poor about eligibility for participation in the Food Stamp Program. Informing this targeted audience is very important, particularly given their low participation rate and potential confusion about losing their food stamp eligibility when they leave TANF.

Child Support

Federal Assistance in Enforcing Inter-State Wage Withholding and Asset Seizure of Dead-Beat Parents

Despite recent improvements in child support collections, much more needs to be done to ensure that all children receive the support from their noncustodial parents. A significant challenge still persists in establishing and enforcing inter-state child support orders. The Federal government could assist state efforts by directly contacting the employer of a non-compliant obligor, who is identified by the Federal Parent Locator Service (FPLS), that they must begin withholding wages. The Financial Institution Data Match (FIDM) enables identification of accounts belonging to noncustoidal parents who are delinquent in their child support orders. Again, in inter-state child support cases the Federal government could assist States by seizing certain financial assets of delinquent obligors.

Assisting Child Support Agencies in Enrolling Children in Medicaid/CHIP
As part of the data gathering IVD agencies do to establish child support orders they in many cases have the income information necessary to determine whether the children are qualified for such coverage. Thus, IVD agencies could take an active role in enrolling children in Medicaid/CHIP. However, these tasks would constitute an expansion of the IVD agency's role and would require a commitment of IVD time and resources. For this to occur, additional resources and incentives would need to be provided.

Nonprofits

Supporting the Role of Nonprofits and Encouraging Philanthropy
The nonprofits sector is an integral component of our national life and as this sector grows in size and importance, there is an ever greater opportunity to forge partnerships with Government to address pressing public problems. To promote the potential between nonprofits and government we should offer the same type of services and assistance to the nonprofits sector that we do for small businesses. Nonprofits need access to capital in order to build the infrastructure to assist our communities. The FY2001 budget could provide assistance through seed funding or subsidized low-interest loans. In many cases, it is philanthropy through gifts and volunteerism that fuel the efforts of nonprofits. The Administration could encourage and foster philanthropic behavior through tax proposals.

Tobacco

1. **Tax**

A. A 55 cent per-pack increase.

	01	02	03	04	05	01-06
Cost	6,400	6,400	6,400	6,400	6,400	32,000

B. Acceleration of the BBA's 5 cent excise tax.

	01	02	03	04	05	01-06
Cost	679	163	-	-	-	842

2. **Support Critical Public Health Efforts to Prevent Youth Smoking**

A. CDC -- $101 million to continue the National Tobacco Control Program, providing funds for states to: prevent initiation among youth, eliminate exposure to ETS, promote quitting among adults and youth, and eliminate disparities among population groups. Four program components include: (1) community interventions, (2) counter-marketing, (3) policy and regulation, and (4) surveillance and evaluation. In 1999, National Cancer Institute's ASSIST (17 states) program and CDC's IMPACT (32 states and DC) program were consolidated into the National Tobacco Control Program at $51 million. Requested increase would bring states wit the former IMPACT programs up to a comparable funding level as states with former ASSIST programs.

B. CDC -- $30 million and 10 FTEs to provide the Foundation for the New Millennium of Tobacco Use Prevention and Control. CDC would expand efforts to coordinate a national approach by:

- Providing federal leadership -- $22.3 million for cooperative agreement support for the state National Tobacco Control Program, technical assistance, communication and education support to states, school health and oral grants.
- Strengthening tobacco use science for public health action -- $6.3 million for surveillance and evaluation TA, lab and community prevention research.
- Working with partners to create global tobacco programs -- $1.4 million to support global tobacco control efforts, TA, oversight, coordination of international data, and partnerships with multilateral organizations.

C. FDA -- $88 million to expand youth anti-smoking outreach and enforcement activities in all states.

- Enforcement and evaluation – Expand inspections from 400,000 in FY 2000 to 540,000 retailers. Monitor compliance with rules such as advertising outside the proximity of schools and playgrounds, black and white text only ads, and elimination of vending machines except in adult-only places. Funds would also support completion of national retailer database.
- Compliance outreach – Distribute retailer information kits and newsletters.
- Product regulation – FDA may need to develop performance standards for cigarettes and smokeless tobacco products, classify products, and inspect industry practices.

3. **Fund the Department of Justice for the Necessary Legal Costs Associated with the Tobacco Litigation.** The Department of Justice has initiated litigation against the tobacco industry to recover certain federal health expenditures caused by tobacco use. The FY2001 budget should propose $20 million for the Department of Justice to finance costs incurred in preparing and bringing litigation against the tobacco companies for tobacco-related Federal health costs.

4. **Medicaid Cessation Coverage.** Promotion of cessation among current smokers offers the promise of immediate health benefits. In order to assist individuals in helping to kick the habit of smoking, Medicaid could provide a limited benefit for prescription smoking cessation products.

5. **Claiming a Federal Share of State Tobacco Settlements**

11/3 Immigrant Benefits

FY 2001

What to add to FY 100?

SSI + Medicaid as priorities

1) State option / disabled after entry / Medicaid only
→ adds first five years
→ adds non citizen + non pregnant women
no bar no deeming

2) Domestic violence provisions
→ in Moynihan-Leahy
→ all benefits (SSI, Medicaid, FS)
→ public charge clarification

3) Refugees + asylees
7 year exemption not brought (elderly + disabled) who → extend permanently

4) Food Stamps

Options (a) want all

(b) Add FS to those covered under SSI post '96

(c) Restore pre-96

(d) households w/ kids + elderly despite date of entry

(e) also → adults in households w/ children

[redacted] Kennedy-Spector, Clayton-Walsh) Lead priority for nutrition groups this year

BB WIC rule / Vendor rules

Provision - states compile quarterly dual participants (2 jurisdictions or WIC + commodities)

preamble to NPRM
We can't require states to use
SS #s but they can
Only real way to do it
is to use SS #s
WIC serves under
Thus SS req would have
chilling effect

1988 IG audit (ec

Comment period just ended

Andrea Kane 11/19/99 09:59:43 AM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP
cc:
bcc:
Subject: Re: and on another issue

The numbers below are still fine. Congress earmarked $49 of the $75 M, leaving $26 M in FY 2000 funds for competitive grants. This will be comgined with about $4 M left over from FY 99 grant process, for a total of about $30 M to be awarded in the upcoming round.
Cynthia A. Rice

Cynthia A. Rice 11/19/99 09:55:34 AM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP
cc:
Subject: and on another issue

This would be updated given the ATJ info we got last night, right?

. For FY 2000, Congress provided funding only at the guaranteed level of $75 million, then earmarked about $50 million of the funds, leaving only $25 million for competitive grants.

Eugenia Chough 11/19/99 09:13:54 AM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP

cc:

Subject: FDA and CDC 2000 approps

---------- Forwarded by Eugenia Chough/OPD/EOP on 11/19/99 09:13 AM ----------

Frank J. Seidl III
11/18/99 08:04:54 PM

Record Type: Record

To: Eugenia Chough/OPD/EOP@EOP

cc: Richard J. Turman/OMB/EOP@EOP, Matthew Vaeth/OMB/EOP@EOP, Melany Nakagiri/OMB/EOP@EOP

Subject: Re: 00 FDA and CDC $?

Yes, the conference level for FDA tobacco programs ended up at $34.0 million and the level for CDC tobacco was $100.9. These are amounts prior to any across-the-board reductions.

ex of how priority order of payment result in problems
→ father doesn't have incentive to pay more than current amt

Currently:

→ payment for welfare check

All mothers, whether on welfare now or in the past, can never keep the child support payments on debt that accrued while she was on welfare because the federal and state governments claim those child support collections as theirs.

Mothers who are on welfare now don't get to keep any of their child support until they leave welfare. The state keeps all of it -- even the child support that was due before she went on welfare. ~~doesn't~~ what about women once they leave due before

Some mothers who leave welfare can keep the child support that was due before she was on welfare, depending on ~~the date she left welfare and the method that the state used to collect~~ how and when the state collected the support.

All mothers who leave welfare can keep the child support paid for the current month.

Some mothers who leave welfare will get child support payments for several months or years, but then those payments will cease in order to begin paying the federal and states governments for their share of past-due support. Once their share is paid, payments may go back to the mothers.

~~[illegible]~~ even if father pays same amt regularly, amt to mother irregular

Overall Right now no connection between what father pays and what the mother gets

Under the HHS proposal:

Mothers who are on welfare now don't get to keep any of their child support until they leave welfare. The state keeps all of it -- even the child support that was due before she went on welfare.

Mothers who leave welfare get to keep everything.

Under the Smith proposal:

All mothers, whether on welfare now or in the past, get to keep the child support that was due before she went on welfare.

Mothers who are on welfare can never keep the child support for debt that accrued while on welfare because the federal and state governments claim those child support collections as theirs.

Mothers who leave welfare can keep the child support paid for the current month.

Problem = fathers ~~[illegible]~~ get charged for Medicaid costs of childhood delivery

Eugenia Chough 11/15/99 06:27:40 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP
cc: j. eric gould/opd/eop@eop, andrea kane/opd/eop@eop
bcc:
Subject: Re: As to your Q's Re: Draft summary of 01 proposals

Revised budget document is attached. It includes more details on the CDC tobacco prevention program, too.

According to OMB, SSA's budget recommends the legal immigrants proposal from last year. HHS did not -- apparently the Department wanted a broader proposal, but the cost gave HCFA cold feet and they pulled it at the last minute, so now there's nothing in the HHS budget. Jeff thinks they may come back with something else after passback.

FY01 agency proposals.d

Cynthia A. Rice

Cynthia A. Rice 11/15/99 01:18:15 PM

Record Type: Record

To: Eugenia Chough/OPD/EOP@EOP
cc: j. eric gould/opd/eop@eop, Andrea Kane/OPD/EOP@EOP
bcc:
Subject: Re: As to your Q's Re: Draft summary of 01 proposals

I was trying to ask a somewhat more simple question on the legal immigrants provisions: did SSA and HCFA propose legal immigrants provisions in the budgets they submitted to OMB in September? If so, did they re-propose what was in our budget last year or something different?

And pls send a revised version of the summary when you're done with it. Thanks.

Eugenia Chough 11/10/99 06:47:48 PM

Eugenia Chough 11/10/99 06:47:48 PM

Record Type: Record

To: J. Eric Gould/OPD/EOP@EOP, Cynthia A. Rice/OPD/EOP@EOP
cc:
Subject: As to your Q's Re: Draft summary of 01 proposals

---------- Forwarded by Eugenia Chough/OPD/EOP on 11/10/99 06:47 PM ----------

Eugenia Chough 11/10/99 06:39:00 PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP
cc: cynthia a. rice/opd/eop@eop j. eric gould/opd/eop@eop
bcc: Records Management@EOP
Subject: As to your Q's Re: Draft summary of 01 proposals

(1) **TANF**: The $20 million reduction in TANF is due to an increase in penalties in 01 to $50 million, $20 million above the $30 million estimates in 00.

(2) **HUD Vouchers**: 2,000 for family unification. In recent years, even those in which no funds were provided for "incremental" vouchers, Congress always provided funding for some family unification vouchers as well as vouchers for witness relocation.

(3) I'll put summaries of 3 HHS programs -- **JOLI, Neighborhood Improvement Program**, and another one I noticed and added, **Community Food and Nutrition Program** -- in your boxes. ACF does not propose to fund the CFNP grant program, in anticipation that Hill will fund it.

(4) DOL **Vulnerable Workers** program: I've put more detail in the latest version to explain the breakout of the $21.4 million new DOL program. If you're thinking about how this might relate to the Task Force Directives, it may just be a good place to think about incorporating a couple of their ideas.

(5) **Legal immigrant provisions**: Diana Meredith says that both the SSA and MA pieces are still up for discussion, and neither the agencies nor OMB have really weighed in on these decisions yet. They're having a meeting to discuss the SSA mandatory pieces next week. They have to redo the cost estimates, even if they're the same proposals. Diana pointed out that the SSI piece would cost significantly (50%) more since we're at the end of the 5 year ban.

(6) **ESL/Civics**: OMB staff plan to repropose at $75 million, $5 million above last year (see my earlier note on this). I'll add a legal immigrants table to the summary.

Andrea Kane

Andrea Kane 11/10/99 03:39:27 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP
cc: eugenia chough/opd/eop@eop, j. eric gould/opd/eop@eop
bcc:
Subject: Re: Draft summary of 01 proposals

Genie, ditto on how helpful this is. I have a few other questions:
what is $20 M reduction in TANF?
are any of the housing vouchers designated for family reunification (doesn't sound like it but just wanted to check)
Cynthia A. Rice

Cynthia A. Rice 11/10/99 03:17:19 PM

Record Type: Record

To: Eugenia Chough/OPD/EOP@EOP
cc: andrea kane/opd/eop@eop, j. eric gould/opd/eop@eop
bcc:
Subject: Re: Draft summary of 01 proposals

This is very helpful, thanks. Please continue to update as you get more information.

I have a few questions, mainly about the programs with which I am less familiar. In particular:

(1) What does the JOLI program do? (HHS)
(2) What would the Neighborhood Innovation Program do? (HHS)
(3) Can you tell me a little more about the Vulnerable Workers program (DOL)? Does the description give any sense of what share of these funds could be expected to be used for the different purposes?
(4) Did HHS or SSA re-propose any of our legal immigrant provisions? I guess it would be in the HCFA budget.
(5) Also could you check into the Dept of Education budget, in particular to see what they did with Adult Ed and whether they included the increases we proposed last year on ESL/Civics and add this to the chart?

Thanks.

Eugenia Chough 11/08/99 04:36:30 PM

Eugenia Chough 11/08/99 04:36:30 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP
cc:
Subject: Draft summary of 01 proposals

I'm attaching a draft summary of the agency proposals -- first welfare, and then last page is tobacco. For each agency, I've created a table to summarize the FY00 request, FY00 enacted (still empty in most places -- Steve Redburn is helping me fill in HUD table) and FY 01 request levels. Under the table, bullets highlight major proposals. Please let me know if you have suggestions, I'll incorporate, and resend. Thanks.

Also note that the Child Support #s don't include collections (and thus, don't reflect the costs of the passthrough, distributions and gaming proposals), but Michele is sending me the A-19 which has more detail than the HHS submission.

FY01 agency proposals.d

Summary of FY 2001 Agency Welfare Proposals
($ in nearest millions)

HHS

Proposal	FY 2000 Request	FY 2000 Enacted	FY 2001 Request	Change from FY 2000 request
TANF	$17,004		$16,984	-$20
Child Support*	$3,217		$3444	+$227
SSBG	$2,380		$1,700	-$680
LIHEAP	$1,100		$1,100	0
IDA	$20		$25	+$5
CSBG	$500		$500	0
Neighborhood Innovation Program	0		$27	+$27
Community Food and Nutrition	0	$5.5	0	0
Job Opportunities for Low-income Individuals	0		$11	+$11
Children's Research & Technical Assistance	$69		$64	-$5
Social Services Research and Demo	$6		$6	0
Developmental Disabilities	$119	$155	$119	0

*Excludes collections, so passthrough, distribution and gaming proposals are not reflected in this table.

1. Child Support:

   - Passthrough – Federal government shares in the cost of child support passed through to TANF families and disregarded for purposes of income eligibility. For amount above the state's current passthrough limit, the federal government will share with the state in the cost of a passthrough of up to $100 of current child support collected.
   - Distribution – State option to simplify existing child support distribution rules. Collections made on behalf of families who no longer receive assistance would be paid directly to the family.
   - Enforcement – Require state to intercept and gambling proceeds of noncustodial parents that owe overdue child support. This proposal will save $200 million over 5 years.

2. Community Services

   - IDA -- $25 million, a $5 million increase above FY 2000 level.
   - CSBG – Continues FY 2000 request of $500 million. There are also a few small discretionary grant programs under CSBG, including
     (1) JOLI – grants to nonprofits (including community development corporations) for job creation efforts for: individuals below 100 percent of poverty; microenterprise business opportunities for eligible participants; business expansion through technical and financial assistance to private employers in low-income communities. $10.5 million in discretionary grants that were zeroed out in FY 2000. Funding level nearly triples FY 1999 level.
     (2) Community Food and Nutrition – grants to public and private, state and locals to coordinate existing food resources, initiate new nutrition programs in underserved

areas, and identify sponsors of child nutrition programs. HHS proposes not to fund, in anticipation that Congress will.

(3) Neighborhood Innovation Program – Newly authorized in 1998, but never funded. $27 million would fund grants to neighborhood based nonprofits to support innovative approaches to addressing obstacles to succeeding at work.

3. Children's Research and Technical Assistance

- CSE Training and TA -- $14.4 million. This funding level is based on collections and would increase to $15.4 million if the CS passthrough legislation is enacted.
- CSE FPLS – $28.8 million. This funding level is based on collections and would increase to $30.8 million if the CS passthrough legislation is enacted.
- Welfare reform research -- $15 million
- Child welfare longitudinal study -- $6 million

4. Developmental Disabilities:

- Basic State Grants -- $64 million
- Protection and Advocacy -- $27 million
- Projects of National Significance -- $10 million
- Centers for National Excellence -- $17 million

DOL

Proposal	FY 2000 Request	FY 2000 Enacted	FY 2001 Request	Change from FY 2000 request
Welfare-to-Work	$750	--	$250	-$500
Lifelong Learning	n/a	n/a	$354	n/a
Disability Services – ODPET	n/a	n/a	$148	n/a
Vulnerable Workers	n/a	n/a	$21	n/a
Youth Activities	$1,001	$1,001	$1,251	+$250
Youth Opportunity Grants	$250	$250	$250	0
Adult Training	$955	$950	$1,055	+$100
Job Corps	$1,347	$1,359	$1,445	+$98
Ex-offenders	n/a	$15	$200	n/a

1. Welfare-to-Work: $250 million, reflecting our revised authorization proposal to spread extension over two years, with $750 million in FY 2000. This proposal may need to be revised.

2. Lifelong Learning: $354 million and 25 FTEs to close the skills gap and the wage gap between high school and college graduates. Funds will:

- Support on-the-job training by employers to their current adult employees, particularly those who are less education or in smaller establishments.

- Link youth to the post-school workforce system.
- Help adjust older workers to the changing workplace.
- Ensure that no groups, including individuals with disabilities and minorities, are left behind technological developments.
- Improve access to and training on the Internet for all populations and geographic areas.

3. Disability Services: $148 million and 106 FTEs to establish a new Office of Disability Policy, Evaluation and Technical Assistance. The office will provide overall coordination and leadership in federal disability services, and help leverage local and private resources. ODPET will promote the employment of people with disabilities, and savings through reduced dependency spending and consolidation of existing programs.

4. Vulnerable Workers: $21.4 million and 23 FTEs as part of a new multi-year project to help vulnerable workers meet the challenges of an increasingly diverse, temporary and aging workforce. Funds will allocated as follows:

   - Temporary workers -- $1.5 million for an FLSA enforcement program targeting temporary workers; $2.5 million in grants to CBOs to provide outreach and training to contingent workers; and $500,000 in research.
   - Employee Rights -- $2.1 million to share information with workers and employers on employee rights and responsibilities. Handbooks will be developed in several languages and braille, and other outreach activities.
   - Older Workers -- $10 million in ETA for competitive grants to employment and training entities, such as Workforce Investment Boards, that partner with employers to hire or upgrade the skills of older workers, particularly in the manufacturing sector; and $3.4 million to expand the scope of the Survey of Occupational Injuries and Illnesses.

5. Youth Activities: $1.25 billion to help approximately 750,000 low-income, at-risk youth (age 14-21) prepare for academic success, employment, and good citizenship.

6. Adult Training: $1.1 billion to increase the number of adults to be served and to ensure successful implementation of WIA in all states and territories.

7. Ex-offender: $200 million to examine more effective methods to transition ex-offenders, particularly young and first-time offenders, into the mainstream economy. This initiative will be the first significant effort to address the labor market needs of this population, as targeted by WIA. An estimated 50,000 individuals would be served by the competitive grants to states, local WIA agencies, and corrections agencies that provide remedial education, pre-release and initial release activities such as career and life planning, and job placement.

HUD

Proposal	FY 2000 Request	FY 2000 Enacted	FY 2001 Request	Change from FY 2000 request

Vouchers	$491	$347	$983	+$492
EZs	$150	$70	$150	0
CEF			$400	
APIC		$20		
CDBG	$4,775	$4,800	$5,300	+$525
Regional Connections	$50	n/a	$50	0
Indian Housing Block Grant	$665	$620	$710	+$45
HOME Investment Partnership	$1,610	$1,600	$1,800	+$190

1. Vouchers: $983 million for 172,000 new vouchers, of which 25,000 will be welfare to work, 20,000 for homeless, and the remaining 127,000 for people on waiting lists for assisted housing. This request doubles the FY 2000 request to fund 25,000 welfare to work vouchers, 18,000 homeless vouchers, and 60,000 incremental vouchers.

2. EZs: $150 million for second year of Round II funding.

3. Community Empowerment Fund (CEF): $400 million to leverage $2 billion in private sector investments and create nearly 300,000 jobs.

4. America's Private Investment Companies (APIC): $1 billion to leverage $1.5 billion for revitalization efforts and job growth in rural areas and central cities.

5. CDBG: $5.3 billion (10 percent increase over FY00), limiting set-asides to $173 million. FY 2000 appropriation includes $55 million setaside for Regional Connections and $275 for the Economic Development Initiaitive.

6. Regional Connections: Authorize a $50 million program (proposed in FY00 as CDBG set-aside) to provide competitive grants to states and localities that coordinate strategic plans addressing urban and rural communities.

7. Indian Housing Block Grant: $710 million in grants to increasing number of eligible tribes for housing assistance, economic development and job creation activities.

8. HOME Investment Partnership: $1.8 billion to provide flexible funding for communities to construct or repair homes for low- to moderate-income families.

DOT

Proposal	FY 2000 Request	FY 2000 Enacted	FY 2001 Request	Change from FY 2000 request
Job Access and Reverse Commute Grants	$150	$75	$150	0

$140 million in Job Access Grants and $10M for Reverse Commute Grants

USDA

Legal Immigrants

Proposal	FY 2000 Request	FY 2000 Enacted	FY 2001 Request	Change from FY 2000 request
ED – ESL/Civics Initiative	$70		$75	+$5
SSA – SSI (plus related Medicaid)	$930	0	$930	0
HHS – Medicaid	$105	0		

Summary of FY 2001 HHS Tobacco Proposals
($ in nearest millions)

Proposal	FY 2000 Request	FY 2000 Enacted	FY 2001 Request	Change from FY 2000 request
CDC Tobacco Use Prevention and Control	$101		$131	+$30
FDA Youth Anti-smoking	$68		$88	+$20

1. CDC -- $101 million to continue the National Tobacco Control Program, providing funds for states to: prevent initiation among youth, eliminate exposure to ETS, promote quitting among adults and youth, and eliminate disparities among population groups. Four program components include: (1) community interventions, (2) counter-marketing, (3) policy and regulation, and (4) surveillance and evaluation. In 1999, National Cancer Institute's ASSIST (17 states) program and CDC's IMPACT (32 states and DC) program were consolidated into the National Tobacco Control Program at $51 million. Requested increase would bring states wit the former IMPACT programs up to a comparable funding level as states with former ASSIST programs.

2. CDC -- $30 million and 10 FTEs to provide the Foundation for the New Millenium of Tobacco Use Prevention and Control. CDC would expand efforts to coordinate a national approach by:

   - Providing federal leadership -- $22.3 million for cooperative agreement support for the state National Tobacco Control Program, technical assistance, communication and education support to states, school health and oral grants.
   - Strengthening tobacco use science for public health action -- $6.3 million for surveillance and evaluation TA, lab and community prevention research.
   - Working with partners to create global tobacco programs -- $1.4 million to support global tobacco control efforts, TA, oversight, coordination of international data, and partnerships with multilateral organizations.

3. FDA -- $88 million to expand youth anti-smoking outreach and enforcement activities in all states.

   - Enforcement and evaluation – Expand inspections from 400,000 in FY 2000 to 540,000 retailers. Monitor compliance with rules such as advertising outside the proximity of schools and playgrounds, black and white text only ads, and elimination of vending machines except in adult-only places. Funds would also support completion of national retailer database.
   - Compliance outreach – Distribute retailer information kits and newsletters.
   - Product regulation – FDA may need to develop performance standards for cigarettes and smokeless tobacco products, classify products, and inspect industry practices.

J. Eric Gould 11/18/99 02:07:45 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP
cc:
bcc:
Subject: Re: Could you remind me re child support stats

Collections under this administration have doubled from approx. $8 billion in 1992 to around $16 billion in 1999 (FY99 will probably be a around $15.5 billion - it's a matter of rounding up).
Cynthia A. Rice

Cynthia A. Rice 11/18/99 01:50:06 PM

Record Type: Record

To: J. Eric Gould/OPD/EOP@EOP

cc:
Subject: Could you remind me re child support stats

what the preliminary new collections numbers are that Paul mentioned to you that we would be able to announce in the State of the Union?

Andrea Kane 11/17/99 06:27:19 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP

cc:

Subject: 01 budget ideas -- rough draft

Here's what I've got so far. I'll continue to refine, and shorten, but welcome any feedback you've got. My plan is to have one graph for each item in the front document, with attachment with supporting information. Right now, the "attachments" are just at the end of the document. Some of the housing and car ideas venture into NEC land but I haven't seriously engaged with them yet - based on informal conversations with Carl, they're even farther behind than we are. Also, I'd like to get Paul's input on a few of these, especially the tax-related things, but have only had brief conversations with him so far.

FY 2001 Budget Ideas.

FY 2001 Budget Ideas: Welfare
Draft as of 11/17/99

Housing

Welfare to Work Housing Vouchers
Support HUD's overall request for $983 million for 172,000 new Section 8 vouchers, with 50,000 for families moving from welfare to work. HUD has proposed designating 25,000 for welfare to work, 20,000 for homeless, and the remaining 127,000 for people on waiting lists for assisted housing. In 2000, the Administration requested 100,000 vouchers, of which 25,000 were designated for welfare to work. We ended up with 60,000, none of which were designated for welfare to work. Selling new vouchers will continue to be a challenge on the Hill, particularly vouchers designated for specific purposes. We will need to do considerable education on how the FY 99 welfare to work vouchers are benefiting families and communities, and overcome concerns about the delay in awarding FY 99 vouchers. New vouchers will be welcomed by housing advocates and local officials.

Responsible Fatherhood/Family Unification Vouchers
Propose designating approximately 1,000 Family Unification vouchers on a competitive basis for responsible fatherhood demonstration projects that encourage non-custodial parents to re-unite with their families. In addition to strengthening individual families, this will strengthen communities by increasing the presence of two-parent families and fathers who are taking responsibility for their children. According to the Hartford Housing Authority, 85% of public housing residents are in single parent families [CHK]. OMB advises that Congress has historically provided several thousand Family Unification vouchers, even in years when they provide no new vouchers, so there is considerable support. In the past these have focused on keeping families together to avoid foster care, but we would expand the concept to promote two parent families. This would build on a promising father's program implemented by the Hartford Housing Authority (see attached). Costs are included in the $983 million for new Section 8 vouchers. This initiative will advance HUD's implementation of the Executive Memorandum directing agencies to include fathers in their programs, policies and research. It should be supported by congressional members interested in fatherhood, as well as advocates of providing opportunities for low-income fathers to do the right thing.

Home Ownership
There are a number of options to promote home-ownership among low-income families. We understand Treasury is developing a proposal to encourage homeownership through a tax credit that reduces monthly costs for low-income homebuyers. PPI has proposed "no interest second mortgage tax credits" to lending institutions that are willing to make small no-interest 25 year loans to qualified low-income families to use as down payments [need to CHK whether NEC or Treasury has looked at this]. Incentives could also be provided to employers to help their low-income employees buy homes, such as Bank of America's Associate Home Ownership Program (see attachment). This approach has the advantage of connecting employment and home ownership, and enlisting employer participation, but on balance, it probably makes more sense to subsidize individuals than businesses. We could certainly highlight leading-edge companies such as Bank of America, whose efforts would complement a tax credit for families.

Transportation

Access to Jobs Transportation

Support funding at full authorized level of $150 million. TEA-21 authorized funding at $150 million annually, with guaranteed funding of $100 million for FY 2001. For FY 2000, Congress provided funding only at the guaranteed level of $75 million, then earmarked almost all of the funds essentially precluding new competitive grants in FY 2000. Funding of $150 million would roughly double the number of communities served (approximately [150] new projects) and provide continued funding for the multi-year projects approved in FY 1999. There was considerable unmet demand for FY 99 funding. Even with an exceptionally short turn-around time, DOT received 266 applications for over $100 million in funds. The 179 projects funded in FY 1999 produced a diverse array of innovative projects and partnerships in 42 states including new van service, extended bus routes and hours, shuttles that accommodate workers with non-traditional hours, linking workers to jobs near child care and transit facilities, trip mapping, car and vanpooling, and guaranteed rides home in emergency situations. Supporters include the Surface Transportation Policy Project, state and local organizations, and a broad coalition of low-income and community advocates. This program has received bipartisan support on the Hill, though our biggest challenge will be to avoid congressional earmarking. The other challenge is demonstrating additional need in the face of TANF reserves. [Need to explore whether any program modifications are appropriate, i.e. PPI suggests requiring or preference for projects with employers' share in costs, and tribes currently have to apply through states.]

Cars

While Access to Jobs takes important steps to improve public transit solutions, these strategies do not work for all families and Access to Jobs funds cannot be used to help individuals lease or purchase cars. PPI, Brookings, and others have highlighted the importance of cars for some low-income workers, including those in rural areas, those making reverse commutes and working non-traditional hours, and parents trying to juggle work and family responsibilities. Researcher Kathy Edin, who has conducted extensive in-depth interviews with hundreds of low-income women says cars are critical to overcoming the enormous logistical challenges that some parents face as they transition from welfare to work. A study in Michigan found that cars were an important factor in helping families make a successful transition from welfare to work [need to get details]. While states can use TANF funds to repair, lease or purchase cars, and help with ongoing operating costs, only a few have taken full advantage of the flexibility they have under the new regulations. There are a number of modest steps we could take to help more low-income working families access cars, by sending a signal that this is acceptable and supporting some creative strategies. These could be packaged with other steps being considered related to food stamps.

Family Loan Program: We could provide one-time seed funding to a national organization that provides loans to low-income families to help them stay on the job. For example, the Ways to Work loan program has already provided $13 million in loans to over 12,000 families in about 30 sites to help them move to self-sufficiency and is now seeking to expand this effort to reach over 50,000 families in 70 communities over the next 10 years. The primary use of these loans, which range from $750 to $2,500 [chk] is to repair or purchase a car. The program has strong

documented results with an 85% repayment rate. This effort has been funded primarily with private foundation and bank funding, and has marshaled significant private commitments to expand the program. However, they seek a one-time infusion of $15 million in federal funding to leverage $85 million in private commitments and state and local funding. Major private backers include the McKnight Foundation, Bank of America, and Shorebank. Ways to Work has approached a number of federal agencies, but this program does not neatly fit into any one program or agency-jurisdiction. They began conversations with the Hill this year, but have so far not succeeded in getting a line-item appropriation. While the family loan concept is appealing, and this model could be a strong public-private partnership, further discussion is needed as to whether we should directly fund a single national model.

Promote leasing arrangements: Another option is to help low-income families lease cars, which provides access without the ongoing responsibility of ownership. Paul Glastris outlined a number of interesting options to encourage leasing arrangements, including tax credits to encourage companies to enter this market (building on a model by former Detroit Lion Mel Farr who the President met with during his first New Markets Tour), more generous depreciation rules on used cars, making the tax code more favorable for working poor people who buy or sell used cars, or subsidies to families to offset leasing costs. As Paul points out, TANF funds could certainly be used to subsidize costs for low-income working families (not just families on welfare), and perhaps all that is needed is to publish federal guidance highlighting these innovative options.

IDAs – allow IDA funds to be used to purchase cars (see below)

Welfare-to-Work Extension/Funding

Options include:

1) Propose additional $750 million - $1 billion similar to FY 2000, with the program changes we proposed this year that were not enacted as part of the Labor/HHS bill (including requiring states to spend at least 20% on low income fathers, increase funding for tribes, allow tribes to apply directly for competitive grants, rolling unallocated formula funds to competitive grants and giving preference to communities and tribes from states who chose not to apply).

cute stat

2) Propose $250 - $500 million only for competitive grants, with major emphasis on responsible fatherhood and other priorities. Major advantages of this approach include: there has been strong unmet demand for competitive grants, this gets funds directly to locals (many competitive grantees are cities and counties), it positions us for working with Hill on fatherhood proposals, it targets resources where they are most needed. We would not anticipate major objections from states, and the locals who receive most of the formula grants could apply directly for the competitive grants without having to wait for funds to be passed through the state. We may also want to consider extending the deadline for formula and competitive grantees to spend down FY 1998 and FY 1999 funds. which would have some cost

Fathers in Prison

A high proportion of low-income non-custodial parents has criminal records, and xx men in prison are fathers. There is a strong interest in helping these men while in prison become better

fathers, through parenting classes and preparing for employment upon their release. DOL is proposing $200 million for ex-offender training through the Workforce Investment Act. DOJ is proposing a re-entry program. Responsible Fatherhood should be a strong theme in both initiatives. In concept, these initiatives have merit and we are in the process of learning more about both department's proposals, as well as OMB's reaction to them.

Individual Development Accounts
Support HHS' request for funding the Assets for Independence IDA demonstration program at full authorized level of $25 million. The Administration proposed $20 million for FY 2000, but Congress only appropriated $10 million (the same as the start-up funding provided in FY 1999). In FY 1999, HHS awarded the first round of IDA grants to xx communities and xx families. It is estimated that $25 million would support xx grants for xx families.

Propose expanding IDA use to include cars needed to get or keep a job. Currently, both the IDA demonstration program and the IDA provisions under TANF have three allowable uses for these matched savings accounts: to buy a first home, pay for higher education, or start a small business. Helping families to save for a car reinforces the importance of saving while giving them access to a vehicle which will allow them to get a job, keep a job, or take advantage of job opportunities they couldn't otherwise access, and reduce long and stressful commutes. A recent IDA grant program launched by the Office of Refugee Resettlement included purchase of a car in its allowable uses. We believe it is worth considering expansion of the TANF and AFI demonstration program to also include cars. PPI supports this expanded use, and we believe several states have expressed interest in the concept (e.g. Indiana). Apparently there have been some concerns raised on the Hill when this concept has been discussed in the past, and HHS advises that Tillie Fowler objected when she learned that one of the Refugee IDA grantees in her district was using federal funds to buy cars. The IDA/asset purists (such as CFED) have reservations because cars are a depreciating rather than appreciating asset. However, we are exploring whether Michael Sherradin, the "father of IDAs" may actually support the concept.

Work Opportunity Tax Credit/Welfare to Work Tax Credit
Support multi-year extension or permanent extension

Other Agency Budget Ideas Worth Exploring:

- HHS -- CSBG/JOLI: are these grants competitive? Can we target to support Administration priorities such as microenterprise (already listed by HHS), job creation in underserved communities including Indian country or responsible fatherhood? HHS has requested $10.5 Million. [need to discuss further w/ OMB]
- HHS –Neighborhood Innovation Program. Is this something the Administration supported? Could we use to support coordinated outreach strategies for Medicaid/food stamps/child care/EITC etc?

- DOL – Women Achieving Parity: $11 M includes $2 M for Low Income Women's Employment Demonstration Pilot Program focusing on non-traditional employment,

especially hi-tech, for low-income women. This sounds worth exploring and possibly expanding.

- DOL -- $5 Million for employment and training for at-risk Native American youth to respond to return migration of welfare recipients to reservations. Have shared with Mary but need to explore further.

TO BE MADE INTO ATTACHMENTS

Hartford Housing Authority Fathers' Program

The Hartford Housing Authority set a goal of reuniting 100 families in public housing by bringing fathers back to their families and children. In order to participate in the program, fathers must establish paternity, have a child living in public housing, and agree to provide financial, emotional and other forms of paternal support. Participating fathers sign and comply with a Family Reunification Program Contract through which fathers will receive employment and job training opportunities in exchange for agreeing to work and support their family, report income to child support, pay rent on time, refrain from drugs and any form of physical or mental abuse, participate in their children's school and other parenting activities. Some of the fathers have been trained and hired to help with deconstructing and renovating public housing, which helps the housing authority meet its "Section 3" requirements to involve residents in housing construction. The Housing Authority has worked closely with the Connecticut TANF and child support agency to align policies and procedures, and have negotiated reduced child support payments while the father in participating in training so he doesn't build up further arrears. A similar program has been developed for mothers. This program was featured at an event with the Vice President several years ago.

Promote home ownership through employer incentives

Encourage employers to assist first time homebuyer employees. This could be modeled on Bank of America's Associate Homeownership Program that allows company employees to get either a $2,500 or $5,000 five-year loan that can be used towards a down payment, closing costs, or other expenses associated with a mortgage for a primary residence, as long as the mortgage is through Bank of America. If the employee stays with the company for the five-years of the loan period, the Bank will pay off the entire principal. This helps deal with the two biggest hurdles facing new home buyers – coming up with up-front funds and addressing credit issues. The Bank sees this as a retention tool for its employees, which will contribute to a more stable workforce and enhance customer service. At the same time, it encourages employees to use the company's mortgage services. The Bank also provides employees with free, confidential assistance with buying a home and dealing with credit issues. Since the program started in ___, over 1,200 employees have applied, and over ___ loans have been closed, most to first time home buyers in entry level (?) positions with incomes in the low twenty-thousand range and credit scores below the level needed to qualify for a zero-interest loan.

The loan is unsecured at a fixed interest rate based on the prime rate. Each year the Bank contributes an increasing percentage of the original note and, if the employee remains with the company for five-years, the Bank will pay off the entire principal. The employee only pays interest, which is deducted from their account each month. If the employee opts for a $5,000 loan, over the course of five years, he or she will have paid $1,358 in interest (starting at about $32/month in the first year and declining to about $8/month in the fifth year), and the Bank will have paid $5,000 in principal (starting at $500 in the first year and growing to $1,500 in the fifth year). If someone leaves the company before the five-year loan term, the loan converts to an

unsecured consumer loan at the current interest rate offered to the general public and the Bank will cease payment toward the principal.

PAUL GLASTRIS MEMO:
9/15/99

MEMORANDUM FOR	BRUCE REED, ERIC LIU
FROM	PAUL GLASTRIS
RE	MAKING IT POSSIBLE FOR EVERY WORKING FAMILY IN AMERICA TO OWN THEIR OWN HOME, DRIVE THEIR OWN CAR, AND SAVE FOR RETIREMENT

A car, a home, and a comfortable retirement: these are three pillars of middle class life, and among the hardest for the working poor to obtain. (They are also interrelated. Home equity is the best hedge against poverty in old age; to own a home requires a decent-paying job; most decent-paying jobs are in the suburbs and require a car to get to them).

In last year's State of the Union address, the President announced a bold retirement policy, U.S.A. accounts. In this year's SOTU, he could announce policies to bring the other two goals within the reach of every American family with a breadwinner who works 40 hours or more a week.

Hertz in the Ghetto—Help Working Poor Families Lease Used cars

Last month, the Progressive Policy Institute published a compelling study by Margy Waller and Mark Alan Hughes on the importance of providing working poor people with cars (http://www.dlcppi.org/texts/social/transportation.htm). The authors argue that poverty policymakers, devoted to the notion that the poor need public transportation, have given scant attention to the fact that the vast majority of low-wage jobs cannot be reached easily, if at all, by public transportation. These jobs, in suburban industrial parks and strip malls, are often two-hour bus rides from the inner city. Having to rely on public transportation, moreover, makes it extremely hard for the working poor to do the shopping, pick up and drop off kids at school or daycare, or attend to life's myriad other duties. Only with a car can they truly overcome these transportation barriers.

The problem, of course, is that those who work for low wages can rarely afford cars. There are two ways to address this problem. One is to figure out policies that help the working poor own cars. Waller and Hughes detail many local programs that attempt this. But I suspect that even the best such programs can benefit only a limited number of people, for a simple reason: owning a used car is a *nightmare*. I just dropped $700 on my '91 Jetta and it's **still** not running right. It's extremely hard for someone living a notch or two above the poverty line to come up with that kind of cash—unless they can do the repairs themselves, something harder and harder to do as cars have become computerized.

Some local programs give people money to fix up their cars. The problem is, used cars need *constant* fixing, and a program that continually doles out money to fix ever-more-decrepit

cars makes little sense. Nor is it clearly a good idea to saddle former welfare recipients with the "responsibility" of maintaining some bucket of bolts, when they should be concentrating on their jobs and families.

The second option would be to help low-income working families lease used cars. I think this is a far superior option. It means working people get cars, not repair bills (if the car breaks down, it's the leasing agent's problem). Another big advantage: private industry can deliver this service, so government agencies and non-profits don't have to. *The New York Times* recently ran a piece on former Detroit Lion Mel Farr, who has a company that leases used cars to poor people for as little as $50 a week. (http://www.nytimes.com/yr/mo/day/news/financial/mel-farr-cars.html). Farr has even figured out how to lease cars to people with bad credit. If a customer misses his weekly payment, a computerized devise cripples the car.

The President himself has seen the value of this leasing idea; he praised Farr during his New Markets tour.

There are two ways for the federal government to create the conditions such that leased used cars become widely available and affordable to low-income working families. First, there's the supply-side approach: come up with federal policies that lure into this market more entrepreneurs like Farr—or perhaps bigger companies like Hertz or CarMax. There may be regulatory barriers that keep firms from getting into this market, but my guess is that the key is to change the tax code. If our New Markets tax plan passes, that would surely give firms an incentive to get into this business. But to truly stimulate action (not to mention new deliverables), the President should propose some kind of **used car leasing tax credit**. Another possibility: more generous depreciation rules on used cars. A third idea: make the tax code easier on working poor folks who buy or sell used cars.

Then there's the demand-side approach: give working poor families subsidies so that they can afford to lease used cars. Fifty dollars a week (Mel Farr's price) is still too much for many families. According to Waller and Hughes, new TANF regulations published this spring give states the ability to use TANF dollars to help offset the costs of owning a car (paying half the down payment, subsidizing repairs etc). These subsidies can go to all low-income workers, not just those recently on welfare, without triggering the five-year cut-off clock. A few states (Michigan, Wisconsin) are experimenting with such subsidies.

Why couldn't TANF dollars be used for used car leasing? No reason, I guess, but as far as I know, no state is doing it. So perhaps there is an opportunity here for the President to take **executive action: have HHS issue regulatory language clarifying that states can use TANF funds to subsidize used car leases**. Another possibility: change food stamp eligibility rules so that leasing or owning a car would not trigger a cut-off.

Getting one's own car for the first time is a transformative experience, as most of us remember from our youths. It opens up new horizons—literally and figuratively. Imagine providing that experience to millions of working adults who have never had it. It has often been said that the car undermined civic life in America. Yet, like it or not, American life is now designed around the automobile, and it is hard to feel fully a part of that life unless you have a car. Enabling working poor people to afford cars would reconnect them to American life, and in so doing enrich that life for the rest of us.

Home ownership for the working poor

The federal government generously subsidizes home ownership for the middle class and upper class, and (less generously) rental housing for those with low incomes. It does little, however, to subsidize home ownership for the working poor. Here are two ideas that would.

1] "Free" downpayments:

This spring, the Progressive Policy Institute came out with a plan to help low-income working families buy homes with the help of a "no-interest second mortgage tax credit" (http://www.dlcppi.org/texts/social/homeownership.htm). A more accurate term might be "no-interest down payment loans." They would work this way. Uncle Sam would offer tax credits to lending institutions that were willing to make small no-interest 25-year loans to qualified low-income working people. The lenders would profit from the tax credit. The borrowers would then use the no-interest loan money as a down payment on a modest house they otherwise could not afford, or to bring down the monthly payments on a conventional loan for a new house to a level they can afford. For a $1 billion cost to the federal Treasury, 500,000 low-income working families could buy homes. In local experiments, no-interest loan programs have helped stabilize neighborhoods while helping working families build wealth.

2] "Bribing"citizens and local politicians to allow home "duplexing"

For generations, immigrant families in big cities have made the jump to home ownership by buying 2-family flats: one to live in, one to rent out to help pay the mortgage. Most suburbs, however, have zoning ordinances that favor single family homes and prohibit owners from subdividing, or "duplexing" their houses and renting part of them out. If these zoning barriers could be torn down, lower-income families could buy homes in the suburbs they otherwise couldn't afford. It would also vastly increase the amount of affordable rental units on the market, and help alleviate the terrible shortage of such housing.

Of course, there's a reason such zoning ordinances exist: suburban homeowners don't want some lower-class person buying the house next store and renting out half to an even-lower-class person.

But there are ways to sell this idea. First, it should appeal to anti-sprawl folks, who want suburbs to become denser. Second, it should appeal to senior groups, because it opens up new possibilities for "aging in place." An elderly suburban couple could rent out part of their home at a discount to a young couple in exchange for help with household chores. Or, Baby Boomers could keep an aging parent out of a nursing home--but also out of their living room—by putting them in an "accessory apartment" attached to their house, complete with a kitchen and separate entryway. Third, I'll bet the building trades would be our friends on this, because subdividing homes requires carpentry, wiring etc.

Zoning is, of course, the quintessential local issue. Building codes are almost always locally controlled, via authority granted by state government. But there may be ways for the federal government to influence zoning, while blunting criticism that Washington is "dictating" local affairs.

The secret would be create incentives that lead a sufficient number of citizens and local elected officials to conclude that they have so much to gain by breaking down these zoning barriers that they are willing to take on those who would fight like hell to keep them. We could stir a thousand such local tempests by putting in place two new tax incentives. For ordinary citizens: **extend the mortgage interest deduction to cover one rental unit in an owner-occupied building.** For local politicians: some kind **of special tax treatment for bonds of**

municipalities that remove restrictive building codes. To critics, we could say "Washington is in no way *overriding* local authority. It is simply providing individuals and local communities with new ***choices.***"

Eugenia Chough 11/15/99 04:45:47 PM

Record Type: Record

To: Irene Bueno/OPD/EOP
cc: See the distribution list at the bottom of this message
bcc:
Subject: Re: ESL/Civics update

It looks like we got $25.5 million -- this amounts to 30% of the FY 2000 increase in Adult Ed. over FY 1999. Half of the funds will go to states (OMB estimates that about 5 states) with high populations of LEP adults, and other half for states (about 10 states) with growing LEP populations, to be determined by OVAE.

Irene Bueno

Eugenia Chough 11/10/99 06:37:39 PM

Eugenia Chough 11/10/99 06:37:39 PM

Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: ESL/Civics update

Here's the latest on the ESL/Civics Initiative according to OMB staff:

2000: Congress has included only $14 million for National Adult Leadership Activities -- the program in which we want to house the ESL/Civics Initiative since it provides the most flexibility for us to target the $ at the states with the largest immigrant populations. Congress has signaled an interest in putting the ESL/Civics grants in a state formula grant program, which would spread the $ thinly across all states. We are working with OVAE to see if we could limit the number of states that would get the grant. Hill negotiations are currently taking place.

2001: OMB staff plans to repropose this initiative at $75 million through the National Adult Leadership Activities program again.

Message Sent To:

Andrea Kane 11/17/99 07:36:54 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP, Eugenia Chough/OPD/EOP@EOP

cc:

Subject: more on ACF budget request

In looking through ACF's submission, I noticed some interesting info on welfare reform research (see pp. 1-10 in OPDIV Specific Requirements section), and child support financing and research, including a table with all child support research efforts (pp. 10-22 in same). It looks like this is in response to specific questions raised by OMB. Genie, can you copy these sections for us. Also noticed ACF is proposing a cross-cutting tribal initiative including $10 million for "Native American Programs", and additional staff to support tribal TANF, child support, and child welfare. I can't tell what the Programs do, though they sound related to self-sufficiency and economic development, and therefore of interest. I've added these to Genie's handy chart, and will let Mary know since she's trying to coordinate tribal issues across agencies. She's also set up a meeting for Monday at 2 with Interior, me, and OMB to discuss Interior's Indian welfare reform/job training proposals.

FY01 agency proposals.d

Andrea Kane 11/11/99 06:34:13 PM

Record Type: Record

To: Francis S. Redburn/OMB/EOP@EOP, Michael Deich/OMB/EOP@EOP

cc: WEINSTEIN_P@A1@CD@VAXGTWY@VAXGTWY, Cynthia A. Rice/OPD/EOP@EOP
Subject: Family reunification housing vouchers

We're interested in exploring options for using some number of '01 incremental housing vouchers to support responsible fatherhood/father involvement and two-parent families, possibly through the family reunification vouchers. The Harford Housing Authority has a Family Reunification and Employment Program that appears to be doing innovative things. In this case, the PHA, working with welfare and child support agency, provides employment services to fathers who agree to assume responsibility for their children (Katherine shared a nice video on this). I'd like to pick your brains about whether there are ways to encourage more HAs to do things like this -- either through designating a certain number of vouchers for this purpose, providing some kind of services dollars (though I'd rather encourage people to leverage existing resources), or removing disincentives that may currently exist to have fathers reunify with their families. Let me know when you'd be available to discuss ideas. thanks

Andrea Kane 11/15/99 11:19:07 AM

Record Type: Record

To: WEINSTEIN_P@A1@CD@VAXGTWY@VAXGTWY, Carl Haacke/OPD/EOP@EOP, William G. Dauster/OPD/EOP@EOP, Michael.Barr@do.treas.gov@ inet

cc: Cynthia A. Rice/OPD/EOP@EOP

Subject: home ownership ideas

As I've mentioned to a few of you, Bank of America has an interesting home-ownership program for their employees that we may want to explore as a model for an '01 initiative. Here's an overview based on a presentation I heard at the Welfare-to-Work conference in Chicago (need to update number of loans to date, but I think its over 1,000). I'm curious whether you think this is something we would want to try to expand upon, either through some sort of tax credit, or simply by highlighting what B of A has done and encouraging others to follow suit. I could call the B of A contact to get a briefing if you're interested in learning more. Let me know.

Bank of America's Associate Homeownership Program allows company employees to get either a $2,500 or $5,000 five-year loan that can be used towards a down payment, closing costs, or other expenses associated with a mortgage for a primary residence, as long as the mortgage is through Bank of America. If the employee stays with the company for the five-years of the loan period, the Bank will pay off the entire principal. This helps deal with the two biggest hurdles facing new home buyers – coming up with up-front funds and addressing credit issues. The Bank sees this as a retention tool for its employees, which will contribute to a more stable workforce and enhance customer service. At the same time, it encourages employees to use the company's mortgage services. The Bank also provides employees with free, confidential assistance with buying a home and dealing with credit issues. Since the program started in ___, over 1,200 employees have applied, and over ___ loans have been closed, most to first time home buyers in entry level (?) positions with incomes in the low twenty-thousand range and credit scores below the level needed to qualify for a zero-interest loan.

The loan is unsecured at a fixed interest rate based on the prime rate. Each year the Bank contributes an increasing percentage of the original note and, if the employee remains with the company for five-years, the Bank will pay off the entire principal. The employee only pays interest, which is deducted from their account each month. If the employee opts for a $5,000 loan, over the course of five years, he or she will have paid $1,358 in interest (starting at about $32/month in the first year and declining to about $8/month in the fifth year), and the Bank will have paid $5,000 in principal (starting at $500 in the first year and growing to $1,500 in the fifth year). If someone leaves the company before the five-year loan term, the loan converts to an unsecured consumer loan at the current interest rate offered to the general public and the Bank will cease payment toward the principal.

Cynthia A. Rice 11/10/99 03:17:19 PM

Record Type: Record

To: Eugenia Chough/OPD/EOP@EOP
cc: andrea kane/opd/eop@eop, j. eric gould/opd/eop@eop
bcc: Records Management@EOP
Subject: Re: Draft summary of 01 proposals

This is very helpful, thanks. Please continue to update as you get more information.

I have a few questions, mainly about the programs with which I am less familiar. In particular:

(1) What does the JOLI program do? (HHS)
(2) What would the Neighborhood Innovation Program do? (HHS)
(3) Can you tell me a little more about the Vulnerable Workers program (DOL)? Does the description give any sense of what share of these funds could be expected to be used for the different purposes?
(4) Did HHS or SSA re-propose any of our legal immigrant provisions? I guess it would be in the HCFA budget.
(5) Also could you check into the Dept of Education budget, in particular to see what they did with Adult Ed and whether they included the increases we proposed last year on ESL/Civics and add this to the chart?

Thanks.

Eugenia Chough 11/08/99 04:36:30 PM

Eugenia Chough 11/08/99 04:36:30 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP
cc:
Subject: Draft summary of 01 proposals

I'm attaching a draft summary of the agency proposals -- first welfare, and then last page is tobacco. For each agency, I've created a table to summarize the FY00 request, FY00 enacted (still empty in most places -- Steve Redburn is helping me fill in HUD table) and FY 01 request levels. Under the table, bullets highlight major proposals. Please let me know if you have suggestions, I'll incorporate, and resend. Thanks.

Also note that the Child Support #s don't include collections (and thus, don't reflect the costs of the passthrough, distributions and gaming proposals), but Michele is sending me the A-19 which has more detail than the HHS submission.

Eugenia Chough 11/08/99 04:36:30 PM

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To: Cynthia A. Rice/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP

cc:

Subject: Draft summary of 01 proposals

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FY01 agency proposals.d

Summary of FY 2001 Agency Welfare Proposals
($ in nearest millions)

HHS

Proposal	FY 2000 Request	FY 2000 Enacted	FY 2001 Request	Change from FY 2000 request
TANF	$17,004		$16,984	-$20
Child Support*	$3,217		$3444	+$227
SSBG	$2,380		$1,700	-$680 ?
LIHEAP	$1,100		$1,100	0
IDA	$20		$25	+$5
CSBG	$500		$500	0
Neighborhood Innovation Program	0		$27	+$27
Job Opportunities for Low-income Individuals	0		$11	+$11
Children's Research & Technical Assistance	$69		$64	-$5
Social Services Research and Demo	$6		$6	0
Developmental Disabilities	$119	$155	$119	0

*Excludes collections, so passthrough, distribution and gaming proposals are not reflected in this table.

1. Child Support:

   - Passthrough – Federal government shares in the cost of child support passed through to TANF families and disregarded for purposes of income eligibility. For amount above the state's current passthrough limit, the federal government will share with the state in the cost of a passthrough of up to $100 of current child support collected. 5% cost?
   - Distribution – State option to simplify existing child support distribution rules. Collections made on behalf of families who no longer receive assistance would be paid directly to the family.
   - Enforcement – Require state to intercept ~~and~~ gambling proceeds of noncustodial parents that owe overdue child support. This proposal will save $200 million over 5 years. akin to lottery already on law

2. Community Services

   - IDA -- $25 million, a $5 million increase above FY 2000 level.
   - CSBG – Continues FY 2000 request of $500 million.
   - JOLI – $10.5 million in discretionary grants that were zeroed out in FY 2000. Funding level nearly triples FY 1999 level. what does this do?
   - Neighborhood Innovation Program – $27 million to establish a new demonstration program

3. Children's Research and Technical Assistance

   - CSE Training and TA -- $14.4 million. This funding level is based on collections and would increase to $15.4 million if the CS passthrough legislation is enacted.

- CSE FPLS – $28.8 million. This funding level is based on collections and would increase to $30.8 million if the CS passthrough legislation is enacted.
- Welfare reform research -- $15 million
- Child welfare longitudinal study -- $6 million

4. Developmental Disabilities:

- Basic State Grants -- $64 million
- Protection and Advocacy -- $27 million
- Projects of National Significance -- $10 million
- Centers for National Excellence -- $17 million

DOL

Proposal	FY 2000 Request	FY 2000 Enacted	FY 2001 Request	Change from FY 2000 request
Welfare-to-Work	$750		$250	-$500
Lifelong Learning	n/a	n/a	$354	n/a
Disability Services – ODPET	n/a	n/a	$148	n/a
Vulnerable Workers	n/a	n/a	$21	n/a
Youth Activities	$1,001		$1,251	+$250
Youth Opportunity Grants	$250		$250	0
Adult Training	$955		$1,055	+$100
Ex-offenders	n/a		$200	n/a

1. Welfare-to-Work: $250 million, reflecting our revised authorization proposal to spread extension over two years, with $750 million in FY 2000. This proposal may need to be revised.

2. Lifelong Learning: $354 million and 25 FTEs to close the skills gap and the wage gap between high school and college graduates. Funds will:

   - Support on-the-job training by employers to their current adult employees, particularly those who are less education or in smaller establishments.
   - Link youth to the post-school workforce system.
   - Help adjust older workers to the changing workplace.
   - Ensure that no groups, including individuals with disabilities and minorities, are left behind technological developments.
   - Improve access to and training on the Internet for all populations and geographic areas.

3. Disability Services: $148 million and 106 FTEs to establish a new Office of Disability Policy, Evaluation and Technical Assistance. The office will provide overall coordination and leadership in federal disability services, and help leverage local and private resources.

ODPET will promote the employment of people with disabilities, and savings through reduced dependency spending and consolidation of existing programs.

4. Vulnerable Workers: $21.4 million and 23 FTEs as part of a new multi-year project to help vulnerable workers meet the challenges of an increasingly diverse, temporary and aging workforce. Funds will, for example, promote model codes of employer conduct for temporary employers, research on job-related injuries, handbooks to help immigrants understand their rights and responsibilities, create a pilot program to support a range of job skills programs for older and displaced workers.

5. Youth Activities: $1.25 billion to help approximately 750,000 low-income, at-risk youth (age 14-21) prepare for academic success, employment, and good citizenship.

6. Adult Training: $1.1 billion to increase the number of adults to be served and to ensure successful implementation of WIA in all states and territories.

7. Ex-offender: $200 million to examine more effective methods to transition ex-offenders, particularly young and first-time offenders, into the mainstream economy. This initiative will be the first significant effort to address the labor market needs of this population, as targeted by WIA. An estimated 50,000 individuals would be served by the competitive grants to states, local WIA agencies, and corrections agencies that provide remedial education, pre-release and initial release activities such as career and life planning, and job placement.

HUD

Proposal	FY 2000 Request	FY 2000 Enacted	FY 2001 Request	Change from FY 2000 request
Vouchers	$491		$983	+$492
EZs	$150		$150	0
CEF			$400	
APIC			$1,000	
CDBG	$4,775		$5,300	+$525
Regional Connections	$50		$50	0
Indian Housing Block Grant	$665		$710	+$45
HOME Investment Partnership	$1,610		$1,800	+$190

1. Vouchers: $983 million for 172,000 new vouchers, of which 25,000 will be welfare to work, 20,000 for homeless, and the remaining 127,000 for people on waiting lists for assisted housing. This request doubles the FY 2000 request to fund 25,000 welfare to work vouchers, 18,000 homeless vouchers, and 60,000 incremental vouchers.

2. EZs: $150 million for second year of Round II funding.

3. Community Empowerment Fund (CEF): $400 million to leverage $2 billion in private sector investments and create nearly 300,000 jobs.

4. America's Private Investment Companies (APIC): $1 billion to leverage $1.5 billion for revitalization efforts and job growth in rural areas and central cities.

5. CDBG: $5.3 billion (10 percent increase over FY00), limiting set-asides to $173 million.

6. Regional Connections: Authorize a $50 million program (proposed in FY00 as CDBG set-aside) to provide competitive grants to states and localities that coordinate strategic plans addressing urban and rural communities.

7. Indian Housing Block Grant: $710 million in grants to increasing number of eligible tribes for housing assistance, economic development and job creation activities.

8. HOME Investment Partnership: $1.8 billion to provide flexible funding for communities to construct or repair homes for low- to moderate-income families.

DOT

Proposal	FY 2000 Request	FY 2000 Enacted	FY 2001 Request	Change from FY 2000 request
Job Access and Reverse Commute Grants	$150	$75	$150	0

$140 million in Job Access Grants and $10M for Reverse Commute Grants

USDA

Summary of FY 2001 HHS Tobacco Proposals
($ in nearest millions)

Proposal	FY 2000 Request	FY 2000 Enacted	FY 2001 Request	Change from FY 2000 request
CDC Tobacco Use Prevention and Control	$101		$131	+$30
FDA Youth Anti-smoking	$68		$88	+$20

1. CDC -- $30 million and 10 FTEs to provide the Foundation for the New Millenium of Tobacco Use Prevention and Control. CDC would expand efforts to coordinate a national approach by:

   - Providing federal leadership -- $22.3 million for cooperative agreement support for the state National Tobacco Control Program, technical assistance, communication and education support to states, school health and oral grants.
   - Strengthening tobacco use science for public health action -- $6.3 million for surveillance and evaluation TA, lab and community prevention research.
   - Working with partners to create global tobacco programs -- $1.4 million to support global tobacco control efforts, TA, oversight, coordination of international data, and partnerships with multilateral organizations.

This explains the add-on? but what about rest of 101 - still to states?

2. FDA -- $88 million to expand youth anti-smoking outreach and enforcement activities in all states.

   - Enforcement and evaluation – Expand inspections from 400,000 in FY 2000 to 540,000 retailers. Monitor compliance with rules such as advertising outside the proximity of schools and playgrounds, black and white text only ads, and elimination of vending machines except in adult-only places. Funds would also support completion of national retailer database.
   - Compliance outreach – Distribute retailer information kits and newsletters.
   - Product regulation – FDA may need to develop performance standards for cigarettes and smokeless tobacco products, classify products, and inspect industry practices.