

DRAFT

December 12, 1999

W/ my edit

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED  
GENE SPERLING

CC: JOHN PODESTA

SUBJECT: THEMES AND PROPOSALS FOR THE STATE OF THE UNION

This memo outlines three things: first, the overarching theme we propose for the State of the Union; second, the "big ideas" initiative that should be the centerpiece of the speech and the budget; third, the eight signature policies that comprise the "big ideas" package.

**I. THEME: RESPONSIBILITY FOR THE FUTURE**

The theme we recommend for the State of the Union is "Responsibility for the Future." This theme brings together all the major elements of your agenda: strengthening Medicare and Social Security, and reducing the debt; investing in and reforming public education; bridging the digital divide; investing in scientific research; protecting the environment; promoting peace around the world; and closing the opportunity gap.

"Responsibility for the Future" reinforces both liberal convictions about equity (leave no one behind) and Third Way sensibilities about accountability (let no one fail to do his part). It is consistent with your longstanding theme of "responsibility, opportunity, and community," and sets forth a powerful message that will resound long after we're gone. The country has come a long way these seven years, enabling us to turn even more to challenges of the next generation.

**II. BIG IDEA: CLOSING THE OPPORTUNITY GAP**

We believe your "big idea" for the budget and the State of the Union should be a "Closing the Opportunity Gap" initiative. It is a package of eight signature proposals described in the next section, and would highlight three or four major budget pieces. We had considered other labels for this initiative ("Leaving No One Behind," "Every Child's Initiative," and "Education First") but advocate "Closing the Opportunity Gap" because it shows continuity with your core philosophy and values, suggests a sweeping challenge worthy of a sweeping response, and provides a framework that will energize the entire economic and domestic team, from Summers and Herman to Shalala, Riley, and Cuomo.

### III. EIGHT SIGNATURE ELEMENTS OF "CLOSING THE OPPORTUNITY GAP"

Your final State of the Union should be more than a laundry list of worthy ideas (although we provide, for reference, such a list in three longer memos which are attached). Here, we outline a package of signature "Opportunity Gap" proposals. These proposals represent the core of your domestic vision; they are ambitious ideas that will stick in the public mind. They are bold enough to show that your imperative is action, and appealing enough to stand a chance of enactment this year. Together, they give purpose and principle to your final year's agenda.

The "Opportunity Gap" initiative consists of eight proposals: 1) universal pre-school to give all poor children a smart start; 2) universal after-school to help kids meet high standards; 3) a plan to turn around every failing school over the next decade; 4) measures to bridge the digital divide; 5) a set of new steps to help low-income students get into college and complete a degree; 6) proposals to encourage absent fathers to take responsibility for the support and love they owe their children; 7) a new bargain of tax cuts and other measures to reward work and family; and 8) a major expansion of New Markets to help all communities share in economic prosperity.

**1. Early Childhood/Universal Pre-School.** With a significant down payment in the FY2001 budget, you can lay the groundwork for achieving a goal that you, the Vice President, and the First Lady have talked about for some time: *universal access to pre-school for every 4-year-old in America*. There are a number of ways to do this:

- *Dramatic increase in Head Start funding.* Could expand by \$1 billion over FY '00, to expand Head Start from 880,000 children to nearly 1,000,000 in FY '01. A path for future fund increases to make Head Start universal could also be established.
- *Early Childhood Learning Fund.* A dramatic increase in the Early Childhood Learning Fund combined with a path for future increases. Could expand to \$1 billion for FY 01 – a \$400 million increase – and aim for \$10-\$20 billion over 10 years.

**2. Universal After-School.** By doubling after-school funding in the FY 2001 budget (from \$453 million in FY 2000 to at least \$1 billion in FY 2001), you can meet an urgent goal, which is to *provide after-school and summer school to every student in a failing school*. You called on states and districts to end social promotion in this past year's State of the Union; this initiative will enable you to say we're giving them the resources to end social promotion the right way, and give every student in our worst schools the extra help they need. Over a ten year period, we can make after-school and summer school universal for every Title I school – and with a sliding scale for students above 200% of poverty, we could eventually make after-school available to every student. (Cost: \$20-30 billion over 10 years).

**3. Turning Around Every Failing School.** To close the opportunity gap, we must close the achievement gap by focusing our efforts on the worst-performing schools. With a series of accountability and performance initiatives in the FY 2001 budget (and the after-school pledge outlined above), you can credibly set forth an ambitious, defining goal for strengthening public education: *turning around or shutting down every failing school in America over the next decade*. In addition to doubling after-school funding, the key steps include: expanding your

accountability fund; reaching your goal of 3,000 charter schools before you leave office; funding a new performance bonus to reward states and school districts for increasing their percentage of qualified teachers, adopting statewide accountability systems and school report card; and requiring universal public school choice for students in failing schools. We could also reintroduce a version of education opportunity zones. (Cost: \$3-5 billion over 10 years).

**4. Closing the Digital Divide.** If we are to close the opportunity gap in the next century, we must do all we can to *address the emerging digital divide*. Key elements could include:

- *Community Technology Centers.* A more than four-fold increase in funding – from \$32.5 million in FY 2000 to \$132.5 million in FY 2001 – as part of a major challenge to have Internet centers in all poor communities. We could challenge the private sector to contribute hardware, software and man-hours – and possibly give them tax incentives to donate used equipment.
- *Develop Universal Internet Access.* Reserve a \$100 million fund for public-private partnerships to bring affordable Internet access to poor families.
- *Teacher Training for the Internet.* We could dedicate \$100 million – perhaps from the existing technology literacy challenge initiative – to ensure all new teachers, or all middle-school teachers, receive training in how to use computers as a learning device.
- *School Internet Modernization Fund.* A discretionary counterpart to our school construction proposal to modernize schools for new teachers and Internet access.

**5. Closing the Opportunity Gap for College.** This element would focus on different aspects of closing the opportunity gap for college: helping more students aspire to and prepare for college, continuing to make college more affordable, and starting to address America's quiet crisis of declining college completion rates.

- *Keeping Students on Track to College.* We could increase access for impoverished young people through Youth Opportunity Grants, TRIO, GEAR UP, and Youth Build, increasing funding to a total of \$500 million.
- *AP Courses Online.* Small and poor schools often lack the resources and teachers to offer challenging courses. This distance learning initiative aims to ensure that students in underserved areas get access to Advanced Placement and other high-quality academic courses and ESL programs online. Total funding for the initiative would be \$225 million, including \$50 million for grants, \$25 million for course development, and \$125 million in increases in existing programs.
- *Test Prep for Poor Kids.* This program would support partnerships among high schools, proven providers of college test prep courses (like Kaplan, Princeton Review), and community-based organizations to offer high-need students SAT/ACT preparation and other services related to college admissions. Grants of \$30 million would serve approximately 50,000 students.



Cynthia A. Rice

01/04/2000 01:29:46 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP, Karin Kullman/OPD/EOP@EOP  
cc: Andrea Kane/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP  
Subject: What we could announce at the DLC

A couple of announcements that would make real sense to announce at the DLC:

- (1) EITC -- new proposal plus victory lap on record
- (2) Child support -- new proposals plus new accomplishments data (see below)
- (3) Welfare to work success -- new numbers from Welfare to Work Partnership (hiring, retention) plus general accomplishments

And of course we could add our food stamp car and IDA car policies.

These announcements could work either before or after the VP announces the \$250 million employment grants for fathers and families.

What do you think?

#### New Child Support Data

We will have new data which show i) child support collections have nearly doubled under this Administration (from \$8 billion in 1992 to and estimated \$15.5 billion in 1999); ii) of that \$15.5 billion a record \$1.3 billion came from seizing tax returns (up 18 percent over last year); iii) the new child support computer system proposed by the Administration in 1994 and enacted in 1996 located nearly 3 million delinquent parents and over 650,000 of their bank accounts last year; and iv) a child support law enforcement initiative launched by the Administration last year has investigated nearly 1,000 cases of the worst offenders, making nearly 300 arrests and obtaining \$5.3 million in restitution orders.



Cynthia A. Rice

12/29/99 01:49:52 PM

Record Type: Record

To: Karin Kullman/OPD/EOP@EOP  
cc: andrea.kane/opd/eop@eop, j.eric.gould/opd/eop@eop, eugenia.chough/opd/eop@eop  
bcc: Records.Management@EOP  
Subject: Re: update

These descriptions are still accurate. The details of the tobacco policy are still being worked out, but you could use this generic language as a placeholder. Don't call it tobacco "penalty"

**Tobacco - Raising the Price of Cigarettes so Fewer Young People will Smoke.** Public health experts agree that the single most effective way to cut youth smoking is to raise the price of cigarettes. To reduce youth smoking, the budget will include a combination of excise taxes and assessments on the industry if companies fail to meet youth smoking reduction targets.

Karin Kullman



Karin Kullman

12/29/99 01:41:36 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP, Eugenia Chough/OPD/EOP@EOP  
cc:  
Subject: update

Listed below are the descriptions of the budget initiatives in your area that could be rolled out prior to the SOTU that I have included in the DPC memo regarding rollout. Please let me know if you have any edits, updates, changes, etc. to these descriptions. Any additions in blank areas would be greatly appreciated.

**Philanthropy/Faith-Based Initiatives.** Among the possible announcements we can make are 1) steps to increase involvement of community- and faith-based groups in after-school and other important programs; and 2) new tax incentives to promote increased charitable giving by all taxpayers.

**Tobacco Penalty.**

**Responsible Fatherhood Initiative:** Promoting responsible fatherhood is the critical next stage of welfare reform and one of the most important things we can do to reduce child poverty.

We could a) announce new data showing the dramatic increases in child support collections made by this Administration and at the same time put forward a package of proposals to b) ensure every unemployed parent who owes child support goes to work and supports his children; c) collect more child support from parents who can afford to pay; d) revise outdated rules to ensure mothers and children receive more of the support the father pays; and e) promote efforts to ensure fathers returning from prison become responsible fathers and responsible members of society.



Jennifer Friedman

12/22/99 02:08:56 PM



Record Type: Record

To: Cynthia Rice

cc:

Subject: food stamps immigrants policy

Jack said you were asking about the food stamps immigrant proposals. Let me know if you need more info.

The reproposal of last year's food stamps elderly policy will help 10,000 people by FY05.

The new proposal, to restore benefits to pre 8/22/96 adults in families with kids, will help 150,000 people by FY05.



Cynthia A. Rice

12/15/99 05:27:11 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP, Christopher C. Jennings/OPD/EOP@EOP  
cc: See the distribution list at the bottom of this message  
Subject: Legal Immigrants/Parents of CHIP Proposal

Apparently our parents of CHIP proposal as currently scored wouldn't give states the option of covering legal immigrant parents, despite the fact that we propose to cover legal immigrant kids under CHIP. (Under current law legal immigrant children who arrived pre 8/96 can be covered by CHIP or Medicaid at state option, and we have proposed and will re-propose to allow the Medicaid/CHIP state option for immigrant children arriving post-8/96.) Mendelson and I realized this yesterday and he's got folks scoring the additional cost. If the parents proposal flies (and I hope it does) I think it would be embarrassing if we left out legal immigrants.

We spoke again to Barbara Chow and others at OMB on other legal immigrant matters. OMB thinks we can pay for re-proposing our proposals from last year plus maybe a small add on which would be helpful but fall short of the advocates wish list. The attached table has more information, but broadly:

Re-proposing FY 2000 proposals: \$1.9 billion over 5 years, \$11.6 billion over 10.  
FY 2000 proposals plus small add-on: \$2.1-2.4 billion over 5 years, \$12.3-\$12.6 billion over 10.  
Advocates wish list: \$7.2 billion over 5 years, at least \$26 billion over 10



FY01 Budget Ideas 1215 legal immigr

Message Copied To:

Jeanne Lambrew/OPD/EOP@EOP  
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Anna Richter/OPD/EOP@EOP



Andrea Kane

12/17/99 12:20:07 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP  
cc: Mary L. Smith/OPD/EOP@EOP  
Subject: ATJ & Tribes

Mary and NEC have been working with DOT to develop a package of '01 tribal transportation proposals. We worked to make sure they gave serious consideration to allowing tribes to apply directly for Access to Jobs grants (as you know we've been going back and forth with FTA about this for a while). Yesterday, DOT agreed to propose appropriations language that will allow tribes to apply directly for Access to Jobs grants. They also plan to set aside \$5 M within the \$150 M for tribes, but they think this can be done administratively through the application process. Apparently they also plan to do a similar set-aside for projects in the Delta. Set-aside grants would still have to follow the ATJ program requirements.



Cynthia A. Rice

12/16/99 10:09:09 AM

Record Type: Record

To: J. Eric Gould/OPD/EOP@EOP  
cc:  
bcc: Records Management@EOP  
Subject: Re: FY01 food stamp outreach proposal

Can you call Jennifer Friedman and work with her to figure out how to spend the \$15 million? (Since this is discretionary we would only worry about the year 1 costs.)

I think your summary looks fine but it's essentially a much more articulate version of what we proposed last year and couldn't get the ag appropriators to fund. Jennifer and Jeff Farkas are trying to figure out if they can squirrel away some of the \$15 million elsewhere in a place that will be more likely to get funded.

J. Eric Gould 12/15/99 06:39:52 PM



J. Eric Gould

12/15/99 06:39:52 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP  
cc:  
bcc:  
Subject: Re: FY01 food stamp outreach proposal

attached is my version of FNS's version that was axed by the Secretary's office and; therefore, never went to OMB for consideration. I made some changes to it adding some language on working poor and playing down some of their nutritional education ideas and playing up on the outreach (education about eligibility) aspects.

I didn't remember you telling me that you already mentioned bumping it up to \$15 million to Barbara.  
Cynthia A. Rice




Cynthia A. Rice

12/15/99 06:33:59 PM

Record Type: Record

To: J. Eric Gould/OPD/EOP@EOP  
cc: Eugenia Chough/OPD/EOP@EOP  
bcc:

Subject: Re: FY01 food stamp outreach proposal 

As you know I asked Barbara to up the number to \$15 million, and at the welfare meeting late this afternoon Jennifer Friedman said OMB is prepared to go to \$15 million but is looking for a place to put some of it that will be more likely to get enacted and wanted to know if we have any ideas.

What is the attachment below? Is that FNS's original proposal?

J. Eric Gould 12/15/99 06:28:40 PM

 **J. Eric Gould** 12/15/99 06:28:40 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP  
cc: Eugenia Chough/OPD/EOP  
Subject: FY01 food stamp outreach proposal

OMB included in passback \$7 million for nutritional education, of which not less than \$5 million is for educating food stamp eligibles not currently participating in the program -- including the working poor, welfare leavers, elderly, and ABAWD's of their ability to apply for food stamps.

  
fsoutrachfy01.doc

● J. Eric Gould


12/13/99 10:03:14 AM

Record Type: Record

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

cc:

bcc:

Subject: Re: FS outreach \$\$ 

I'm not a big FORK fan - I think it's overly prescriptive but this is what it does:

Requires FNS to conduct annual on-site inspections of local food stamp offices in every state and authorizes appropriations for this purpose. (current FNS regulations require inspections but they can be desk audits which do not require annual visits.

Authorizes a demonstration project in which FNS works with state caseworkers to develop caseworker training materials and guidebooks to help state provide clearer information about fs to TANF recipients.

Authorizes a competitive grant program to be administered by USDA in consultation with HHS to develop local strategies for improving food stamp access and educating working families about their eligibility. These grants will go to food banks, schools, WIC clinics etc. (Part of determining the cost is how many of these grants will authroized)

Requires state TANF programs to provide clear info about fs eligibility to people being diverted from TANF and people exiting TANF.

Authorizes a tax credit for businesses who are designated as information partners by USDA because they contribute substantial goods or services to help expand the toll-free hotline.

Cynthia A. Rice



Cynthia A. Rice

12/13/99 09:48:24 AM

Record Type: Record

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

cc:

bcc:

Subject: Re: FS outreach \$\$ 

How does the FORK act work -- how does it provide outreach funds in a way that needs to be scored?

J. Eric Gould 12/13/99 09:38:58 AM

● J. Eric Gould

12/13/99 09:38:58 AM

Record Type: Record

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

cc:

bcc:

Subject: Re: FS outreach \$\$ 

They don't ask for a specific amount - CBO and JCT are scoring it. There rough estimate is \$20/ 5 years but Levin's staff admitted that she really doesn't know.

Cynthia A. Rice



Cynthia A. Rice

12/13/99 09:27:30 AM

Record Type: Record

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

cc:

Subject: FS outreach \$\$

I see Coyne, Levin et al don't ask for a specific amount for food stamp outreach. At what level was the funding in the FORK act?

## **Revised Welfare to Work Idea**

**12/7/99**

### Short Version

Propose \$500 million in FY 2001, with \$500 million in out-years, for Welfare-to-Work competitive grants. These grants could fund projects in three key areas important to sustaining the success of welfare reform: 1) to help the hardest to employ move from welfare to work and succeed in the work force; 2) to help low income fathers work, pay child support, and reconnect with their children; and 3) to increase job retention, skills upgrading and supports (including outreach on food stamps, Medicaid, child care, and EITC) for low-income working families, including those who have left welfare, through local one-stop employment centers.

### Long Version

Propose \$500 million in FY 2001, with \$500 million in out-years, for Welfare-to-Work competitive grants. These funds could address three key issues related to sustaining the success of welfare reform:

1) \$250 million for innovative local projects in communities that need the most help to move the hardest to employ from welfare to work and succeeding in the workforce. This would honor the original intent of the Welfare-to-Work program, by focusing on the hardest to employ and getting the funds directly to locals. Within this amount, formula grants for tribes could be continued at current level of \$15 M or increased to \$30 M as proposed in FY 2000.

2) \$150 million for responsible fatherhood initiatives that help low income fathers work, pay child support, and reconnect with their children. This is consistent with the President's strong emphasis on fathers in our FY 2000 WtW reauthorization and positions us to engage with the Hill as we expect Fatherhood bills to gain momentum next year.

3) \$100 million to increase job retention, skills upgrading and supports (including outreach on food stamps, Medicaid, child care, and EITC) for low-income working families, including those who have left welfare through local one-stop centers. This would build on the Workforce Investment Act and help address the issues of the non-welfare working poor. We are also exploring ways to increase access to employment services for individuals with disabilities through this proposal.

NOTE: OMB staff is currently proposing a total of \$750 million for FY '01, all dedicated to the third category, but are also receptive to competitive grants in the other two areas. We're waiting for them to finish Director's review today to find out where they're ending up.



Cynthia A. Rice

12/01/99 08:33:23 PM

Record Type: Record

To:

cc:

Subject: PRINT THIS revision to '01 budget ideas memo

----- Forwarded by Cynthia A. Rice/OPD/EOP on 12/01/99 08:33 PM -----

Andrea Kane

12/01/99 12:57:20 PM

Record Type: Record

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

cc:

Subject: revision to '01 budget ideas memo

Based on info Amy provided on the marriage stats, I'd replace the 2nd graph of 3d) in the 11/24 memo to BR/EL with the following. I'm sending you a hard copy of the info from HHS (which is what they'd shared earlier but I'd misplaced):

Something not proposed by the VP which we could add is funding for National Center for Health Statistics to improve data on marriage and divorce. In the past several years they have stopped collecting detailed information from states due to budgetary pressures and concerns about the quality of the data. This has received a surprising amount of press attention, some have used this to criticize the Administration for being 'weak on marriage', and House W&M staff have expressed interest in restoring funding. We could either wait for them to do so, or pre-empt them with a modest funding proposal. HHS' very preliminary estimates show it would cost about \$750,000 in the first year to assess states' ability to report these data, with annual costs of \$7 - \$10 million to implement a high quality reporting system.