

Marcel —

Yvette Meftah — Depart. of Labor

219-6050

ZOE lunch Tues

RICH LUCAS — USDA

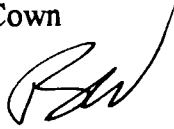
School Meals | piece — fair

720-77 11

July 17, 1995

Note to Gaynor McCown

From: Barry White



Re: "Seven Pager"

Here is an edited version of the document. Sorry to take so long on it. Ken hasn't seen it yet and given his schedule I thought you might run clean version first anyway.

A couple of changes are explained in "boxed" notes. I will be in meetings until 4:00 (I assume I will see you at the 3:00). If you need help with this before then, call Larry Matlack on 5-3262.

Barry White/H&P
Comments
2/17

PRESIDENT CLINTON'S COMMITMENT TO EDUCATION AND TRAINING

The fundamental goal of President Clinton's comprehensive economic policy is to raise the living standards and expand opportunity for hard-working Americans--so that every American has the chance to realize the American Dream. While supporting deficit reduction, open trade, innovation and job creation, the President has recognized that nothing is more critical to our nation's future than ensuring that all Americans have the education and skills they need to succeed in the new economy. The President has made an unprecedented commitment to lifelong learning--from the expansion and improvement of early childhood education to a bold new reform of adult education and training programs.

EDUCATION IS THE KEY TO RISING STANDARDS OF LIVING

In an economy where technology is constantly changing, trade is expanding, and capital is mobile, education has become the fundamental fault-line running through the work force. Most Americans have seen their incomes stagnate over the last fifteen years; the real income of the typical family actually declined. Yet ~~college graduates~~ have bucked the trend. In 1979, a male college graduate earned 39 percent more than a man with only a high school degree. By 1993, this gap had doubled, and a male college graduate out-earned his school graduate counterpart by 80 percent. In addition, the availability of health coverage, pension plans, and other work-related benefits has become closely correlated with education levels.

those with the
most education and
training

need to
be broader
than
college
graduate
in the
base
statement

A BIPARTISAN EDUCATION RECORD

While bringing the deficit down by historic amounts--over \$600 billion so far--President Clinton has also made investing in education a top priority. During the last Congress, Republicans and Democrats shared his commitment to lifelong learning, and together they enacted a historic series of initiatives to expand the amount and the quality of educational investment in America. Landmark legislation includes:

- **Head Start Amendments of 1994** (signed 5/18/94; passed House 393-20; Senate 98-1).
- **Goals 2000: Educate America Act** (signed 3/31/94; passed House 306-121; Senate 63-22).
- **Improving America's Schools Act** (signed 10/20/94; passed House 362-132; Senate 77-20).
- **School-to-Work Opportunities Act** (signed 05/04/94; passed House 339-79; Senate Voice Vote)
- **National and Community Service Trust Act** (signed 9/21/93; passed House 275-152; Senate 57-40)
- **Direct Lending and Pay-as-You-Can Loans** (signed on 8/10/93 as part of the Omnibus Budget Reconciliation Act)

This year, President Clinton went a step further and proposed expansions and improvements in these and other education investments. In addition, as part of his Middle Class Bill of Rights, the President has sought to work with Republicans on two new initiatives:

- **Education and Training Tax Deduction** up to \$10,000.
- **The G.I. Bill for America's Workers**--consolidating 70 programs and putting Skill Grants directly into workers' hands.

DRAWING THE LINE ON EDUCATION

Despite the bipartisan efforts that expanded educational opportunities last year, the current budget debate points to a divide between the President and the Republican Congress over the right economic strategy for the nation. Both the President and Republicans believe we must reduce the budget deficit and balance the budget, and both propose deep cuts in discretionary spending to reach this goal. But the President also believes that in order to create more opportunity, we must reduce the education deficit by expanding investment in education. Republicans appear to disagree. Thus, **while the President's balanced budget proposal launches an all-out effort to expand educational opportunity, the GOP budgets dramatically decrease educational opportunity.**

THE EDUCATION GAP BETWEEN THE BUDGETS

style The Republican budget resolution slashed education and training by \$36 billion between 1995 and 2002 (including \$10 billion in loan benefits to students), the Senate budget by slightly less. On July 11, the House Labor/HHS/and Education Appropriations Subcommittee took the first step towards making this budget resolution a reality, making major reductions in key education and training programs. In contrast, the President's budget increases investment in these same areas by \$41 billion. As a result, there is major education gap between the President's proposal and the Republican proposal.

President Clinton will fight to expand investment in education, and he will fight against efforts to reduce, gut, or eliminate key investments in education and job training.

Following is a brief outline of the fundamental differences between the President's approach to education and the Republican approaches to education -- from pre-school through post-secondary training.

I. PRE-SCHOOL EDUCATION

President Clinton has made expanding and improving pre-schooling the starting point for his lifelong learning agenda. Republicans would slash these investments.

- **HEAD START: President Clinton Adds 50,000 Children; Republicans Cut 180,000 Children.**

President Clinton already expanded investment in Head Start by \$760 million from 1993 to 1995. Now, he proposes to increase annual funding by \$1.5 billion by 2002 to reach another 50,000 children. At the same time as he expands Head Start, he has also reformed the way the program works to improve teaching and facilities for all the children who participate.

: The House Labor/HHS/Education subcommittee
Republicans would reduce FY 1996 funding for Head Start by \$135 million below the FY 1995 level and \$535 million below the President's request. 45,000-50,000 children would be cut off Head Start in 1996 if HHS is to maintain program quality. Freezing funding at the reduced level would cut off up to 230,000 children below the President's proposed level for 2002.

at

II. K-12 EDUCATION

President Clinton has lent national support to local efforts to reform our schools, recognizing that the federal government is an important partner with states and communities in improving K-12 education, setting high academic standards, and ensuring equitable treatment for all our children. Republicans would eliminate national support for local reform, leaving students without crucial resources they need to succeed.

- **GOALS 2000. President Clinton Created It and Would Provide \$896 Million in 2002 To Help 44 Million Children in 85,000 Schools; Republicans Would Eliminate It.**

President Clinton helped create Goals 2000, which supports community and school efforts to raise academic standards and encourage students to work hard meet them. Forty ^{eight} states are already participating in this program. In his 1996 budget, the President calls for a ~~\$354 million increase in funding~~, with the total level rising to \$896 million by 2002. That's enough to support improvements for 44 million children in over 85,000 schools. ^{nearly doubling the program, to \$750 million state, public}

Republicans propose eliminating Goals 2000 entirely--undermining what was once a bipartisan effort to spur bottom-up school improvement at schools across the nation.

- **TITLE ONE (Formerly Chapter One). President Clinton Would Expand It Each Year; Republicans Would Freeze Funding, Depriving Over 1 Million Children of Aid.**

President Clinton supports Title One, designed to provide needed resources to students from disadvantaged backgrounds. The program has been reoriented to give schools more flexibility to support effective innovations that help all students read and write well and meet challenging standards. The President has already increased Title One funding by ~~\$524~~ million over two years, and he proposes an increase of ~~\$213~~ million this year, enough to serve ~~200,000~~ 300,000 additional children, with further increases every year in the future. ^{note: change reflect LEA grants, consistent with the Grid, to avoid technical problem}

Republican would cut funding by \$1.1 billion, cutting as many as 1.1 million children from the program. These children from our poorest communities would be denied the ~~extra instruction they need~~ to achieve the same high standards as other children. ^{House} ^{opportunity}

- **SAFE AND DRUG-FREE SCHOOLS: President Clinton Has Supported It; Republicans Would Gut It.**

President Clinton supports this initiative to make our schools safe from drugs and violence. The program funds everything from innovative anti-violence education and after-school programs to metal detectors and security personnel. The President would maintain funding at \$500 million per year.

Republicans: The House Labor/HHS/Education Subcommittee cuts this program by 60 percent to \$200 million, depriving over 23 million students of services in 1996 alone.

● **TECHNOLOGY LEARNING CHALLENGE (TECHNOLOGY FOR EDUCATION):** *Republicans Would Cut This Clinton Initiative That Leverages Private Money for Technology in Public Schools.*

raise student achievement through the use of
President Clinton has helped initiate this challenge to the private sector to join with public school districts to put computers and technology in the classroom. A \$50 million federal investment in 1996 will leverage hundreds of millions of dollars in private support. *new learning*

The L/HHS/ED sub...
the
Republicans cut this program in half to \$25 million in FY 1996, denying school districts across the country the ability to participate in this initiative, and drastically slowing an effort to leverage millions more from the private sector.

● **SCHOOL-TO-WORK OPPORTUNITIES.** *President Clinton Has Supported A New 50-State Movement; Republicans Would Stop It In Its Tracks.*

help states and localities set up systems to link Federal, State and local resources in new, effective ways that
President Clinton, with bipartisan support, signed into law the most important national program ever to ensure that all young people--including the 70% of young Americans who don't get four-year degrees--get the skills they need to obtain good jobs with a future. All states have received planning funds, and eight "leading edge" states have programs underway that are getting positive reviews from companies nationwide. Twenty more states will come into the program this year, and President Clinton has proposed increasing support by 60% for FY 1996 to \$400 million, bringing to 43 the number of states implementing school to work systems. *Remaining states would start up the following year.*

are using implementation grants to set their systems
slashed the President's request for 1996 by over 50%.
and
Republicans in the House Labor/HHS/Education subcommittee reduced funding to \$190 million. Compared to the President's program, the Republicans would slash funding by over 50% in 1996. The subcommittee *this* mark would seriously hamper efforts of 28 States to complete their reforms started in 1994 *and* 1995; and 22 States would be denied the chance to implement this reform plans to raise student skills. *begin implementation*

● **SUMMER JOBS.** *President Clinton Supports Work Experiences for Youth; the Republicans Would Eliminate These Jobs.*

eliminate
President Clinton recognizes that the summer jobs program is an important first opportunity to get work experience for many low-income youths - especially those in inner cities where jobs are scarce. Without these opportunities, these young people might not otherwise have any chance to learn skills and workplace behavior during their formative years. The President has proposed financing 615,000 jobs this summer alone. *in the of 1996*

The War
1/4/95/ED

Republicans would eliminate this program, a \$872 million cut from the President's request. In the summer of 1996 this would eliminate this valuable work experience for 615,000 urban and rural at-risk youth.

III. POST-SECONDARY EDUCATION

post-secondary

Now more than ever, education and job training are the gateway to America's middle class. Studies show that for every year of training a person gets after high school, his or her earnings rise by 6 to 12 percent. After 15 years in which college costs increased far faster than inflation but family incomes stagnated, President Clinton has initiated historic efforts to expand college access. Republican proposals would devastate grants and loans, college and to job training, setting back college access by years if not decades. *access to post-secondary*

- DIRECT LENDING AND INDIVIDUAL EDUCATION ACCOUNTS.** *President Clinton Supports Expanding These Initiatives; Republicans Want To Raise the Cost to Students and Reduce Access.*

Direct lending eliminates billions of dollars in unnecessary payments to lenders and others and makes student loans cheaper & more efficient for students, schools, and taxpayers.

initiated the program in 1995.

President Clinton supports expanding the new direct lending program and individual education accounts. With the passage of the Student Loan Reform Act, 104 schools and over 252,000 students are already participating in the program. This year more than 1,400 schools -- representing 40% of all loans and the maximum allowed under this year's authorization -- have committed to enrolling. In FY 1996, the Act would provide \$550 million in mandatory funds for the administration of this program and the transition from the guaranteed student loan program to direct loans. This program is already saving \$6.8 billion for taxpayers, lowering interest rates for students, and allowing borrowers to choose flexible repayment arrangements -- including pay-as-you-earn plans through Individual Education Accounts. In time, 20 million students will be able to benefit.

about the second year on schedule. the President would expand the program to all schools and students.

current borrowers and 6 million new borrowers per year

The Republican budget

to deny the benefits of direct lending to low and middle income students.

Republicans have proposed legislation to reduce funds available for direct lending, prevent schools from choosing to participate in the initiative, and cap participation at 40 percent of all loans. The subcommittee mark would reduce funding to \$320 million, an amount insufficient to administer the direct loan program. This action will stop the growth of cost-effective, efficient direct lending in order to keep unnecessary payments flowing to wealthy banks and unnecessary middlemen.

direct loan administration funds over 40% in order to cripple implementation and

- IN-SCHOOL INTEREST EXEMPTION.** *Republicans Would Raise College Costs for Up to 4 Million Students.*

President Clinton supports the in-school interest exemption, under which four million need-tested students with Stafford loans do not have to pay interest while enrolled in school and during the grace period (six months) between leaving school and entering repayment.

in their budget resolution

Republicans propose \$10 billion in cuts in student loans. In order to achieve that level of savings, they will not only have to eliminate any subsidy for graduate or professional students, but also hit college students with higher fees: for example, eliminating the six month grace period for interest after college or raising the origination fees that every student must pay to get their

the year 1995... to make each of them... the government... loans...

and preserve unnecessary payments to banks, secondary markets, and guaranty agencies,

loans.

PELL GRANTS. President Clinton Raised the Maximum to a Record High and Would Increase Annual Funding by \$3.4 Billion by 2002; Republicans May Cut It Below 1995 Levels.

President Clinton has supported the Pell Grant program, and increased the maximum Pell Grant in his 1996 budget by 12 percent, to its highest level ever, \$2,620. In his new budget, he would increase annual funding by \$3.4 billion by 2002--enough to reach 960,000 more recipients and increase the maximum award to \$3,128.

Republicans would increase the maximum Pell Grant by only \$100, to \$2440. Furthermore, the subcommittee would eliminate about 300,000 students from the program who would receive awards between \$400 and \$600 under the President's proposal. For millions of students, grants make the difference between going to college and not going--between staying in school and dropping out. For example, \$250 equals approximately 25% of tuition and fees of community colleges.

AMERICORPS. President Clinton Offers Opportunities to Nearly 50,000 Young People Next Year Alone. Republicans Would Eliminate Nearly 1 Million Service Opportunities Each Year for People of All Ages.

President Clinton created this initiative to enable young people to earn money for education by serving their communities--teaching, caring for the sick, making the streets safer. Already 20,000 Americans are serving in AmeriCorps, and nearly 50,000 are expected next year.

Republicans would eliminate AmeriCorps and the Corporation for National Service. Over 4.3 million service opportunities for youth in their communities would be abolished over the next 7 years. In FY 1996 alone nearly 50,000 young Americans from hard-working, middle class families will lose the opportunity to serve their communities through AmeriCorps in locally-identified areas of crucial need such as health care, social service, and crime prevention, and earn an educational award to help pay for college or other training.

EDUCATION AND TRAINING TAX DEDUCTION. President Clinton Supports A Deduction; With All the Tax Breaks for the Wealthy, Republicans Don't.

President Clinton supports a tax deduction for middle-class families with education and job training expenses up to \$10,000. This deduction would provide tax-favored treatment to education similar to the benefits for other investments like housing and equipment. It invests in those who invest in themselves and in America.

Republicans do not yet support the education and training tax deduction. With its \$20,000 tax cut for the wealthiest 1%, the Contract with America includes tax breaks for capital gains, gifts and inheritances in excess of \$600,000, and the depreciation of business purchases--but not for education.

IV. LIFELONG LEARNING

In order to maintain good job prospects throughout their lives in a fast-changing economy, Americans need to be trained again and again throughout their lives. President Clinton wants to support lifelong learning by reforming job training programs and putting resources and information directly into workers' hands. Republicans just want to slash job training.

- **G.I. Bill OF RIGHTS FOR WORKERS (SKILL GRANTS).** *President Clinton Supports Skill Grants for America's Workers; Republicans Want a 20% Cut in Job Training Funds.*

all copy
President Clinton's G.I. Bill for America's Workers would consolidate or eliminate over 70 job training programs while putting resources and information directly into workers hands as Skill Grants. Under the proposal, low-income or dislocated workers could go to a One-Stop Center and learn about the services and track records of job training programs and community colleges in the fields they wanted to study. Then, they could apply their Skill Grants to skills training at those institutions. The President would provide 800,000 Skill Grants in 1996 alone and increase funding (excluding Pell Grants) by \$2.2 billion ^{by} in 2002.

The Labor/HHS/KDO subcommittee
Republicans cut funding by 50% below the President's request, and 25% below the FY 1995 level. These cuts would deny reemployment services to 273,000 dislocated workers and deny training opportunities to 98,000 disadvantaged adults compared with the President's request. INSERT ATTACHED.

Replacement Attached

V. THE DEPARTMENT OF EDUCATION

the quality of student achievement
President Clinton's commitment to a lifelong learning agenda reflects his belief in the critical role of education in building America's future, and in the federal government's role as a partner in that effort. Everyone acknowledges that states and localities have been and continue to ~~be the lead~~ on education. But education is a national interest, and it requires a national role to ensure that all children have the opportunity to reach challenging standards of academic achievement.

to have primary responsibility for
President Clinton believes strongly that education is a national issue, and that abolishing the Department of Education now would be the equivalent of abolishing the Department of Defense in the middle of the Cold War.

Republicans have proposed abolishing the Department of Education.

Replumt for # on p. 8

Under the adult reform proposal, low-income or dislocated workers (and others) could go to a One-Stop Center for help to get jobs, and learn about the services and track records of job training programs. Then, they could use Skill Grants at their own choice among those institutions. The President would provide 800,000 Skill Grants in 1996 alone. For youth training programs, the President proposes to build on and intensify the national reform embodied in the School-to-Work system to serve in-school and out-of-school youth. Youth programs would be streamlined and funding would be consolidated in a \$2.9 billion State grant, replacing current fragmented efforts under the Perkins Vocational Educational and Job Training Partnership Act. In total, the President proposes to increase funding (excluding Pell Grants) by over \$2 billion by 2002.

~~Note: \$2.2 billion is a difference based on program levels, assuming a fully operating and jobs program in FY 1994. If the appropriated amounts are used instead, the difference is almost \$3 billion.~~

Insert for p. 8

Republicans also eliminate 615,000 job opportunities for disadvantaged youth by not funding the Summer Youth Employment Program, and drastically cut-back implementation of School-to-Work program. Millions of young people will lose the opportunity to develop adequate work preparation skills and obtain good first jobs.

THE WHITE HOUSE
Office of the Press Secretary
(Billings, Montana)

Mickey

For Immediate Release

May 31, 1995

REMARKS BY THE PRESIDENT
TO THE CITIZENS OF BILLINGS

Alterowitz Gymnasium
University of Montana
Billings, Montana

7:00 P.M. MDT

THE PRESIDENT: Thank you very much. Thank you for that wonderful, wonderful welcome. It is great to be back in Montana, and great to have that kind of reception. I know it's hot -- (laughter) -- and I was thinking you might just feel the need to stand up and down to keep cool. (Laughter.)

I want to thank the Billings High School Band. Didn't they do a good job on "Hail to the Chief"? (Applause.) Thank you, Chancellor Sexton, for making me feel at home. Thank you, Governor Racicot, for coming out here and meeting me at the airport and coming over to be with us here. I have -- I was a governor for 12 years, and I served with 150 other governors. Most of my friends in Arkansas thought that I just couldn't get another job. (Laughter.)

But in a lot of ways, it was the best job I ever had. At least you could know people and they knew you. And because I come from a state that's a little bigger than Montana but not much -- more populous, but smaller -- and I always loved being governor. Three people I served with are also here today, and I'd like to introduce them -- the Governor of Colorado, Roy Romer; the former Governor of Wyoming, Mike Sullivan, and your former Governor, Ted Schwinden. They're all over here with me. (Applause.)

I hate to tell Governor Racicot this, but when we started, Governor Romer and Governor Schwinden and I didn't have any gray hair, and Governor Sullivan had lots of hair. (Laughter.) Congressman Williams, thank you for your wonderful introduction and for your incredible enthusiasm, and for occasionally playing golf with me. (Laughter.)

I'd also like to say a special word of appreciation to Senator Baucus who is not here, but who has given me a lot of good advice over time, and I've been better off when I've taken it than when I've ignored it. (Laughter.) I also want to tell you, I'm glad to be here at this campus. You know, the last time I was here, I appeared at the other college. So this is sort of equal time, and I thank you for giving me a chance to give you equal time. (Applause.)

I feel very much at home here. I was saying before I became president, for 12 years I was Governor of Arkansas, and I knew everybody and everybody knew me, and they called me by my first name, and even my enemies smiled when they saw me. And if people were mad at me, they told me to my face, but they didn't have to hear it indirectly from somebody else; we all really knew what was going on.

And one of the most frustrating things about being president is, with 260 million people in this country and so many

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- 2 -

intermediaries between you and the White House and the people out where they live, it's hard to know sometimes -- I mean, look, half the time when I see the evening news, I wouldn't be for me, either. (Laughter.) So I'm glad to be back at a place where we can be directly involved and know the truth, right? (Applause.)

I'd also like to thank my friends from the American Indian tribes from Montana for coming today -- thank you very much; I'm glad to see you. (Applause.) I see another person from Montana back in Washington from time to time that some of you know and all of you must admire very greatly, Senator Mike Mansfield. (Applause.)

You know, he's ninety-some-odd now, and he still gets out and walks every day, and he's still just as blunt and straightforward as he ever was. About a year and a half ago, we had a ceremony in the Rose Garden at the White House, naming former Vice President Mondale to be the Ambassador to Japan. And Mike Mansfield showed up, because they had served together in the Senate. I saw him back there, and I thought, well, I'll just mention that Mike's here, and he's probably gone out and had his walk for the day, and he'll like that. So I said, "And I see Senator and former Ambassador to Japan, Mike Mansfield in the back, and I'll bet he's already walked his five miles today." And there was total quiet before they started applauding, and he said, "Seven." (Laughter.)

When I was a young man in college in Washington, I worked for my senator, Senator Fulbright, who served with Mike Mansfield and who just died at the age of 90, just before his 90th birthday. And when I showed up in Washington, he was 87. And the day before he had lunch with me, he'd had lunch with Mike Mansfield, and Mike Mansfield said, "Now, Bill, how old are you again?" And he said, "I'm 87." And Senator Mansfield said, "Oh, to be 87 again." (Laughter.) I say that to tell you he's still in real good shape, and you can still be very proud of him.

Ted Schwinden and I were laughing as I was coming in here today. Ten years ago this summer, my family and I came here to Montana and spent the night in the Governor's Mansion and got up the next morning about 4:30 a.m. and piled into a helicopter to explore the wildlife of the Missouri River area where you have the wildlife refuge, then we got on a rail line and went from Cutback all the way to Whitefish, except we weren't in a railcar, we were in one of those blazers that has the attachments to the rails.

Now, I thought I had been in remote circumstances and rough conditions -- (laughter) -- but we went over a gorge that was about 300 feet high in a blazer on a narrow set of railroad tracks, and I wasn't nearly as courageous as I thought I was. But I still remember how beautiful it was all the way down in that gorge and how well I could see it. (Laughter.) We went to Glacier National Park, we stayed on a little lake and a lodge I think that's now closed. It was one of the great experiences that our family has had together, ever, in our whole life, and I'm always grateful for that.

Tomorrow, I'm going to have a town hall meeting here, and we're going to bring in all kinds of people with things they want to say about what they think the national government should be doing, and a bunch of them are going to say things they think we ought to stop doing, and I'm just going to listen and then try to respond.

Tonight, what I'd like to do is to tell you a little bit about why I ran for president and what I've tried to do, where we are now and some things that are going on in Washington that I think very much affect you and your future. And I want you to think about it and then just tell your elected representatives what you think about it. I wish it were possible for this kind of atmoc phere to be recreated all across America,

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and for people to see and feel the kind of informal communication and openness that I feel here.

I ran for this job because, frankly, I was worried about the direction of our country, and in 1992 we were in a recession, we'd had the lowest job growth rate since the Depression, we'd had almost 15 years then -- actually more -- of stagnant incomes for most Americans. I can now tell you that for the last 15 years, 60 percent of the American people are working longer every week for the same or lower incomes they were making 15 years ago.

And we kept piling up a big national debt, and at the same time reducing our investments in the things that make us richer and stronger -- like education and technology and things that grow the economy, and finding a way to preserve the environment and still permit economic opportunity to flourish.

And I went to Washington with some pretty simple goals: I wanted to get our economic house in order so we could grow the middle class and shrink the underclass. I wanted to see us face problems that had been long ignored, like the deficit problem and the crime problem in many of our high crime areas. I wanted to find a way to promote environmental protection and economic growth. I wanted to give the American people a system of education and human investment that would permit people to make the most of their own lives, whether they were moving from welfare to work, or we were just giving everybody a better chance to go on to college, or providing apprenticeship programs for young people who didn't go to four-year schools, but did want to have good jobs. And I wanted to shrink and reorganize the federal government so we could give more decisions back to state and local governments and private citizens, but so that we could do what we have to do in Washington well, and give you greater confidence in doing it. That's why I went there.

In the last two years, we have made, I think, some remarkable progress in changing the circumstances in Washington; less progress in changing the circumstances in people's lives in America, because when a country gets going in one direction for 10 or 20 years, it's hard to turn it on a dime. But let me just give you a little bit of a progress report.

To use the seven-year figure now favored by the Republican majority in Congress, the budgets we adopted in 1993 and '94 reduced the deficit by \$1 trillion over seven years -- three years in a row, for the first time since Harry Truman was President. So much so -- I want you to understand, we've still got a big deficit problem, but the federal budget would be in balance today -- today -- but for the interest we have to pay on the debt that was run up in the 12 years before I moved to Washington. So we've made a good beginning on the deficit.
(Applause.)

We expanded trade in ways that really help agriculture, and we fought for fair trade. We've been able to sell things from the West that I never thought we'd sell in Japan, like apples and other kinds of fruit. We got a deal with Canada on wheat at least for a year, and set up a joint commission to try to get wheat farmers here in the northern part of our country a fair deal in growing and selling their wheat.

We have taken some very strong action, as you know, in Japan with regard to their trade practices on automobiles and auto parts. But we've also been able to sign over 80 trade agreements with various countries, including Japan, in the last years.

And as a result of that, the economy is healthier. We've had over 6.3 million new jobs; the unemployment rate in virtually every state in the country is substantially lower than it was two years ago. And we're in the second year in a row when

the economies of all 50 states are growing. It's been a long time since that happened, and I'm proud of that. (Applause.)

We were also able to cut federal programs, many of them -- eliminate a lot of them -- and focus more money on things that I thought would matter. We increased funding for Head Start. We increased funding for -- (applause) -- we increased funding to make sure everybody could get immunized, all parents could immunize their children under the age of two by the year 2000. (Applause.) We put more money into child nutrition, and we put lots more money into various education programs, especially -- (applause) -- especially programs to increase access to higher education.

We reformed the student loan program to lower the cost of student loans, make the repayment easier, but collect more of the loans. It's an unbelievable story what has been done there. (Applause.) It may not be popular to say at a student audience, but I went through college and law school on student loans, and it really burned me up that we were spending nearly \$3 billion a year of taxpayers' money covering for the loans of people who took out student loans and wouldn't repay them. I don't think that's right. And we cut that by two-thirds in two years. (Applause.) So we had more investment in education, but also more accountability. We made progress there.

We shrunk the size of the government. Forget about the budget that's being debated in Washington now, if not one more thing were done, the size of the federal government would shrink by 270,000 people over five years, to its smallest size since John Kennedy came here to Billings, Montana, in 1963 -- if nothing else were done. (Applause.)

We also did something I'm very proud of, and there's some people in the audience that are the beneficiaries of it -- we created a national service program to promote community service and give people education credits. If they would work in their community, they could earn money to go to college. And I know we've got some national service people from Montana here, and I thank you for your service. (Applause.) Up there they are. (Applause.)

There were a lot of difficult and controversial issues that the Congress had to face in the last session. One of them was the Crime Bill, which split the country over the issue of gun control. I think largely because of the rhetoric as opposed to the reality. I supported and signed the Crime Bill that put another 100,000 police out in our country; it put police I think in some 40 communities here in Montana -- already have received funds to hire more police officers here -- perhaps more. (Applause.)

It increased the application of capital punishment to about 60 new offenses, it provided for more funds for states that have to build prisons, it provided some funds for prevention programs to give young people in trouble something to say yes to as well as something to say no to. You know, if every kid in the inner cities in this country belonged to the 4-H, we wouldn't have much of a crime problem, but they don't have that option here, and a lot of you know that. (Applause.)

And it had the infamous assault weapons ban, which some people I hear have characterized as "my war on guns." (Applause.) Now, I just wanted to say -- I want to say something about that. Senator Howell Heflin from Alabama, a great friend of mine -- 73 years old -- got up in the Senate and he gave -- this is almost verbatim -- the brief speech he gave on this. He said, I have never been for gun control, but, he said, I read this list of 19 assault weapons, and he said I have never seen an Alabama hunter with one of these guns. (Laughter.) He said, but I read the other list in this bill, no -- everybody talks about. There are 650 weapons in this bill that now can't be regulated by

the government, that are protected from government regulation, and every weapon I have ever seen in the hands of an Alabama hunter is on that list. So I'm going to vote for this, because I think the bill does more good than harm.

Now, I say that to make this point. Whether you're for or against that, we have made a big mistake in this country with all the tough issues we've got to let an issue like that become more symbol than substance. So we've got a tough problem in a lot of cities in this country. I've gone to hospitals and met with emergency room personnel who tell me that in some of our urban areas, the mortality rate from gunshot wounds is three times as high today as it was 15 years ago because people are more likely to have more bullets in their bodies when they're hauled in.

Now, that may be very foreign to you here. But the Congress and the President sometimes have to make legislation that applies to the whole country, and that deals with the problems of America, and we try to do it in the fairest way we can. That doesn't say that we never make a mistake; I think we did the right thing there, because I got tired of hearing police officers tell me that they were scared to put on their badge and go outside and go to work every day. And I got tired of reading about little kids who were honor students in their inner-city schools being shot at bus stops because they got caught in crossfires.

And I decided that we should take a chance to try to make a difference. This is a terrible, terrible problem. I say that to make this point in general -- thank you. (Applause.) I say that what we need in this country desperately today is more meetings like this. And I wish we could stay all night and we could just ask questions and I'd answer them, and I'd ask you questions, you'd answer them. That's what I'm going to try to do tomorrow night. I'm going to go out tomorrow and meet with some farmers, and we're going to do that and talk about the Farm Bill, because I think that's a big part of it. (Applause.)

But we have got to stop looking for simple answers to complicated problems, and we have got to stop demonizing each other as Americans. (Applause.) And just let me give you an example. Let's look at what we're facing now, all these things affect you. Should we -- let's just look at all the issues we're facing.

We've got to pass a budget now, and we've got to continue to bring the deficit down, and we ought to be able to tell you that we're going to balance the budget. That's true. Why? Because in a global economy, if you run a big debt all the time and you have to keep borrowing money from other people, they have too much control over your economic well-being, and because if you have to keep spending tax money, paying off yesterday's deficit and today's deficit, you don't have the money you need to invest in education. And sooner or later, all the money you take in taxes, you're paying out in interest. So that's a good thing to do. But the reason it is a good thing to do is, it will contribute to raising the living standards and increasing the security of the people of our country. Therefore, it ought to be done in a way that raises the living standards and increases the security of the people of our country, which is why I say we should not cut education to do it, we should find a way to do it and increase our investment in education. (Applause.)

We all know that we have to slow the rate of growth of the government's medical programs, Medicare and Medicaid. They've been growing at about nine, 10 percent a year when inflation's about three percent a year, and health care inflation, generally, was 4.5 percent last year. We know we've got to slow the rate of growth of that. But we don't want to do it in a way that closes a bunch of rural hospitals that are the

only access to health care people in places like rural Arkansas and rural Montana have.

Does that mean we can walk away from the problem? No, it just means we need to have our head on straight when we're dealing with it. We need to do what's practical and understand how it will work.

We all know that the government can overreach in its regulatory authority. Does that mean there should be no national standards on clean water or clean air, or safe drinking water -- after what happened to those poor folks in Milwaukee? I don't think so. So we've got to find a way to make the bureaucracy more flexible.

The Environmental Protection Agency, under our administration, is going to cut paperwork burdens by 25 percent in one year next year. (Applause.) The Occupational Safety and Health Administration is going to dramatically slash regulations on businesses that will work with them to be in compliance with safety rules. The Small Business Administration has cut their budget and increased their loan volume by 40 percent. There is a right way and a wrong way to do this. And the only way we can do it in the right way is if we stop looking for simple answers to complicated problems and talk common sense to one another, if we stop treating each other like enemies and start treating each other like we're all friends, we're all Americans, we're all part of a big American family. (Applause.)

I believe that if we'll keep our eye on the prize -- what is the prize -- we have to increase the incomes and the security of the American people. We have to protect what is good about our country and what works, and change what doesn't, and get ourselves into the next century with the American Dream alive and well for our children. I'll just give you one last example: you look at this farm bill. Most Democrats and Republicans in the Congress are from urban or suburban areas. Most of them want to do the right thing. Most of them think we spend too much money on farm programs. Well, the farmers in the audience know we have already substantially cut farm subsidies in the last five or six years, substantially.

I've fought like crazy to get the Europeans to make a deal on agriculture so we could cut agricultural subsidies some more. I don't know a farmer in my home state that wouldn't give up every lick of government support if every other country would give up all theirs and we just had a fair chance to compete in a global marketplace.

So, do we need to deal with this agricultural issue? Yes, we do. But if you just blow off all these supports and everybody else keeps doing it, what's going to happen? One of two things -- we either lose markets or we'll lose all the family farmers, and big corporations will be running all the farms in the country, or a little bit of both.

So let's do this in a sensible way and let's listen to one another. You'd be amazed how many of these hot-button issues we have in Washington are basically more rural-urban issues, more regional issues than they are partisan issues. And I'm telling you, a lot of these things have a common-sense, sensible resolution if we will simply work on it.

Now, this is a great country. And if you look at where we are, going into the next century, I'm telling you, I have had the privilege of representing you all over the world. And no American who understood the facts of the 21st century would trade places with anybody in any other country -- (applause) -- because of what we have here. (Applause.)

But what we have to realize is, the thing that gives us all this juice for this global economy, in this information

age where people in Montana can hook in on the Internet and find out things that are in a library in Australia and do all kinds of things that I can't even figure out to do, but my child, because she grew up in the computer age, understands. The reason we are in this kind of position is because of everything we have in this country -- because of the natural resources and the phenomenal beauty and the massive space; because of the ethnic diversity; because of the strength in the cities as well as in the rural areas; because of all these entrepreneurs, these high-tech people, in these burgeoning suburban areas.

But the thing that makes it work is that we've got all this stuff in one place, one country; but we are all so different. So we have to have some common values, some common allegiance to the law of the land, and some way of working out our differences.

But instead of thinking our differences ought to make us put our head in the hole and try to tell everybody else to go home and leave us alone, or just vote against anybody that we think disagrees with us comes from some different place, we should learn to resolve these differences in a humane and decent way. Because it is the differences in America that are our meal ticket as a whole country to the 21st century and the American Dream. (Applause.)

I'll tell you something: One of the reasons I wanted to come here to have this town hall meeting, apart from the fact that I have such wonderful memories about this state, and I'm grateful to you for voting for me last time. (Applause.) But the other reason is that out here in Billings, Montana, a while back when a group of skinheads threw a bottle and a brick into homes of two Jewish families displaying menorahs, you didn't throw up your hands and sit around and just take sides; you said that this was a community issue. Your police chief -- your former police chief -- said hate crimes are not a police problem, they're a community problem.

And I guess that's what I want to tell you about the political divisions in this country today. They're not just a political problem; they're a community problem. The publisher of the Billings Gazette, Wayne Shile, published a full-page drawing of a menorah. And I want to tell you something: In the orthodox Jewish communities in New York City, they knew about Billings, Montana, and they felt more like Americans because you did that. (Applause.) Ten thousand families pasted these drawings in their windows. That's what we need to do in other areas as well.

I spoke at the Air Force Academy commencement today down in Colorado Springs. There were 11 foreign students graduating from the Air Force Academy. All of our service academies take a limited number of students every year from other countries. And it's a great thing for our country. They go back home; they do very well; builds a lot of goodwill. The number one student this year was from Singapore. And when he stood up to be recognized, all those red-blooded American kids that he scored higher than clapped for him and were proud of him. That is the American way; they did not feel threatened by that.

I stood there and shook hands with nearly a thousand of those graduates -- the finest-looking young men and women you possibly imagine, from every state in this country, from all kinds of backgrounds, all different racial and ethnic groups. They were all Americans. And they learn to live with each other and to work out their differences there. And I'm telling you, if I could wave a magic wand and do one thing for this country, just one thing, it would be more important than who the President is, how the Congress votes on a particular bill -- it would be to try to get us out of this way we are communicating with one another so that every time we have a difference, we turn it into a wedge and a divide and we try to beat each other to death with it. That's not right. It's not the American way.

Look, we got a lot of complicated problems. And we are a very different, divergent country. But it's our meal ticket to the future. It's what makes us the most relevant place in the world in the 21st century.

Why do all these people want to come here? Why do they ask us for help everywhere? Because they think with all of our problems, we've got our act together. And we ought to have it together.

So I say to you, my fellow Americans, whatever your party, whatever your views on any particular issue, this country is slowly turning. And we are moving toward the 21st century. And what we don't want to do is take a position on a complicated issue that starts throwing the babies out with the bath water. What makes us great is our people, our land, our vision, our system of opportunity.

And we have the opportunity now to tackle some long-delayed problems, like the budget deficit, and some long-ignored needs like competing with other countries in our investment deficit so that we invest in our people's education; we invest in the technology and the research and the things that will generate high-wage jobs; so that we show prudence in the budget, but we still figure out how we're going to keep a viable agricultural sector, for example, into the 21st century; and so that we face up to the fact that a whole lot of people's anxieties are because of all these changes that we haven't adjusted to. We can't keep the American Dream alive if 15 years from now 60 percent of the people are still working harder for less money.

So let's talk about what's really eating us. Let's deal with each other as neighbors. And let's make ourselves a promise that as we go through these next six or seven months, that we won't take the easy way out. We will bring the budget into balance, while investing in our future. We will make the government less bureaucratic, but we will protect our environment. (Applause.) We will find a way to give local control to people, but we will still do the right thing. (Applause.)

When it's all said and done, we'll still have heated disagreements; nobody will know if they're right; and nobody will be right everything -- but at least we can recreate a process, an environment, a spirit of community that will permit us to go on. We cannot get from here to where we need to go if everything we do is dictated by the most emotional, highly-charged 15-second sound bites we can think of to send our opponents up the flagpole. We cannot get there. (Applause.)

And let me just close with a story, a true story, that will show you my bias in all this. In 1989 I was the governor and I was trying to decide whether I should run for a fifth term. And everybody in my state believed in term limits, but they sort of liked me. And they couldn't figure out what to do about it, and neither could I, frankly, and because I had this big education program I wanted to get through the legislature before I left office.

And I went out to the state fair one day, and I visited all the -- you know, the livestock barns and saw all that, and then I came into this hall where I always had a Governors Day every day. And anybody in the state could come up and talk to me and say whatever they wanted, which was hazardous sometimes for me. (Laughter.)

And along toward the end of the day, this old boy came in overalls; he was somewhere in his mid-70s. And he put his hands in his overalls and he said, Bill, you going to run again? I said, I don't know. If I do, will you vote for me? He said, yeah, I guess so; I always have. And I said, ll -- I'd

been governor ten years -- but then I said, aren't you sick of me after all this time? He said, no, but everybody else I know is. (Laughter.)

He said, I'm going to vote for you because of the way you nag us all the time. All you talk about is education and the economy and forcing everybody work together and making things better. And he said, you're just a nag, but he said, frankly, I think it's finally beginning to work. And my state had an unemployment rate above the national average in every year I was governor until the year I ran for President when we led the country in job growth.

It takes a long time to turn and to face things. But this country is still around here after 200 years because we found a way to disagree in a way that permitted us to work together and move forward. And we can win the struggle for the American Dream in the 21st century if we will find that way now.

Thank you, and God bless you all.

END

7:35 P.M. MDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 20, 1995

REMARKS BY THE PRESIDENT
AT CHARACTER EDUCATION CONFERENCE

The Old Executive Office Building

10:30 A.M. EDT

THE PRESIDENT: Thank you very much.

Thank you very much, Dr. Etzioni. Thank you for that introduction and for the inspiration that your work has given to me and to so many others, for your wonderful book, "The Spirit of Community" and for working on this as hard as you have.

I'd like to say a special word of thanks to one of the co-founders of this network, he's been a member of the White House staff since I became President, Bill Galston, for his constant inspiration and prodding to me. I'd like to thank the Secretary of Education, and Tom Payzant, the Assistant Secretary for Elementary and Secondary Education, for what they have done to try to promote character education as a part of the larger strategy toward a new communitarian vision for our country.

You know, from the time I began thinking about how we would get into the 21st century, and long before I even thought of running for President, it seemed to me that the -- there were three words which were inextricably linked -- as if you think about America moving into the future -- opportunity, responsibility and community. Those were the three words that basically were at the heart of my campaign for President and have been at the heart of what I have tried to do as President. I also believe that government cannot do these things for America. I believe that we have to have, in a complicated, open, pluralistic society like this one, a great network of people working together in every major important center of our society. And that's what I want to talk to you about today.

I'd like to begin with a few comments about the most obvious recent event that, in terms of your government's action, that you must have noticed when you came in today, which is that I have approved of the Secretary of the Treasury's decision to close the two blocks of Pennsylvania Avenue just here in front of the White House to vehicular traffic. I did this reluctantly.

Pennsylvania Avenue has been open to ordinary traffic since the beginning of our Republic. I did it after an extensive review by the Secret Service, the Treasury Department officials and a distinguished independent panel of American experts who have served in administrations of both the Democratic and Republican Presidents, all recommending that this be done. They believe it is necessary to protect the President and his family, the structure of the White House, the hundreds of people who work there, and the people who come and visit there, both on official business and as ordinary citizens. They believe it is necessary to protect the White House against the kind of attacks that were sustained in Oklahoma City.

Now, I want to emphasize a couple of things about this. First of all, access to the White House itself will not be limited. The area will be converted into a pedestrian mall and people will be able to visit as they always have. They'll be able to have their

(Laughter.) They'll be able to go to Lafayette Park and protest against the President as they always have. And indeed, they will be able to do that more protected themselves from becoming innocent victims of those who would seek to destroy the symbols of our freedom.

We also will be working with the local officials here to make every effort to reroute the traffic in a way that minimizes inconvenience and disruption to the lives of those who live in, or work in, Washington, D.C.

Our society, as an open society, is as we saw with Japan and the terrible incident in the Japanese subway, vulnerable to the forces of organized destruction, from within and beyond our borders. And we must take reasonable precautions against them, not to restrict our freedom, but to secure it. And as technology changes the opportunity for organized destruction, we have to respond to that.

I think the American people should see this in the same context that they viewed metal detectors in airports. Do you remember when they started, there were those who say, oh, this is a big infringement on our freedom. But most of us now are only too happy to go through those metal detectors because we see that there are a lot fewer hijackings. And so it is a way of preserving our freedom -- by changing to meet the changing realities that technology and time give for the expression of organized destruction. And we should view it in that way.

But we should also recognize that our job is to minimize the fear that can seep into a society. That's one of the reasons that Hillary and I wanted to have the program we had with the children after Oklahoma City; because we were worried about children all across America, and especially, of course, children in Oklahoma, being literally fixated on these events and their vulnerability to such things.

So, it's important to put them in a larger context. And in that sense it's also important to prevent such things from happening whenever we can. This is a preventive action we're taking today.

I have asked Congress to pass this anti-terrorism legislation to give me both people and technological tools -- not to me, but to me being the United States, to us, to deal with the technological and organizational realities of the modern terrorist threat so that we can prevent these things from happening more and more and more. And the leaders of Congress have pledged to pass that legislation by Memorial Day. It is a commitment I hope they will keep because we need the legislation in preventive ways.

Now, what's that got to do with what we're doing here today? The strength of our society is far more than our ability to stop bad things from happening and to punish wrongdoers when they do such things. This country is still around today after more than 200 years as the most successful vibrant Democracy in all of human history, not because we could stop bad things from happening, although that was important. If the Civil War had turned out differently we wouldn't be here today as a country. If Hitler had been allowed to prevail in Europe it would be a very different world today. So stopping bad things from happening is quite important, it shouldn't be minimized.

But the fundamental strength of America, and the real reason we're here more than 200 years is not our capacity to stop bad things from happening, but our ability to do good. And indeed, our ability to be good; deToqueville said, "America is great because America is good."

So, the truly great things about our country involve the literally billions of actions that are now taken by our 250 plus million citizens every day of the world. They get up, they go about their business, and most of them do the very best they can to be responsible, first of all, as individuals, and then to be responsible for their families, to be responsible at work, to be successful members of their community, to be good citizens.

Most of our fellow citizens do everything they're supposed to do pretty much when they're supposed to do it; even things they find most distasteful, like paying their taxes. It has long been observed by -- I know that when I was a young law student taking tax law, and it gave me a headache, I just couldn't stand it. I hated the course; all those rules and regulations. When it was all said and done -- the professor said at the beginning, in the middle and at the end of the course, "Now, remember, in spite of all these rules and regulations that no one can keep up with, and hardly anyone understands, the real thing that makes this work is that you live in a good country where most people just get up and on their own, do the right thing because they think this is part of the obligation of citizenship." It made a deep impression on me.

So, I think that when we view the problems of America today, and there are plenty of them; the intolerance, the increasing divisiveness of political forces, the seeming two-edged sword of the information revolution where more and more information seems to be organized to harm instead of to enlighten, to divide instead of unite. When we look at all of this we have to see it against the background of the fundamental fact that this is a very great country full of very good people, and almost all of us get up every day and do what we're supposed to do, as best we can; that there are new and different challenges we face today that put extreme pressure on us in trying to do good and be good; pressure in the family, pressure in the workplace, pressure in the community, and in the larger society; that we are trying to cope with economic and social stresses, and with the exposure to all kinds of forces in a complex modern world that we often were not exposed to in the past, and that none of -- some of us had never been exposed to before.

And I think that the real trick is how we can keep the basic values that have made our country great, and take advantage of the modern world with all the things that are different. That has always been the genius of America -- to preserve what is right there in the Constitution, and to take it throughout history. We know that we are capable of doing it unanimously. What we're really all afraid of is that somehow we'll be undone either by some small minority of us who do wrong and force all the rest of us into a way of living that is so radically different from what's been before that we don't preserve what's uniquely American, or we're afraid that all these forces will upset the internal balance in so many of us that we will lose our way.

And yet, we know that, fundamentally, we shouldn't be pessimistic about it, and we're reminded of it every time something bad happens in America. When we had a 500 year flood in the middle west, or that massive earthquake in California, or the World Trade Center bombing, or the horrible, horrible tragedy of Oklahoma City, you see not only the loss and the evil and the darkness, you also see the fundamental goodness of the American people. There's people everywhere -- just stop what they're doing and show up to help.

I remember when they had that awful hurricane in Florida and I went down there. The first guy I met was an independent trucker from Michigan, who literally cancelled all of his runs, stopped all of his business and filled his one big semi truck and brought it all the way to Florida -- stopped his whole life. And he was just a single business person who was not like me, an employee of

everything just because -- (laughter) -- he risked everything just because it was the right thing to do. Here was this guy showing up, and happy as a clam, didn't have any idea what was going to happen when he went back to Michigan, how he was going to put it back together. He was happy doing something for other people, consistent with his personal values and what he had learned in his family and church, and what he had imparted to his children.

Now, the question is, how can we preserve the traditional values and how can we find at least a measure of the fulfillment in doing right and good things in ordinary life that we find when disaster strikes. Is there something endemic to the modern world or human nature that says that we can't do that? I don't think so. But we plainly live in a world that is changing so fast where people are exposed to so many forces that the ties that bind us are stretched more than there were in the world in which I grew up. I don't think there's any question about that.

The opportunities for individuals to have their internal equilibrium upset are far greater today than they were a generation ago. It's important not to romanticize the past, however. Remember what Will Rogers said about that? "Don't tell me about the good ole' days, they never was." It's important not to romanticize the past. While I grew up in a society which was much more stable, and where I didn't have anything like the kind of forces bearing down on me that teenagers do today. When I was child I also lived in a segregated society, in which a huge number of people my age were never going to be given any opportunities that I took for granted. So it is important for us not to overly romanticize the past, but also to recognize that the present is changing so fast and people are exposed to so many different things that it is very, very difficult to build the kind of coherent, character-based society that builds both individual and social responsibility, and gives people the necessary balance between stability and change that allows you to live the fullest possible, most rewarding life, and to have a society that is both growing and vibrant and stable. I think we all recognize that as a sort of central challenge of this time.

And I think what happens when a big disaster occurs, everybody throws off all the things that are bothering them and gets back to basics. People stop looking at each other as a -- people of different races or religions or philosophical positions or political parties, and realize that there is a common humanity there after all. The trick will be to manage our differences on a daily basis in a way that recognizes our common humanity and to find organized ways to stamp out the social evils that are consuming us, without doing away with our personal freedoms. And I believe that we can do these things.

I believe that sometimes we throw up our hands too much in the face of all the difficulties that we have. But we have to identify what the problems are and move on them.

I also believe that the central insight of what Dr. Etzioni has done is important to emphasize here. Everyone has a role to play. And we can solve this in a free and open society, not by any governmental policy, but by government, like every other part of society, playing its own role.

If we could start with some of the problems that are disintegrating forces in our society. I would like to focus on some that we don't often focus on, and those are the economic ones. We all know we have too much crime and violence and drugs and family breakdown. And I don't mean to minimize those things, they are profoundly important. But we are aware and sensitive to those things.

I want you also to think about things that may be more pedestrian, but also are reinforcing the problem that we come here to talk about.

The average American today is working a longer work week and spending fewer hours with his or her children than they were 25 years ago, for the same or lower wages they were making 15 years ago. Literally, 60 percent of the American work force is making the same or less when you adjust for inflation, than they were making 15 years ago, and working harder and spending less time with their children than they were 25 years ago. Family income has gone up in many places only because there are now two workers in the family.

There is also in our country a feeling that there is much less security because more and more people are changing their jobs. The census tells us that there's been about a 14 percent decline in earnings for men between the ages of 55 and 65 -- excuse me, 45 and 55. It could have something to do with the so-called angry white male phenomenon. So that when people reach the peak of what they thought was going to be there, not only their earning capacity, but their ability to have a profound and positive impact on their families and on their society, their communities, many of them now are at a vulnerable period when they're having to deal with changes that they took for granted when they were in their 20s, but never expected to have to face all over again in their 40s or early 50s. This is a profound thing.

So that we at least thought when we started out in life we have different kinds of things to feel anxieties about as we got older. I mean, just getting older is bad enough. (Laughter.) And now, we're having to feel anxieties about things that we thought would be behind us as a people into our 40s and 50s. This is a profound thing. No one has really studied the implications this has for citizenship, and why more and more people may be vulnerable to siren songs of resentment that divide us instead of unite us.

I'm telling you, there are millions of people that go home every night and sit down at the dinner table and look across the table at their families and wonder whether they have failed them, when all they ever did was show up for work, because of the way the global economy has impacted on them in this society. This is a significant thing.

And when you combine that with the fact that there is so much mobility in this society, much more than ever before. It is more difficult for many of these people to get the kind of support networks they need in their communities because a lot of folks live in communities where neighbors don't know their neighbors anymore. And if there's a high crime rate in the community, they don't have any way to get to know them.

So that all these things need to be seen in that context. There is a great deal of uncertainty out there, which makes people yearn for certainty, but also makes them vulnerable to the wrong kind of certainty; certainty that pits people against one another instead of gives them a way to say, here are my problems, what are your problems, let's get together and figure out how to solve them.

So I think that the sense of, literally, physical instability, so many adults feel, make it more difficult to hold our society together and make it more difficult to impart the fundamental character strengths and traits and the accompanying security of knowing that you're in the right place in your life, that are essential to a strong society -- not an excuse for not doing it, but it's important to understand the context in which we operate here.

Now one of the things that we have thought about in our administration is that in this environment, when so many of our children are in families that are, at least not traditional families, when their parents are working -- working harder and maybe spending less time with them, and when their neighborhoods may be less settled and in many cases, less safe, it is more important than it has been, perhaps, in immediately previous years, to reemphasize the role of character education in our schools. Something which once was taken for granted as a part of education, sort of faded away, and we believe, should be brought back. We know it has to be a supplement for the work that families and communities do, not a replacement. We know there's no substitute for the character lessons that are imparted to people by their parents and grandparents, or for the guidance that a father or mother can bring, or maybe even more importantly, for the sense of security and rootedness that the right kind of relationships within families give us all. But still, I think it's important to recognize that all of our children show up for school sooner or later and character education can be a vital part of building the kind of society that recognizes responsibilities and has a sense of community.

This is an issue I've been involved with for years. Several years ago in the mid-80s, I served on the Carnegie Commission for middle school education. There were two governors on that commission, I had the privilege of being one. The other was the distinguished Republican Governor of New Jersey, Tom Kane. And one of the recommendations we made was that we should teach our children in middle school, with specific objectives, to "behave ethically and assume the responsibilities of citizenship in a pluralistic society", and that we had to connect our schools to our communities, which together share responsibility for each student's success.

When I became President, we started to work on this through the Department of Education. Secretary Riley has helped us to go a good ways toward the right kind of introduction of values into our schools.

Everybody knows that education is about more than intellect. Everybody knows, as my mother used to say, there's a lot of smart fools running around in this old world. (Laughter.) And what we want to do is to build good citizens as well as intelligent people.

We need to learn what it takes to build up and not tear down a society over the long run. So we've worked hard on that. Most of you know that the Elementary and Secondary Education Act contained new authority for programs that foster character education for us to support them. And in partnership with local communities, we are now making states eligible to compete for grants to help to support the institution of character education programs in local school districts all across the country. I personally long for the day when this is, once again, a regular part of the curriculum of every school district in the United States. I think it is very, very important.

The Safe and Drug Free Schools program, which is one of the things I've been fighting for in this little rescission battle we've got going on here in Washington today, also has specific, explicit efforts in it to create an environment in which children are able to learn and in which we not only make drugs -- schools safe and drug-free by negative actions like security device, but in which we change the attitudes of children about what is acceptable within the schools; what is acceptable conduct within the schools.

All of you know that there is some evidence out there already that these character education programs really work to lower

increase good citizenship. It is elementary. It is simple. But I think it is profoundly important that young people be taught that it's important to tell the truth, that it's important to be trustworthy and for people to be able to rely on you, that it's important not to abuse the freedom you have by undermining other people's ability to exercise their freedom. They need to be taught certain basic things in the context of the school environment, which is after all, for many of them, the first diverse community they will ever be a part of. So I feel very strongly that this is part of what we ought to be doing, but not all.

I think that, as I said, the fundamental insight that I have gotten about how to do this from Dr. Etzioni, is that we have to build networks. And this, as you know, is the second conference on character building we've had where we've welcomed people to the White House. I would very much like to see this institutionalized as an annual event that goes way beyond my administration; that encompasses Republicans and Democrats and that has nothing to do with politics. (Applause.)

Indeed, I think we should view this effort in our country not as bipartisan but as non-partisan. And we need to think about ways that we can continue to build networks that work together for a generation. Because a lot of our problems were a generation in coming and they're going to be a generation in going. And because there is nothing we can do that will stop the world from changing as quickly as it is; so we're going to have to work harder and harder to think of ways that keep the ties that bind. Therefore, I believe this should become a permanent fixture of our national dialogue.

I would like to also, from my point of view, take this up a notch in the present time because of the dimensions of our challenges. On June the 21st, I'm going to invite leaders to come here from all around the country to listen to each other, to open a dialogue, to try to find common ground on our great social challenges of the day; and to talk about what it would take to build not only good character but good citizenship from people individually and in groups. And to see whether or not we can accelerate this dialogue throughout the country.

I am going to ask academic and business leaders, religious leaders, media people, people from the sports community, people from other aspects of the private sector, and of course, government folks, to try to build the kind of partnership that I think is necessary.

James Madison once said that all governments required virtue of their citizens but democracies needed it more than other kinds of government. And I believe that. Some of you may know that Hillary is now working on a book about the responsibilities we owe to our children. The title will come from that old African proverb, it takes a whole village to raise a child.

Now, I ask you to think about this -- and I would like to make some closing remarks about where I'm going with this June 21st conference and invite you to give me your ideas about it. I think that in the world we are living in, it will take a lot of people, and not just government programs, to keep our children off the streets and in school. It will take every parent, teacher, friend and loved one we can find to teach children, given all their different circumstances in American today, the differences between right and wrong, and to give them the kind of self-esteem they need to do well in a troubled world. To say no to the right things but also to figure out what to say yes to, which in the end, is the basis of the quality of life we all live.

And I am absolutely convinced, as I have watched the changes in our lives, in our children, in our society, most of them are not most influenced by government; there are other forces

which are influencing them, and that we all have to pull together if we're going to have any hope of succeeding in this enterprise.

If you look at business, for example -- I mentioned the economic changes -- I had to fight like crazy for the Family and Medical Leave law. It had already been passed by Congress twice and vetoed twice by well-meaning people who thought that -- business people said, "Oh, the world will come to an end if the Family Medical Leave law passes."

But it cannot be, if you think about it, first and foremost -- it cannot be that a society where the economic forces require most adults to work, women and men, even parents of very young children -- it cannot be that a good society can be built unless people can succeed as both workers and parents.

If we cannot succeed as workers, then our standard of living will fall and everything that we think about America will begin to be eroded. But if don't succeed as parents, then we'll have a lot of people with money and miserable lives. And we have too many people in this country today, not only poor people, but people who aren't poor, who have miserable lives.

So, the first and most fundamental thing we have to say is, how are people going to succeed as workers and as parents? The government can do the Family and Medical Leave law but that's just the first step. How can you justify the fact that most people are working harder for less money when business profits are up and corporations are up. We had record numbers of new millionaires last year. I like that, by the way. I don't think wealth formation is bad. I think it's good.

But the thing that holds a democratic society together is that everybody gets their fair share. In the 12 years before I became President -- this has nothing to do with government policies nearly as I can determine -- executive salaries went up four times as much as workers salaries went up in major American corporations and three times as much as corporate profits went up.

And you can say, well, labor's not worth as much as it used to be because technology means fewer people can do more with less. That may be, but all those people are still people. They have children to raise. They have mortgages to pay. They have problems to confront.

One of the companies that I really admire in this country today has set up a system in which both the workers and the executives get paid based on the performance of the company. So that when the company does well, the workers have just a big gain as the executives. And if the company has a bad turn the executives have to take an even bigger hit percentage wise than the workers. Now, that the kind -- they also have as part of their bonus program a \$2,000 a year grant to every child of every employee in the company that goes to college. They have one person that sent 11 kids to college working for that company. (Laughter.) The only reason I'm not telling you who the company is, is I don't every person with six or more children in America to go apply for work there. (Laughter.)

But don't you see, here is a company that says, okay, we want to make money, we want to do well, we think we can do right and do well. We want a -- we believe we'll make more money if the people working for us know they can make more money if the company does well.

This is part of citizenship. I'm not suggesting the government should mandate this. I'm talking about partnerships, networking, community, open and honest discussion. But first and

to be done in the family and you must make it possible for people to succeed as parents and workers. So, that should be a part of this debate. (Applause.)

Now, the media has a responsibility here. We have tough choices to make as a country. People need to know the facts that will shape their future -- important for adults, important for children. Let me give you an example: A weekly reader is launching a new project to teach the value of citizenship to young children through stories. That's a good thing. That's the sort of thing the media can do. I'm not suggesting the government should mandate it, but we should talk about it. Nobody should feel threatened or feel like we're trying encroach on the First Amendment by discussing the power on social behavior that the media has. We should be able to discuss it without anybody being defensive about it.

Here in Washington we are facing difficult but important issues of public policy. We have two huge deficits from a public policy point of view. We've got a government budget deficit, which is much lower than it was when I became President, but it's too big. And we do need, in a global economy, a balanced budget because we don't want to be more dependant than we have to be on outside forces. And we want to be able to invest in our future.

But we also have a big education deficit and training deficit compared to many other countries, and compared to what we need for America to be the strongest and greatest economy in the world in the 21st century.

So, we've got a big, tough decision here. How are we going to solve one without undermining the other? Can we do both at the same time? If so, how? Now, this can immediately dissolve into a huge political screaming match in which one party sticks up for one, the other sticks up for the other, everybody gets reelected at election time and nobody gets anything done. That would not be good. What we need to do is to figure out how we can reach across the divides to a common consensus that will permit us to pursue both these objectives at the same time.

The American people are ready for some tough decisions and difficult medicine but they want to know that it's fair and sensible and what's down there at the end of the road. And to do it, we need to get information in a way that is not designed to divide us, but is designed to shed more light than heat. And it is a very difficult thing, but very important.

Religious and community institutions have an important role to play. You know, if every church in America -- every church in America -- had not only a vigorous program for its own members and the people it's recruiting, but also an outreach to a fixed number of families and children to fight the problems of out-of-wedlock birth, teen pregnancy, drug addiction, school dropout -- if every single church had just a fixed and reasonable number of kids it was targeting, it might have more impact than all the government programs we could ever devise. (Applause.)

This is the most religious country in the world. We have the largest number of churches, the most diverse group of people worshipping in different kinds of religions. And, again, it's not for the government to require this, but it's worth talking about. Because there is a great debate today in the religious community about whether the best thing you can do for society to make it better is go out and try to actually work with people who are in trouble and make them better individually or to simply make political prescriptions that everyone else should follow; and if they do, fine, and if they don't, we'll wait for the next election.

So, I think this is a debate we ought to have. Because -- I have no objection, by the way, to the political debate, and I have encouraged the people of faith who come to different political conclusions than I have to be a part of the debate. I don't think that's bad. But I think we are not purely either political animals, people who go to work, or churchgoers. We also have community responsibilities and opportunities. And the organized churches of this country can have a big impact on changing the lives of people and improving the character of people, and the prospects of people today in the country. And many do. Many do. If all did it would make a big difference in our ability to move forward on common ground.

If you think about -- let me mention the entertainment industry, there's been a lot said about that and I got a big standing ovation at the State of the Union from both Republican and Democratic members of Congress when I talked about the damage that comes to our society from incessant, repetitive, mindless violence coming through entertainment. There are lots of studies showing that young people tend to get numbed to violence, and to the consequences of it, from constant overexposure to it.

And I say this, not to point the finger at anybody. I have enjoyed more than my fair share of what I would call cheap thrills movies in my time. So, I am not being sanctimonious about this. I'm just saying it is an established fact that if children from very early ages are exposed to huge volumes of a certain kind of entertainment, it desensitizes them to the same sort of conduct in the real world. There's lots of evidence about that.

And that's why, frankly, I welcome the networks' recent efforts to reduce prime-time violence, and why I would applaud the decision that Time-Warner announced this week to set standards for controversial music and to balance creative expression with corporate responsibility. And I applaud the efforts of Bill Bennett, who was here yesterday, to get that done. The country owes him a debt of gratitude and we should applaud Time-Warner, as well. (Applause.)

The Children's Educational Television Act -- Television Education Act was passed back in 1990. I think there is more to do here. We need -- the broadcasters need to read that Act again and adhere to its spirit, as well as to its letters. We should be thinking twice before movies and rap music that celebrate violence against women or law enforcement officers are put out there in huge volume, in piling one on top of one another.

There is a connection, in this sense, between words and deeds. We do get dulled of that to which we are overexposed in a banalizing way.

Let me finally say that I think politicians have a responsibility here. And instead of criticizing others, let me start with myself. If you want to be an elected official in a Democracy you must, first of all, get people to identify with you more than your opponent. And you must say, here are the differences between us, and here's what I stand for; here are the choices we face and here are the decisions I would make. And here is why I would make those decisions. So in that sense, conflict and difference and dividing up the electorate are the essence of politics.

But there is a big difference between division, and difference of opinion, and destruction and demonization. And there is a big difference between difference and dehumanization. Let me just begin -- let me just -- I'll start with me, because this is something I've been through in last few weeks.

I know that I -- I don't know of a politician that

don't know how many times that I have made references to government bureaucrats, right? Because when a politician stands up and says something about government bureaucrats, 99 times out of 100, the words is used in a pejorative sense, right? And it's used to remind you of the fact that the person you've elected is not really a part of the government, he's a part of you. That he's more like a tax payer than a tax consumer. And we know you resent paying your taxes, and we know you think a lot of it is wasted and so, if we who are elected talk about government bureaucrats, you'll know we're still on your side even though we're living over here on the other side.

That's the deal, right. You hear it all the time. (Laughter.) You know what I'm talking about. Now, almost -- first of all, there is some individual truth to all this. That is, there is hardly an American living who hasn't had some encounter with the government that was distasteful, right? (Laughter.) Because as long as people are running the government, they will be like people running churches, people running businesses, people running whatever it is you do, people are imperfect. And they'll mess up. And when they do they drive other people up the wall.

But the government has a special relationship to people because it has the power of law behind it. So, almost everybody can remember someone who was at least rude, or perhaps a law enforcement official that abused authority on occasion, or a tax person who was really unfair, or a regulator who was overbearing. Almost everybody has had some experience because we live in a society of human beings where people mess up. So, there is some truth to that.

It is also true that at this time, the government tends to lag the private sector in changes. Sometimes that's good. Sometimes that's bad. But it does because the environment in which the government operates is not as competitive. But that is, we normally have -- we have more of a monopoly on income and customers, so it lags.

On the other hand, that's not all bad because it helps to be a force of stability too, sometimes, in times of great change. But the government, in the end, must follow the great trends of the day. So, must the government become less bureaucratic, more flexible, more open? Will it be smaller? Will fewer people do more with less? Absolutely. All that will happen.

We had to take the size of the government down. It's already over 100,000 smaller than it was when I became President. We had to get rid of hundreds of programs that just didn't make any sense any more. We have to do these things. And we have to take it down more. We have to continue to reduce unnecessary spending. And we'll have to have more people take these early retirement packages and all that. That's all true.

But that's different from saying government bureaucrats in a demeaning way. Let me tell you something -- you think about this. The children who died in that child care center in Oklahoma City were the children of government bureaucrats. The people who were carried out of that building from the Agriculture Department; from the Veterans Affairs Administration; from the Housing and Urban Development Department; and from all of our law enforcement agencies, the Secret Service, the ATF, all of them. They were all government bureaucrats. And I will never, knowingly, use that term again. (Applause.)

So we've all got to start with each other here. I don't know that that's a very good character example. I don't know that that does much to build good character, when you identify a group as a group and pretend that as a group, there's something wrong with them.

So I would say to you -- to all of you, I am basically very optimistic about the future of this country. I know we're more violent than we need to be, but we always have been. We always have been and we need -- we've got to get a hold of it. And I know we have too many out-of-wedlock births, but it's a trend that is gripping an awful lot of western countries. And people have forgotten, in my judgment, the profound emotional consequences to the children who grow up in unstable and inadequately supported environments. So we're not alone in that. We have way too much drug addition and we are, really, almost alone in that. Hardly any other advanced country has anything approaching the levels of violence and drug addition we do. So we do have profound problems.

Our political debate is too polarized. And we have a lot of people who talk a lot about what's wrong with everybody else and don't do very much to change it. There are all kinds of problems. But look, this is not the Great Depression, this is not World War II, this is not the Civil War, we are not starting from scratch like the Founders did.

We know what to do. We know the difference between right and wrong. We know how to do this. And we can do what we have to do. We can do this. This is not a cause for wringing of hands. It is difficult. It is a new challenge to figure out how we all work together and still leave room for our differences, how we identify the specific roles of the various influence centers in our society to re-instill character and give a good life to our people.

But the fundamental fact is that this is a very great country, and nearly everybody is still getting up every day and doing the very best they can to do what is right. Nearly everybody desperately wants to have children who have good character, and who do good, and who are good -- nearly everybody.

So I think what you are here about is profoundly important. But what I want to say to you is, do not be discouraged. In the light of the whole history of our Republic, this is our job at this time. It is not an un-doable job. It is profoundly important. It will be difficult because of all the forces working on people's state of mind that undermine what we have to do. Because it's so much easier in the world today to identify what we're against instead of what we're for. It's so much easier in the world today not to look at the problems within our own hearts and minds because we can always find somebody we think is worse. So it is so much easier to put this off and delay it. And there are no institutions really for bringing us all together, across all the lines that divide us, in our common cause of building what is good about America and building up what is good within the character of our people. But we can do it. And I believe we will.

Thank you very much. (Applause.)

END

11:20 A.M. EDT

**FACSIMILE TRANSMISSION**

**ADMINISTRATION FOR CHILDREN AND FAMILIES
OFFICE OF THE ASSISTANT SECRETARY
370 L'ENFANT PROMENADE, S.W.
WASHINGTON, D.C. 20447**

July 21, 1995

TO:

Marcea Hosay

Telephone:

Fax:

Number of Pages (excluding cover):

456 - 7028

FROM:

**Wendy Jacobson
Special Assistant to the
Deputy Assistant Secretary**

Telephone:

Fax:

(202) 260-1853

(202) 401-4678

MESSAGE:

*Cover letter as requested, plus additional
input from GSA.*

Wendy

- ① Insert ^{some where near end of} under "Balancing work + family" Section
- Encouraging "family friendly" Federal workplaces

A White House directive to all Federal departments and agencies strongly encouraged "family-friendly" workplaces so that the Federal workforce can better serve its customer--the American taxpayer. In addition to promoting more use of flexible schedules and job sharing approaches, the directive cited greater use of telecommuting as a key to accomplish this. Today, some 3,000 Federal employees telecommute from home or small satellite offices close to home. The goal is to attain 60,000 Federal telecommuters by 1998, reducing office real estate costs for agencies, bringing employees closer to home, neighborhood and community, reducing traffic congestion and improving air quality

- ② Add to "Improving + Expanding child care" bullet: "The number of worksite child care centers available to ~~federal~~ federal employees now numbers more than 700 across the country."
- ③ Add to ^{end of} # below "Balancing work + family"
" -- including its own federal workplace."

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Wendy

**The Clinton Administration:
Building Success for Children and Families
in the Home, Community, School, and Workplace**

America's tomorrow can be seen in the faces and the lives of today's children and families. To create a positive future, we must build on people's strengths, hopes, and successes, and act immediately and together to ensure the healthy growth and development of our children and to create safety, stability and economic security for our families and communities.

Home, Community, School and Workplace. These are the places where children and families are either nurtured or compromised. These are the places the American people look when they want to measure their well-being, or assess their sense of security and their feelings of hopefulness about the future -- are my children safe at home? Does my community have all the resources it needs to be a place of support and engagement for my family and others? Is my child learning at school? Is my work allowing me to be the kind of parent I want to be? Will my children have a better future?

This Administration has made an unprecedented commitment to the building blocks of success. Our efforts and our achievements touch children and families at home where the foundations of our future happiness and success are laid; in the communities where we live; at school where we learn; and in the workplace, where we build the nation's productivity and secure the resources to raise our families.

This Administration takes seriously our responsibility as a nation and as individual community members to ensure the well-being of ALL our children and families. In the pages that follow you will see what we have accomplished.

(President's signature)

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	NEW ECONOMY	3
	THE ECONOMY UNDER PRESIDENT CLINTON	3
	CUTTING THE DEFICIT AND UNNECESSARY SPENDING	5
	A BALANCED BUDGET THAT PUTS PEOPLE FIRST	6
	COMMUNITY EMPOWERMENT	7
	THE MIDDLE CLASS BILL OF RIGHTS	9
	OPENING MARKETS AND EXPANDING TRADE	10
	BUILDING A STRONGER, HI-TECH, DEREGULATED ECONOMY	12
	FOSTERING SMALL BUSINESS	13
III.	NEW COMMUNITY	15
	AFFIRMATIVE ACTION	15
	CHILD CARE AND HEAD START	17
	EDUCATION	19
	FIGHTING CRIME	22
	CRACKING DOWN ON DRUGS	25
	THE ENVIRONMENT & PUBLIC HEALTH	27
	IMMIGRATION	29
	WELFARE REFORM	32
IV.	NEW GOVERNMENT	35
	REINVENTING GOVERNMENT	35
	COMMON SENSE REGULATORY REFORM	37
	A NEW FEDERAL-STATE PARTNERSHIP	39
V.	AMERICAN LEADERSHIP IN THE WORLD	41
	INTRODUCTION	41
	REDUCING THE NUCLEAR THREAT	43
	MILITARY READINESS	45
	PROMOTING DEMOCRACY ABROAD	47
	PEACE IN NORTHERN IRELAND	48
	REINVIGORATING THE MIDEAST PEACE PROCESS	50

I. INTRODUCTION

Two years ago, President Clinton entered office with a vision for keeping the American dream alive as we prepare our nation for the challenges of a new century.

The end of the Cold War has changed the way we must think about our national security. A new global economy has emerged, where goods, services, and information speed around the globe.

When President Clinton took office, Americans were struggling in this new economy. A harsh recession thwarted growth, holding unemployment up and wages down. Middle class American families, playing by the rules, were working harder and harder just to stay in place. Education costs were rising out of control, at a time when the need for an education was more important than ever to raise standards of living. The difficulty of saving for retirement increased the financial pressures on working families. It seemed ordinary, middle class Americans were always the ones asked to make sacrifices in this new economy.

Yet a bloated government in Washington, trapped in yesterday's problems, worked more for the special interests than the public interest. The budget was out of control, with deficits projected to top \$300 billion and head higher into the next century, limiting our ability to invest in the future.

President Clinton offered a vision for America in his speech announcing his candidacy for president. He said, "We need a New Covenant to rebuild America, a solemn agreement between the people and their government. Government's responsibility is to create more opportunity for everybody, and our responsibility is to make the most of it."

President Clinton believes government should not be a savior, nor on the sidelines, but a partner as we fight to restore the American Dream. In a world of great opportunity, with a new economy, we need a new, leaner, more responsive government that will help give hardworking middle class Americans the tools to succeed and prosper. At the same time, all Americans must make the most of these opportunities.

Based on the New Covenant equation of creating more opportunity, while demanding more responsibility, President Clinton has led a fight to restore the American dream. This booklet describes the successes we have had so far, and the challenges that lie ahead. The booklet focuses on a broad array of issues, including:

The Economy. After 12 years of trickle down economics which had quadrupled the deficit and limited opportunity, the President took on the special interests and fought to enact the largest deficit reduction package in history, which has reduced the deficit three straight years in a row, and by more than \$1 trillion over seven years. He expanded opportunity with tax relief for working families and by aggressively opening world markets for American goods and services. In just over two years, we have begun to turn things around. President Clinton's economic strategy has triggered the best combination of robust job creation and low inflation in 25 years.

Reinventing Government. Under the leadership of Vice President Gore, we are making a more efficient government. We have taken an ax to more than 300 wasteful government programs and eliminated 100,000 positions from the federal bureaucracy. We're on the way to reducing it by 272,900 positions, making the government the smallest since the Presidency of John Kennedy.

Education. Because education is the key to preparing Americans for the new economy, President Clinton is expanding opportunities for lifelong education: From pre-school to youth apprenticeship to direct lending for college loans to National Service to training for a new job in mid-career. At a time when education is more important than ever to succeed and prosper in the new economy, cutting education or National Service is like cutting defense spending in the middle of the Cold War.

Balanced Budget. Building on his 1993 plan that reduces the deficit by \$1 trillion over seven years, the President has proposed an economic framework for balancing the budget by the year 2005 while still investing in education and training; taking serious steps toward health care reform while strengthening the Medicare Trust Fund and protecting beneficiaries; and targeting tax cuts only to working families. The President's plan builds on the savings and investments in his FY1996 budget and calls for real cuts in most areas of government spending other than Social Security.

The Middle Class Bill of Rights. Because too many families are unable to seize the opportunities of this new economy, President Clinton has proposed the Middle Class Bill of Rights to help restore the aspirations of America's working families. It includes a tax deduction for all education and training after high school; a \$500 tax cut for each child under age 13; tax breaks for families that save for education, the purchase of a first home, or retirement; and Skill Grants given directly to workers, paid for by consolidating federal programs.

Welfare Reform. The President is fighting to make welfare a system of work and responsibility, not a way of life. He wants to create opportunities for people on welfare to help them get off, while demanding more responsibility.

Crime. Because an important part of the New Covenant is to make Americans more secure at home, President Clinton fought the special interests to enact a tough Crime Bill last year which puts 100,000 police on the streets, bans deadly assault weapons, expands the death penalty, and supports smarter prevention efforts which offer opportunities to young people to find a way out of the cycle of drugs and violence.

National Security. Finally, President Clinton believes that for America to be strong at home, it must be strong abroad. He has fought to preserve the tradition of American leadership in the world against a growing tide of isolationism.

President Clinton has dedicated his presidency to fighting for what's good for ordinary working Americans every day. He is fighting to expand opportunity for all, to infuse a new sense of responsibility in the country, and to put the American community on a path of restored hope and opportunity.

II. NEW ECONOMY

THE ECONOMY UNDER PRESIDENT CLINTON

A new economy has emerged, which offers both opportunities and challenges for American families. When President Clinton took office, Americans were struggling in this new economy. Middle class American families, playing by the rules, were working harder and harder just to stay in place. President Clinton is dedicated to ensuring that Americans can reap the opportunities in this new economy. That's why President Clinton's top priority when he took office was restoring America's economic health. Here's how the economy has improved since President Clinton took office.

Job Growth

Then. While the economy was expanding in 1992, nine million people remained out of work, and the unemployment rate topped seven percent. There were no signs that the jobs situation was improving: the economy was creating only 34,000 private sector jobs per month, hardly a booming recovery. Experts said that the nation was in a "jobless recovery," which most families said was no recovery at all.

Now. 6.7 million jobs have been created during Clinton Administration -- two-and-a-half times as many new jobs as during the previous Administration -- in about half the time. In 1994 alone, the economy created 3.5 million jobs -- the best year of job growth in a decade. The unemployment rate is at 5.7 percent, down from over 7 percent at the start of the Administration.

These are good jobs, too. Over 90 percent of these new jobs have been created by the private sector - that's higher than the average during any other administration since Warren Harding. In 1994, more jobs were created in high-wage industries than in the previous five years combined. After losing more than 2 million manufacturing jobs over the 12 years prior to the Clinton Administration, the economy has added 405,000 manufacturing jobs since the Clinton budget plan was passed. Auto jobs have increased by 94,000 during the Clinton Administration -- after declining by 49,000 during the previous 4 years. Construction jobs are up 662,000 since January 1993.

The Deficit

Then. The challenge of recovery was made all the more difficult by the huge budget deficit that the President inherited. In the previous twelve years, the federal debt -- the total of all the yearly deficits - quadrupled from less than \$1 trillion to more than \$4 trillion. The U.S. had achieved the dubious distinction of going from the world's largest creditor nation to the world's largest debtor nation. Moreover, the deficit was projected to grow rapidly -- even if the economy continued to recover -- if tax and spending laws remained the same.

Now. President Clinton has fought to restore fiscal sense and accountability. As a result of his budgets, the deficit is projected to decline for three years in a row for the first time since Harry Truman was President. The deficit will be more than one trillion dollars less over seven years because of the Clinton

deficit plan. It will also drop in half as a percentage of national income -- from 4.9 percent to 2.4 percent. We have taken an ax to more than 300 wasteful government programs and eliminated 100,000 positions from the federal bureaucracy. We're on the way to reducing it by 272,900 positions, making the government the smallest since the Presidency of John Kennedy. The President has now proposed to follow the largest deficit reduction in history by balancing the budget. He has presented an economic framework for balancing the budget by the year 2005 while still investing in education and training; taking serious steps toward health reform while strengthening the Medicare Trust Fund and protecting beneficiaries; and targeting tax cuts only to working families.

Tax Fairness

Then. Americans also rightfully believed that the tax system had become less fair, leaving middle-class families to bear the burden of fiscal irresponsibility. While the average tax bill for the wealthiest 1 percent of Americans dropped by over \$30,000 between 1977 and 1989, taxes for the bottom 60 percent of Americans remained static--or even increased.

Now. Under the President's economic plan, over 15 million families who work and make less than \$27,000 received a tax cut to reward work through the expanded Earned Income Tax Credit. The plan made over 90 percent of small businesses eligible for a tax cut by increasing the equipment expensing provision and establishing the targeted capital gains tax preference. According to H&R Block and the Congressional Budget Office, income taxes rose only for the top 1.2 percent, while 98.8 percent of American taxpayers paid the same or less taxes. In addition, the President has proposed in the Middle Class Bill of Rights, a tax deduction for all education and training after high school; a \$500 tax cut for each child under age 13; and tax breaks for families that save for education, the purchase of a first home, or retirement.

Trade

Then. Two major efforts to open world markets for American goods were in jeopardy. Passage of the North American Free Trade Agreement (NAFTA) seemed unlikely. And the Uruguay Round of GATT was stalled after seven long years.

Now. The Administration completed and passed NAFTA, concluded the Uruguay Round, and set the stage for new trade agreements with the dynamic economies in Asia and Latin America, setting the stage for global growth.

Today, America's economy is as strong as it has been in a generation. Other signs of the health of our economy: for the first time since 1984, all 50 states are expected to grow in 1995, according to Fortune. The United States overtook Japan as the world's number one auto producer in 1994 for the first time since before Ronald Reagan was President. Consumer confidence has jumped over 70 percent, reaching a four year high. Business investment in durable equipment -- shown to be closely associated with productivity gains -- has soared at an 18.8 percent annual rate since the Administration took office, and is at a postwar. CPI inflation during the Clinton Administration has averaged 2.8 percent per year. That is the lowest it has been for any administration since John F. Kennedy was President.

CUTTING THE DEFICIT AND UNNECESSARY SPENDING

When President Clinton entered office, the deficit was at its highest dollar level in history: \$290 billion, and it was predicted to grow to over \$600 billion by early in the next century. Such an exploding deficit could not be sustained. Interest rates would rise, driving the deficit still higher, and sending the economy spinning out of control.

To meet the threat posed by the massive deficit, the President came forward only 27 days after his inauguration with a line-by-line, specific plan for half a trillion dollars of deficit reduction. The President fought the special interests to pass the largest deficit reduction package in history -- \$505 billion. The plan cut over \$255 billion in spending and over 300 domestic programs. Yet it also included tax relief for over 15 million families earning under \$28,500, made millions of small businesses eligible for tax cuts, and increased investment in education and technology. Only the top 1 percent of individuals and corporations saw their income taxes increase.

As a result of the deficit reduction plan:

- The federal civilian work force is declining by 272,900 employees over five years -- to the lowest level since John Kennedy was President.
- The deficit is coming down for three years in a row, the first time since Harry Truman was President.
- The deficit is being cut in half as a percentage of our national income.
- In 1994, the deficit was over \$100 billion less than projected before the President's economic plan was passed.
- In 1993 and 1994, the deficit declined by more than during any other two year period in history.
- There is about \$10,000 less debt per family of four because the passage of the President's economic plan.
- If not for the interest on debt accumulated during the twelve years prior to his Presidency, President Clinton's budget would not only be balanced--it would be in surplus.

President Clinton's approach to cutting the deficit is smart, tough and responsible. He has targeted such obsolete government agencies as the Interstate Commerce Commission for elimination. His guide for deciding whether to cut a government program is simple: does it help prepare our nation for the challenges of the next century? Now we plan to go further.

A BALANCED BUDGET THAT PUTS PEOPLE FIRST

"These days working people can't keep up. No matter how hard they work ..., they can't make it in today's America. I don't want my daughter's generation to be the first generation of Americans to do worse than their parents. Balancing our budget can help to change that, if we do it in a way that reflects our values and what we care about the most -- our children, our families and what we leave to generations to come."

President Clinton

June 13, 1995

In June 1995, President Clinton proposed an economic framework to balance the budget by the year 2005. That plan will invest in education and training, but target tax cuts only to working families. It also takes serious steps toward health reform, and strengthens the Medicare Trust Fund while protecting beneficiaries. The President's economic framework has five basic priorities:

Deep Cuts While Preserving Critical Education Investments. The President's plan cuts spending by about 20% across the board except for defense, Social Security, medical costs, and education. It increases education spending, because the President believes that all Americans should be able to go on to college, participate in good job training programs and effective pre-school programs.

Slows the Rate of Growth in Medical Costs. The President's plan cuts the rate of growth in the medical costs the federal government pays for Medicare and Medicaid, which is mostly for elderly people and disabled people. It does not make middle and lower-middle income elderly people on Medicare pay more money for the same health care and it preserves their health care coverage, while actually increasing some benefits. It cuts medical costs less than the Congress, because the President believes it is important to protect Medicare and the people who have paid into it.

A Tax Cut Targeted at the Middle Class. The President's plan has a much smaller tax cut than the Republican plan, because it is strictly targeted at middle class families, not the wealthy. The President's tax cut is focused on education and child rearing and allows everybody a tax deduction for the cost of sending their kids to college.

Saves Money on Welfare Spending. The President's plan saves money on welfare spending. It does reserve some money education, training and child care to help people on welfare move to work. The President does not believe that we should cut children off and put them out on the street. It aims to move people to work and provides incentives for them to be good parents and good workers.

Balances the Budget Over Ten Years. The President's plan balances the budget over 10 years, while the Republicans balance it over seven. With a ten-year time-line, the Presidents plan increases investments in education, protects elderly people on Medicare, invests enough to get real welfare reform to put people to work, and lessens the risk of a recession. The Wharton Business School's analysis of the congressional budget plan estimates that their cuts are so deep and so fast that they would drive unemployment up and slow the economy down. The President's plan aims to lower interest rates, free up money, and balance the budget in a way that helps the economy grow.

COMMUNITY EMPOWERMENT

While America's great cities and distressed rural communities fell into disrepair in the 1980s, Washington ignored their fate. Private enterprise has abandoned these distressed areas, leaving young people with few job prospects and declining hopes. The Clinton Administration has launched initiatives that promote economic opportunity in distressed communities.

EMPOWERMENT ZONES (EZ) AND ENTERPRISE COMMUNITIES (EC)

- The President's initiative, passed by Congress, includes \$2.5 billion in tax incentives and \$1.3 billion in flexible grants to spur local communities to address barriers to economic growth. Over 500 communities across America took up the "EZ" challenge, submitting strategic plans for revitalizing their communities.
- The private/public partnerships that have developed as a result of the EZ/EC application process will be a force for change far into the future. In Detroit, for example, more than \$2 billion in private-sector commitments have been pledged.

COMMUNITY DEVELOPMENT BANKS AND FINANCIAL INSTITUTIONS

- The CDBFI Act creates a network of community development banks and financial institutions. Their primary mission is to lend, invest, and provide basic banking services in low- and moderate-income communities. This initiative will encourage the private sector to work in places it has not gone before.
- When fully leveraged with private capital, the CDBFI program will create nearly **\$5 billion in new investments in low and moderate income communities.**
- The initiative will provide as many as 40,000 loans to entrepreneurs, expanding businesses, homeowners, and others who might not otherwise be able to obtain credit.

COMMUNITY REINVESTMENT ACT

- On April 19th, 1995, the banking regulators met the President's directive to reform CRA, the 1977 law to prevent bank redlining. Under the new regulations, banks will be **judged on performance** -- actual lending, investments, and basic banking services -- rather than paperwork. Reform will unleash billions in new credit to low- and moderate income communities.
- To reduce unnecessary regulatory burdens, a streamlined examination process applies to about 80% of all banks and S&Ls.

OTHER EMPOWERMENT INITIATIVES

- The Administration permanently extended the **Low-Income Housing Tax Credit** and the **Mortgage Revenue Bond program** to encourage private investors to build affordable housing and to help first-time home buyers.
- Up to 15 new **SBA One-Stop Capital Shops** will distribute \$3 billion in loans and investment for small and minority business over the next five years.
- The Administration launched the **National Homeownership Strategy**, an innovative partnership between the private sector and government, designed to boost America's national homeownership rate to an all-time high of 67.5 percent, adding 8 million new homeowners by the year 2000.
- **Capital Gains Rollover and Exclusion** -- To encourage capital investment in small and minority-owned business, the President signed legislation to provide capital gains tax relief for investments in certain venture capital companies.

As President Clinton said, "[There] needs to be a new partnership between Washington and the communities and the individuals of this country, and there needs to be a way of doing business in which we try to create the conditions in which people can seize opportunities for themselves." The Clinton Administration's community empowerment strategy is helping restore the American Dream in distressed areas by focusing on helping people help themselves.

THE MIDDLE CLASS BILL OF RIGHTS

On December 15, 1994, President Clinton proposed a Middle Class Bill of Rights -- his plan to ensure that *all* Americans share the benefits from an expanding economy now and in the future.

Three general features of the plan are most striking. First, it is tightly targeted at the middle class families who need help most. About 85 percent of the tax benefits will go to families that earn less than \$100,000 per year. Second, the President's proposal invests in those who are investing in our future: getting an education, buying a home, raising a family. Third, every penny of the Middle Class Bill of Rights is fully paid for by spending cuts--with billions left over for deficit reduction.

The "Middle Class Bill of Rights" has four components:

- **\$10,000 Education Tax Deduction:** Americans can deduct from their taxable income the money they spend on post-secondary education for themselves or their families. Once the policy is fully implemented, up to \$10,000 of education spending will be deductible each year. Taxpayers would not have to itemize their deductions to get the education and training deduction. To focus the tax cut on the middle class, deductibility is gradually phased out over the income range of \$100,000 to \$120,000 for a couple filing jointly, and between \$70,000 and \$90,000 for individuals.

- **\$500 Child Tax Credit:** A \$500 non-refundable tax credit will be allowed for each child under the age of 13. This tax credit will be available to any family whose income is less than \$75,000 -- the families with young and growing children.

- **An Expansion of IRAs:** The IRA proposal would expand the availability of deductible IRAs to all middle income families. Working Americans with family incomes under \$100,000 would be able to put \$2,000 tax free into an IRA account and then be able to withdraw that money tax free -- without penalty -- for education, medical expenses, or a purchase of a first home.

- **G.I. Bill for American Workers:** This proposal takes nearly 70 different training programs and consolidates them into one program that directly empowers workers with skill grants and vouchers of \$2,620 per year for up to 2 years. This proposal would be self-financing too, since it uses existing funds from the previous programs. Workers who are laid off or disadvantaged would also be eligible for income contingent loans through an expanded Individual Education Account. This proposal centers on accountability and strong consumer information which should weed out bad programs and reward those programs that successfully help workers get the skills they need for new and better jobs.

The Middle Class Bill of Rights embodies the New Covenant: helping people help themselves. It creates new opportunities for working American families who are willing to take responsibility to make the most of those opportunities.

OPENING MARKETS AND EXPANDING TRADE

President Clinton understands that future prosperity in the United States depends on our ability to compete and win in the global economy. He has steadfastly and consistently worked to open foreign markets and expand trade -- to create jobs here at home.

Twenty-seven percent of our economy is now dependent on trade. Over 11 million workers in this country owe their jobs to exports. These jobs pay higher wages, on average, than jobs not related to trade. Clearly, expanding trade is critical to our effort to create good, high-wage jobs.

NAFTA

January 1, 1994 marked the launch of a historic trade agreement between the United States, Canada, and Mexico. The North American Free Trade Agreement will reduce barriers to U.S. exports in our first and third largest export markets and expand opportunities for U.S. businesses and workers. It forges a partnership with our neighbors that fosters prosperity for all three nations.

GATT

The Uruguay Round to the General Agreement on Tariffs and Trade is the largest, most comprehensive trade agreement in history. It will cut foreign tariffs on manufactured products by over one-third overall -- a \$744 billion global tax cut -- and eliminate tariffs in major markets in a number of sectors in which the United States is particularly competitive. It will extend world trade rules to services, such as engineering and construction, greatly expand export opportunities for U.S. agricultural products, and level the playing field by binding all nations to the same trade rules.

Japan

Japan is our second largest trading partner and the second largest economy in the world. Yet sixty percent of the entire U.S. trade deficit is with Japan. Clearly that deficit is the result of barriers to U.S. and other foreign goods in the Japanese market. Determined to open the Japanese market, President Clinton set our negotiations with Japan on a new course under the Framework Agreement in July 1993. Since then, we have reached 14 agreements with Japan which have expanded opportunities for U.S. businesses and firms and fostered job growth. Improving our trade relationship with Japan and leveling the playing field has been -- and will continue to be -- one of our highest priorities. That is why we've stood firm to open Japan's auto and auto parts market to competitive foreign products. Taking action under Section 301 and initiating a case in the World Trade Organization, we are determined to remove barriers to trade in this sector which is so important to the U.S. economy. (Nearly 2.5 million Americans work directly in or supply the U.S. auto and auto parts industry, which accounts for 5% of the U.S. GDP.)

China

China is increasingly important as a market for U.S. goods and services and as a major exporter. Sweeping economic reforms have contributed to an explosive growth of income and trade. Yet China

remains a closed market to U.S. exports and our trade deficit with China has grown, reaching \$29 billion in 1994. We are committed to opening China's market and to ensuring that they follow international trading rules. In February 1995, we concluded an agreement which will provide protection in China of intellectual property rights for U.S. companies. Bringing China into the international trading system will foster growth in both countries and assist China in becoming a more open, democratic country.

Asia Pacific Economic Cooperation

The Asia Pacific region has the fastest growth in the world -- three times the rate of the established industrial countries. By the year 2000, the East Asian economies will form the largest market in the world, surpassing Western Europe and North America. This growth has led to an explosion of trade with the United States. East Asia is the number one export market for U.S. products. Our exports to Asia account for over 2 million jobs in the United States. President Clinton has pressed to expand trade with this vibrant region. In November 1994, leaders of the APEC nations agreed in Bogor, Indonesia to eliminate barriers to open trade in the Asia Pacific region by 2020.

Free Trade Area of the Americas (FTAA)

Latin America is the second fastest growing economic region in the world. U.S. exports to Latin America jumped from \$30 billion in the mid-1980s to over \$90 billion in 1994, creating over 600,000 new U.S. jobs. U.S. exports to Latin America now approximate our exports to the European Union, and, if trends continue, may reach \$232 billion by 2010, greater than our *combined* exports to the E.U. and Japan. Recognizing these opportunities, President Clinton hosted the Summit of the Americas last December in Miami, the first time in 30 years that the nations of this hemisphere have gathered together. The 34 democratically elected leaders agreed to construct "The Free Trade Area of the Americas," or FTAA, by the year 2005.

Export Promotion

Forging trade agreements to open foreign markets is just one part of the effort. We must also make it easier for companies to export. Through the National Export Strategy, the Clinton Administration has liberalized controls on the export of over \$32 billion of computers; facilitated the promotion of exports through "one-stop shops," which provide information on all Federal export promotion programs; coordinated a strategy to secure more than 70 contracts worth more than \$17 billion for U.S. firms; and sought to expand trade finance programs.

BUILDING A STRONGER, HI-TECH, DEREGULATED ECONOMY

The Clinton Administration has moved on a variety of fronts to build the kind of high-investment economy that will secure this nation's economic leadership as we approach a new century. The Administration is pursuing a broad-based strategy that improves the physical infrastructure that serves as the arteries of our economy; promotes the development of cutting-edge technology, including the information superhighway; removes unnecessary regulations in a variety of businesses from interstate banking to local trucking; and champions the interests of small business.

In its first two years, the Clinton Administration has made important strides:

- **Infrastructure.** We have increased public investment in infrastructure while cutting the federal budget deficit for three years in a row, increasing core highway and mass transit grants, rail transportation in the Northeast Corridor, facilities and equipment for the air traffic control system, and assistance to help states improve their environmental facilities.
- **Information Superhighway.** We are working to promote competition and to remove regulations in the high-technology communications business, speeding the development of an information superhighway that will connect our businesses, classrooms, libraries, hospitals and clinics as we approach the 21st century.
- **Technology for Economic Growth.** We have promoted the development of technology through incentives for private sector investment, establishing government-industry partnerships in crucial technologies, and maintaining our historically strong support for basic research.
- **Interstate Banking.** We have lifted the outdated, artificial restrictions on interstate banking, boosting the competitiveness of the banking industry, while enhancing efficiency, and the supply of credit and customer service.
- **Intrastate Trucking.** We have extended the deregulation of the trucking industry from interstate deregulation, which began in 1977, to intrastate deregulation, reducing paperwork and increasing competition within state markets.
- **Small Business.** We have advanced the cause of small business through a four-part strategy focussed on improving access to capital; creating incentives for investment; improving the regulatory environment; and expanding access to new markets.

President Clinton is laying the groundwork for tomorrow's prosperity by investing in the future today.

FOSTERING SMALL BUSINESS

President Clinton often calls small business "the heart of America." Since the founding of the Republic, small businesses have played a central role in both building our economy and developing our communities. As a rich source of invention and innovation, small firms play a particularly important role in the new American economy. In the past two years, the President helped create a strong economy, cut taxes, and improved the regulatory environment, to help small businesses more easily grow. **Under President Clinton's leadership, more new businesses were created in 1994 than in any previous year.**

The President has also elevated the importance of small business in national policy-making by according Cabinet-level status to the Administrator of SBA.

Expanding Access to Capital: The President's credit-crunch and community reinvestment initiatives revised bank regulatory policies to encourage lending to smaller firms. Combined with lower interest rates, these steps resulted in a significant increase in commercial and industrial lending. In addition:

- The President pushed through a targeted 50 percent capital gains tax exclusion for certain new investments in small businesses.
- The SBA has expanded its §7(a) program by 30 percent while reducing its cost: In 1995, SBA will guarantee nearly \$8 billion in loans to 56,000 small businesses.
- SBA cut the application form for many guaranteed loans from an inch thick to a single page.
- The Administration's Community Development Financial Institutions (CDFIs) will increase the flow of equity and other funds into new and expanding businesses.
- The Empowerment Zone/Enterprise Community program will provide significant tax incentives -- a 20 percent wage credit, another \$20,000 in expensing, and tax-exempt facility bonds -- for firms within the Zones.

Reforming the regulatory environment for small business: The President's regulatory reform campaign allows small business owners to cure first-time violations without penalty, halves the filing frequency of many federal forms required from small businesses, and allows small firms to apply fines to correcting violations. In addition, the Administration:

- Has worked to add meaningful judicial review to the Regulatory Flexibility Act, to ensure that agencies examine existing and proposed regulations for their effects on small businesses;
- Helped enact legislation providing for a "fast track" reorganization process for small businesses under Chapter 11; and

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- Is reinventing environmental and work safety regulations, providing compliance support and reducing burdens on small business:

--EPA is reducing its reporting and record-keeping burden by 25 percent; expanding its use of Regulatory Negotiation to give small business a stronger voice in the writing of environmental rules; and establishing national customer centers for small business-dominated sectors. EPA is also offering businesses unprecedented compliance flexibility in return for their commitment to meet or exceed environmental standards.

--OSHA will give relief from inspections and fines to employers who work with their employees to create a safe workplace; improve, update and eliminate confusing and out-of-date standards; and evaluate inspectors based on safety improvements rather than the number of violations they identify.

Expanding access to new and growing markets: The Administration is helping small businesses by expanding their markets. Unlike many large corporations, small businesses often have problems entering new markets and have been hindered from fully entering one of the larger domestic markets - the federal government -- because of a complex and burdensome federal procurement process.

- The President has led efforts to create the architecture of the global economy -- securing the NAFTA and GATT agreements.
- The Administration has instituted dramatic changes, such as an overhaul of export controls and reinvention of export assistance, that allow even the smallest of firms to reach into global markets.
- The Administration has streamlined federal procurement, enhancing small business' ability to compete for government contracts worth billions of dollars.
- The Administration has dramatically expanded programs to foster small-business innovation, including SBIR, the Advanced Technology Program, and the Manufacturing Extension Partnership.

Cutting Taxes: The President's 1993 economic plan made 90 percent of small businesses eligible for tax relief.

- The President's plan increased the amount a small firm can deduct as expenses for equipment purchases by 75 percent (from \$10,000 to \$17,500), benefiting 1.3 million firms in 1994.
- It secured a three-year extension of the Research and Experimentation Tax Credit, which provides a 20 percent credit for qualified research expenditures.
- The President recently signed legislation restoring the deductibility of health insurance premiums paid by the self-employed.

III. NEW COMMUNITY

AFFIRMATIVE ACTION

"I believe that every American would acknowledge that there are affirmative action programs which have made a great deal of difference to the lives of Americans who have been disadvantaged and who, in turn, have made our country stronger. . . What we need to guarantee is genuine equality of opportunity. That's what the affirmative action concept is designed to do. And I'm convinced that most Americans want us to continue to do that in the appropriate way. But we shouldn't be defending things that we can't defend. So it's time to review it, discuss it and be straightforward about it."

President Clinton

February 24, 1995

Opportunity for Americans -- Building a Stronger Nation

- Increasing opportunity for all Americans makes citizens more productive, building stronger communities and a stronger nation. This country has not yet achieved equality of opportunity or stamped out discrimination. We must help people develop their capacities so they can fully participate in our society.
- This Administration is **against quotas** and guaranteed results. But we do need to guarantee a genuine equality of opportunity for all Americans.
- There are affirmative action programs which have made a great deal of difference to the lives of Americans who have been disadvantaged and who, in turn, have made our country stronger.

Three Examples

- A good example is the United States military where an intense effort is made to develop an individual's capacities to fully participate and contribute as much as possible. The military works very hard to make sure that people's innate abilities get developed and everyone is given a chance to rise as high as their abilities can take them. The military makes a special effort to make sure every time there is a promotion pool that it reflects the racial and gender makeup of the people in the rank just below. No unqualified person gets promoted. In education, training, leadership, development, the military is a model -- it looks like America and it works.
- The Small Business Administration last year increased loans to minorities by over two-thirds, to women by over 8 percent, and we didn't make a single loan to an unqualified person. We gave people who never had a chance before to get in business -- to help build the economy and create jobs.

This Administration has appointed more women and minorities to be Federal judges than the past three Presidents, one Democrat and two Republicans, combined. And this group has the highest percentage of judges rated well-qualified by the American Bar Association.

Reviewing Affirmative Action Programs

There are those who believe that they have been treated unfairly as a result of affirmative action. We should not retreat from affirmative action programs that have improved opportunity for the American people and haven't hurt other hard-working Americans, but we need to be willing to look to see how these programs are working and to make sure that they are working as they should.

The President has directed that the Administration undertake a review of all Federal affirmative action programs and ask: Does it work? Is it fair? Has there been any reverse discrimination? Is the program still necessary? Does it achieve the desired objective or is there an alternative way to achieve the objective without giving a preference by race or gender?

Protecting All Citizens Against Discrimination

Improperly designed or implemented affirmative action plans weaken our national community. We want to support the programs that are working, but we want to get rid of ones that are not.

Although the Supreme Court's decision in *Adarand* sets a new legal standard for judging affirmative action, it must not set us back in our fight to end discrimination and create equal opportunity for all.

Despite great progress, discrimination and exclusion on the basis of race and gender are still facts of life in America. President Clinton has always believed that affirmative action is needed to remedy discrimination and to create a more inclusive society that truly provides equal opportunity. But the President has also said that affirmative action must be carefully justified and must be done the right way. The Court's opinion in *Adarand* is not inconsistent with that view.

A National Conversation

This is an opportunity for a national conversation about working together to build a stronger nation with greater opportunity for all. We must stand up and defend without apology affirmative action programs that are good, that work, that lift people up and bring us together. Let us not allow this to become a wedge between us, but an opportunity to work together.

CHILD CARE AND HEAD START

"The hardest and the most important part of welfare reform is moving people from welfare to work. You have to educate and train people. You've got to make sure that their kids aren't punished once they go to work by losing their health care or their child care."

President Clinton
National Association of Counties
March 7, 1995

Quality child care is critical to the millions of working families struggling to make ends meet. The Administration has been committed to expanding child care assistance through Head Start and other successful child care programs - and to improving the quality of child care.

Background

The need for assistance with child care is large and growing. Proposals to block grant and cap child care assistance threaten to eliminate the child care which enables poor families to work.

- Almost one million children of working poor families receive assistance through the At-Risk and Child Care and Development Block Grant Programs. If child care funds are capped, these hard working American families could be cut off and put at-risk for welfare dependency.

- Low-income families who pay for child care spend more than a quarter of their income on these expenses, and millions more are in need of child care assistance. In California, 225,000 children are on a waiting list for child care.

- More than 400,000 children each month receive child care assistance through AFDC and Transitional Child Care programs. Assistance for these children and their families is in jeopardy if child care funds are capped. Studies indicate that when child care arrangements break down, parents are more likely to drop out of school or leave work and go back on welfare.

The quality of child care is far from adequate. Poor quality care threatens children's development. The recent study conducted by economists and child development experts confirms that quality care is related to child outcomes. The vast majority of care in the country was found to be mediocre, with 40% of infant care considered poor.

Accomplishments

· **Increased Funding for Child Care.** Every budget submitted by President Clinton has included increases in child care. The A:FY96 budget increases funding \$100 million.

· **A Central Element of Welfare Reform.** The Work and Responsibility Act introduced last year continued the guarantee for families moving toward self sufficiency and expanded child care assistance for working families - part of the effort to "make work pay." The President's plan included a \$1.5 billion increase in child care funding over five years for working poor families "at-risk" of welfare dependency.

· **Improving Coordination.** The Administration has worked to make programs more consistent and coordinated, proposing new regulations to reduce red tape, improve quality, give states more flexibility, and streamline child care operations into a single Child Care Bureau.

· **Technical Assistance.** The Clinton Administration revamped and strengthened technical assistance to the states, territories and tribes to ensure they have access to the best available information on quality issues, particularly health and safety. In addition, the Administration has launched a National Child Care Information Center for policy makers and the general public.

· **Head Start.** President Clinton's FY96 budget proposes an additional \$400 million increase for this program which provides comprehensive services for disadvantaged children, ages three to five, and their families. With bipartisan support, the President appointed the Head Start Advisory Commission to examine and recommend improvements to the program after 25 years of service.

Update

Under Republican proposals, more than \$1.6 billion dollars in child care assistance would be cut over five years and more than 320,000 children would lose assistance in the year 2000.

EDUCATION

"Let's give our children a future. Let us take away their guns and give them books. Let us overcome their despair and replace it with hope. Let us, by our example, teach them to obey the law, respect our neighbors, and cherish our values. Let us weave these sturdy threads into a new American community that can once more stand strong against the forces of despair and evil because everyone has a chance to walk into a better tomorrow."

President Clinton
1995 State of the Union

The Clinton Administration has made an unprecedented commitment to reforming the federal role in education and training. The President's lifelong learning agenda expands opportunities for American children and adults to improve their skills and maximize their potential.

The Clinton Record: A Lifelong Learning Agenda. The President announced at the beginning of his Presidency his commitment to a Lifelong Learning Agenda - from expansion and improvement of early childhood education to reform of adult education and training programs. Much of that agenda has been enacted over the past two years:

Head Start. Provides comprehensive services for disadvantaged children, ages three to five, and their families

- * The President has increased Head Start spending by \$760 million and wants to expand the program to reach more young children.
- * The President won bipartisan support for improving the operation of Head Start along the lines of recommendations made by the Head Start Advisory Commission to examine the program after 25 years of operation.

Goals 2000. Goals 2000 affirms the President's belief in the critical role of education in building America's future and the federal government's central role as a partner in that effort.

- * More than 40 states have already chosen to participate in Goals 2000 and with the leadership of local communities, parents, teachers and school administrators have developed their own strategic plans for educational reform.
- * Legislation passed in 1994 to support meaningful state and community school improvement efforts, based on raising academic and occupational standards, improving teaching and expanding the use of technology.

National Service. With passage of the National Service legislation, Americorps has 20,000 volunteers working in schools, hospitals, neighborhoods and parks. Reiterating his belief that National Service can change the way government works by enabling participants to further their education while helping to change communities, President Clinton is working to expand the program to 47,000 participants.

Direct Lending. With the passage of the Student Loan Reform Act, 104 schools and over 400,000 students are already participating in the program. This year more than 1,400 schools - representing 40% of the total number of loans and the maximum allowed under this year's authorization - have committed to enrolling. This program cuts bureaucracy and saves taxpayers and students billions of dollars, while allowing more borrowers flexible repayment arrangements -- including pay-as-you-earn plans through Individual Education Accounts.

Elementary and Secondary Education Act. Designed primarily to help disadvantaged children, this law focuses on improvements in teaching in more than 50,000 schools and has a direct impact on five million children in high poverty areas. By increasing school flexibility to use federal aid and supporting effective innovations, this law is a significant step in helping all students meet high academic standards.

School to Work. Broadens educational, career and economic opportunities for students not immediately bound for four-year colleges through local partnerships among businesses, schools, community organizations and state and local governments. By equipping students with the knowledge and skills necessary to pursue work or post-secondary training, this law helps ensure that America will be capable of performing and prospering in a competitive global economy.

Technology and Training. To ensure that our nation's classrooms are not left behind in the technological and information revolution that is taking place, the Clinton Administration has initiated a "Technology Learning Challenge," which will challenge learning communities -- teachers, students, local businesses, telecommunications companies, curriculum and learning specialists -- to develop and deploy interactive learning curriculum content that will allow students to learn both at school and at home.

Republican Proposals

The Republicans are threatening the federal commitment to education in a number of ways that the Clinton Administration will oppose:

- * **The Department of Education.** Republicans calls for abolishing the Department of Education. The President believes strongly in the Department and the need for a strong federal role in education.
- * **Goals 2000.** Republicans are calling for a 30% cut in a program that encourages high standards for all students.
- * **Direct Lending.** Republicans want to eliminate the very program that cuts bureaucracy and saves taxpayers and students billions.
- * **Student Loans.** Republican proposals to pay for the Contract includes \$9.6 billion from eliminating the in-school interest subsidy, which relieves students with subsidized loans from responsibility for interest on their loans while in school and for six months following graduation.

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- * **National Service.** Republicans want to dismantle Americorps, the President's signature service program, which expands opportunities for young people willing to give something back to their country.
 - * **Safe and Drug-Free Schools.** Republicans want to gut a program - present in 94% of our schools - that teaches students the dangers of drug and alcohol abuse and alternatives to violence.

FIGHTING CRIME

"I made a commitment, a promise to put 100,000 more police on our streets, because there is simply no better crime fighting tool to be found. And I intend to keep that promise. Anyone on Capitol Hill who wants to play partisan politics with police officers for America should listen carefully: I will veto any effort to repeal or undermine the 100,000 police commitment, period."

President Clinton
February 11, 1995

The Toughest, Smartest Crime Bill in History

Breaking Gridlock. In 1994, after more than 6 years of gridlock, a bipartisan majority in Congress passed the smartest, toughest crime bill in the nation's history -- The Violent Crime Control and Law Enforcement Act of 1994.

Unprecedented Support. The Crime Bill passed with the strong support of every major law enforcement organization in the country, as well as prosecutors, mayors, county executives and other state and local officials of both parties.

Cut and Invest. The Crime Bill was paid for by cutting the federal bureaucracy by more than 250,000 people over five years. By using the savings to give states and localities the tools and resources they need to fight crime, the Crime Bill signaled the dawn of a new day in Washington.

Under Budget and Ahead of Schedule. And by cutting the red tape and implementing the new law in as simple, non-bureaucratic and non-political a manner as possible, support for the Crime Bill has become even more broad-based and bipartisan.

Crime Bill's Four Point Plan

More Police and Community Policing

Law enforcement experts agree that the single most important thing we can do to reduce crime is to put more police on the street. The President's plan to put 100,000 more police on the street in community policing represents the federal government's biggest commitment ever to local law enforcement -- \$8.8 billion -- or an almost 20% increase in the nation's police force levels.

This plan is working. Half the nation's law enforcement agencies -- from jurisdictions of all sizes throughout the country -- have received grants to hire 17,000 new police officers.

Tougher Penalties and More Prison Space

The Crime Bill includes tough new punishments and more prison cells to help keep criminals behind bars. It includes:

- a targeted "three strikes and you're out" provision to keep career violent offenders behind bars for life;
- the death penalty for the murder of a federal law enforcement officer and other heinous crimes
- increased penalties for sex offenders and a registration requirement for sexually violent offenders;
- \$7.9 billion for 100,000 more prison cells to help states make sure that violent offenders serve their full sentences; and
- \$1.9 billion to help states pay for the costs of incarcerating criminal aliens.

Tough, Smart Strategy on Youth Crime

Youth crime and violence is at the heart of America's current crime crisis. While overall crime rates have been dropping, kids today are increasingly the perpetrators --and the victims -- of some of society's most violent crimes.

Be Firm. The Crime Bill sends a strong no gangs, guns and drugs message to the 6% of young criminals who commit a majority of serious crimes. It bans handguns for juveniles; creates stiff penalties for crime-committing gang members; establishes Boot Camps and Drug Courts to discipline first-time, non-violent and drug offenders; and provides for hardened young criminals -- as young as 13-years-old -- to be tried as adults.

Be Smart. But the Crime Bill also reinforces the difference between right and wrong by giving at-risk kids positive alternatives to say "yes" to. It invests billions of dollars for after-school, weekend and summer programs for at risk youth; prevention block grants; and other efforts that provide kids with safe havens and teach them the dangers of drugs, gangs and guns.

Keep Guns Out of the Hands of Criminals

In 1993, Congress passed the Brady Bill to provide for a 5-day waiting period and background check of prospective handgun buyers. On the books for 1-year now, the Brady Law has stopped tens of thousands of fugitives, felons and other prohibited buyers from purchasing handguns. The Crime Bill provides funds to help states update their criminal history records.

The Crime Bill also includes a ban on the 19 deadliest assault weapons and their copies, but specifically protects more than 650 legitimate sporting weapons. Cop-killing assault weapons, like the Uzi and the TEC-10, are the weapons of choice for drug dealers, gangs and terrorists - not hunters and sportsmen.

Move Forward, Not Backward

Unfortunately, some in Congress want to undo last year's Crime Bill. They want to scrap the President's 100,000 more police plan, delete every single prevention program and repeal the hard-fought ban on assault weapons. Nothing could be more offensive to law enforcement professionals, state and local officials and ordinary Americans than turning back the clock on crime -- and reverting back to the days of more political rhetoric.

Certainly there's much more we can do to reduce crime and violence -- and we must. Crime continues to be the number one concern for millions of working families. But we need to put new ideas on the table and work to do more -- not less -- for the American people.

CRACKING DOWN ON DRUGS

"I'm going to do everything I can to implement the 1995 National Drug Control Strategy...We propose to work more closely with foreign governments to cut drugs off at the source. We propose to boost community efforts to educate young people about the dangers and penalties of drug use...We will work to break the cycle of crime and drugs providing treatment to hardcore drug users, who consume most of the drugs and cause much of the crime and health problems. And we will punish people who break the law more severely."

President Clinton
February 8, 1995

Background: Illegal Drugs are Still a Problem

- **Widespread Use.** 1 in 3 Americans have used an illicit drug; 1 in 9 have tried cocaine. Half of high school seniors have tried drugs, and 1 in 5 use them regularly.
- **Alarming New Trends.** Kids: After years of decline, in 1991, we started to see signs of increasing drug use among adolescents. And surveys show that fewer 8th, 10th and 12th graders have a clear understanding of the risks associated with drug use -- and are using more drugs. Drug Availability: Illegal drugs remain readily available to anyone who wants to buy them. Cocaine and heroine street prices are low and purity is high. And marijuana -- 10 times as potent as in previous years -- threatens to entice a new generation of drug users.
- **The Costs of Drug Use.** Drugs cost society an estimated \$67 billion -- 70% of which covers crime costs; 30% of which covers health-related costs. That's why, despite shrinking government and reducing the deficit, the Administration's Drug Strategy/Budget is the largest ever -- \$14.6 billion.

A Four Part Drug Strategy

Crack Down on Hard-Core Drug Use

- Heavy drug users consume a majority of the nation's illegal drug supply. Although hardcore users account for only about 20% of all cocaine users, they consume about two-thirds of the available cocaine. And hardcore drug use is linked to a disproportionate amount of crime and violence. On any given day, more than half the arrestees in our cities test positive for drug use. Treating these drug users can save us money -- as much as \$7 per treatment dollar -- and reduce crime. That's why our Strategy includes:
 - \$919.8 million for the Substance Abuse Performance Partnership, including a \$60 million set-aside for the heaviest drug users;
 - \$150 million for Drug Courts and \$40.2 million for treatment in prisons, so we can use courts, jails and prisons to turn crime-committing addicts around.

Send a Strong "No Use" Message to Our Kids

Recent surveys show that adolescent drug -- and the feeling that drugs are "cool" and not dangerous -- is on the rise. Studies also show an alarming level of violence in our schools, much of which is tied to drug use. Our kids need to get a strong "no use" message on drugs -- as well as on guns and gangs. Our Strategy proposes:

- \$500 million for the Department of Education's Safe and Drug-Free Schools program, to give states the money to fund drug prevention programs like DARE (Drug Abuse Resistance Education), train parents on the warning signs of drug use and to pay for more police and metal detectors; and
- Implementation and funding of the Crime Bill's prevention programs, to help keep kids in school, off drugs and out of trouble.

Reduce Drug-Related Crime and Violence

Implement the 1994 Crime Bill. The nation took a major step forward when Congress passed the President's Crime Bill. It includes key tools and resource to help communities reduce drug use and trafficking, such as:

- 100,000 more police in community policing, to do everything from helping break-up open-air drug markets to teaching kids about the dangers of drugs;
- multi-jurisdictional drug enforcement task forces;
- increased resources for the FBI, Drug Enforcement Administration (DEA), and the Bureau of Alcohol, Tobacco and Firearms (BATF); and
- drug courts.

Tough Federal Drug Enforcement. The Strategy calls for increased coordination of federal anti-drug enforcement efforts, including:

- a new comprehensive initiative to reduce marijuana cultivation;
- targeted investigative resources on major drug traffickers;
- expanded border control drug enforcement; and
- increased coordination with private sector to crack down on money laundering.

Cut Drugs at the Source

Last year, the President signed a Presidential Decision Directive outlining a 4-pronged strategy to reduce the flow of cocaine from the Andean countries. It includes (1) strengthening the law enforcement and judicial institutions in source countries; (2) destroying narco-trafficking organizations; (3) working to interdict drugs at their source as well as en route to the United States and (4) increasing international cooperation on the drug issue.

THE ENVIRONMENT & PUBLIC HEALTH

"Preserving the environment is at the core of everything we have to do in our own country. Building businesses, creating jobs, fighting crime and drugs and violence, raising our children to know the difference between right and wrong, and restoring the fabric of our society."

President Clinton

April 21, 1994

President Bill Clinton is making common sense reforms in environmental programs to make them work better and cost less. He is working hard to protect our families' health and to provide lasting economic opportunities for generations to come -- and standing up to those who would roll back the clock and eliminate public health and environmental standards. Following are a few of his major accomplishments:

- **Reinventing Environmental Regulation.** On March 16, 1995, the President announced a comprehensive set of 25 actions to make environmental protection work better and cost less. The President is cutting red tape associated with complying with environmental standards by 25 percent and giving a 6 month enforcement grace period for small businesses who act in good faith.
- **Northwest Forest Plan.** The President's plan is putting Northwest communities back to work again, while conserving ancient forests for future generations.
- **Common Sense Initiative.** As part of the President's drive to make government work for people, the Environmental Protection Agency launched this initiative to make health protection cleaner, cheaper and smarter by focusing on results rather than one-size-fits-all regulations.
- **Community-Right-to-Know.** The President expanded the program that requires companies to disclose information about toxic releases in their area, putting power back into the hands of the people.
- **California Bay-Delta Water Agreement.** After decades of conflict, the Clinton Administration negotiated a consensus plan that will protect the most valuable economic and environmental resource of the state of California. The San Francisco Bay and Delta estuary supplies drinking water to two-thirds of the state's people, provides irrigation for 45% of America's fruits and vegetables, and supports 300 aquatic species.
- **Recycling.** President Clinton signed an executive order to promote recycling, cut solid waste and create jobs.

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- **Protection for the California Desert.** President Clinton fought for, and then signed, the California Desert Protection Act, the largest single designation of parks and wilderness areas ever in the lower 48 states.
 - **Environmental Technology.** The President's environmental technology initiatives are creating jobs for American workers and encouraging innovative new solutions to tough environmental problems.
 - **Air Pollution.** The Clinton Administration is acting on the principle that people should have clean air to breathe. These actions include an unprecedented measure to reduce by 90 percent the toxic air pollutants emitted from chemical plants by 1997.
 - **Restoration of the Everglades.** The Clinton Administration formed a partnership with the State of Florida that broke a six-year legal logjam and allows the country to get on with the task of restoring the unique Everglades.
 - **Wetlands Reform.** The President reformed the wetlands program to cut red tape, increase fairness and flexibility for landowners, and protect and enhance the nation's wetlands. On March 6, 1995, the Administration announced a new policy that will allow a couple to build or expand a home without a wetlands permit.

IMMIGRATION

"We are a nation of immigrants. But we are also a nation of laws. It is wrong and ultimately self-defeating for a nation of immigrants to permit the kind of abuse of our immigration laws we have seen in recent years, and we must do more to stop it."

President Clinton
1995 State of the Union

Illegal Immigration - An Inherited Problem

This Administration inherited a serious illegal immigration problem as a result of a decade of failed immigration policies.

The Administration Has a Four Point Plan to Deal With Illegal Immigration. The Clinton Administration has made the strongest commitment to fighting illegal immigration in history. In the 1996 budget, the President called for a \$1 billion increase to combat illegal immigration through border control, work site enforcement, removal of criminal aliens, assistance to States, and other key initiatives.

Strengthening Border Control -- The Clinton Administration is doing more at the border to deter illegal immigration than any Administration in history.

Border Personnel -- By the end of 1996, increasing the overall Border personnel by **51%** since 1993, and **60%** at the Southwest border.

Anti-smuggling -- Will substantially increase resources to combat alien smuggling and seek to negotiate arrangements to ensure assistance of foreign governments on international immigration issues.

Protecting American Jobs -- Work site Enforcement and Verification. The Clinton Administration is the first to take strong steps for effective enforcement of employer sanctions and minimum labor standards to address illegal immigration.

The Administration is vigorously enforcing the labor and employer sanctions laws against employers who hire illegal aliens for business advantage, and deporting illegal immigrants, including visa over-stayers, who take jobs away from American workers.

The Administration is committed to establishing an effective, nondiscriminatory means of verifying the employment authorization of all new employees.

The Administration **fully supports the Commission on Immigration Reform recommendation** to test various techniques for improving workplace verification, including using a new worker's social security number to confirm work authorization.

Deporting Criminal and Deportable Aliens -- The Clinton Administration is the first Administration to develop a National Detention and Removal Program which will:

- Triple the number of criminal and other deportable aliens deported since 1993.
- Increase detention capacity by 46 percent.
- Reform asylum procedures to deport greater numbers of fraudulent asylum seekers.

Assistance to the States

- The Federal government and some States shoulder most of the inherited costs because of failed immigration policies of the past.
- Deterring illegal immigration (by border control, worksite enforcement, and removal of deportable aliens) is the best long-term solution to keep costs from growing far beyond that which the Federal government and a few States face today.
- This is the first Administration to address its responsibility to control illegal immigration squarely and thereby curtail the cause of increased burdens on States.
- This Administration has a vision of shared responsibility for the costs of illegal immigration. It is the first to obtain funding from Congress to reimburse States for a share of the costs of incarcerating criminal aliens, in addition to assisting with education and medical care costs.

Denying Public Benefits -- The Clinton Administration believes that:

- Illegal aliens should not be eligible for public services or welfare benefits. The only exceptions include matters of general public health and safety, such as emergency medical services, immunizations and temporary disaster assistance, and every child's right to a public education.
- The Clinton Administration is reviewing ways to improve benefit eligibility verification to crack down on welfare fraud by illegal aliens.

The President's Legislative Proposal. The President's legislative proposal, the "Immigration Enforcement Improvements Act of 1995," further strengthens the Administration's strategy for combatting illegal immigration, including:

- Increasing the Border Patrol by no fewer than 700 agents and sufficient personnel to support those agents for the next three fiscal years and increasing the number of border inspectors to a level adequate to assure full staffing.
- Authorizing work authorization verification pilots.
- Reducing the number of document that may be used for employment authorization.

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- Increasing substantially the penalties for alien smuggling, illegal reentry, failure to depart, employer violations, and immigration document fraud.
 - Streamlining deportation and exclusion procedures so that the INS can expeditiously remove more criminal aliens from the United States.
 - Authorizing the use of RICO and wire-taps in appropriate smuggling operations.
 - Authorizing Federal courts to require criminal aliens to consent to their deportation as a condition of probation.

The Administration is working with Congress to forge a bipartisan legislative approach to these issues.

Legal Immigrants Strengthen Our Country.

- Our country welcomes those who fear persecution in their homeland and those who come here to work hard and play by the rules. The Clinton Administration is working to help legal immigrants become citizens and to participate and contribute fully as members of our national community. We are increasing public education about applying for citizenship, improving customer service to ease the application process and reforming procedures to reduce backlogs.
- Discrimination can deny legal immigrants the opportunity to fully participate and contribute in our communities. This Administration is serious about fighting discrimination that denies these opportunities to legal immigrants.

The Jordan Commission's Recommendations on Legal Immigration.

- As with the Commission on Immigration Reform's report on illegal immigration, which we are now aggressively implementing, the Commission has again laid out a road map for the Congress to consider. It appears to reflect a balanced immigration policy that makes the most of our diversity while protecting the American workforce so that we can better compete in the emerging global economy. Consistent with the President's views, the Commission's recommendations are pro-family, pro-work, and pro naturalization. The Administration looks forward to working with Congress on this issue.

WELFARE REFORM

"I believe we must end welfare as we know it, because the current welfare system is a bad deal for taxpayers who pay the bills and for the families who are trapped on it. The American people deserve a government that honors their values and spends their money judiciously, and a country that rewards people who work hard and play by the rules."

President Clinton
December 8, 1994

The President wants welfare reform that reinforces basic American values -- work, responsibility, and family -- not punishes children for their parents' mistakes.

The President is optimistic that Democrats and Republicans working together can produce meaningful welfare reform. The President hopes to work with Congress to develop a bipartisan proposal that truly ends welfare by requiring and promoting work and parental responsibility, while helping not hurting children.

Work

- Welfare reform should be about work. Welfare should provide people the *opportunity* to move from welfare to work as quickly as possible.
- In return, people must take *responsibility* for supporting themselves and their families. All those who can work must go to work to support their families.
- Welfare should be a second chance, not a way of life. No one who can work should be able to stay on welfare forever.
- We must reward work over welfare. No one who works full time should have to raise a child in poverty. That's why we increased the Earned Income Tax Credit for 15 million working Americans, why our welfare plan included an increase in child care, and why we proposed expanding health care coverage.

Responsibility

- We must hold BOTH parents responsible for their children.
- That's why we proposed the toughest child support enforcement measures ever - suspending drivers' licenses, tracking delinquent parents across state lines, and letting states make them work off what they owe.

- We also want to reduce teen pregnancy - young people must understand the responsibilities involved before they get pregnant or father a child. That's why the President has called for a National Campaign Against Teen Pregnancy.

Flexibility

- The President is firmly committed to giving states the flexibility to fix the welfare system at the local level.

- That's why we have granted more than half the states waivers to proceed with welfare reform.

- And that's why the administration wants to eliminate the need for waivers, letting states work within broad federal rules to decide how best to meet their needs.

The Proposals House Republicans Have Pursued Are Weak on Work and Cruel to Kids.

- House Republicans have used welfare reform as a cover for their real priority -- finding ways to pay for tax breaks for the wealthy.

- These proposals include block granting successful nutrition programs such as school lunch and WIC and reducing food stamp benefits by \$16 billion over five years.

- The Republicans propose cutting off benefits to mothers and their children until the mothers are 18. We propose requiring these young mothers to live at home, stay in school, and take the steps necessary to get their lives on track.

The administration is pushing for:

- Tougher work requirements and incentives that reward states for moving people from welfare to work, not cutting them off.

- The toughest possible child support enforcement, including penalties that threaten delinquent parents with losing drivers and professional licenses if they refuse to pay their child support.

- Tougher, smarter ways to demand responsible behavior and reduce teen pregnancy, not just punish people because they're poor, young and unmarried; and

- Real flexibility for the states, not new mandates and less money.

The President Has a Lengthy History of Commitment to Welfare Reform

- As Chairman of the National Governors Association, the President helped guide the 1988 Family Support Act to passage, working with a Democratic Congress and a Republican President.
- As Governor of Arkansas, Clinton made the state a leader in both welfare reform and child support enforcement.
- The President has given 29 states the flexibility to reform welfare at the local level and has signed an executive order making it easier to force federal employees to sign the child support they owe.
- The President's economic plan expands the Earned Income Tax Credit, which rewards work over welfare.

Update

The administration introduced the Work and Responsibility Act (WRA) last year - the most comprehensive welfare reform legislation a President has ever proposed. President Clinton hosted a bipartisan working session at the White House in January 1995 with leaders from all levels of government, and the administration will continue to pursue a bipartisan approach.

The House passed welfare reform legislation on March 24th, on a vote that was almost strictly along party lines. The President commended the House for moving forward on the issue and for including all of the child support provisions from the WRA last year, but he was critical of other aspects of the bill, and the Administration's line on the bill generally was: not tough enough on work, too harsh on children.

The Clinton Administration supports the approach put forward by Senate Minority Leader Tom Daschle and Senators John Breaux and Barbara Mikulski, which would replace the current welfare system with a system in which anyone who can work must do so in return for the help they receive.

IV. NEW GOVERNMENT

REINVENTING GOVERNMENT

"We can no longer afford to pay more for --and get less from our government. The answer for every problem cannot always be another program or more money. It is time to radically change the way government operates -- to shift from top-down bureaucracy to entrepreneurial government that empowers citizens and communities to change our country from the bottom up. We must reward the people and ideas that work and get rid of those that don't."

Governor Bill Clinton/Senator Al Gore
Putting People First, 1992

A Government that Was Too Big and Cost Too Much

When Bill Clinton took office in January 1993, he inherited a government that was bloated and cost too much. The federal deficit was over \$300 billion and the bureaucracy had grown to over 2.2 million employees.

President Clinton Boldly Started Reinventing Government

The goal was simple: create a government that works better and costs less. The President established the National Performance Review, under the direction of Vice President Gore, to reinvent government. Within six months, the Vice President produced a report containing 384 recommendations to reinvent the government -- a report that became a *New York Times* bestseller.

Since January 1993, \$63 billion in savings have been enacted; federal employment has dropped by over 100,000; and 12 cabinet departments and major agencies have announced or prepared major reinvention plans.

Four Main Principles

The Vice President's National Performance Review developed four main principles to guide its efforts to reinvent government:

Cut Government Back to Basics. Cut the size of the federal work force and constantly find ways to make government work better and cost less -- reengineering how work is done and reexamining programs and processes.

The Clinton Administration has cut over 100,000 federal jobs already. In five years, the federal government civilian work force will drop by at least 272,900 -- to the smallest it's been since the Kennedy Administration.

We've saved the American taxpayer \$63 billion through reinventing government.

Put Customers First. Change government's culture by focusing on what matters to the people it serves.

- For the first time, federal agencies have asked customers what they want and set more than 1,500 customer service standards.
- The Social Security Administration will cut its response time to disability benefit claims from 155 days to 60 days.
- Before President Clinton took office, no one received their Social Security cards within five days. Now, millions of people do.
- Before President Clinton took office, the Customs Service often took hours, even days, to move fresh flowers, fruit and other perishable cargo through its port in Miami. Today, the U.S. Customs Service clears international cargo within 30 minutes flat.

Cut Red Tape. Eliminate unnecessary paperwork, procedures and requirements for the federal government, its state and local partners and its customers.

- SBA shrank an inch-thick loan application down to a single sheet.
- President Clinton has given 25 states the right to slash through federal regulations to reform their welfare systems.

Empower Employees. To get results, remove layers of oversight and give front-line employees responsibility and accountability.

- In 1994, the President signed into law the Federal Acquisition Streamlining Act, reinventing the federal government's procurement system.
- Under the new system, thousands of employees will be able to purchase what they need immediately.

Examples of Reinvention

- The Department of Agriculture is closing 1,200 of its offices.
- The Department of Housing and Urban Development will consolidate 60 programs into four.
- Federal Aviation Administration (FAA) air traffic control services will be transferred to an "Air Traffic Corporation," to speed modernization and improve operating efficiency.
- The General Services Administration will privatize some of its business units and transfer most other functions to other agencies.

COMMON SENSE REGULATORY REFORM

"We all want the benefits of regulation. We all want clean air and clean water and safe food and toys that our children can play with. But let's face it, we all know the regulatory system needs repair. Too often the rule writers here in Washington have such detailed lists of do's and don'ts that the do's and don'ts undermine the very objectives they seek to achieve, when clear goals and operation for cooperation would work better. . . .

Some would use the need for reform as a pretext to gut vital consumer, worker, environmental protections; even things that protect business itself. They don't want reform; they really want rigor mortis. . . . Reform, yes — bring it on. Roll back, no."

President Clinton
February 21, 1995

1993 Executive Order

President Clinton's 1993 executive order on regulatory reform set out the Administration's philosophy. It calls for the use of market incentives and performance standards rather than command-and-control techniques. It also instructs agencies to conduct better analysis of proposed regulations, including cost/benefit and risk analysis, and to consider alternatives to regulation.

Legislation

The Clinton Administration was instrumental in achieving the following legislative reforms: interstate banking deregulation, intrastate trucking deregulation, Federal Acquisition Streamlining Act of 1994, Unfunded Mandates Reform Act, and the Paperwork Reduction Act of 1995.

Reinventing Regulation Initiative

The President has stepped up his regulatory reform effort, ordering his top regulatory officials on February 21, 1995 to undertake a sweeping Regulatory Reinvention Initiative:

Agency Reinvention

- **EPA.** EPA will reduce paperwork burdens by 25 percent; give businesses a stronger voice in writing new rules; create a self-certification program, beginning with pesticides; provide incentives for self-disclosure and correction of violations; and offer firms unprecedented compliance flexibility in return for a commitment to meet environmental standards.
- **OSHA.** OSHA will reduce penalties for violations that are corrected during an inspection; nationalize the "Maine 2000" program, to give relief from inspections and fines to employers who work with their employees to create a safe workplace; and evaluate inspectors based on safety improvement rather than the number of violations they identify.

FDA. FDA will allow manufacturers to make certain changes to drugs without prior approval; exempt certain categories of medical devices (such as syringes and oxygen masks) from prior-approval requirements; eliminate environmental assessments for human drugs, animal drugs and biologics; and harmonize international standards for the review of drugs and medical devices.

Zero-Based Review of Existing Regulations

On February 21, 1995, the President instructed agencies to conduct a page-by-page review of all existing regulations and eliminate those that are outdated or in need of reform. The President will announce the results in early June.

Customer Service Initiatives

On February 21, 1995, the President also ordered regulatory officials to:

- **Reward results, not red tape.** He directed agencies to change their measurement of front-line regulators' performance to focus on results, not on process or punishment.
- **Get out of Washington and create grassroots partnerships.** He told regulators to convene groups of front-line regulators, small businesses and other affected citizens -- at sites around the country, not in Washington.
- **Negotiate, don't dictate.** He ordered regulators to submit to OMB a list of formal rule-making proceedings that can be converted into consensual negotiations.

Paperwork Reduction Initiatives

- On March 16, 1995, the President instructed agencies to require the public to file reports only half as often.
- On May 22, 1995, the President told agencies to accept electronic filings and reports in lieu of paper.

Flexible Compliance Program

- On March 16, the President asked agencies to waive up to 100 percent of penalties for small businesses that attempt in good faith to comply with regulations.

Reform, yes; rollback, no

President Clinton is committed to working with Congress to craft balanced regulatory reform legislation. However, some proposals currently being considered by Congress are extreme and would undercut the protection of consumers, workers, and the environment. Any efforts to improve regulation must take account of the benefits of regulation: cleaner air and water, safer products and food, safer workplaces, and sound financial institutions.

A NEW FEDERAL-STATE PARTNERSHIP

The Clinton Administration Has Forged A New Partnership with States and Local Governments.

Giving States Flexibility. President Clinton has given 29 states -- more than quadrupling the previous total -- the right to slash through federal regulations to reform their welfare systems. We have also used "waivers" to give states more flexibility to manage federally-funded program such as Medicaid and Food Stamps.

Empowerment Zones -- Community-Based Decisions. In December, President Clinton and Vice President Gore initiated the Community Empowerment Initiative by designating and funding 9 Empowerment Zones and 95 Enterprise Communities as the beginning of a ten-year experiment in community-based decision-making.

Performance Partnerships. The President's FY 96 Budget proposes a first set of agency-by-agency Performance Partnerships, to be followed by others this spring. Performance Partnerships provide increased flexibility to states and local governments on how a program is run in exchange for increased accountability for results.

The Department of Housing and Urban Development will consolidate 60 programs into three flexible, performance-based funds; transform public housing into a system that works for people and communities; and create an entrepreneurial Federal Housing Corporation that increases homeownership and affordable housing opportunities.

The Department of Transportation will consolidate programs that the Government now funds into three programs: a unified transportation allocation to states and localities; a discretionary grant; and state Infrastructure Banks.

The Public Health Service proposes to consolidate 108 activities into 16 grant categories and build performance incentives into the authorizing legislation.

The Environmental Protection Agency proposes to allow states to consolidate up to 12 specific grants, e.g., air, water, and hazardous waste) so they can target resources toward their most pressing priorities.

The Agriculture Department proposes combining funding for 14 rural development loan and grant programs and authorize its state directors to allocate funds between these programs.

Unfunded Mandates. On Monday, March 22, 1995, the President signed the Unfunded Mandates Reform Act, which will restrict Congress from passing on new mandates to state and local governments without paying for them.

The Oregon Option

A federal inter-agency team has worked with state and local officials in Oregon to design and test a results-oriented approach to intergovernmental service delivery. For example, Oregon will measure changes in the overall teen pregnancy rate rather than count the number of clients served as in the past.

Initially, the effort will focus on stable families, a developed workforce, and healthy children. Under the redesigned system -- which will reduce red tape and administrative burdens for state and local governments -- all partners will work toward clear performance goals for government programs and be accountable for achieving results. **This new federal-state-local partnership could serve as a model for improvements nationwide.**

Other Examples of A New State-Federal Partnership

- **Common Sense.** The President endorsed consolidated planning processes for Indiana and West Virginia that will let them coordinate nearly 200 federal grants to help children and families.
- **Flexibility.** The President has signed legislation to increase state and local flexibility in the Goals 2000, which allows six states to waive federal requirements to target their money to better achieve national education goals.
- **Cutting Paperwork.** Federal, state and local agencies have collaborated to integrate application forms in Atlanta, reducing six separate applications for assistance programs totalling 64 pages to a single, eight-page form.

V. AMERICAN LEADERSHIP IN THE WORLD

INTRODUCTION

President Clinton believes that for America to be strong at home, it must be strong abroad. He has fought to preserve the tradition of American leadership in the world against a growing tide of isolationism. Only by being actively engaged in world affairs can America promote its highest interests - maintaining security, promoting prosperity.

The end of the Cold War has brought tremendous opportunities to make America safer, and President Clinton is seizing those opportunities. Here is a brief overview of the President's accomplishments in the foreign policy area:

Reducing the Nuclear Threat

He has made great strides to reduce the threat of nuclear weapons. Thanks to the Administration's efforts:

- The START I treaty, which will eliminate delivery systems that carry 9,000 nuclear warheads, was put into force;
- Three of the Newly Independent States that emerged from the Soviet Union gave up their nuclear weapons entirely and signed the Non-Proliferation Treaty;
- The ratification process for the START II treaty is under way in the Senate, and when that treaty goes into effect, another 5,000 nuclear weapons will be eliminated.
- President Clinton also reached a landmark agreement with Russia to have our nuclear forces stop targeting each other's cities and citizens;
- We have confronted the North Korean nuclear threat and stopped it. The agreement we reached will freeze and, if fully implemented, dismantle their nuclear program -- with international monitoring; and
- Finally, the Clinton Administration is also working to halt the spread of other weapons of mass destruction such as biological and chemical weapons;

Military Readiness

Our national security depends on preserving the strength of our armed forces.

- President Clinton has vowed to keep our troops the best-trained, best-equipped, best-prepared in the world. He added a \$25 billion increase in defense spending over six years so the military can maintain its readiness and fulfill its missions with the skill and professionalism it demonstrated last year when it helped restore democracy in Haiti. Or in the Persian Gulf, where our armed forces' rapid deployment convinced Saddam Hussein not to make the same mistake twice.

Promoting Peace

Promoting peace in the troubled regions of the world also serves the United States' security interests.

- The Clinton Administration's vigorous diplomacy has helped further the cause of peace in such areas as South Africa, Northern Ireland, and the Middle East.
- In his time in office, President Clinton has played a key role in the historic agreements Israel has signed with the PLO and Jordan -- agreements that have paved the way for a new era in the Middle East.

Because of the President's strong commitment to a stronger America engaged in the world, today, our families can turn out the lights at night and sleep in greater safety than at any time since the dawn of the nuclear age.

REDUCING THE NUCLEAR THREAT

"Over the last two years, the United States has made real progress in lifting the threat of nuclear weapons. Now, in 1995, we face a year of particular decision in this era - a year in which the United States will pursue the most ambitious agenda to dismantle and fight the spread of weapons of mass destruction since the atom was split."

President Clinton
March 1, 1995

Reducing the Nuclear Threat Today

Recognizing that nuclear threats persist despite the end of the Cold War, the Administration has taken strong and effective action to reduce those threats.

- Through difficult negotiations, we helped ensure that no new nuclear powers emerged from the breakup of the Soviet Union. U.S. leadership was critical to winning adherence by Ukraine, Belarus and Kazakhstan to START and to the NPT as non-nuclear weapons states.
- The START I and II arms control treaties will result in reductions of nearly two-thirds in strategic nuclear forces. Both sides are dismantling nuclear weapons at a steady pace -- up to 2000 weapons a year.
- Today, not a single Russian missile is targeted at America.
- Through the Nunn-Lugar program, our nuclear labs are helping their Russian counterparts upgrade security on nuclear materials and we've reached agreement with Russia to end verifiably the production of plutonium for weapons purposes. We also shipped nearly 600 kilograms of weapons-usable uranium from Kazakhstan to safe storage in the United States.
- The Administration negotiated an Agreed Framework that for the first time commits North Korea to freeze and eventually dismantle its existing nuclear program under international monitoring. It also continues strong support for UN and IAEA monitoring of the elimination of Iraq's nuclear, chemical/biological and missile capabilities.

In other parts of the world, the trend towards proliferation has been reversed as well:

- South Africa destroyed its nuclear weapons and adhered to the NPT as a non-nuclear weapons state.
- With Russia, we co-sponsored the Arms Control and Regional Security talks in the Middle East.

-
- We are supporting regional nonproliferation dialogue in South Asia and encouraging weapon-free zones where they can help further reduce the dangers of nuclear proliferation on a regional basis.
 - We have achieved important agreements with Russia and China to restrain missile-related exports, as well as commitments from other key suppliers -- South Africa, Ukraine, and Argentina -- to observe the guidelines of the Missile Technology Control Regime.

Ensuring America's Security Tomorrow

To continue building America's security, we have a full arms control and nonproliferation agenda:

- The United States will work with other nations toward indefinite and unconditional extension of the Nuclear Non-Proliferation Treaty, the cornerstone of global nonproliferation efforts. Its internationally verified commitments against nuclear proliferation create a dependable security environment, bolster regional stability and make possible further arms control and disarmament measures.
- The President has urged the Senate to give its advice and consent to ratification of START II and the Chemical Weapons Convention, which will ban poison gas worldwide.
- We are pushing to conclude a Comprehensive Test Ban Treaty and a global ban on the production of fissile material for weapons.
- The Administration will continue to fight against international terrorism and redouble our efforts to stop nuclear smuggling and nuclear-related crimes through stepped-up cooperation with our allies.
- We are leading efforts to replace COCOM with a new international export control regime that will limit the flow of sensitive technology and conventional arms to potential proliferators, such as Iran.
- We are seeking the ratification of the Convention on Conventional Weapons, which will advance U.S. efforts to reduce the suffering caused by the indiscriminate use of antipersonnel landmines.
- We are working to negotiate legally-binding measures to strengthen the Biological and Toxin Weapons Convention.

MILITARY READINESS

"More than anything else, our armed forces guarantee our security and our global influence. They are the backbone of our diplomacy. They ensure our credibility....Time and again, the American military has demonstrated its extraordinary skills. As I pledged from the beginning of our administration, the United States will have the best-equipped, best-trained, best-prepared military in the world. We are keeping that promise every day. Our forces are ready to fight."

President Clinton
Veterans of Foreign Wars
March 6, 1995

Overview

The President is committed to maintaining the best-equipped, best-trained and best-prepared military in the world. Military readiness is central to supporting our strategy of fighting and winning two nearly simultaneous major regional conflicts (MRC). Our military will continue to possess the capability of deterring and defeating aggression in two MRCs, providing a credible overseas presence, countering weapons of mass destruction, contributing to multilateral peace operations, and supporting counterterrorism efforts and other national security objectives.

Prior Readiness-Related Initiatives

The "two-MRC" strategy also means providing the force enhancements we need to fully realize the capabilities of our forces. This commitment was clearly demonstrated in 1994 when the administration won key votes in Congress on the C-17 program, an airframe that demonstrated its great value and versatility when it flew 66,000 pounds of cargo to the Persian Gulf during our reinforcement of Kuwait in October 1994.

During his first two years of office, President Clinton took the following readiness-related initiatives:

- In 1994, he increased the Budget Authority for the FY 1995 defense budget by \$2.4 billion and added \$11.4 billion back to the defense spending plan across the Future Years Defense Program (FYDP)
- In the FY 1995 defense budget, President Clinton increased Operations and Maintenance funding by 5.7%, even though the size of the force decreased by 7%. In other words, the dollars available for readiness purposes in FY 1995 on a per-soldier basis were substantially increased. This resulted in a higher level of military readiness.

Committed to the Future

The administration is committed to the following readiness-related initiatives:

Adding \$25 billion in defense spending over the next six years. This future funding is designed specifically to accomplish four goals:

- Assure continued military readiness;
- Adequately fund the Bottom Up Review (BUR) and Nuclear Posture Review (NPR) conventional and nuclear force structures;
- Improve the Quality-of-Life of the men and women in our Armed Forces (which includes the full pay raise authorized under current law); and
- Fund needed modernization programs.

Working closely with Congress to develop an effective funding mechanism to pay for unexpected contingency operations. Secretary Perry briefed Congress on such a proposal on January 25 when he spoke of a “readiness preservation authority” mechanism that permits DoD to “borrow” from future operations and maintenance funds to pay for contingency operations.

- Passing a \$2.6 billion defense supplemental prior to April. The administration is working closely with Congress to ensure rapid passage of the supplemental and preclude the readiness-related difficulties encountered in late 1994 when delays in passing a supplemental forced a reduction in military training activities. In order to prevent training cuts this year, Congress must pass the supplemental before April 1.

PROMOTING DEMOCRACY ABROAD

"Our efforts to help build more democracies will make us all more secure, more prosperous, and more successful, as we try to make this era of terrific change our friend and not our enemy."

President Clinton
UN General Assembly
September 26, 1994

Strengthening and expanding the community of democratic nations advances our national interests and is consistent with American ideals. Democratic nations are less likely to wage war. They are more likely to promote open markets and free trade. They are also more likely to provide people with the economic and political tools to build a future in their own countries. President Clinton has taken decisive steps to support democracy in some of the most vital parts of the world. *Specifically, during the past two years, the United States has:*

- Assisted the newly independent states of the former Soviet Union, including Russia and Ukraine, to make progress toward democracy and market reforms.
- Supported the democratic and free market transformation of former communist states in Central and Eastern Europe.
- Helped restore democracy and stability in Haiti.
- Helped South Africa's transition to democracy with support for elections and development.
- Hosted the Summit of the Americas, the first hemispheric summit in nearly 30 years -- an unprecedented gathering of the leaders of 34 democratic nations.

The Administration will continue to help expand democracy in ways that vary in each case, but that share common elements:

- We will continue to lead the effort to mobilize international resources, as was done with Russia, Ukraine, and the other new independent states.
- We will take immediate public positions to help staunch democratic reversals, as exemplified in Haiti or Guatemala.
- Give democratic nations the fullest benefits of integration into foreign markets.
- We will help these nations strengthen the pillars of civil society, open their markets, and address corruption and political discontent through practices of good governance.

PEACE IN NORTHERN IRELAND

"A just and lasting settlement that respects the rights and traditions of the two communities in Northern Ireland is, after so many years of bloodshed, finally within reach."

President Clinton
December 1, 1994

The transformation of Northern Ireland over the past two years has been extraordinary: the region is enjoying a peace unknown in a generation; there is new hope for economic revitalization; and the British and Irish prime ministers are deeply committed to working closely together with the people of Northern Ireland to reach a lasting, democratic political settlement. *From the beginning of his Administration, President Clinton has been deeply engaged in supporting the search for peace and reconciliation in Northern Ireland:*

- The Clinton Administration was the first to put International Fund for Ireland (IFI) funding in the budget it sent to Congress, and is now proposing an increase in funding to help consolidate the peace.
- The Administration has reached out to a broad spectrum of views in Northern Ireland, and granted a visa to Sinn Fein leader Gerry Adams in January 1993, a decision which helped bring about the IRA cease-fire.

Following the declaration of cease-fires by the IRA and loyalist paramilitaries in August and October 1994 respectively, the President in November set forth a number of initiatives to increase U.S. support for the political and economic revitalization of Northern Ireland and the border counties of the Republic including:

- President Clinton's appointment of former Senator George Mitchell to lead the efforts of all U.S. government agencies promoting economic development in Northern Ireland and the border counties of Ireland;
- The White House Conference on Trade and Investment in Ireland, scheduled for May 24-26 in Washington, D.C.;
- Increased funding for the International Fund for Ireland to total \$60 million over the next two years; and
- New and expanded efforts by the Department of Commerce, USIA and the National Endowment for Democracy to seize the opportunities presented by peace. Commerce Secretary Ron Brown led a delegation of U.S. businessmen to the British government-sponsored Belfast Investment Conference and to Dublin in December 1994.

Americans have deep ties of kinship, culture and history with the United Kingdom and Ireland. U.S. interests also flow from our commitment to a peaceful, democratic and prosperous Europe and to the protection and enhancement of human rights throughout the world. The Administration will continue to be actively engaged in supporting the extraordinary opportunity for peace and reconciliation in Northern Ireland that now exists.

REINVIGORATING THE MIDEAST PEACE PROCESS

"From the outset, America's commitment to a comprehensive peace in the Middle East has been backed by a strong pledge that whenever Arabs and Israelis turn the page on the past, the United States would work with them to write a real, practical future of hope. Those who take risks for peace must not stand alone."

President Clinton
October 26, 1994

The past two years have witnessed unprecedented progress toward a lasting, secure, and comprehensive peace in the Middle East. The Clinton Administration has made the achievement of a peaceful, stable and prosperous Middle East a major foreign policy priority.

- In September 1993 the leaders of Israel and the PLO signed the Declaration of Principles (DOP) on the White House lawn, ushering in a new era in their relationship. Since then they have moved forward with the implementation of the DOP, despite the tough political issues involved and the murderous acts of terrorists seeking to derail the process.
- In October 1994 President Clinton presided over the signing of a peace treaty between Jordan and Israel, and since then those two nations have been involved in intensive negotiations on a broad range of issues relating to further cooperation and regional development. The supportive role of the "peace camp" in the Middle East was demonstrated dramatically in February 1995 during a series of meetings, attended by President Clinton, involving leaders and cabinet members from Egypt, Israel, Jordan, the Palestinian Authority, and the United States.
- The Israelis and the Syrians -- with the facilitation of President Clinton and Secretary Christopher -- have been negotiating on various issues relating to peace between them.
- Several other Arab countries, especially Morocco, Tunisia, Oman and Qatar, have recently begun to normalize their relations with Israel.
- In September 1994, the members of the Gulf Cooperation Council decided to end the secondary and tertiary boycotts against the Jewish state.

The United States will continue to do all that it can to help bring about a lasting and comprehensive peace in the Middle East which ensures the security of Israel and its neighbors. ***The Clinton Administration will:***

- help those parties still in conflict to negotiate durable peace agreements with each other;
- stand firmly by those who have already undertaken such agreements with strong moral and material support;

-
- demonstrate to the enemies of peace that violence and terror will not succeed in disrupting the process; and
 - continue to push hard to encourage rapid normalization of relations between Israel and all of the Arab states, and end the boycott of Israel.

In addition, over the last two years the United States has also sought to foster conditions favorable to long-term regional economic growth.

- In March 1993 President Clinton and Prime Minister Rabin announced the formation of the U.S.-Israel Science and Technology Commission, which promotes cooperative science and technology activities.
- In October 1993 the U.S.-Jordan-Israel Trilateral Economic Committee was formed to advance development initiatives, with contributions from the Commerce Department, the Trade and Development Agency, the Overseas Private Investment Corporation, USIA, and USAID.
- In the fall of 1994 the Administration announced the U.S.-Egypt Joint Committee for Economic Growth, a major initiative promoting economic reform and development.
- In February 1995 Secretary of Commerce Ron Brown was named U.S. Middle East Commercial Coordinator, in conjunction with his attendance at an unprecedented summit of Israeli, Egyptian, Jordanian, and Palestinian trade and financial leaders.
- The Administration is coordinating the arrangements necessary to set up a Middle East Development Bank, which would promote regional economic development and cooperation.
- Finally, the Administration has sought to maintain a continued flow of U.S. aid to Israel, Egypt, Jordan, and others who have demonstrated their devotion to peace, and it has continued and deepened the U.S. commitment to strengthening Israel's qualitative military edge.

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MARCEA

MEMORANDUM

TO: Distribution June 30, 1995

FROM: Chris Jennings and Jen Klein

RE: Updated Health Care Talking Points/Charts/Back-up Materials

Attached is a revised set of talking points/back-up materials that have been updated to reflect the two most important recent developments related to health care: a) the health care provisions included in the President's balanced budget proposal AND b) the Medicare/Medicaid cuts that the Republicans included in the final budget resolution passed June 29th. Enclosed you will find:

- 1) A one-pager on the final Republican Medicare cuts and how they contrast with the President's proposal.
- 2) A one-pager on the final Republican Medicaid cuts and how they contrast with the President's proposal.
- 3) One chart showing Medicare savings from the President's proposal versus the Republican Budget.
- 4) Three charts illustrating the out-of-pocket cost increases under the Republican plan as it relates to Medicare and the President's plan.
- 5) Two charts illustrating Republican Medicaid cuts.
- 6) State-by-state analysis of increased out-of-pocket costs per beneficiary.
- 7) Projected Medicare beneficiaries by state.
- 8) A two-pager outlining President Clinton's health reform initiative.
- 9) A two-pager providing additional Medicare talking points.

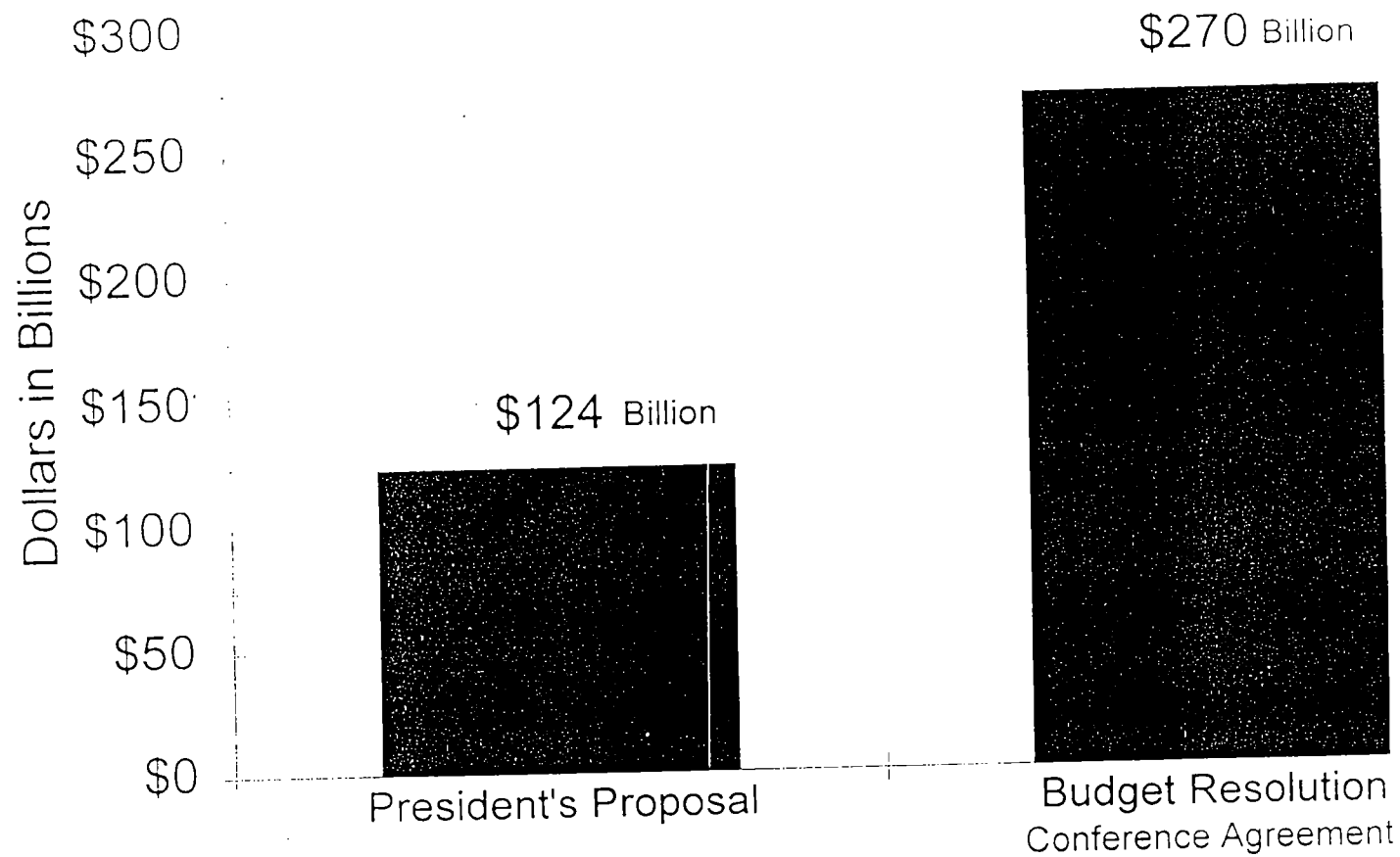
MEDICARE

- **REPUBLICANS' UNPRECEDENTED CUTS:** The Republican Budget Resolution Conference Agreement would cut \$270 billion from the Medicare program over the next seven years -- \$71 billion in the year 2002 alone. This approximately triples anything previously enacted.
- **CUTS ARE REAL:** Republicans will call their proposal an increase, not a cut, since spending will be higher in 2002 than it is today. But by that logic, reducing the Social Security cost-of-living adjustment (COLA) would not be considered a cut. In fact, the Republicans' out-of-pocket increases would have the effect of taking half of the Social Security (COLA) from the pockets of the average Medicare beneficiary.
- **BILLIONS ADDED TO OLDER AMERICANS' ALREADY HIGH COSTS:** The Republican Budget would increase beneficiaries' out-of-pocket costs by tens of billions of dollars. Assuming their cuts were equally divided between beneficiaries and providers:
 - **In the year 2002 alone, each beneficiary could pay \$625 more in out-of-pocket costs than under the President's proposal; couples could pay \$1,250 more.**
 - **Over the seven-year period, beneficiaries may be forced to pay an additional \$2,825 (\$5,650 per couple) out-of-pocket relative to the President's proposal.**
- **VOUCHERS AREN'T CHOICE, THEY'RE FINANCIAL COERCION:** Republican proposals that promise choice through Medicare "vouchers" actually threaten to undermine fundamental Medicare protections.
 - Medicare guarantees beneficiaries that it will pay the cost of covered services, subject to fixed and predictable cost-sharing requirements. That's a benefit guarantee.
 - A voucher would replace this benefit guarantee with a fixed dollar amount. This means that beneficiaries would be on their own to find a health plan, with a voucher that is losing value over time.
 - Republicans claim you can keep the Medicare coverage you've got. How can you keep what you can't afford? The only way for Republicans to achieve the level of savings they are proposing is through requirements that beneficiaries have to pay much more to stay in the current Medicare program. That's not choice, that is financial coercion.
- **NO NEW BENEFICIARY CUTS IN THE PRESIDENT'S PROPOSAL:** While the Republicans would cut beneficiary protection to finance tax cuts for the well off, the President would strengthen Medicare financing without new burdens for beneficiaries. The President's proposal would:
 - Reduce Medicare spending by \$124 billion -- less than half the Republican cuts;
 - Ensure Medicare trust fund solvency through at least 2005, without any new beneficiary cuts;
 - Accompany reductions in Medicare spending with: 1) new prevention and long-term care benefits; 2) more plan choices for beneficiaries; 3) aggressive pursuit of fraud and abuse; 4) insurance reform; and, 5) important new insurance affordability protections for small businesses and working families.

MEDICAID

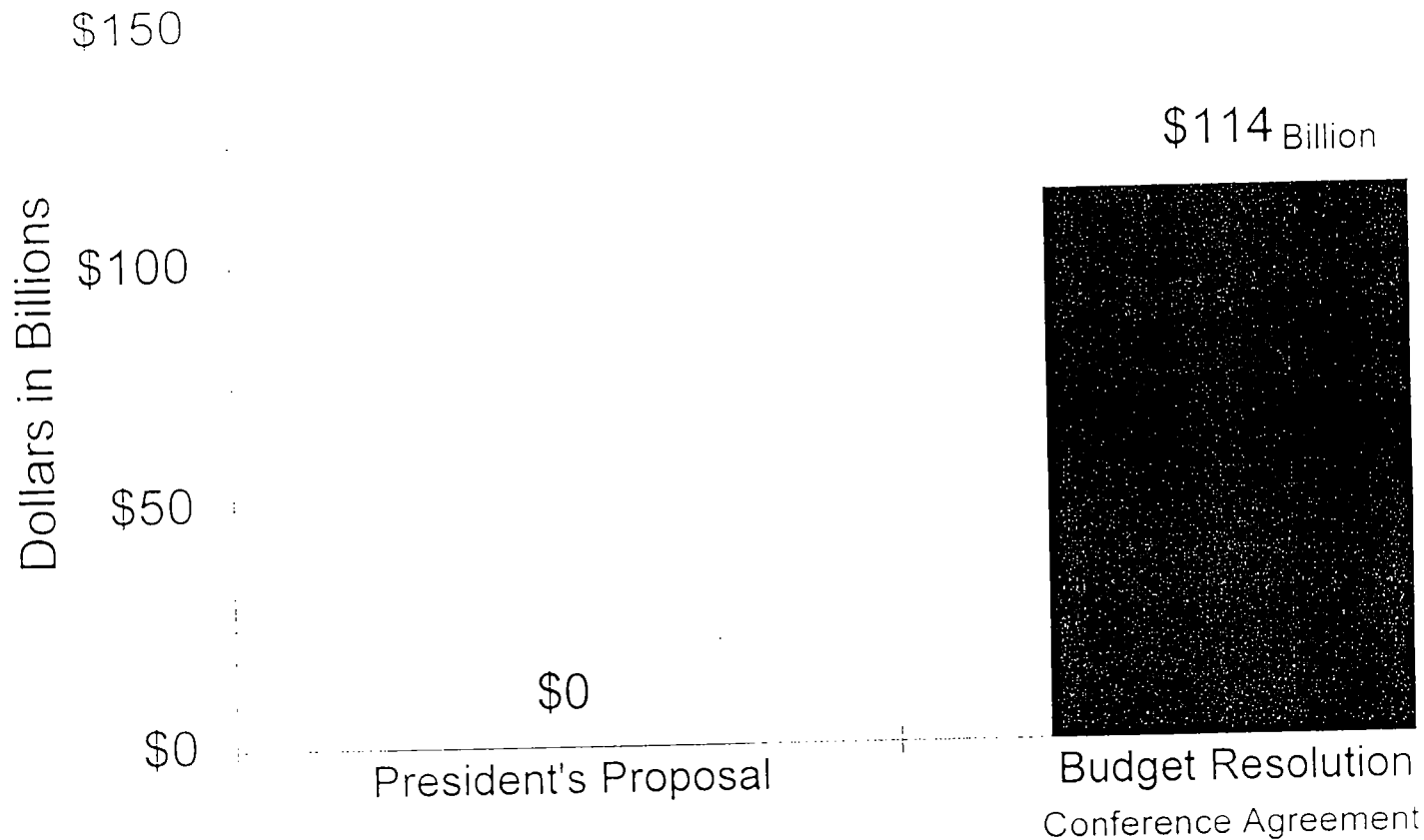
- **REPUBLICANS' UNPRECEDENTED CUTS:** The Republican Budget Resolution Conference Agreement would cut \$182 billion from Medicaid over the next seven years by making the program a block grant to states.
- **HEAVY BURDENS TO FAMILIES FACING LONG-TERM CARE:** While most people think that Medicaid helps only low-income mothers and children, about two-thirds of Medicaid funds are spent on services for elderly and disabled Americans. Without Medicaid, working families with a parent or spouse who need long-term care would face nursing home bills that average \$38,000 a year.
- **MANAGED CARE SAVINGS NOT NEARLY SUFFICIENT:** Savings from managed care cannot produce anywhere near the magnitude of cuts proposed by the Republicans. Two-thirds of Medicaid funds are spent on the elderly and disabled, and there is little evidence that putting them in managed care can produce savings. And because the baseline projections already assume that a growing number of mothers and children on Medicaid will be in managed care plans, there are little additional savings left in the remaining one-third of the program.
- **LIKELY IMPACTS:** The Republicans argue that they are not cutting Medicaid since states will get an increase in the block grant every year. But, given that CBO projects that the number of people covered will grow by 3 percent and that the Republicans block grant will grow by only 4 percent by 1998, the funding does not even keep up with inflation. It's a cut in real terms.
 - Assuming states would be forced to respond to these cuts by reducing services, provider payments and coverage in equal proportions:
 - ◆ **7 million children and nearly one million elderly and persons with disabilities could lose insurance coverage.** This would further worsen our nation's uncompensated care problem and create more incentives for cost-shifting to American businesses and families who still have insurance.
- **THE PRESIDENT'S PROPOSAL PROTECTS COVERAGE:** The President's proposal contains a mix of policies that save \$54 billion between now and 2002 -- less than a third of the Republican proposal. It promotes efficiency and gives states more flexibility while protecting coverage. Every single Democratic Governor has endorsed the President's Medicaid target as a reasonable and achievable savings number.
 - Maintaining coverage under Medicaid is critical since it serves as a safety net for many Americans. Between 1989 and 1994, employer health coverage declined from 66 percent of the nonelderly population to 59 percent. Medicaid coverage increased from 9 to 14 percent during this same period.

Savings From Medicare Proposals 1996 - 2002



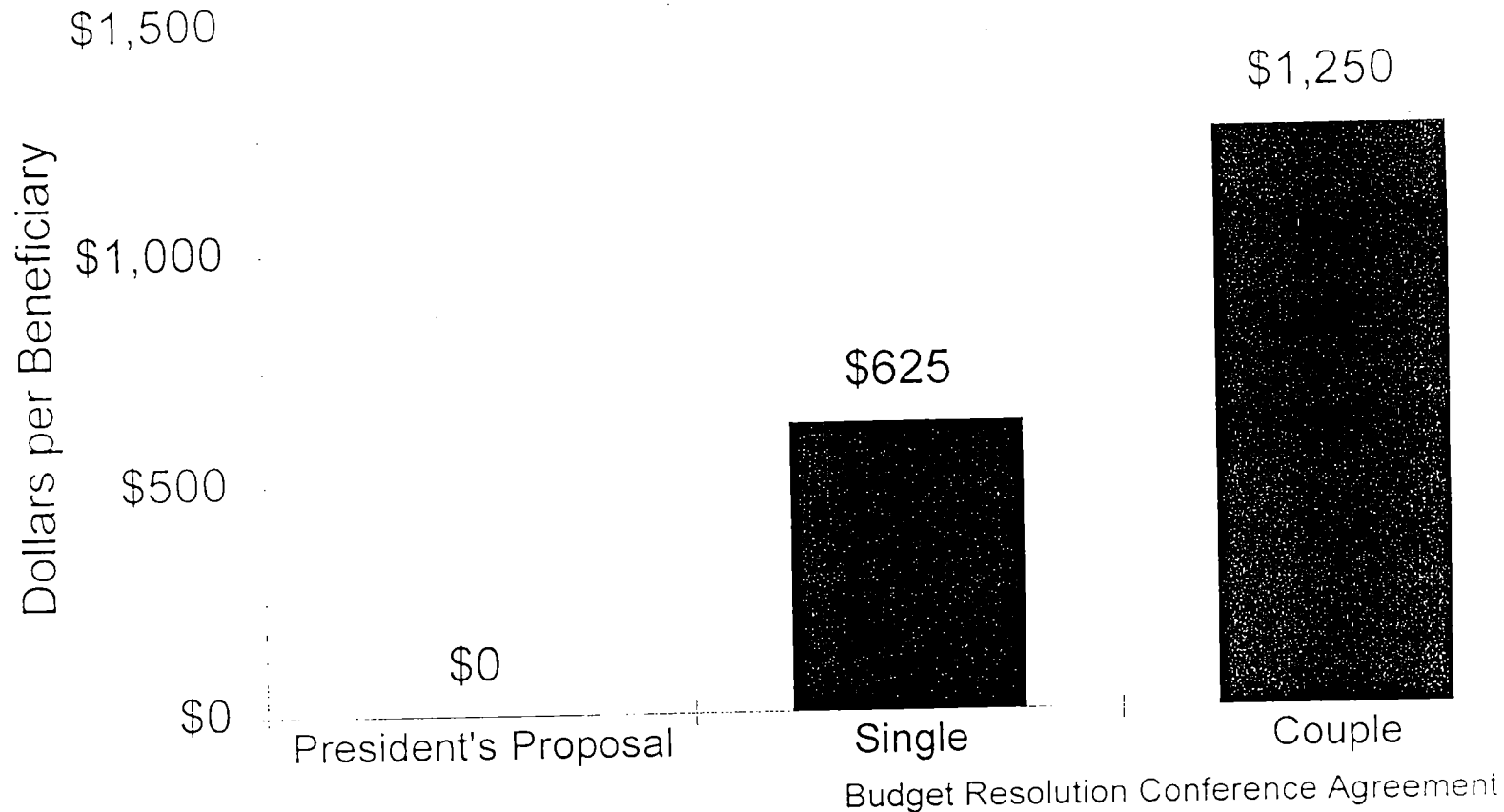
The President's Proposal includes the extenders that were previously incorporated in the President's Budget.

Increased Medicare Beneficiary Out-of-Pocket Costs, 1996 - 2002



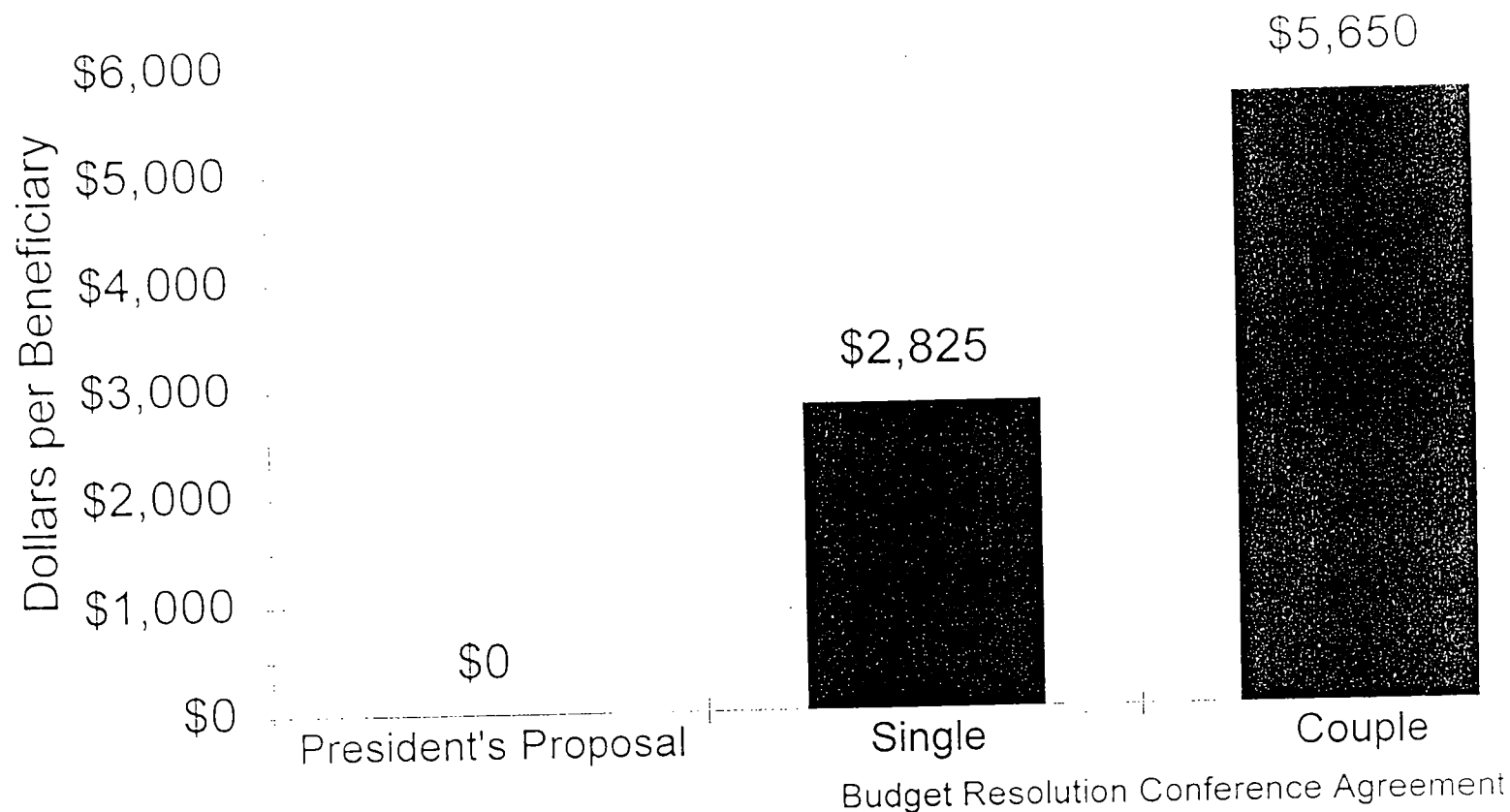
The new Medicare proposals included in the President's June 14, 1995 budget announcement do not include any new beneficiary costs. Republican proposal adjusted to reflect the Part B premium extender in the President's FY 1996 budget. This chart assumes 50% of Republican cuts affect beneficiaries. US DHHS Estimates

Increased Medicare Out-of-Pocket Costs Per Beneficiary, 2002



The new Medicare proposals included in the President's June 14, 1995 budget announcement do not include any new beneficiary costs. Republican proposal adjusted to reflect the Part B premium extender in the President's FY 1996 budget. This chart assumes 50% of Republican cuts affect beneficiaries. US DHHS Estimates.

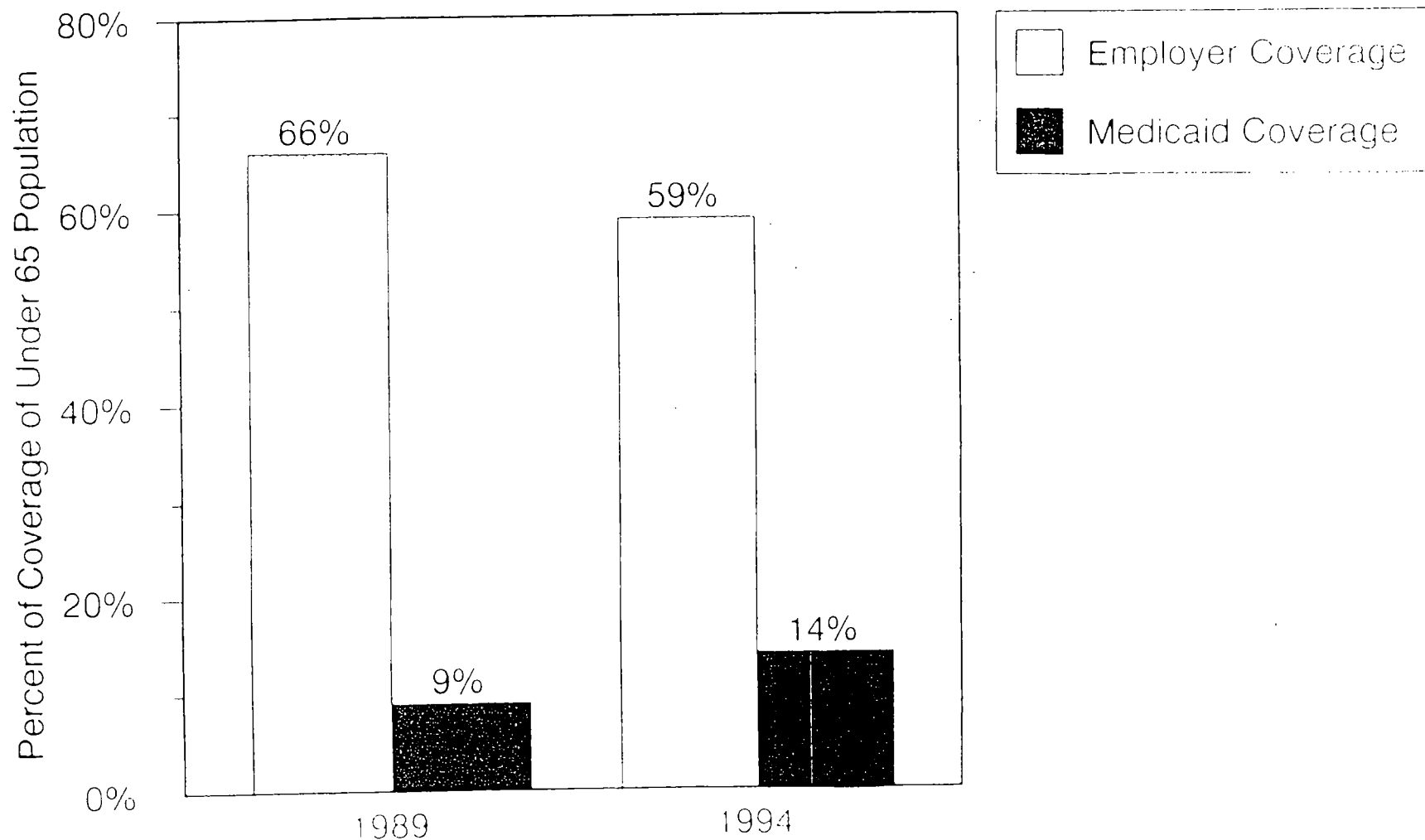
Increased Medicare Out-of-Pocket Costs Per Beneficiary, 1996 - 2002



The new Medicare proposals included in the President's June 14, 1995 budget announcement do not include any new beneficiary costs. Republican proposal adjusted to reflect the Part B premium extender in the President's FY 1996 budget. This chart assumes 50% of Republican cuts affect beneficiaries. US DHHS Estimates

Medicaid is a Critical Safety Net

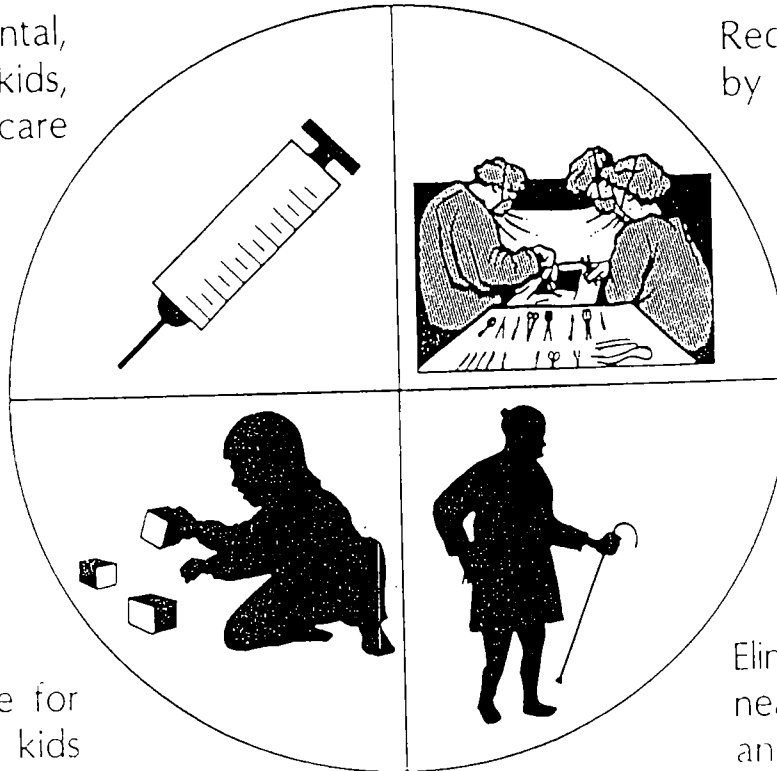
Employer Coverage Reduced, Medicaid Coverage Increased



Medicaid Cuts That States Would Be Forced to Make

2002

Eliminate coverage for dental,
screening services for kids,
and hospice and home care



Reduce provider payments
by almost \$13 billion

Eliminate coverage for
7 million kids

Eliminate coverage for
nearly one million elderly
and persons with disabilities

NOTE: Assuming 25% cut in each of these categories.

**Effects of the Republican Resolution Agreement's Medicare Proposal On States
Losses by State Under the Proposal Relative to the President's Proposal
(Excluding Premium Extenders in President's Budget, Fiscal years)**

	Increased Out-of-Pocket Cost Per Beneficiary (Increase in dollars per beneficiary)	
	2002	1996-2002
US	\$625	\$2,825
Alabama	1,181	4,276
Alaska	419	1,864
Arizona	838	3,290
Arkansas	582	2,376
California	1,226	4,620
Colorado	933	3,505
Connecticut	976	3,764
Delaware	1,016	3,871
District of Columbia	NA	NA
Florida	1,319	4,899
Georgia	911	3,538
Hawaii	981	3,567
Idaho	364	1,576
Illinois	656	2,707
Indiana	737	2,909
Iowa	427	1,809
Kansas	876	3,352
Kentucky	635	2,587
Louisiana	1,049	4,073
Maine	436	1,865
Maryland	658	2,787
Massachusetts	1,289	4,813
Michigan	617	2,604
Minnesota	942	3,420
Mississippi	668	2,686
Missouri	730	2,924
Montana	463	1,945
Nebraska	551	2,206
Nevada	903	3,511
New Hampshire	683	2,675
New Jersey	780	3,146
New Mexico	405	1,728
New York	824	3,337
North Carolina	753	2,920
North Dakota	628	2,538
Ohio	600	2,507
Oklahoma	609	2,500
Oregon	806	3,027
Pennsylvania	865	3,477
Rhode Island	1,150	4,167
South Carolina	777	2,941
South Dakota	525	2,131
Tennessee	1,165	4,350
Texas	938	3,643
Utah	608	2,446
Vermont	480	1,989
Virginia	469	2,007
Washington	530	2,196
West Virginia	565	2,304
Wisconsin	475	2,003
Wyoming	282	1,302
Puerto Rico	362	1,384
All Other Areas	3	20

Variation in the costs per beneficiary across states reflects factors such as: (1) practice pattern differences; (2) cost differences; (3) differences in health status and the number of very old persons in a state; and (4) differences in the supply of health care providers.

NOTES: Assumes that increases in beneficiary out-of-pocket costs (e.g., premiums and coinsurance) are equal to 50% of the total cuts. Based on historical state share of Medicare outlays & enrollment, trended forward with growth in the states' share of outlays & enrollment. Estimates based on Medicare outlays by location of service delivery. Thus, certain state estimates may be affected by part-year residency and state border crossing to obtain care (e.g., Florida & Minnesota). State border crossing makes the District of Columbia estimates unreliable.

Projected Medicare Beneficiaries by State

	1995	2002
US	37,631,000	41,299,000
Alabama	641,971	703,082
Alaska	33,784	49,773
Arizona	598,737	743,525
Arkansas	422,580	450,365
California	3,638,311	4,034,936
Colorado	423,478	514,095
Connecticut	503,906	533,943
Delaware	100,545	115,722
District of Columbia	78,730	76,330
Florida	2,615,604	2,951,880
Georgia	832,454	953,079
Hawaii	150,818	184,336
Idaho	149,769	171,120
Illinois	1,625,786	1,690,497
Indiana	827,174	890,461
Iowa	476,142	484,783
Kansas	383,997	397,890
Kentucky	585,590	636,855
Louisiana	582,491	634,122
Maine	202,149	221,565
Maryland	604,202	677,465
Massachusetts	937,292	996,344
Michigan	1,354,523	1,481,749
Minnesota	632,457	671,394
Mississippi	395,768	421,671
Missouri	834,228	876,863
Montana	129,141	141,557
Nebraska	249,529	256,357
Nevada	194,035	295,417
New Hampshire	156,237	178,655
New Jersey	1,174,802	1,244,404
New Mexico	212,160	257,452
New York	2,645,176	2,718,120
North Carolina	1,028,054	1,202,196
North Dakota	103,477	106,274
Ohio	1,673,946	1,800,336
Oklahoma	487,058	519,526
Oregon	470,268	524,031
Pennsylvania	2,083,051	2,187,966
Rhode Island	168,503	175,375
South Carolina	508,854	593,614
South Dakota	117,061	122,172
Tennessee	769,041	853,930
Texas	2,090,369	2,419,444
Utah	188,349	228,000
Vermont	82,989	91,752
Virginia	818,458	936,837
Washington	687,136	771,781
West Virginia	330,115	348,402
Wisconsin	703,230	804,207
Wyoming	60,570	72,355
Puerto Rico	476,704	527,920
All Other Areas	330,201	357,073

NOTES: Based on historical state share of Medicare enrollees, trended forward with growth in the states' share of enrollees.
 Totals may not add due to rounding.

The President's Health Reform Initiative

1. Reforming the Insurance Market

Insurance reforms, based on proposals that both Republicans and Democrats supported in the last Congress, will improve the fairness and efficiency of the insurance marketplace.

- **Portability and Renewability of Coverage** -- Insurers will be barred from denying coverage to Americans with pre-existing medical conditions, and plans will have to renew coverage regardless of health status.
- **Small Group Market Reforms** -- Insurers will be required to offer coverage to small employers and their workers, regardless of health status, and companies will be limited in their ability to vary or increase premiums on the basis of claims' history.
- **Consumer Protections** -- Insurers will be required to give consumers information on benefits and limitations of their health plans, including the identity, location, and availability of participating providers; a summary of procedures used to control utilization of services; and how well the plan meets quality standards. In addition, plans would have to provide prompt notice of claims denials and establish internal grievance and appeals procedures.

2. Helping Working Families Retain Insurance After a Job Loss

Families that lose their health insurance when they lose a job will be eligible for premium subsidies for up to 6 months. The premium subsidies will be adequate to help families purchase health insurance with benefits like the Blue Cross/Blue Shield standard option plan available to Federal employees.

3. Helping Small Businesses Afford Insurance

- **Giving Small Employers Access to Group Purchasing Options:** Small employers that lack access to a group purchasing option through voluntary state pools would get that option through access to the Federal Employees Health Benefits Program (FEHBP) plans. This would increase the purchasing power of smaller businesses and make the small group insurance market more efficient. Small firms would get coverage from plans that also provide coverage to Federal employees through FEHBP, but the coverage would be separately rated in each state, leaving premiums for Federal and state employees unaffected.
- **Expanding the Self-Employed Tax Deduction:** The President's plan provides a fairer system for self-employed Americans who have health insurance. Self-employed people would deduct 50 percent of the cost of their health insurance premiums, rather than 25 percent as under current law.

4. Reforming and Strengthening Medicare

- **Strengthening the Trust Fund:** The President's plan would reduce spending in Medicare's Part A by \$79 billion over 7 years to ensure the solvency of the Medicare HI Trust Fund to 2005. The plan finds such savings by reducing provider cost growth, not raising beneficiary costs.

- **Eliminating the CoPayment for Mammograms:** Although coverage by Medicare began in 1991, only 14 percent of eligible beneficiaries without supplemental insurance tap this potentially lifesaving benefit. One factor is the required 20 percent copayment. To remove financial barriers to women seeking preventive mammograms, the President's plan waives the Medicare copayment.

- **Expanding Managed Care Choices:** The President's plan expands the managed care options available to beneficiaries to include preferred provider organizations ("PPOs") and point-of-service ("POS") plans. The plan also implements initiatives to improve Medicare reimbursement of managed care plans, including a competitive bidding demonstration proposal. Also included in his plan are important initiatives to streamline regulation.

- **Combatting Fraud and Abuse:** "Operation Restore Trust" is a five-state demonstration project that targets fraud and abuse in home health care, nursing home, and durable medical equipment industries. The President's budget increases funding for these critical fraud and abuse activities.

5. Long-Term Care

- **Expanding Home and Community-Based Care:** The President's plan provides grants to states for home-and community-based services for disabled elderly Americans. Each state, will receive funds for home-and community-based care based on the number of severely disabled people in the state, the size of its low-income population, and the cost of services in the state.

- **Providing for a New Alzheimer's Respite Benefit within Medicare:** The President's plan helps Medicare beneficiaries who suffer from Alzheimer's disease by providing respite services for their families for one week each year.

6. Reforming Medicaid

The President maintains Medicaid, expanding state flexibility, cutting costs, and assuring Medicaid's ability to provide coverage to the vulnerable populations it now serves.

- **Eliminating Unnecessary Federal Strings on States:** To let states manage their Medicaid programs more efficiently, the President's plan substantially reduces Federal requirements:

- States will be allowed to pursue managed care strategies and other service delivery innovations without seeking Federal waivers; and

- The "Boren Amendment" and other Federal requirements that set minimum payments to health care providers will be repealed.

- **Reducing Medicaid Costs:** The President proposes a combination of policies to reduce the growth of federal Medicaid spending, including expanding managed care, reducing and better targeting Federal payments to states for hospitals that serve a high proportion of low-income people, and limiting the growth in federal Medicaid payments to states for each beneficiary. Per-person limits, as opposed to a block grant on total spending, promote efficiency while protecting coverage.

ADDITIONAL MEDICARE TALKING POINTS

ADDING TO ALREADY HIGH COSTS FOR OLDER AMERICANS

- **Over \$40 Billion in Cost-Shifting:** Assuming the other half of the Republicans' cuts go to providers, hospitals, physicians, and other providers would be targeted with a \$135 billion cut over seven years. In 2002 alone a \$35 billion cut in provider payments would be needed. Even if only one-third of Medicare providers cuts overall are shifted onto other payers (an assumption consistent with a 1993 CBO analysis), businesses and families would be forced to pay a hidden tax of \$40 billion in increased premiums for health care costs between now and 2002.
- **Rural and Inner City Hospitals At Risk:** Cuts of this magnitude, combine with the growing uncompensated care burden (which would be further exacerbated by Medicaid cuts and increases in the number of uninsured), would place rural and inner-city providers in jeopardy because they have limited or no ability to shift costs to other payers. As a result quality and access to needed health care would be threatened.

MAJOR BURDEN ON RURAL AMERICA

- Reducing Medicare cuts would disproportionately harm rural hospitals.
 - Nearly 10 million Medicare beneficiaries (25% of the total) live in rural America where there is often only a single hospital in their county. These rural hospitals tend to be small and serve large numbers of Medicare patients.
 - Significant cuts in Medicare revenues have the potential to cause a good number of these hospitals, which are already in financial distress, to close or to turn to local taxpayers to increase what are already substantial local subsidies.
 - Rural residents are more likely than urban residents to be uninsured, so offsetting the effects of Medicare cuts by shifting costs to private payers is more difficult for small rural hospitals.
 - Rural hospitals are often the largest employer in their communities; closing these hospitals will result in job loss and physicians leaving their communities.

UNDERMINES ACADEMIC HEALTH CENTERS

- Large reductions in Medicare payments would have a devastating impact on academic health centers.
 - These research and training facilities are providing the bulk of medical advances in the United States. Deep Medicare cuts, combined with private sector cost cutting efforts that either undercompensate or don't compensate these institutions, will undermine our position as the world leader in developing new and more effective health care treatments and technology.

THE URBAN SAFETY NET

- Large reductions in Medicare payments could also have devastating effects on a number of urban safety net hospitals.
 - Urban safety net hospitals are already bearing a disproportionate share of the nation's growing burden of uncompensated care.

THE REALITY OF MEDICARE GROWTH

- Despite the current rhetoric, Medicare expenditure growth is comparable to the growth in private health insurance.
 - Under Administration estimates, Medicare spending per person is projected to grow over the next five years at about the same rate as private health insurance spending; under CBO estimates, spending per person is projected to grow only about one percentage point faster than private health insurance.
 - So, unless Medicare can control costs substantially better than the private sector, beneficiaries and providers would be forced to shoulder the burden of the huge cuts being proposed by Republicans.



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2

, including this cover sheet

NOTES:

Marcea -
Attached are ETA edits for DOL's
part of the publication. - There may be other
edits coming from other DOL agencies.
If you have any questions, please call.

Creating Job Opportunities for Youth

Revitalized Successful Existing Programs for Young People

Last line -

"supported the construction of 12 new Job Corps centers" - under the rescission bill, if passed, there would only be 8 Job Corps centers, so you need to decide which number best represents the WH's support for Job Corps.

School

Setting Out the Lifelong Learning Agenda

(pg.2)

Passed the School to Work Opportunities Act:

Change to read as follows:

School to Work broadens education, career and economic opportunities for all students through local partnerships among businesses, schools, community organizations, and state and local governments. The School to Work system combines work-based experience with school-based learning that provides an integrated curriculum of academic and occupational learning. Student receives a high school diploma and a skill certificate recognized by employers, and employers have access to an educated, well-trained, and versatile workforce.