

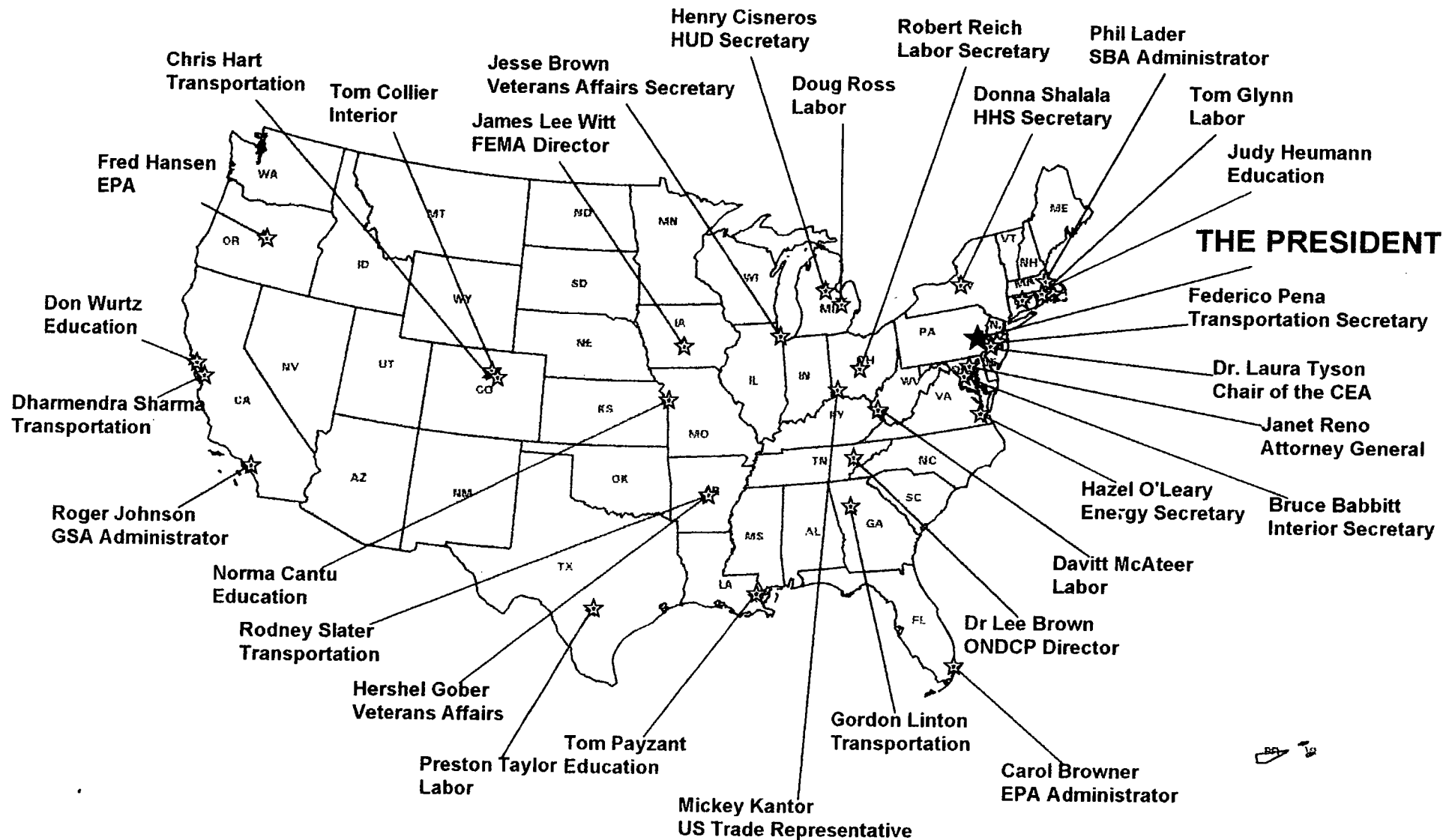
STATE OF THE UNION

1995

CABINET BRIEFING BOOK

State of the Union '95 Administration Travel

Wednesday, January 25 - Thursday, January 26



A BRIGHT NEW ERA IN EDUCATION

- ★ Goals 2000 ★ Safer Schools ★
- ★ Family Involvement ★
- ★ Individual Education Accounts ★
- ★ School-to-Work ★
- ★ Improving America's Schools Act ★

**State of the Union
Talking Points**

TALKING POINTS ON STATE OF THE UNION ADDRESS JANUARY 22, 1994

- **The President is going to speak about where he wants to take the country and how he intends to work with the new Congress in accomplishing his goals for the nation.**
- **This is a time of both challenge and opportunity for the American people.**
 - **Despite the economic recovery, too many families are still working harder for less and are concerned about their future. Those with inadequate education and training are facing stagnant or falling incomes. Our values as a people are under attack.**
 - **There is great opportunity in the changing economy. Half of today's jobs did not exist just 20 years ago. Markets abroad are being opened; peace and democracy are spreading.**
- **The President will talk about his economic strategy for preparing the American people to face the demands of today's economy and to raise incomes today and in the future. This includes continued vigilance on the deficit, the Middle Class Bill of Rights -- which will help middle class families meet the costs of raising and educating their children, obtaining training for higher-paying jobs, purchasing a first home, and saving for their retirement -- continuing to reduce barriers to our exports, and enacting health care reform.**
- **The President will also reiterate his commitment to reforming government and the political system -- creating a government that is smaller and more effective, that meets new challenges instead of serving old interests. This means continuing the reinvention of government, cutting the Federal bureaucracy by 272,000 positions, cutting unnecessary spending and programs, and providing for needed political reforms, including lobbying and campaign finance reform.**

- **Finally, the President will reassert the New Covenant of rights and responsibilities between government and the American people. Government must help people obtain the necessary tools to improve their lives, but people must take the responsibility of building their lives, their communities, and their country. This means reforming our welfare system to a system of work and responsibility; it also means continuing the fight against crime; and it means building on the Americorps national service program.**
- **In fighting for these principles, the President will work with the Congress whenever possible -- whenever they want to move forward with him. However, he will not permit the Congress to take us backward -- to go back on the progress made over the past two years in combating the deficit, in reforming education, in fighting crime.**

**Administration
Accomplishments**

CLINTON ADMINISTRATION ACCOMPLISHMENTS

ECONOMY:

- Signed the **Economic Package**, August 10, 1993.
- The economy created **5.6 million new jobs** in the first 23 months of this Administration.
- Passed the largest **deficit-cutting** plan in history -- resulting in over \$700 billion over five years.
- On track for three consecutive years of **deficit reduction** -- for the first time since Harry Truman.
- **Cut federal spending** by \$255 billion.
- Made **new tax cuts** available to over 90% of small businesses.
- Lowest **unemployment** in over 4 years.

EDUCATION:

- Signed the **Student Loan Reform Act**, August 10, 1993.
- Signed the **National Service Act**, September 21, 1993.
- Signed the **Goals 2000: Educate America Act**.
- Signed the **School-to-Work Act** on May 4, 1994.
- Signed the **Elementary and Secondary Schools Act**.
- Increased **Head Start** funding by \$760 million.
- Introduced the **Reemployment Act**.

CRIME:

- Signed a tough \$30 billion **Crime Bill**, September 7, 1994
- Signed the **Brady Bill**, November 30, 1993.
- Signed the **Assault Weapons Ban**.
- On the way to putting **100,000 new police** on the street.
- Signed the **Police Hiring Supplement**, which awards \$200 million for **community policing**.
- Signed the **Violence Against Women Act** as part of the Crime Bill.
- Expanded funding for the **SAFE Schools Initiative**.
- Introduced **Operation Safe Home**.
- Developed a **clean sweep** policy to keep crime out of federally-funded public housing.

REINVENTING GOVERNMENT:

- Conducted a **National Performance Review** of the Federal Government.
- Already cut the **Federal Workforce** by **100,000** -- on the way to lowest level in 30 years.
- Signed the **Government Performance and Results Act** of 1993.
- Appointed the most **diverse** Cabinet and Administration in history.
- Signed the **Federal Workforce Restructuring Act** of 1994.
- Eliminated 284 federal **advisory committees**.
- Initiated thorough review of **human radiation experiments**.
- Reformed **Pension Benefit Guarantee Corporation** to protect 8.5 million pensions.

COMMUNITY & ECONOMIC DEVELOPMENT:

- Created nine **Economic Empowerment Zones** and 95 **Enterprise Communities**.
- Signed the **Community Development Banking Bill**, September 23, 1994.
- Signed the **Interstate Banking Bill**.
- Introduced the **Housing and Community Development Act** of 1993.
- Instituted the **Defense Reinvestment and Conversion Initiative**.
- Delivered over \$9.5 billion in Federal aid for California **earthquake relief**.

ENVIRONMENT:

- Introduced a **Climate Change Action Plan**.
- Passed the **California Desert Protection Act**.
- Developed a **Forest Management Plan** for the Pacific Northwest.
- Signed **environmental executive orders** to ensure a "green" federal government.
- Signed the **Biodiversity Convention**.
- Issued an Executive Order on **environmental justice**.
- Introduced comprehensive **Safe Drinking Water and Clean Water Act** reforms.
- Developed a plan to **restore Florida's Everglades**.
- Developed a plan to allow logging and preserve **old-growth forests** in the Northwest.
- Developed a consensus plan for the allocation of **California water**.

HEALTH CARE:

- Introduced the **Health Care Security Act**, November 20, 1993.
- Signed the **Family and Medical Leave Act**, February 5, 1993.
- Signed a comprehensive **Child Immunization Plan**.
- Revoked the Reagan/Bush restrictions on **abortion counseling** ("**the gag rule**"), abortions in military hospitals, "Mexico City" policy and RU-486 imports.
- Increased **Ryan White CARE Act** funding for outpatient **AIDS care** by \$231 million.
- Put the **Women, Infants and Children Program (WIC)** on a full-funding path.

FAMILIES AND CHILDREN:

- Expanded the **Earned Income Tax Credit** by \$21 billion over five years.
- Introduced the **Work and Responsibility Act** - comprehensive welfare reform.
- Passed the **Family Support and Preservation Program**.
- Issued the **Federal Plan to End Homelessness**.
- Passed major funding increases for **homeless programs** in both Houses.
- Approved **24 waivers** to states permitting comprehensive **welfare reform** demonstrations.
- Signed the **Social Security Independent Agency Act**.

POLITICAL REFORM:

- Signed the **National Voter Registration Act (Motor-Voter)**, May 20, 1993.
- Eliminated the tax deduction for **lobbying expenses**.
- Imposed strictest Administration **ethics guidelines** in history.
- Fought for passage of **Campaign Finance Reform**.
- Fought for passage of **Lobbying Disclosure Bill**.

FREE TRADE:

- Signed **NAFTA** into law, December 8, 1993, which will create hundreds of thousands of US jobs.
- Signed **GATT** into law, December 8, 1994, the largest trade agreement in history.
- Secured free-trade commitments from **Asia-Pacific Economic Cooperation (APEC)** leaders.
- Hosted **Summit of the Americas** and agreed to negotiate a Free Trade Area of the Americas by 2005.
- Developed **National Export Strategy**, eliminating export controls on \$35 billion in exports.
- Reinstated **Super 301** in order to eliminate major trade barriers around the world.
- Opened Japan's **cellular telephone, construction and apple markets**.

SECURITY CHALLENGES/PROMOTING PEACE:

- **Eliminating nuclear weapons** in Ukraine, Belarus and Kazakhstan; in 1994 brokered agreement with Russia and Ukraine that opened way to elimination of nuclear weapons in Ukraine.
- Reached agreement with Russia to **detarget missiles** trained on US citizens and cities.
- Worked with Kiev to bring Ukraine into **Nonproliferation Treaty**, which permitted START I entry-into-force, which will reduce by over 9,000 (40%) U.S. and Russian strategic nuclear weapons.
- Facilitated agreement between **Russia** and the **Baltics** allowing the complete withdrawal of Russian troops. All Russian troops are out of Central and Eastern Europe for the first time since World War II.
- Proposed and helped create **Partnership for Peace** and orderly NATO expansion process.
- Maintained strong commitments to **military readiness**, including a \$25 billion increase over 6 years.
- Prepared a "**Bottom-Up Review**" strategy for our armed forces to fight two major regional conflicts nearly simultaneously.
- Achieved agreement with **North Korea** that **halts** and leads to the eventual **elimination** of North Korea's threatening nuclear program.
- Reversed **Iraqi military threat** against Kuwait.
- Pursued and **convicted terrorists**, including World Trade Center bombers.
- Helped **Israel and Jordan** achieve a historic peace treaty and **Israel and the Palestinians** fulfill their historic accord.
- Contributed to an historic cease-fire in **Northern Ireland**.
- Carried out a massive humanitarian operation in **Rwanda**.
- Undertook, with NATO allies and UN, actions to alleviate suffering and end the conflict in **Bosnia**.
- Reached an agreement with **Cuba** to normalize immigration and avert a mass influx of boat people.
- Signed into law the most comprehensive **counterintelligence legislation** since 1976.
- Worked to **safely dispose of nuclear materials** from the former Soviet republics and took steps to prevent smuggling.

PROMOTING DEMOCRACY:

- Assisted states, such as **Russia and Ukraine**, make progress toward democracy and market reforms.
- Assisted in **South Africa's** transition to democracy providing support for elections and development.
- Restored democratically elected Haitian **President Aristide** to power October 15, 1994; created a secure and stable environment which will enable UN to take over the operation.
- Hosted White House Conference on **Africa**.
- Made **promotion of democracy** a foreign aid priority especially in NIS, Russia, Central Eastern Europe and South Africa.

CLINTON ADMINISTRATION LEGISLATIVE ACCOMPLISHMENTS

MAJOR LEGISLATIVE VICTORIES:

Below is a list of some of the most important legislation the Clinton Administration has passed:

- **Family and Medical Leave Act, February 5, 1993.**
This is an historic effort to allow working Americans unpaid time off work to care for a sick relative or a new child. Over 42 million workers are covered by the new law and it is estimated that as many as 2.5 million workers will take advantage of it annually.
- **Economic Package, August 10, 1993.**
Evenly balanced between spending cuts and revenue increases, the President's five-year deficit reduction plan is largely responsible for reducing the deficit by \$708.4 billion -- \$500 billion from policy changes and the rest from strengthening the economy and technical improvements. The greater economic security has caused interest rates to drop, stimulating the economic recovery. *One of the largest deficit reduction plans ever, the Clinton deficit reduction will halve the deficit as a percentage of GDP by 1995.*
- **Student Loan Reform Act, August 10, 1993.**
The new direct student loan program will enable 20 million borrowers to consolidate their guaranteed loans into direct loans. Borrowers will benefit from lower fees and the option of income contingent repayment - taxpayers will save at least \$4.3 billion over five years.
- **Empowerment Zones and Enterprise Communities, August 10, 1993.**
After a decade of failed attempts, President Clinton championed the passage of this legislation, which uses tax incentives and flexible grants to promote economic empowerment and private-sector job creation in 104 distressed communities across America. Over 500 communities took up the "EZ" challenge, developing comprehensive strategies and forging unprecedented partnerships for community renewal that made all applicants winners.
- **National Service Act, September 21, 1993.**
In 1994, 20,000 AmeriCorps members (more than served during the largest year of the Peace Corps) tutored students, immunized children, reclaimed parks and patrolled streets -- and in return received education awards that make college or job training more affordable. AmeriCorps is scheduled to increase to 33,000 members in FY1995, with a total over the first three years of 100,000 Americans serving our country.
- **Assistance for the New Independent States (NIS), September 30, 1993 and August 23, 1994.**
The Administration secured \$3.3 billion in the FY1994 and FY1995 foreign operations appropriations bills for the denuclearization and marketization process in the NIS.
- **Reduced Military/Nuclear Threat from Russia and NIS, November 11, 1993 and September 30, 1994.**
The Administration included \$800 million for denuclearization of NIS in the Department of Defense appropriations bills for FY1994 and FY1995.
- **The Brady Act, November 30, 1993.**
After stalling for several years in Congress, the Brady Bill became law under the leadership of President Clinton. The Act requires a five-day waiting period during which all potential handgun purchasers are required to submit to a background check. \$100 million has been appropriated for implementation in FY1995 and another \$50 million is authorized for the next fiscal year.

- **NAFTA, December 8, 1993.**

The Administration forged a bipartisan coalition to pass NAFTA, after concluding tough negotiations on side agreements covering workers' rights, the environment and import surges. Exports to Mexico rose 23% in the first 11 months of 1994.

- **Federal Workforce Restructuring Act, March 30, 1994.**

As a component of the National Performance Review, this act is part of a process that will help streamline the federal government and improve the quality of federal government services. When the President and Vice President's plan to reinvent government is fully implemented, the federal workforce will have been reduced by over 272,000 workers and will be at its lowest level since the Kennedy Administration.

- **Goals 2000: Educate America Act, March 31, 1994.**

The Goals 2000 bill codifies the National Education Goals and offers grants to states that commit themselves to specific plans for systemic reform of K-12 education. Already 41 states and territories have received federal grants. Funding for Goals 2000 in FY1995 will be \$403 million.

- **School-to-Work Act, May 4, 1994.**

A crucial element of the Administration's lifelong learning agenda, this landmark legislation will provide venture capital to spark a nationwide system for moving America's young people smoothly from the classroom to a job with a future. This year, all states, plus the District of Columbia and Puerto Rico, have received funds for planning their school-to-work programs and eight states and 15 localities will receive grants to implement their programs.

- **The Crime Bill, September 13, 1994.**

The Crime Bill attacks crime by adding 100,000 police officers, funding comprehensive prevention programs and building more prisons. The legislation also includes strong punishment for criminals by expanding the number of offenses eligible for the death penalty and implementing "three-strikes-and-you're-out" for repeat violent offenders.

- **Assault Weapons Ban, September 13, 1994.**

President Clinton successfully challenged gun interests to ban 19 specific types of deadly assault weapons while simultaneously protecting hunters rights by exempting over 650 hunting rifles.

- **Community Development Banking and Financial Institutions Act, September 23, 1994.**

The legislation creates a national network of non-traditional grassroots community lending institutions and will inject \$4.8 billion of capital into economically distressed urban and rural areas.

- **Interstate Banking Act, September 29, 1994.**

This legislation, which had been languishing in Congress for more than a decade before the Clinton Administration made it a priority, will eliminate most of the remaining barriers to efficient nationwide banking. By allowing banks to locate branches across state boundaries, it will make banking more efficient and increase the convenience of banking for private consumers.

- **The Uruguay Round of GATT, December 8, 1994.**

President Clinton forged a bi-partisan coalition to pass this agreement, which lowers tariffs worldwide by \$744 billion over ten years -- the largest international tax cut in history. It also cuts foreign tariffs on manufactured products by more than one-third overall and eliminates tariffs in major markets in a number of sectors in which the U.S. is particularly competitive. When fully implemented in 2004, the Uruguay Round agreement will add \$100 to \$200 billion per year to the U.S. GDP.

DNC Remarks

**REMARKS BY THE PRESIDENT
AT DEMOCRATIC NATIONAL COMMITTEE PLENARY SESSION
1/21/95**

**Hilton Hotel and Towers
Washington, D.C.**

12:50 P.M. EST

THE PRESIDENT: You remember what Mark Twain said: The reports of our demise are premature. (Applause.) I could have listened to Al Gore talk all day about that. (Laughter.)

THE VICE PRESIDENT: You thought you might have to. (Laughter.)

THE PRESIDENT: Do you know what he said? He said, for a while you thought you might have to. (Laughter.) He was waxing eloquent, you know. He kept saying all that stuff, and I thought, well, why didn't we win last November? (Laughter.) I've got some ideas about that, too, I'll share in a moment.

Let me begin by thanking all these people who are here on the head table, and all of you. It is wonderful, wonderful to see you, and to see you in good spirits and with a strong heart. (Applause.) And let me also say a special word of thanks to Don Fowler and to Chris Dodd.

I need one of those Don Fowler stickers. I've known Don Fowler since 1972. You think we're in trouble now, you should have been there then. (Laughter.) And I owe Don Fowler a lot. I mean, he ran that convention in '88. He wrote the speech I gave in 1988. (Laughter and applause.) I was supposed to talk about the future here today, but instead I decided to finish that speech -- (laughter) -- so you all relax and I will. (Laughter and applause.) I wish you hadn't laughed so hard at that. (Laughter.)

I want to thank Chris Dodd, who has been my friend for a long time, almost that long. I've known him about 15 years now. And I remember when we were young men in public life back in 1980 when I went to the Democratic Convention in Connecticut to give the keynote speech and he was about to go to the Senate. And I have watched him, and I wanted him to do this job because I don't think our country has a stronger voice of the values, the ideas of the Democratic Party, and because he's not afraid to fight. (Applause.)

I wanted Don Fowler because I thought we ought to have somebody in the leadership who does not have an accent -- (laughter) -- and because, whether the South knows it or not, we're a lot better for most of them than the other guys are. (Applause.)

So I feel very good about this team. I thank Debbie DeLee for all of her work and for her leadership. I thank David Wilhelm in his absence.

David and Dee Gee brought young Luke by to see me yesterday. And I sat him on the desk in the Oval Office. And they're already saving up for the inaugural gown for when Luke's inaugurated in 40 or 50 years. (Laughter.)

I'd like to say a special word of thanks, too, and honor, in homage -- I know there is something on the program about this later, but I'd like to tell you all personally how sad I am about the passing of John White, and how much I appreciate him. He was the cochairman of our campaign in 1972 in Texas, and I've known him a very long time. He was a great Democrat, a great leader for our party. And I know all of you join me in wishing his wife, Nellie, well and in thanking him from the bottom of our hearts for being such a loyal and effective leader for our party for so very long. (Applause.)

You know, I was listening to the Vice President talk -- I say first I need to thank all three of them who spoke. I thank Tipper Gore for being basically, on many occasions, the continuing spark plug of our team, for fighting for the rights and the interests of people who need better mental health opportunities in this country. I do believe that Al Gore will go down in history as the most effective Vice President in the history of the Republic, and the person who has exercised the most responsibility. (Applause.)

And I want to say this to my wife. I never really thought when we started this she would become quite the target she has been. It's funny, when we lived in Arkansas, which is supposed to be more conservative and traditional than the country as a whole, most people thought it was a pretty good thing when the Governor's wife tried to get kids in education or make sure they didn't go to bed sick at night, if it could be helped. And I'll tell you something else -- (applause.) I'd like to say something else. When I look at her at night I think there's a lot worse things that could happen to you in life than to get caught red-handed trying to give health care to 40 million Americans who don't have it. (Applause.)

I come here today in a curious role -- as the leader of the party I love, but also as the President of the country that includes both Democrats and Republicans, a fair number of people that don't think either party amounts to much and just kind of go with the flow of election after election.

I do regret, in all candor, that any administration that could have done as much as we have done, and any group of members of Congress that could have supported that, did not find greater favor in the election of November. And I thought, well, maybe there's a lot of reasons for this. There are, objectively, a lot of reasons. First of all, it takes a while for the laws you pass to be actually felt in the lives of people. And secondly, there are all kinds of reasons today why it's hard to get good news out; and it's almost harder if there's more of it. And thirdly, there are a lot of people in this country today who, in the midst of this great recovery, don't feel more secure. And they really don't; and they're our friends and we are their friends, but they may not have known it in the last election, given what they had to listen to.

But the truth is that a whole bunch of folks in America, even in spite of the fact that we've got over 5.5 million new jobs in the last two years, are working harder for less money than they had 15 years ago. Their wages have not kept up with inflation. Another 1.1 million Americans lost their health care last year, and they were in working families. They were not people on welfare.

I just signed a bill a few days ago, we celebrated it this week, to try to stabilize the pensions of 40 million Americans who depend upon the government guarantee system and who were in danger of

being let down -- 8.5 million of them were in trouble on their pensions. People know that.

More and more workers feel like they're just sort of dispensable products that can be thrown away in this new rapidly changing global economy. And they feel great anxiety. And not all the problems of this country are economic. A lot of people feel insecure on their streets. And they don't like what they see happening to our families and our communities. And they're vulnerable to the siren song they heard in the last election: promise them anything; tell them what they want to hear; tell them the government is their enemy.

But let me tell you something else right on the front end, folks. When people say change is hard and you have to be strong and you have to be willing to take on popular positions, that isn't just rhetoric, that's true. I used to carry a bunch of -- about nine rules of politics around in my billfold when I was Governor -- Clinton's Rules of Politics. And one of them was, everybody is for change in general, but against it in particular. (Laughter.)

I remember a story our junior senator David Pryor told me one time about going to a birthday party for a guy who turned 100. And he said to this guy who had just passed a century of life -- he said, you know, it's remarkable, you have all your faculties about you. You can really -- you speak clearly, you hear me when I speak to you. He said, yeah. And he said, you're thinking just right. He said, that's right. He said, you must have seen an amazing number of changes in your lifetime. He said, yes, son, and I was agin every one of them. (Laughter.)

And that's what I see sometimes -- you think about it. (Laughter.) The last time we had a period of really profound change like this was at the end of the second world war. We had a president named Harry Truman. He had an 80-percent approval rating on the day that he dropped the bomb on Japan. Two years later, when he sent national health insurance to the Congress for the second time, and he'd gone through two years of reverse plastic surgery from the organized interest groups pounding against change, he was at 36 percent approval. But he fought for change because it was necessary. And he reached out and worked with the Republicans when he could to build a structure for the post-Cold War world. He did what was right, and eventually, they were able to get it across.

So I say to you, the number one lesson is not to be cynical, not to give up, not to turn back, but to bear down and go forward and do what is right by the American people. It will come out all right in the end if we stand up for what is right and do what is right. (Applause.)

You know, I have been very interested in what the new Republican leaders in Congress have said in the last few days. The Speaker quoting Franklin Roosevelt at length, has basically said, well, the Democrats did do almost every good thing that was done in the 20th century. Give them back, but in the Information Age, they're irrelevant. We thank them. They did a good job, give them a gold watch and send them home. And put us in in the Information Age. Because in the Information Age, well, government is just intrinsically a part of the problem. It is intrinsically bad. And those Democrats, they think there's a program for every problem. They think government can solve the problems. They are wrong; they are irrelevant. Throw them away.

It's a funny world, that world they're sketching -- a world in which Big Bird is an elitist and right-wing media magnates are populists. (Laughter.) It's an interesting world. (Applause.) I'm still trying to get it, but I'm working at it real hard. (Laughter.)

But I say to you, my friends, we have an obligation that is more than contesting the other

party -- and certainly I do. I do not believe there is a program for every problem in the Information Age. I do not believe government can solve all the problems. But I do not believe that government is inherently bad. Our founders created government at a time of limited government. And I still think what they said it was for is the best statement we could ever make: We hold these truths to be self-evident, that all men are created equal, endowed by their Creator with certain inalienable rights, and among these are life, liberty and the pursuit of happiness. And government was instituted to help the American people pursue those ends. That is what I believe. (Applause.)

And, you know, in times of sweeping change, times of great uprooting, times which are uncertain and insecure for people, it is more important than ever that we work hard not only to do the right specific things, but to define that; to say what we believe. So will we have a different form of government in the 21st century? You bet we will. And will it be less bureaucratic and more entrepreneurial and more creative? You bet; it must be. But does it still need to be on the side of average Americans to help empower them, to give them the tools, to give them the means so that they can survive and do well and have the American Dream in their own lives and rid themselves of this gripping insecurity that still dominates the lives of so many American families? I say, yes, that is our job. (Applause.)

And so I challenge the leaders of the other party: You won a piece of responsibility; exercise it. Stop the politics of demonization and division and let's think about exercising joint responsibility. You say you want to restrain government spending; so do I. Without help from them, we took \$11,000 in debt off of every family in this country. We reduced the size of government, as the Vice President said. We have begun to reinvent it to make it work. Nobody looks the other way now when there's an emergency and the Federal Emergency Management Agency comes, like they did when the Republicans were in power. They now say, bring them on; they're our friends, they're our helpers; they get things done.

When California had their terrible earthquake, we got that highway rebuilt in about half the time -- the busiest highway in America --- they said they could do. If you go into the Small Business Administration now, you can fill out a one-page form for a loan, get an answer in three days. You don't have to wait months, after going through page after page.

I talked to university administrator after university administrator who tells me that they are saving weeks of time now in college loan applications because they like our new college loan program -- our direct loan program that cuts costs to the taxpayers and cuts costs to the students and gives people a better way to pay back their college loans and cut out bureaucracy. They say they want to help us. I say, come on; we need the help; we'd like to have some support; we've been carrying this burden for two years -- reducing the government, reducing the bureaucracy, making it better; we would like to have a partner; you are welcome; let's go, let's talk about positive ideas for our future. (Applause.)

They say we have to do something about immigration. They're right -- there are too many illegal immigrants in America. But we have increased the number of border guards. We have accelerated the deportation of people convicted of crimes. We have faced these problems after they were ignored by the people who were here before. If they want to help in a responsible and fair way, I say, come on.

They say they're for welfare reform. Well, in the last two years, we gave 24 states permission to get around federal rules and regulations to find new ways to put people to work, to give them a chance in life. So I say, okay, come on; help.

They say they want to be tough on crime. Most of them voted against the crime bill that put 100,000 police on the street, passed three strikes and you're out, gave our people some prevention programs and law enforcement community leaders to give kids something to say yes to and a better future. But we want help in these areas, and I say, come on.

They say they want to give tax relief to working people. So do we. In the last two years, as the Vice President said, we not only made 90 percent of the small businesses eligible for tax cuts, but for working families under \$26,000, their taxes this year will be, on the average, \$1,000 less than it would have been if this administration had never come to office. That's under the laws that are already there. So let's look at what we can do.

But let's look at what we should not do. In the last two years, a lot of the important things we did were opposed by somewhere between a majority and 100 percent of the members of the other party. Now they're in the majority. But I don't think we should repeal the Family Leave Law. I don't think we should repeal the tax cuts for working families on low income to keep them off welfare. (Applause.) I don't think we should repeal the Brady Bill. And I don't think we should repeal -- (applause.) I know it may have cost us the House of Representatives, and most people who studied it closely believe it did -- I don't believe we should repeal the assault weapons. You don't need them. (Applause.)

I'm not sure about this; you may need assault weapons to hunt giraffes, but you can go with ducks just fine with an ordinary shotgun. (Laughter.)

This is a serious thing. Policemen lay down their lives every day in this country because of the upsurge in assault weapons. Talk to people who run the emergency rooms of our hospitals about the increasing mortality rate of people with gunshot wounds, and you know what they'll tell you -- it's happening because there's more bullets in people's bodies who are shot with guns on average than they're used to be. A lot of good Democrats laid down their careers to give our children a chance to stay alive on the street, give our police officers a chance to stay alive while they do their duty. We must not go back on that. (Applause.)

I'll tell you something else. We shouldn't repeal the law that will make it possible to immunize all the kids in this country against serious diseases who are under two years old. We shouldn't repeal the national service law. We should not do that. (Applause.)

Do you know on Martin Luther King's birthday, those national service volunteers were building houses in Atlanta, repairing tattered housing in Chicago, and helping people fight the floods in California. And they're earning money to go to college, which is important to their future and ours. And we shouldn't repeal -- we shouldn't repeal it. (Applause.)

I guess what I want to say to you is that I don't think the government in any given time is intrinsically good or bad. Is it relevant? Is it working? Does it reflect our values and our interests? That is the question. There are many areas in which we can find agreement, and we must be big enough to seek those areas. Even though in so many places they turned away from the same opportunity in the previous two years, we have to let that go. Our job is to think about the people out there in America -- those who are left behind in this global economy who need help to work their way from the underclass to the middle class. We need to think about people out there who are working harder and falling further behind who deserve to have the American Dream in a swelling opportunity middle class.

We need to be true to many of you in this room who are successful people, who are winning in the global economy, but who know that your ultimate success and that of your children and your grandchildren depends on our ability to go forward together. And you haven't left the Democratic Party because you believe that America is one country and one community, and we're going forward together. We have to be true to those people. (Applause.)

And so we have to work together. I hope that we will get bipartisan support for the administration's Middle Class Bill of Rights, which could just as well be called the Bill of Rights and Responsibilities. It reflects all three things that I sought to do from the day I came here: To create a new economic policy; a new way of governing; and a new covenant of rights and responsibilities.

If we give a tax deduction for education after high school, if we let people withdraw tax free from an IRA for educational purposes, we are helping to rebuild our economy; we're having a nonbureaucratic governmental effort to help people grow; and we are establishing rights and responsibilities because you cannot be given an education, all you can be given is an opportunity to get an education -- you have to do that for yourself. (Applause.)

Anybody can offer a tax cut. We saw that for the 12 years before we showed up. You know, you can quadruple the debt of the country, increase inequality and claim you gave everybody a tax cut, even if it wasn't a fair one.

What we ought to do is to give hardworking, middle-class Americans the benefit of this economic recovery by having a tightly disciplined tax relief focused largely on middle-class Americans in ways that are paid for so that we do not explode the deficit. That should be our goal, and that will be my goal. (Applause.)

We're gunning with another round of reinventing government proposals. We want there to be bipartisan support for that. We also think there ought to be some more political reform. I applaud the Republicans for supporting the law applying to Congress the same laws that are applied to the private sector. I think that's a good idea. And we should be for that; everybody should be for that. (Applause.) But we ought not stop there. We ought to also pass lobby reform and require disclosure and ban the gifts and the trips, and let the American people know that there is no special political class in this country forgetting about them.

The Democrats ought to keep pushing until we get lobby reform and responsible campaign finance reform and the things that will move us forward as a people in increasing the trust of the voters in their government. We ought to be doing that and say, join hands with us and do that, too; we like what you did, let's go further. That's the attitude that we ought to have.

And we ought to also be for more welfare reform. But I want to say something about this. I may be the only President who ever actually spent a lot of time talking to people in welfare. I may be the only President who ever, when he was a governor, actually went into a welfare office -- not just one, but many -- and watched how they work. We need to change this system. And our goal should be to move from welfare to work, from dependence to independence, from just proving you can biologically have children to responsible parenting. That ought to be our goal.

But our goal ought to be to liberate the energies and capacities of people to be good parents and to be good workers, not to punish people because they happen to be poor. And there will be some

strong differences that need to be debated here, because I believe the American people desperately want a change in the welfare system. I believe they do not like the direction of our culture in terms of the break-up of families and the rising number of our children born out of wedlock. But I do not believe they want to punish parents and children just because they're poor or because they've made some mistakes in their lives.

I think we ought to require a system that promotes parenting, that promotes education, that promotes work. And we can do it in a way that builds people up, not tears them down. We can do it in a way that unites this country, not divides it. And the Democrats ought to take it as their solemn mission to make sure that that is exactly the kind of welfare reform we have in this country when I sign a bill on it. (Applause.)

Finally, let me make this point. Both parties and all candidates bear some responsibility for the fact that our public life has deteriorated in recent years, by treating the voters as if they were purely consumers -- in two senses. First, consumers in the sense that all they care about is economics. That's not true. There are other ways of defining our common security. And second and most importantly, perhaps, for us as a party, that we would treat them as consumers of politics, not participants in it. Who's got the best 30-second add? Who rushes most quickly to define his or her opponent as a bad person? Who answers the add best? And the American people become political couch potatoes, very often no more involved in politics than they are in the Super Bowl.

We've got an excuse -- I do -- for being a couch potato at the Super Bowl; I'm not good enough to play. Or young enough, or strong enough. But we're all good enough to play in citizenship. And one of the reasons that we were successful in 1992 is that we got rid of a bunch of that. We did all those town meetings; we got on those buses and rode across the country; we stopped in little crossroads where nobody had ever been before. (Applause.) And we treated people like they had good sense and could be involved in a dialogue about our country's future.

We must not draw the wrong lesson from the recent election. We must not think that the only answer is for us to have better negative ads than they do. Because we have obligations to the people of this country, as well as to the party we love. And I am telling you -- Andy Jackson, one of the founders of our party, said that the answer to every problem of democracy is more democracy. So we have to do a better job of reconnecting our citizens to our enterprise. The people cannot respond to us just because we pass a lot of bills in Congress; they have to be a part of that. Their lives have to change.

You know, some of the happiest people I've seen in America since I've had the honor of being your President -- people who are fighting disasters. I remember when that 500-year flood hit the middle West. I met a little girl named Brianne Schwantes --(phonetic) -- who had brittle-bone disease, down in Iowa -- lived in Wisconsin, came down to Iowa -- the child had all kind of broken bones -- fighting the flood, knowing that she could break a lot of her bones again, because it was a great enterprise and it made her feel that she could give something. And all the other people were just the same.

When I was in California last week, we were celebrating the one-year anniversary of the earthquake. They had 5,600 damaged school buildings a year ago; all but 40 are open today. And they are brimming with pride about what they did. They're dealing with the floods. I flew to Northern California -- I went to a little unincorporated town in Congressman Fazio's district, Rio Linda, where Rush Limbaugh had his first radio program. And I was in this little Methodist church with all the

volunteers in this flood. And this lady comes up to me - we were all standing around this circle, we were going to say a prayer -- and she puts her arm around me and she said, well, I'm a Republican, Mr. President, but I think I'll stand here with you anyway. Why? Because she was an American first. She was proud of what she was doing. She was helping people in trouble. And she felt more like a person who mattered.

And whether it's right or wrong, whenever our party, that has labored so long and so hard to lift up ordinary people and give them a chance to live out their dreams, suffers a reversal, it's because a lot of them don't think we think they matter. And what we have got to do, in addition to all these things we're doing here in Washington, is to change the way we are conducting politics; to make citizenship matter again; to let people become actors, not couch potatoes, in the great drama that is unfolding.

I am telling you, the next century will be the most exciting time this country ever had. Our best days are still ahead of us. We will have opportunities for people to move from total deprived circumstances into real success because of the technological changes that are occurring if we have the courage to make the right decision, and if we do it together so that people feel they matter. This party would not be here after 200 years unless at every critical juncture in our history, we had been able to do that.

So I tell you, when I say our job is to create opportunity, but to provide responsibility and an opportunity to exercise it, it begins with the work of citizenship. When you go home, I want every one of you to think about that. What can you do with the state party? What ought you to do with the Republican Party in your state? What kind of debates can you sponsor? What kind of ways can you reach out and touch people?

We must make people matter again. You know, we'll win some elections in the future if none of this happens. We'll be smarter and we'll get cleverer and the next time this happens, we'll do better. But what the country needs is to take these incredible technological changes that are going on and use them to connect people together again, not continue to drive them apart. You just think about that.

Why do people think they matter more in adversity than in creating a future that we can all be a part of? Why does there have to be a flood or a tornado before everybody who walks the streets -- without regard to their income, their education, their race, their background or their politics -- feels like they are first and foremost an American? That is what we have to give back to them. And if we do, we'll be doing fine because we will remember that the most important thing is whether the American people do fine.

Thank you and God bless you all. (Applause.)

**REMARKS BY THE PRESIDENT
TO PEOPLE OF THE GALESBURG AREA
1/11/95**

**Sandburg Community College
Galesburg, Illinois**

12:44 P.M. CST

THE PRESIDENT: Thank you for that wonderful and warm welcome. (Laughter.) it is wonderful to be here. Thank you, Dr. Crist, for making me feel so much at home. Thank you, Congressman Evans, for coming down; and Congressman Poshard delighted to see you. And Mayor Kimble, thank you for making me feel welcome here. The representatives of Knox College and Blackhawk Community College, as well as Carl Sandburg Community College, I'm glad to see all of you here.

I'm glad that Secretaries Reich and Riley came with me, and I understand they have already spoken, which makes anything I say perhaps redundant. (Laughter.)

I met a college president the other day; he looked at me and said, "I've got a lot of sympathy with you. Being President is just like running a cemetery -- you've got a lot of people under you and nobody is listening." (Laughter and applause.)

I want to begin by saying how very, very happy and proud I am to be here today. I believe as strongly as I can state that community colleges represent the very best of America in 1995, and where we need to go as a country with all of our institutions -- community based, flexible, committed to quality, opportunity for everyone, with a real sense of community. I'm honored to be here, and I'm honored to have all of you here.

I'd also like to recognize the people who were with me just a few moments ago who participated in our little roundtable, who have had some experience with this institution.

I'd like to ask all of them to stand up that were in my private conversation -- (applause) -- because I want to thank them. (Applause.) Thank you. They're employers of people who came out of this community college; they're students; they're former students; they're people who have taught here. They are a picture of America.

I came here to talk about America, about where we are and where we're going. And I don't think we could have picked a better place. This place is so steeped in our

national

history, just as this community college is so representative of the best of our present and our future. The Underground Railroad came through Galesburg and, as all of you know and as you saw just a few moments ago, over 135 years ago, Abraham Lincoln and Stephen Douglas met here for one of their famous debates. How'd they do just a few minutes ago? (Applause.) Thank you. I met them outside and they were still arguing about who really won. (Laughter.)

I identified with what President Lincoln said. He performed so brilliantly in those debates, but he lost the Senate race anyway. And he said that it hurt too much to laugh and he

was too old to cry. And then he said something I have always kept with me -- in fact, I've got a copy of the exact quote on the wall in my private office in the White House. He said after Douglas defeated him for the Senate, he was walking home and it had been raining that day and the path was muddy, and one of his feet slipped and hit his other foot and knocked his footing out from under him. But just before he fell, he righted himself and

he smiled and he said, "This is a slip and not a fall." (Applause.) Well, I think we all ought to try to keep that in our own minds as we deal with life's challenges and adversity.

The Lincoln-Douglas debates, as you just heard for a few moments, were about the course of our country and the proper role of government in a time of great change. In 1858, of course, the issue was slavery. Lincoln believed that it was a national issue. Long before he believed the government could abolish slavery, he at least believed the government could stop it from expanding. Douglas believed it was not a national issue; that it should just be up to the states or the territories. If they wanted to keep slavery, they could vote for it and then come on in to the Union.

The Republican Party was born out of a conviction that even though we are a country deeply devoted to limited government, there are some things that the times demand national action on, and that at that moment, the times demanded, first, national action to stop the spread of slavery, and then national action to stop slavery.

About a half a century earlier, the Democratic Party was born in the presidency of Thomas Jefferson, who passionately believed in limited government. I was driving across the beautiful Illinois farmland, feeling very much at home thinking about how Jefferson loved being on his farm more than he liked being at the White House, and how he wanted to limit government. But when he became President, he knew there were certain things that he had to use the power of the national government to do because the times demanded it.

He bought the Louisiana Purchase, \$15 million -- peanuts, really, to us for all that land. I like it because it included Arkansas. So if he hadn't done it I could never have been an American, much less president. (Laughter.) But at the time it was a stunning, sweeping thing. The price of Louisiana was the entire budget of the national government for a year. Can you imagine what you'd think of me if I wanted to spend that much on any piece of real estate? (Laughter.) But he did.

Both believed in limited government. Both approved of action by the national government to meet the demands of the time, to do what the people needed. Our founders established

this great country under a Constitution that limits government. Mostly it limits what government can do to private citizens and gives us a lot of elbow room to think what we please and say what we please and go where we please, and worship God as we please.

It also limits government in other ways, dividing it at the state and local, as well as the national level -- the president, the Congress, the courts. But it was set up to allow all of us to pursue life, liberty and happiness. And it was set up with enough flexibility so that over time we could have the kind of government that we needed as a people -- not the kind of people that the government needs, but the kind of government that we need as a people.

Now we're at another great sea-change period of American history. Everyone knows we are moving from an information age -- I mean, to an information age from an industrialized age in which all organizations were bigger, more hierarchical, more bureaucratic, to a time which is more flexible, more rapidly changing, more full of opportunity and uncertainty. And so we will have to have some changes in what we expect our government to do, but we have to be clear about our purpose.

I think our purpose has to be to keep the American Dream alive for all the people in this country into the 21st century; and to make sure we cross the threshold of the next century still the strongest country in the world, still a force for freedom and peace and democracy at home and around the world.

Every American who works hard and obeys the law should be able to get ahead in this new world. It should not be a province of opportunity for a few. To get that done we face

enormous challenges. Most of the people who are at a community college know better than I that for the last 10 or 15 years the majority of our people have worked longer and longer work weeks for the same or lower wages; that in the last year alone over a million American in working families lost their health insurance.

This is quite a new phenomenon for us. From World War II until 1978, the American economy grew, and all income groups grew at about the same rate that the American

economy did. So we were rising together. For the last 15 years, the top 20 percent of Americans had a dramatic increase in their income; the next 20 percent, a modest increase; the next 20 percent were stagnant; the bottom 40 percent had declines in their incomes.

We're talking now about working people, not people who are on welfare.

So if a lot of Americans -- about half of us -- are working harder for lower wages -- and actually, we also know now, sleeping a little less at night -- it's no wonder that there's a

lot of stress in this country. We also know that this is a time of great change. It's not just the workplace that's changing, the nature of our communities are changing; our families are

under great stress. Life seems to be too random and too insecure for too many people. And yet, we have to admit there is no country in the world that has remotely an economy as strong as ours, as full of opportunity, as full of hope.

So what's the trick to bridge the gap; to make sure that everybody who wants to do the right thing has a chance to make that leap into the economy of the future and succeed? That

must be the mission of the United States in these last five years of this century.

(Applause.)

I told these folks that were good enough to spend about 45 minutes visiting with me that I probably enjoyed it more than they did because before I became President, when I was a

governor, I did this sort of thing all the time. I knew that my mission was to generate more jobs and increase the education and skills of our people. And I lived in a place that was small enough where it was more possible to talk about political life in nice, calm terms, instead of what normally tends to dominate the debate today. But I couldn't help being just overcome almost in my admiration for their individual stories, which wouldn't be all

that much different from your individual stories.

I ran for President because I wanted to do just what you clapped for. I do not believe that we have to go into the future taking advantage of all these opportunities for some and

letting others fall behind and becoming more divided. But I think, as I have said now for more than three years, we must do three things. We've got to have a new economic policy designed to help the American people compete and win in a global economy in which the government is a partner with people in their private lives and in private business in expanding opportunity.

In the first two years, that meant that we had to cut the deficit because we spent the 1980s dealing with our economic problems, trying to spend our way out of them and

exploding the deficit. Now, I know that's not very popular; it's kind of like going to the dentist. Everybody's for going to the dentist, in general. Did you ever see anybody who wanted to do it in particular when it came their time to go to the dentist? That's the way the deficit is. Everybody says -- you take a poll; people will say, yes, cut the deficit. But then we have to do the things to do it; it's not very popular. It's like going to the dentist. So I had a drill in your tooth the last two years. But we cut the deficit by \$700 billion, thanks to the help of these two gentlemen. (Applause.) And that's \$11,000 a family; that's not a small piece of change.

And we expanded trade, and that was controversial. A lot of my best supporters said, why are you trying to do all these trade deals; the more we trade, the more we have low-cost products from low-wage countries coming into America, putting pressure on American wages. That's true, but it's only half true. Now, if we don't do anything, that's happening; that's been happening for years. And it is true that some of our people have either lost their jobs or can't get wage increases because they're competing with products overseas, produced by people who work for wages we can't live on; that's true.

It's also true that when we sell things to other countries, on balance the people who make the things and the services we sell to other countries make wages above the national average. So if we don't do the trade deals, we'll get the downside of the trade war. The reason I fought for the trade agreements was so we could create more high-wage jobs in America by selling more world-class American products around the world.

And it's working. (Applause.) So we need a new economic policy. We've got to sell; we've got to produce; we've got to be productive; and it has to be a partnership.

The second thing we need is what I called during my presidential campaign a New Covenant, a new approach to our society. It was then, it has been for two years and it will always remain my contract with you. (Applause.) But it's about more than a tax cut, although cutting taxes are part of it. I believe what this country needs on a national basis is what I see at the community college here. What those of us in the position to do so ought to be doing is expanding opportunity, but only for those who will exercise the personal responsibility to make the most of those opportunities.

You build a community with opportunity and with responsibility; with rights and responsibilities. You can't have one without the other and last for a long time. You can't have people being responsible all the time and never getting anything for it. Pretty soon they get tired. (Applause.)

But neither can you have people getting things all the time and never giving anything

back. Pretty soon the well runs dry. (Applause.)

So that's what we've been trying to do. That's what the crime bill was all about. We cut the government bureaucracy over five years by 270,000 people and gave all the money back to

local communities to hire police, to build prisons, to drug treatment programs, to do things that would lower the crime rate at the grass-roots level for people who use the money right and were responsible.

That's what I hope this welfare reform debate that we're ginning up again after a year will be all about in Washington. I do not believe that most Americans really want simply to reduce welfare so that we can punish poor people. I think what most Americans want is a welfare system that puts an end to welfare, that puts people to work and lets them be responsible parents instead of just having kids. I think that's what we want. (Applause.)

And that's why we have invested so much in education because education, by definition, is part of a covenant. You cannot educate somebody who will not be educated. All you can do is throw the life line of opportunity out there and someone either does it or not. They either exercise their own responsibility or not.

So we worked to expand Head Start and to set standards that are great for our nation's schools and to have new partnerships for young people that don't go to college to get further education. And we reformed drastically the college loan program so we could cut the costs and string out the repayments and make it something that could really be used by people instead of just another headache. And that's all made a difference I think. So a new economic policy, a new covenant, a new social policy.

The third thing we've tried to do is to give you a different kind of government, to have the government in Washington change the way the economy is changing -- to have it be smaller, yes, but also more effective. To literally reinvent government -- to use the Vice President's phrase -- by cutting the bureaucracy to its smallest size in 30 years but increasing our ability to solve problems that the federal government needs to solve. There are 100,000 fewer people working in Washington, D.C., or for the federal government today than there were on the day I was inaugurated president, but we have solved a lot of problems that were left too long. And I would just give you one or two examples. (Applause.)

Small business people used to have to fill out a multipage form that took them hours to fill out to get an SBA loan. We've taken that down to one page and you can get an answer in three days now. So that's an example of what we're trying to do to reinvent the government. (Applause.)

I don't know if the Secretary of Labor mentioned this, but at the end of last year, we reformed the Pension Benefit Guaranty Corporation -- that's a mouthful -- that's the group in Washington that's supposed to keep your pension well. And it's going to help save the pensions of 8.5 million Americans whose retirement was at risk after years and years and years of hard work.

There are problems the federal government still should be solving. And when the floods were raging here -- the 500-year flood -- up and down Illinois and Iowa, after years in which the Federal Emergency Management Agency was to go to the federal government and everybody complained about it, I think you saw by the way they showed up and the way they performed that it is working now, it is effective, it is doing its job.

(Applause.)

So we're moving in these directions. But it is not enough. What are the results of the first two years, not from our point of view in what we did, but from your lives. Well, we have 5.6 million more jobs, and that's a good thing. And the unemployment rate has dropped very low by historic standards, although not low enough to suit me, it's still dropped quite a bit -- by more than 2 percent. And 5.6 million new jobs is nothing to sneeze at.

And manufacturing jobs went up in every month in 1994 for the first time since 1978, which means that manufacturing is not inconsistent with the information age. It helps our manufacturing come back when we increase productivity and use computers and educate our workers. So that's good; that's all good. But most folks still haven't gotten a pay raise out of this recovery. Many people are still worried about losing their jobs. Another million Americans lost their health insurance. Why is that? That is because the wages are still set in an environment that is highly competitive because of technological changes and foreign competition.

So if we want to raise incomes, the only way you can do it is to get more high-wage jobs in this country; take less out of working people's pockets; or increase education and training. There is no other way to do it. And that's what we have to do.

(Applause.) So what I want to do now is -- we worked hard to get the fundamentals fixed for two years -- I want to spend two years working on lifting incomes and prospects and optimism and real hope for the future among people who are carrying the load in this country. That's what we can do. And that's what the Middle Class Bill Of Rights is all about.

I might as well have called it the Bill of Rights and Responsibilities, because it doesn't do anything for anybody who's not already doing something for himself or herself.

Anybody can give a tax cut, but what I want to do is cut taxes in a way that strengthen families and raise incomes. That's what we need to be doing in these country -- we need to strengthen families, we need to raise incomes.

Fifty years ago, the GI Bill of Rights helped transform a wartime economy into the most successful peacetime economy in history. It literally built the great American middle class, helping them get houses and education and to raise their kids. And now what I want to do is to implement this Middle Class Bill Of Rights -- these ideas that will help us move into the 21st century with the American Dream alive for everyone.

Now, if you agree with the analysis I just gave you, I hope you will agree with the particulars. First of all, I think people ought to be able to deduct the cost of education after high school from their taxes. (Applause.) If you think about it, you can deduct the interest on your home. Why? Because we want people to buy homes; we want people to be homeowners. We think it's a good thing -- it's important to being an American and having a solid life. Well, in the 21st century, and in 1995, and with all the people I just finished talking to, having a decent education is also important to being in the middle class. And you may not get to the home-ownership stage if you don't have an education in the first place. So we ought to let people deduct the cost of an education. (Applause.)

Secondly, we ought to try to support working families more, and so I recommended a tax credit, or a tax reduction, of \$500 a child for every child under 13 in families with incomes of \$75,000 a year or less. In 1993, we cut taxes an average of \$1,000 a year for working families who were on really modest incomes and having a hard time making ends meet. It's now \$26,000 a year or less will get an average of \$1,000 tax cut, will owe what the taxes were when I took office. But this will help people raise their children.

Third, I believe we ought to bring back the IRA, the Individual Retirement Account, let people put \$2,000 in it -- but under our proposal, you could take the money out in any year, tax-free; as long as you spent it on education, health insurance, buying a home for the first time or the care of an elderly parent. This would empower people to solve their own problems. It's something that government can let you do for yourself. It requires no bureaucracy; it requires no program. It requires nothing -- just letting you withdraw money you save, tax-free, to solve a problem for yourselves and for the United States. (Applause.)

Finally, finally, we propose to take the literally billions of dollars the government now

spends on dozens -- literally dozens -- of training programs and consolidate those programs and make that money directly available to people who are now eligible for it. That is, today, people who are unemployed can get help from a government training program. And people who are on quite modest incomes who are eligible, for example, to participate in a job training and partnership act, training programs, can get help through a training program.

But there are literally dozens of these programs. You've got to figure out what you're eligible for, what the criteria are, what the program is, are you going to be in it. I mean, by the time you get through fooling with it, it may seem like it's not worth the trouble. We discovered that we could collapse 50 of these programs and just give you the money if you're eligible for it and it would make people who are eligible able to get a chit, a voucher for education only worth up to \$2,600 a year for two years.

Now, that's better than having a federal bureaucracy. It's better than giving the money to a state bureaucracy. Everybody in America, just about, is within driving distance of the community college now. We do not need all these separate government programs telling people what to do. We ought to just give you the money if you're eligible for it and let you bring it here and get a good education. That's the fourth element of our program. (Applause.)

I like this Middle Class Bill of Rights a lot because it furthers all three objectives that I had when I ran for president. It helps us build a new economy. The more people we educate, the more powerful our nation will be, the stronger our economy will be. It helps us build a new covenant. We offer more opportunity to people if they exercise the responsibility to take it, they have the power to improve their own lives. All of you do. You know that or you wouldn't be here today.

And it changes the way government works. Government is still being used to help expand opportunity, but in a less bureaucratic, less mandatory, more empowering way. I like it, and I hope the Congress will like it as well. And I hope you will help them like it by telling them that you like it. (Applause.)

Under this last proposal -- let me just give you one example. If we want to set up centers where what the government does is make sure you have information on the jobs that are available in an area and the educational opportunities that are available in one place.

You could show up at the local one-stop center and find out, for example,

here about jobs opening up at Maytag because of the new \$164 million retooling project they've got underway. Then you could figure out whether you could get the skills needed to be a part of that project in this place. And if you could, you qualified, you could simply take your certificate, show up here, and start to school. Much better than having to enroll in some sort of program.

Here at this community college -- and this is true all over the country, maybe not quite this good, but this is typical -- there is an extraordinary job placement rate of over 94 percent at an average wage of nearly \$12 an hour. And believe me, that's a lot better than a lot of people are facing who have no education and training and who have been left behind by the changes that are going on in our economy.

This is the kind of opportunity that I believe the Middle Class Bill of Rights can help create. This will enable us to finish the job. Yes, we have laid the foundations of a disciplined, responsible economic policy. Yes, we have taken a strong stand against crime. Yes, we know -- and I hope we'll have a bipartisan consensus on what to do about problems like welfare. But until we know that we have done everything we can to use the power of this country to give every American the opportunity to win in this global economy, the job will not be finished. That, more than anything else, can keep the American dream alive in the 21st century.

So, as I go back to Washington, I ask all of you -- Republicans and Democrats -- to tell the people who represent you in Washington to adopt the same attitude about these challenges that you have. If you think about it, in every new time our country faces, there are new problems that have no necessary partisan solution. And the problems fall over everybody and the opportunities come to people without regard to their party, their philosophy, their race, or their region today. We should be united in tackling these problems. They are America's problems and America's opportunities.

You have seen over and over and over again, probably enough to make you scream, that people in Washington know how to stop things for partisan gain; it's now time for us to join together and do things for the people's gain. That's what you expect us to do; that's what we need to do; that's what will take us into the next century with the American dream alive and well, stronger than ever, and America stronger than ever.

I am convinced -- I am convinced -- having traveled the world now on your behalf, having seen what is going on in Europe, having seen what is going on in Asia, having met with the leaders of all the Latin American countries, having a feel for what is happening in this

world, I am convinced more than ever in my life that the best days of this country are still ahead of us -- (applause) -- if we remember that there are no guarantees.

The founders gave us the right to pursue life, liberty, happiness. That's what they gave us the right to do. Over 70 years ago, your namesake here, Carl Sandburg, wrote a poem inspired by the Washington Monument. And I want to close with the line from that poem that meant the most to me: "Nothing happens unless, first, a dream." More than anything, more even than our Constitution and laws, this country is a dream. And it is our job to renew it.

Thank you very much, and God bless you all.

END

1:16 P.M. CST

Education Achievements



UNITED STATES DEPARTMENT OF EDUCATION

PUBLIC AFFAIRS

THE CLINTON LEGISLATIVE PACKAGE FOR EDUCATION: "A REAL ACHIEVEMENT" -- *Washington Post*, Oct. 18, 1994

Over the past twenty-one months, President Clinton has signed into law six groundbreaking education initiatives -- a cohesive set of programs that span from kindergarten through college -- all of which passed the Congress with bipartisan support. An October 18, 1994, *Washington Post* editorial said the 103rd Congress was "highly productive" in the area of education, passing "just about the administration's entire extensive agenda." The *Post* called the passage of the legislative package "a real achievement." A recent op-ed by Jack Anderson and Michael Binstein went even further, noting that "[i]t doesn't take a Rhodes scholar to realize that Bill Clinton has earned the coveted mantle of 'education president.'"

The following is a list of bills enacted by the 103rd Congress:

THE GOALS 2000: EDUCATE AMERICA ACT is based on the premise that higher expectations produce better performance, that academic standards should be raised, and that schools and teachers should be specific about what they expect children to learn. The Goals 2000 act assists communities and states with funds to develop and implement their own school improvements based on local, "bottom-up" initiatives. Improvement plans will include ways to strengthen academic achievement, improve discipline, increase parent involvement, better utilize technology, and improve teaching. The act also provides schools, school districts, and states with a way to cut through red tape by allowing for extensive waivers. The new law formally commits the nation to pursuing eight national education goals and establishes a National Education Goals Panel to report progress. Forty states and territories have already applied for first-year planning funds.

Also included in Goals 2000:

THE SAFE SCHOOLS ACT recognizes that learning is almost impossible if classrooms and playgrounds are under siege. The act provides funds to schools plagued with serious crime to develop violence prevention initiatives. Schools receiving funds will be expected to teach students ways to resolve conflicts peacefully, and they also may use some funds for increasing security personnel and acquiring metal detectors. The act also authorizes the Secretary of Education to conduct various national activities, including research and evaluation, data collection, and training and technical assistance in support of safe and drug-free schools.

THE EDUCATIONAL RESEARCH, DEVELOPMENT, DISSEMINATION AND IMPROVEMENT ACT strengthens the federal effort to support research and to collect and disseminate information about successful teaching and learning practices. The new law establishes priorities for research: basic and applied research on student

achievement; education of at-risk students; policy making and management; early childhood development and education; and postsecondary education, libraries, and lifelong learning. A new Office of Reform Assistance and Dissemination will provide teachers, parents, administrators and policymakers with information on promising and exemplary programs.

THE SCHOOL TO WORK OPPORTUNITIES ACT is built on the knowledge that tomorrow's high-wage jobs will require high academic and workplace skills developed in secondary and postsecondary school. Under the act, states and communities form partnerships with schools, postsecondary institutions and employers to design systems in which students learn both in the classroom and at the worksite. School to Work is jointly administered by the Departments of Education and Labor. Initial state and community grants already have been awarded.

THE IMPROVING AMERICA'S SCHOOLS ACT, which reauthorizes the Elementary and Secondary Education Act of 1965, targets funds to areas of greatest poverty and provides schools with greater flexibility to use federal aid to ensure that students with special needs, especially economically disadvantaged, migrant, and limited English proficient students, are taught to high standards. The nearly \$11 billion bill also expands professional development opportunities for teachers, promotes safe and drug-free schools, and supports desegregation efforts through magnet schools. New provisions provide resources for improved use of technology for teaching and learning and federal seed money for local charter school initiatives.

THE NATIONAL SERVICE TRUST ACT creates opportunities to earn or pay back college tuition through some kind of public service. Under Americorps grants to various agencies and organizations, thousands of volunteers are already at work in neighborhoods and schools across the country.

THE STUDENT LOAN REFORM ACT broadens access to higher education by making it easier for borrowers to obtain and repay loans for higher education. A new direct loan program permits students to receive a loan from a campus student aid office, eliminating various "middlemen" from the transaction. In addition to the ease in borrowing, the new loan system will permit student borrowers to tailor their monthly payments to their income level. Taxpayers are expected to save billions of dollars in coming years through lower loan default rates. The loans are now available at more than 100 schools. More than 1,000 schools will offer direct loans next year.

###

Education Tax Credit

January 22, 1995

MEMORANDUM TO AGENCY SPEECHWRITERS

RE: Talking Points for 1/25 Education Speech

- Background:

As you know by now, Wednesday's and Thursday's events are an opportunity for the President and Cabinet to take the message of the State of the Union directly to the American people.¹ These events are designed to be high-energy affirmations of the Middle Class Bill of Rights -- before large, primarily student audiences.

- Goals: The speech has three goals:

- 1) **Accomplishment:** Highlight a strong record of accomplishment in education. From School-to-Work programs to Americorps to Goals 2000, the President has really set the education agenda over the last two years -- bringing education, skills, and training into the reach of millions of Americans.² Americorps talking points and a speech insert are attached as well as detailed talking points from the Labor Department.

In particular, there should be some reference to student loan reforms the President pushed through in 1993, which mean lower fees and lower interest rates for millions of students as well as new repayment options -- including paying back loans as a small percentage of income over time (a campaign pledge). [Mention of this program sets up the comparison to GOP later, see below.]

- 2) **Middle Class Bill of Rights:** Spread the message of the Middle Class Bill of Rights -- the next step. First, the President lowered the deficit and created 5.6 million new jobs. Now he wants to translate that into tangible benefits for American people. In particular, the tuition tax deduction is an issue on which the President has really defined the debate.

In addition to the tuition tax deduction, specific reference should be made to the training program announced in the Galesburg speech. It will consolidate more than 50 federal programs and provide "Skill Grants" -- \$2,600 a year -- for dislocated or low-income workers who need new skills to reenter the workforce and get ahead. This is a good opportunity to emphasize empowerment -- getting resources to individuals and letting them make their own choices (see G.I. Bill reference on next page).³

¹Preliminary State of Union talking points are attached.

²Materials on Education Accomplishments were sent to Chiefs of Staff by Cabinet Affairs last week.

³Information on this program was included in the background packets sent last week.

Education Speech Talking Points

January 22, 1995

Page 2

- 3) ***Contrast MCBOR and Contract:*** Make a clear distinction between our approach and the other approach -- between the cuts in education necessitated by the *Contract with America* and the investment in education inherent in the *Middle Class Bill of Rights*.

The President wants to make student loans more affordable. The Republicans want to do just the reverse. They've proposed eliminating government support for the interest on loans students take out while in school. This proposal would take \$10 billion out of the pockets of low and middle-income students and families in the next five years. In fact, it would be the biggest increase in higher education costs in our nation's history.⁴

Our Middle Class Bill of Rights doesn't propose, as some do, to cut education to pay for other priorities. Rather, our proposal recognizes that education must be one of our highest priorities -- if every child is going to realize their full potential, if every worker is going to have the chance to compete and win in the new workplace, and if we are all going to move together into the new American economy.

- **How Agencies Can Make Their Speeches Different:**

1. The tuition tax deduction, as the President said in his Oval office address, is not just for an Ivy League College Education. It's for "*all tuition for college, community college, graduate school, professional school, vocational education, or worker retraining after high school.*" This provides a good opportunity to tie this into:
 - a) a program offered by or affiliated with your agency;
 - b) a pet program your Secretary has chosen to sponsor or endorse or highlight;
 - c) an educational path/college/program that trains people in ways utilized or sponsored by your agency
2. The comparison with the G.I. Bill of Rights also offers many opportunities. Certainly, representatives of the Veterans Department will find this useful to structure their remarks.

The Middle Class Bill of Rights is a bold new initiative -- not seen in this country since the G.I. Bill of Rights. The G.I. Bill did not promise Americans a good job. It gave them the opportunity to learn the skills to get a good job. Like the G.I. Bill, the Middle Class Bill of Rights puts

⁴Facts: The *Contract with America* proposes repealing the interest-free grace period on student loans.

Education Speech Talking Points

January 22, 1995

Page 3

resources directly in the hands of middle class Americans -- empowering them to acquire new skills, obtain better jobs, and earn higher wages. That is what the President's proposals are about -- finding new and better ways to help Americans help themselves.

3. Any Secretary who received grants under the G.I. Bill of Rights -- or whose father did, or whose brother did, or whose husband did -- can also use this to tie together their remarks.

1/4

AmeriCorps Insert for Cabinet Members

The job of government is to help people help themselves. And that's what AmeriCorps does. It says to young people: Give a year to your community, and get a hand with your education. It says: We don't care whether you're going to graduate school or finishing high school, you can make your own life better if you'll make your community stronger, too.

And while AmeriCorps Members change their own lives, they're changing their communities. Some 20,000 Americans are now working in about 350 grassroots groups around the country. They're a big boost to the pastors and police officers already bringing hope to cities and towns across the land. This isn't about bureaucracies; it's about communities, about citizens improving their own lives. Every AmeriCorps Member is an agent of change, from the grassroots up.

You don't have to take my word for it. In Texas, AmeriCorps Members have already helped immunize more than 200,000 young people. In Kansas City, they helped police officers shut down a dozen crack houses. And in rural Kentucky, they're tutoring half the second-graders in the county--raising reading levels by three years.

Some people in Washington will tell you this is too expensive. But this isn't about Washington. It's about the children who are finding teachers and mentors in AmeriCorps. It's about the community crime watches that AmeriCorps Members are putting together. And AmeriCorps is about 20,000 Americans who are finding the best in themselves and the best in America because of this program. This shouldn't be a partisan football; it should be a national crusade to solve our problems and bring our communities together.

AMERICORPS

Basic Facts

- 20,000 AmeriCorps Members this year--more than the Peace Corps at its height.
- AmeriCorps Members earn a small living allowance--about \$600 per month-- and receive limited health care benefits.
- At the end of a term of service--at least 1700 hours full-time over a year--they receive an education award worth \$4,725. The award may be used to pay for current or future college, graduate school, or job training, or to repay existing loans. Some AmeriCorps Members serve part-time for a smaller award.
- There are 350 AmeriCorps programs around the country now--run not by the Federal government, but by national, state, and local organizations.
- The theme of AmeriCorps is "getting things done." Every AmeriCorps member is bringing concrete improvements like improved math scores, restored shorelines, immunized children, and safer schools.
- AmeriCorps Members provide valuable direct services, earn money to pay for school, develop skills and a sense of responsibility, and bring communities together to help themselves. The cost for each member to taxpayers is less than \$20,000, including the education award.

Key Themes

- Practical, not ideological: This works. It's unconventional and maybe ideologues don't get it, but it's getting things done.
- Smart government, not big government: Helping communities help themselves. Matching the needs of neighborhoods with the interests of young people. Working in voluntary partnership with states: a model for federalism. Controlled by communities and the voluntary sector, not Washington bureaucracies.
- Putting American values into action: Offering opportunity to young people who take responsibility. Bringing citizens together to serve our country. Instilling the civic ethic.
- Bipartisanship: Because it's about values that are American, not partisan AmeriCorps has enjoyed broad support in both parties at the local, state, and national levels.

Energizing the Voluntary Sector, Not Displacing It

Attack: "AmeriCorps is bureaucratizing the voluntary world and paying and displacing volunteers."

- AmeriCorps is good for volunteers--that's why voluntary organizations proudly participate, including the Red Cross, Habitat for Humanity, many United Ways and YMCAs, and the National Multiple Sclerosis Society. (Recall that Elizabeth Dole supported AmeriCorps, even when her husband didn't.)
- AmeriCorps Members do work that volunteers just can't do--because they make a full-time commitment over a year.
- They work alongside teachers, pastors, police officers, and volunteers--supporting their work, not displacing it.

3/4

- Not one American has ever been prevented from volunteering by national service. In fact, thousands of volunteers have become involved in their communities for the first time because of AmeriCorps Members' work generating volunteers. Support for AmeriCorps means support for volunteerism.
- AmeriCorps Members are volunteers like Peace Corps Volunteers, VISTA Volunteers, or soldiers of the "All-Volunteer Force." They are paid and do far more than occasional volunteers.
- In a recent study, Independent Sector reported that America's decline in volunteering long predates AmeriCorps, and that what volunteer groups need most are new, sustained sources of support--the kind of support AmeriCorps offers.

A Voluntary Program

Attack: "National service is.... coercive volunteerism." -- Newt Gingrich

- No individual, no state, and no community organization has ever been forced to participate.
- Young people are excited to join--200,000 have shown an interest in just 23,000 positions. It's their choice.
- Rather than an unfunded mandate for states, AmeriCorps is a funded nonmandate--states don't have to join, but if they do, they get support.

Getting Things Done

Attack: "They're picking up gum wrappers and singing kumbaya." --Rick Santorum, roughly

- In one summer in Texas, 89 AmeriCorps Members helped immunize 104,000 infants, saving taxpayers more than \$5 for every \$1 spent.
- In New York City, because AmeriCorps Members with the NYPD were policing the public swimming pools, this was the first summer in years without a sexual assault there. Says National Association of Police Organizations President Bob Scully, "This is a real shot in the arm for law enforcement."
- In Miami, they're building homes for low-income folks with Habitat for Humanity. Says the Habitat leader there, "We could not do this job without them."
- In Kentucky, AmeriCorps Members are raising reading levels from two years behind to one year ahead of standards.

Smart Government, Not Big Government

Attack: "A classic, bloated bureaucracy."

- Since AmeriCorps was created, the Corporation has hired fewer than 100 people in Washington to oversee the work of 20,000 people in the field. That's more than 200 in America to one in Washington--not bad.
- While the Corporation's funding increased by 65 percent last year, staff levels remained virtually flat. Administrative expenses are capped at 5 percent.
- No private Corporation of this size would have this few employees to run a new venture.
- In the spirit of federalism, states have tremendous autonomy in selecting and overseeing programs. This isn't a mandate for states, it is an opportunity.
- The Corporation selects programs on a competitive basis. A small minority of organizations that apply for funds receive them; the Corporation's selection rate is lower than that of the National Institutes for Health or the National Science Foundation.

4/4

- In addition to competition, the Corporation reflects many other principles of reinventing government. It engages private support. It devolves authority to states and to communities for solving their own problems. And it places government in the role of steering AmeriCorp programs--ensuring overall quality--rather than operating the entire network.

Benefits Outweigh Costs

Attack: "The Wall Street Journal reports that cost-per-member is as high as \$70,000."

- That figure is bogus. In the program cited, the actual cost per member to the taxpayer is less than \$5,000. And on average, the real cost to the taxpayer is less than \$20,000, including the scholarship.
- Above that amount, there are many contributions from the private sector. IBM donates computers to schools. Timberland donates work boots to AmeriCorps Members. Fannie Mae helps build housing. And foundations and individuals give their support. To taxpayers, those are benefits, not costs. The money beyond the taxpayer contribution shows how AmeriCorps is leveraging private sector support.
- Real question isn't what it costs, but how it benefits America. Four kinds of benefits:
 - (1) direct service improves communities
 - (2) educational award helps kids pay for college--because they've earned the help.
 - (3) skills learned and civic ethic developed through service can lead to a life of service that generates a life-time of benefits. Young people choose to volunteer throughout their lives because of AmeriCorps.
 - (4) bringing communities together, reminding us that with opportunity comes obligation, has value that goes beyond money.
- Total investment is minuscule: 1/20 of a penny of each tax dollar. And 1/1000 of what the Administration has already cut from the deficit (\$700 billion).

American, Not Political

Attack: "AmeriCorps is just about fulfilling Bill Clinton's campaign promise."

- Polls show that about 90 percent of Americans support the idea of national service and are willing to pay for it.
- Republicans and Democrats are behind it, including many in Congress and in Governor's mansions, like Governors Weld and Merrill. AmeriCorps also has support from businesses like IBM, American Express, and Time Warner.
- AmeriCorps is a simple idea. Middle-class kids whose parents are working hard to afford college can't afford to take a year off to do volunteer service. If they earn a minimum wage and get a tuition award, they can serve the community at the same time as they save for their college education. That makes good sense.

State of the Union Talking Points

I SET THE STAGE *This is an era of great change.*

Transformation. The end of the Cold War and transformation of the Industrial Age into the Information Age makes this a time as perilous and full of opportunity as any in history.

Opportunities: Half of today's jobs didn't exist 20 years ago. 70% of American workers use minds not hands, opposite of 40 years ago. Peace and democracy spreading. Open markets and trade.

Perils: Working harder for less. Education and training critical. Incomes of top 20% rising, all others stagnant or falling. Values under attack. Terrorism, nuclear proliferation, genocide, environmental wreckage around globe mean many enemies today, not just one.

II THE PRESIDENT'S VISION *Three principles in everything we do.*

Key to the principles. The job of government is to help equip all Americans with the tools they need to build good lives for themselves and their children.

New Economic Strategy. Partnership between business, people, and govt to meet demands of the new economy. (Deficit cuts. EITC. Trade. Deregulation. Health care. Education and training agenda.)

New Kind of Government. A smaller, more effective government to meet new challenges instead of serving old interests. Off our backs, but by our sides. (REGO. Cutting bureaucracy by 272,000 positions. Cutting programs and investing savings in ability of people to help themselves.)

New Covenant of Rights and Responsibilities. Government helps people get necessary tools, people must take responsibility to build their lives, and all citizens must take responsibility for communities and country. (Americorps. Crime Bill.)

Evident in accomplishments. You can see these principles in everything we've done over the last two years — and the President will fight any attempt to take us back. (Examples above)

MOVING FORWARD *Next two years will build on the last two.*

New Economic Strategy. Prepare people to face the demands of today's economy and close income gap between highly skilled workers and others.

Middle Class Bill of Rights. Emphasis on education and training. Some want tax cuts that give a little money now and make people happy only in the short term. President wants to cut taxes so people can invest in future to make families strong in the long-term. Any tax cut must be paid for.

Health Care Reform. In steps: Insurance reform; help with long-term care; cover all children.

New Government. Keep working to restore trust in democracy.

REGO II. Major political and lobbying reforms, gift ban.

New Covenant. Emphasis on restoring values and requiring responsibility. Do job, but don't demonize

Welfare reform. Based on work, not dependence.

Immigration.

Citizen responsibility. People must come together to find solutions beyond government in this time of great change. And they must do it civilly, disagreeing without rancor.

Foreign Policy.

Major accomplishments. Keeping America engaged. Nuclear non-proliferation. Military readiness. Opening markets. Restoring and spreading democracy.

Same goals for next two years. Emphasis on fighting isolationism.

The Goal:

We need to put working people first. Anyone willing to work hard and play by the rules should have a fair shot at the American dream. To restore our country's tradition of broadly-shared middle class prosperity, we must widen opportunities for better jobs and higher incomes.

The Context:

New technologies are transforming the way we live and work. Global trade is expanding our options. We've cleaned up the economic mess we inherited, and put our fiscal house in order. The economy is booming. America has created 5.6 million new jobs since January 1993—including more new jobs in 1994 than in any other year over the past decade.

The Problem:

It's not enough to create more jobs. Americans need higher incomes if we are to rebuild our middle class. And only some of us are equipped to seize the opportunities the new economy offers.

The Solution:

We must equip all Americans with the tools to take control of their economic futures. Skills and education are the gateways to the new middle class. Our challenge is to ensure that all Americans can get the skills that let them earn middle-class living standards for themselves and their families—under the new rules of today's economy.

The Foundation:

Even as it struggled to tame the deficit in its first two years, the Clinton Administration—with strong bipartisan support in Congress—laid the foundation for a campaign of building skills for a better future: 1) The Goals 2000: Educate America Act provides new incentives for better schools, and catalyzes the development of voluntary occupational skill standards. 2) The School-to-Work Opportunities Act is triggering nationwide innovations in youth apprenticeships. 3) An expanded Head Start means more kids begin with a better chance to learn. 4) Streamlined access to student loans gives all Americans a simple, affordable way to finance learning. 5) We've begun transforming the unemployment system into a re-employment system, centered on One-Stop Career Centers.

Now is the time to take the next steps, so Americans can once more grow together.

accomplishments

Skills Matter More Today

Background

- We're well on track for meeting or exceeding the President's pledge of 8 million new jobs. But our success on job quantity highlights the stakes of job quality. Working Americans need a fair shot at higher incomes.

- Increasingly, skills and education are the entry tickets to good jobs paying middle-class wages. Most of our recent job growth has been in professional, managerial, or technical careers—jobs with a future. But you need the right skills to make the most of these opportunities.

- A traditional four-year degree is not the only entry ticket to the middle class. Today's economy is creating new middle-class jobs requiring two years or less of technical training, usually available at community colleges. Some examples of new middle-class careers:

- Nurse practitioners
- Desktop publishing specialists
- X-ray technicians
- Numerically-controlled machine tool operators
- Sales technicians
- Spreadsheet operators
- Automobile diagnostic technicians
- Physical and occupational therapists

- Fifteen years ago, a male college graduate earned 39 percent more than a man with a high-school diploma. But by 1993 the average male college graduate was earning 80 percent more than his high-school counterpart. (The gap is just slightly narrower for women.)

- Health-care and pension coverage at work is low, and falling, for less-skilled workers. Better-educated workers get better benefits.

- The lower the level of education and skills, the higher a worker's risk of unemployment.

- The key to rebuilding the middle class is empowering ordinary workers with the education and skills they need to earn good livings in the new economy.

Tax Reform to Favor Skill-Building

- Current tax policy fails to fully reflect the importance of education and job training as investments.
- The President wants to fix this. Under his proposal, Americans could deduct from their taxable income the costs of college or job training for themselves or their families. Up to \$5,000 per year will be deductible starting in 1996, rising to \$10,000 in 1999.
- Every taxpayer will be able to use this tax break for education and lifelong job training. Taxpayers would not have to itemize their deductions to get the education and training deduction. And such expenses would not be subject to the 2-percent "floor" on miscellaneous deductions.
- Middle-class families will get a break when their budgets are tightest—when it's time to pay for school. And an estimated half-million more Americans every year will get education or job training because of the tax deductions the president is proposing.
- To focus the tax cut on the middle class, deductibility would be 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.
- The President has also called for letting more Americans make tax-favored contributions to Individual Retirement Accounts, and letting them use their IRA's to finance education and training.
- Competition among America's thousands of learning institutions would block attempts by schools to capture all the benefits of the tax break by raising tuition.
- A December poll, following the President's Middle Class Bill of Rights proposal, found that 84 percent supported tuition tax deductibility, compared with 56 percent favoring capital gains tax cuts.
- The Republicans want more tax breaks for corporations, and for people who are already wealthy. Instead of delivering corporate welfare, and benefits to those who need them least, we want the tax code to empower hard-working people to make it in America.

Initiative #2

Education and Training:
From Bureaucracy to Empowerment

○ Beyond tax breaks to favor education and training, the Middle Class Bill of Rights also calls for a fundamental reform of federal training programs, oriented around Skill Grants. Seven core principles together define a radical restructuring of employment and training policy:

○ *Individual Empowerment.* Instead of going where some bureaucracy sends them, individuals should be empowered with resources so they can choose for themselves what skills they need to boost their earning power.

■ Unemployed and low-income workers, who often can't benefit from the tuition tax deductions President Clinton has proposed, can get Skill Grants worth up to \$2,620 per year, for up to two years, that they can use as they choose for learning new skills.

■ Both tuition tax breaks and Skill Grants will be supplemented by Individual Education Accounts. These low-cost loans will be available to any person, with flexible repayment options, to enable every American to invest in their skills and repay at the pace their future income allows.

○ *Leaner Government.* This proposal would eliminate over 50 separate programs, replacing them with an integrated system that minimizes red tape and maximizes individual choice.

○ *Good Data to Guide Choices.* Reforms woven throughout the initiative—and centered on the networks of One-Stop Career Centers already under construction in the States—will give workers and job seekers access to reliable computerized data on jobs, careers, and the success records of training institutions, so that they can make good choices to improve their futures.

○ *Accountability.* Too often today, training providers aren't held accountable for results. The reform package will fix this by emphasizing individual choice and competition so that individuals can pick providers who deliver; by providing good performance data so people know what

training pays off in the working world; and by setting quality standards for training providers to cut off the frauds and the incompetents.

○ *State Flexibility.* Washington doesn't have all the answers. States should have the flexibility to reflect local conditions and respect local priorities. The President wants to let states tailor training programs and delivery systems as they see fit. Most rules dictating administrative procedures will be wiped out. States can get waivers from most of the rules that remain, and can plow the savings back into individual training.

○ *Private-Sector Partnership.* At base, employment and training policy isn't about government. It's about jobs, and that means the private sector has a central role. Business and labor will be full partners in designing and running training, job-search, and information services. On-the-job training will get the support it deserves. New awards will recognize excellence in creating workplaces that expand opportunity by capitalizing on and rewarding worker skills.

○ *Paths from School to Work.* Preparing America's youth for the world of work, including disadvantaged youth, is a vital task that is too often done badly today. To fix this, employment and training programs for young people, including vocational education, will be folded into the community-based school-to-work movement already underway in every State. The youth component of this reform initiative represents a major extension of the system building and consolidation unleashed by the School to Work Opportunities Act of 1994—including a school-to-work "second chance" for dropouts and kids at risk—to replace most existing youth employment and training programs.

The Tool Kit for Higher Incomes:

The President's initiatives and proposals—tax deductions for education and training; training reforms centered on skill grants; direct student loans (with the option to repay at the pace your income allows); solid data delivered through one-stop career centers; and school-to-work apprenticeships—together deliver to Americans a tool kit of skill-building options. These tools will let working people take control of their economic futures, and secure for themselves and their families a place in America's expanding new middle class. They will help us grow together again.

12/21

The President's Proposal for a Middle-Class Bill of Rights**Questions and Answers on Tax Deductibility
for Education and Training Expenses***"College tuition should be tax-deductible."***President Bill Clinton
December 14, 1994*****What exactly is the President proposing?***

Under the President's proposal, Americans could deduct from their taxable income the money they spend on post-secondary education for themselves or their families. Once the new tax 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. And education expenses would not be subject to the 2-percent "floor" on miscellaneous deductions. 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.

Why is this a good idea?

By reducing the after-tax cost of education expenses for individuals and families, this proposal rewards and encourages investments in education and training while lowering tax burdens for middle-income taxpayers. Skill investments pay off for the individual: Each year of post-secondary education or training increases a worker's subsequent earning power by six to twelve percent. They also pay off for the country at large, in the form of a more productive, more flexible workforce. Encouraging investment in skills is the surest, most direct way to increase incomes and strengthen America's middle class.

How big is the tax cut?

The size of the tax cut depends on how much a family spends on education and training, their income, their marginal tax rate, and other items. For most families, it will be either 15 percent or 28 percent of total spending on education and training. Here's one example. Consider a typical four-person family with \$50,000 in income, \$7,500 in other

deductions (for mortgage interest and state and local taxes), and the normal \$10,000 in personal exemptions, with a marginal tax rate of 15 percent. Suppose both kids are in college, and the family spends the maximum of \$10,000 on tuition and fees. Under current law, that family would pay \$4,875 in federal income taxes. If the President's proposal is fully implemented, that family will pay \$3,375 instead--a 31 percent reduction in the tax bill.

Would all education and training expenses--even if they're recreational or frivolous--be deductible?

No. Only tuition and fees directly related to instruction will be deductible. Expenses like meals, lodging, or transportation will not be deductible. Nor will "recreational" education involving sports, games, or hobbies be eligible for deductions--unless, of course, such education is part of a degree or certificate program (in sports therapy or rehabilitation, for example) or relates to the student's current profession.

How can we be sure the money will be wisely spent?

Even with tax deductibility, people will still be spending their own money on education and training, and have every incentive to spend it wisely. Of course, some people will make bad choices about what skills to learn or where to learn them, just as some corporations make bad decisions on capital investment or research and development. But in general, human skills are a high-payoff investment. It isn't government's job to micromanage individual education and training choices. Even if some people make bad investments, the country will still be better off with a higher rate of investment in human skills.

How are eligible training institutions defined?

The President's proposal preserves the current eligibility requirements for training institutions or programs that receive federal assistance under the Higher Education Act. This definition of eligible institutions includes nearly all universities, four-year colleges, and community colleges--public or private--and also includes many vocational schools.

Will this proposal really increase education and training, or just give people tax breaks for doing what they planned to do anyway?

Of course, many people would still get education for themselves or their children whether or not there's a tax advantage. But lowering the cost of education and training will lead to some increase in skill investments. Conservative estimates, based on the best available research on the impact of cost changes on college enrollment, point to about half a million additional students each year as a result of deductibility. Students from moderate-income families tend to react most strongly to changes in the overall cost of education, so the biggest effect will probably be on the proportion of lower-middle-class students going on to (and finishing) post-secondary education. Every extra high-school graduate who goes on to post-secondary training as a result of this tax code change—whether or not they graduate—can expect to add an additional \$400,000 or more to the economy over the course of a career, compared with students who stop at high school.

Doesn't this proposal only help a small number of families? Won't the rich benefit more than the middle class?

No. Over 17 million people get post-secondary education each year. An even larger number are planning to invest in education and training for themselves or their families. (In 1992, about 60 percent of high school graduates continued on to some form of post-secondary education.) Over 90 percent of post-secondary students have family incomes below \$75,000 per year (based on 1990 data.) The deduction will be phased out gradually for upper-income families, focussing the tax cut on the middle class.

Won't colleges and universities just raise their prices to swallow up the tax break?

No. While institutions may raise tuitions somewhat in response to deductibility, much of the benefit will remain with middle-class families. There will be strong pressures working against any attempt by schools to soak up all the benefits of the tax break. Post-secondary education has become a highly competitive industry, with thousands of institutions scrambling for the student's dollar. Institutions won't be able to simply raise their prices to absorb the tax deduction for tuition and fees. The aging of the baby boom generation has led to excess capacity in many institutions, forcing schools to compete for students and to keep tuition increases in check. (The average annual tuition increase has slowed from 9 percent in the 1980's to 4 percent during the 1990's.)

Will this proposal lead families to choose expensive private colleges instead of public schools?

Even with a tax deduction, private universities are much more expensive than public ones. For a median-income family, the net cost of tuition and fees for a year at a typical private university in 1994 would be about \$7,200 even after accounting for the benefits of the deduction. By contrast, tuition and fees for a year at an in-state public university would be about \$2,000 after the deduction. Deductibility may lead some students to choose private schools who otherwise could only afford public schools--expanding choice is one of the proposal's advantages--but there is no reason to believe it will lead to a large-scale shift from public to private institutions. Families will still be sensitive to the cost of education.

Why not focus on the poorest students instead of the middle class?

First, other Administration initiatives--improvements in the Pell Grant program, wider access to low-cost student loans (with the option to pace repayment to subsequent income), and newly proposed "skill grants" for low-income workers seeking training--are specifically aimed at improving access to education and training for the economically disadvantaged. Second, low-income students are eligible for Pell Grants and other forms of financial aid for which moderate-income students often don't qualify--even though tuition puts a serious strain on middle-class family budgets. Third, the proposal isn't solely motivated by distributional concerns, but by the desire to help and encourage families attempting to invest in the future of their children.

Cabinet Travel