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Folder Title:
New Opportunity EITC [Earned Income Tax Credit] - DLC [Democratic Leadership Council] 1/12/00 - New Opportunity Speech EITC Rollout 1/12/00 [2]

Stack:	Row:	Section:	Shelf:	Position:
S	91	6	8	2

Final 01/11/00 5:45pm

Jeff Shesol

PRESIDENT WILLIAM J. CLINTON

REMARKS ON NEW OPPORTUNITY AGENDA

GEORGE WASHINGTON UNIVERSITY

WASHINGTON, DC

January 12, 2000

Acknowledgments: Sen. Lieberman; GWU President Stephen Joel Trachtenberg [track-tin-berg]; Jessica and Tommy Cupp

Eight years ago, when I ran for President, I stood before an audience here in Washington and called for change: "Change in our party, change in our national leadership, and change in our country." Change not for its own sake but because the old answers were obsolete, because new conditions demanded a new approach.

What I said then – and what we in the DLC had been saying for some time – was that our politics had to embody the basic values of opportunity, responsibility, and community. Our party had to pursue them; our policies had to promote them.

Those of us who led the charge called ourselves New Democrats and our agenda the Third Way. But we were quick to point out that labels don't define a politician or a political movement; ideas do.

Our ideas were bound to cause controversy in an America divided along the old lines of conflict, an America that was asking itself, after a decade of deadening deficits, "What went wrong?" Al Gore and I knew that to set things right, we should not return to policies more relevant to the problems of the 1930s or the 1960s. Nor would we reprise the great neglect of the 1980s. Instead, we said that government had to be slimmed and trimmed and reinvented if it was ever going to function as it does best – as a catalyst – as an active partner to the private sector in creating opportunity, jobs, and hope.

And we said that citizens had to take responsibility for shaping their own lives and serving their own communities.

Today, I think we can say with certainty – and no small measure of satisfaction – that the argument is over. It's been put to rest by the record. It's been resolved by seven years of results – measurable, remarkable results: the fastest economic growth in more than 30 years; the lowest unemployment rate and the smallest welfare rolls in 30 years; the lowest poverty rate in 20 years; the lowest murder rate in 30 years; the largest surplus in almost 40 years; the highest home ownership ever. In several weeks, America will achieve the longest economic expansion in our history.

And every one of our 20 million new jobs proves that it's possible – as I argued in 1991 – to "expand opportunity without expanding government."

So America begins its journey through the 21st Century with greater prosperity and greater promise than we have ever known. Today, I want to speak to you about what more we must do to fulfill that promise – to seize this moment, this chance of a lifetime – and fashion a new era of opportunity for all, responsibility from all, and community of all.

Fifteen days from now, in my State of the Union Address, I will propose an ambitious new agenda for a new century.

I will put forth a new agenda rooted in responsibility, and a new agenda to create a wider and stronger community. But today I want to talk about what I am calling my New Opportunity Agenda. At its core is a simple, powerful, fundamental principle: "Opportunity for all." We know that in these seven years we have created more opportunity for more Americans than in any comparable period in history. And we know that the economic conditions we have created – the virtuous cycle we have set in motion – put us in a position to achieve so much more. We can expand the circle of opportunity wide enough to include the men and women at its margins, so that no one who's willing to work is left behind as our nation moves ahead. We can, as Senator Lieberman or Al From would say, expand the winner's circle.

The New Opportunity Agenda builds on the ideas I put forth in 1992 and the progress we have made in the seven years since. It is an agenda to renew opportunity, reward work, and rekindle hope. It advances our understanding of what opportunity means in an Information Age. Once, textbooks were central to a child's education; today, computers are. Once, a ninth-grade education was all anyone needed to get a job for life; today, preschool and college are crucial, and most of us will change careers several times before retirement. My New Opportunity Agenda accounts for these new demands of a new economy, and these new pressures on working families.

It also helps assure that if you work hard and play by the rules, you will have a decent chance for yourself and a better life for your children. That, after all, is the American Dream you and I were raised on. That's the promise I made when I ran for President. And that's been the basic goal of so much we have done – from the Earned Income Tax Credit to the minimum wage, from health care to child care to partnerships that have helped millions of Americans move from welfare to work.

In the coming weeks I will have more to say about my New Opportunity Agenda, more ideas to offer on reforming education, renewing families, closing the digital divide, opening new markets, expanding access to health care and child care – everything that works together to expand opportunity.

But today I want to announce an important element of my plan, one that is emblematic of our overall approach.

In my State of the Union Address, and in my budget for 2001, I am proposing a substantial expansion of the Earned Income Tax Credit – a targeted tax cut for low-income working families. As I pledged in 1992, one of my first actions as President was to expand the EITC. I made the largest single investment in the working poor in more than two decades, and here's why: because the EITC isn't just another acronym. The "E" in "EITC" is about earning. It's about working. It's about taking responsibility and being rewarded for it.

I believe the government, too, has a responsibility – part of its basic compact with our citizens – to make sure, for families like the Cupps, that work pays; to make sure we reward work even as we restore fiscal discipline to our government. In expanding opportunity, these incentives to work are every bit as important as economic growth or interest rates or debt or deficit reduction. And as studies from Harvard to Wisconsin confirm: the EITC is a powerful incentive to work. It's a fulcrum by which people lift themselves out of poverty and into the middle class. In 1998, the EITC helped more than 4.3 million make the move. That's double the number in 1993. This tax credit is a major reason – along with the strength of our economy, the rise in the minimum wage, and movement of millions from welfare to work – that there are fewer people in poverty today than in 20 years.

It helps explain why the child poverty rate is lower than it's been in 20 years; and why child poverty among African-Americans is the lowest on record.

Precisely because we have made such progress, we know there is more we can do. And we know what works. That is why, today, I am proposing to expand an investment that is already expanding opportunity for millions of Americans. I am proposing, first, to eliminate the marriage penalty exacted by the EITC, making sure that this tax credit rewards marriage, and family, just as it rewards work. Second, I am proposing to expand the Earned Income Tax Credit for families with three or more children. The pressures on these families rise as their ranks increase: 28 percent are in poverty, more than twice the rate for smaller families.

Our plan would provide these families tax relief that is up to 20 percent greater than what they now receive. Third, our plan would give more people more incentives to work their way into the middle class. And fourth, it would make it easier for recipients to save for the future and for their retirement.

For a family like the Cupps, these new initiatives would mean an additional tax credit of up to $850, helping them to provide for their children, or own a home, or buy a car that makes it easier to work. My budget dedicates [$22] billion to these priorities over the next 10 years – increasing our investment in people while maintaining the fiscal discipline that got us here.

"Opportunity for all" is more than a marker of how far we have come; it's a measure of how far we can go. It was Robert Kennedy who said: "Our society – all our values, our views of each other, and our own self-esteem; the contribution we can make to ourselves, our families, and the community around us – all these things are built on the work we do." We must continue to do all we can to affirm the dignity of work – and deliver the rightful rewards for taking responsibility.

This, as I have said, is a great and unique moment for America: a chance to renew the values of opportunity, responsibility, and community; a chance to fulfill the ideals of our founders; a chance to realize the full promise of a prosperous nation. Let us work together to build an even stronger America, and an even better, brighter future for all our people. Thank you.

Final 01/11/00 5:15pm
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The New Opportunity Agenda builds on the ideas I put forth in 1992 and the progress we have made in the seven years since. It is ~~an ambitious~~ an agenda ~~to~~ that renews opportunity, rewards work, and rekindles hope. It advances our understanding of what opportunity means in an Information Age. Once, textbooks were central to a child's education; today, computers are. Once, a ninth-grade education was all anyone needed to get a job for life; today, preschool and college are crucial, and most of us will have a number of careers before we retire. My New Opportunity Agenda accounts for the new demands of ~~a~~ the new economy, and the new pressures on working families.

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I believe the government, too, has a responsibility – part of its basic compact with our citizens – to make sure, for families like the Cupps, that work pays; ~~Since I became President,~~ that we ~~we have~~ reward~~ed~~ work even as we ~~have~~ restore~~d~~ fiscal discipline to our government. In expanding opportunity, incentives to work are every bit as important as economic growth or interest rates or debt or deficit reduction. And the EITC is a powerful incentive to work. Studies from Harvard to Wisconsin confirm~~s~~ that it's a fulcrum by which people lift themselves out of poverty and into the middle class. In 1998, the EITC helped more than 4.3 million make the move. That's double the number in 1993. This tax credit is a major reason – along with the strength of our economy, the rise in the minimum wage, and movement of millions from welfare to work – that there are fewer people in poverty today than in 20 years. It helps explain why the child poverty rate is lower than it's been in 20 years; and why child poverty among African-Americans is the lowest on record.

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It was Robert Kennedy who said: "Our society – all our values, our views of each other, and our own self-esteem; the contribution we can make to ourselves, our families, and the community around us – all these things are built on the work we do." ~~So~~ We must continue to do all we can to affirm the dignity of work – and deliver the rightful rewards for taking responsibility. ~~In the days and weeks ahead I will describe more of my New Opportunity Agenda. I will define other ways we can open new frontiers of opportunity. Because~~ "opportunity for all" is more than a marker of how far we have come; it's a measure of how far We can go.

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Revised Draft 01/11/00 4:00pm
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Revised Draft 01/11/00 2:30pm
Jeff Shesol

Gene edited Bruce

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no one was really talking

What I said then – and what we in the DLC had been saying for some time – was that ~~it was no longer enough simply to speak~~ of opportunity, responsibility, and community. Our politics had to embody th~~ese~~ basic values. Our party had to pursue them; our policies had to promote them. Those of us who led the charge called ourselves New Democrats and our agenda the Third Way. But we were quick to point out that labels don't define a politician or a political movement; ideas do.

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seven

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an ambitious new agenda for a new c. [tease on resp. comm.] But today, I want to talk about New Opp.

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When I ran we set out to... i) we made a promise: no one who works full-time + has children at home shd be poor. It was

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maybe not strongest stat

in 20 yrs. or... last yr. sharpest drop in pov

~~#22b~~

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do more to encourage work by

giving more people more incent. to work way into econ. mainstream

elim. marriage penalty

mrs. Cupp benefit

22

It was Robert Kennedy who said: "Our society – all our values, our views of each other, and our own self-esteem; the contribution we can make to ourselves, our families, and the community around us – all these things are built on the work we do." So we must continue to do all we can to affirm the dignity of work – and deliver the rightful rewards for taking responsibility. In the days and weeks ahead I will describe more of my New Opportunity Agenda. I will define other ways we can open new frontiers of opportunity. Because "opportunity for all" is more than a marker of how far we have come; it's a measure of how far we can go.

mc

+ 4th easier for people on EITC to save for future + retirement.

Together, these changes will → $850 to mrs. Cupp.

This, as I have said, is a great and unique moment for America: a chance to renew the values of opportunity, responsibility, and community; a chance to fulfill the ideals of our founders; a chance to realize the full promise of a prosperous nation. Let us work together to build an even stronger America, and an even better, brighter future for all our people. Thank you.

Lot of happy talk before ack that anyone isn't doing as great

Revised Draft 01/11/00 12:30pm
Jeff Shesol

PRESIDENT WILLIAM J. CLINTON
REMARKS ON NEW OPPORTUNITY AGENDA
GEORGE WASHINGTON UNIVERSITY
WASHINGTON, DC
January 12, 2000

Acknowledgments: Sen. Lieberman; GWU President Stephen Joel Trachtenberg

Eight years ago, when I ran for President, I stood before an audience here in Washington and called for change: "Change in our party, change in our national leadership, and change in our country." Change not for its own sake but because the old answers were obsolete, because new conditions demanded a new approach.

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Our ideas were bound to cause controversy in an America divided along the old lines of conflict, an America that was asking itself, after a decade of deadening deficits, "What went wrong?" Al Gore and I knew that to set things right, we should not return to policies more relevant to the problems of the 1930s or the 1960s. Nor would we reprise the great neglect of the 1980s. Instead, we said that government had to be slimmed and trimmed and reinvented if it was ever going to function as it does best – as a catalyst – as an active partner to the private sector in creating opportunity, jobs, and hope. And we said that citizens had to take responsibility for shaping their own lives and serving their own communities.

Today, I think we can say with certainty – and no small measure of satisfaction – that the argument is over. It's been put to rest by the record. It's been resolved by eight years of results – measurable, remarkable results: the fastest economic growth in more than 30 years, the lowest unemployment rate and smallest welfare rolls in 30 years, the lowest poverty rate in 20 years, the largest surplus in almost 40 years, the highest home ownership ever. In several weeks, America will achieve the longest economic expansion in our history. And every one of our 20 million new jobs proves that it's possible – as I argued in 1991 – to "expand opportunity without expanding government." Indeed, we have reinvented government and remade our nation.

So America begins its journey through the 21st Century with greater prosperity and greater promise than we have ever known. Today, I want to speak to you about what we must do to fulfill that promise – to seize this moment, this chance of a lifetime – and fashion a new era of opportunity for all.

Fifteen days from now, in my State of the Union Address, I will propose a New Opportunity Agenda for a new century. At its core is a simple, powerful, fundamental principle: "Opportunity for all." We know that in these seven years we have created more opportunity for more Americans than in any comparable period in history. And we know that the economic conditions we have created – the virtuous cycle we have set in motion – put us in a position to achieve so much more. America can, at long last, fulfill our founding ideal: to expand the circle of opportunity wide enough to include the men and women at its margins, so that no one is left behind as our nation moves ahead.

The New Opportunity Agenda builds on the ideas I put forth in 1992 and the progress we have made in the seven years since. It is an ambitious agenda – to renew opportunity, reward work, and rekindle hope. It advances our understanding of what opportunity means in an Information Age, accounting for the new demands of a new economy, and the new pressures on working families. The New Opportunity Agenda also helps assure that if you work hard and play by the rules, you will have a decent chance for yourself and a better life for your children. That, after all, is the American Dream you and I were raised on. That's the platform I ran on in 1992 and 1996. And that's been the basic goal of so much of my work as President – from the Earned Income Tax Credit to the minimum wage, from health care to child care to partnerships that have helped millions of Americans move from welfare to work.

In the coming weeks I will have more to say about my New Opportunity Agenda, more ideas to offer on education, technology, health care, child care, new markets – everything that works together to expand opportunity. But today I want to announce an important element of my plan, one that is emblematic of our overall approach.

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I believe the government, too, has a responsibility – part of its basic compact with our people – to make sure that work pays. Since I became President, we have rewarded work even as we have restored fiscal discipline to our government. In expanding opportunity, incentives to work are every bit as important as economic growth or interest rates or debt or deficit reduction. And this tax credit is a powerful incentive to work. Studies from Harvard to Wisconsin confirm: it's a fulcrum by which people lift themselves out of poverty and into the middle class. In 1998, the EITC helped more than 4.3 million make that move. That's double the number in 1993. This tax credit is a major reason – along with the strength of our economy, the rise in the minimum wage, and movement of millions from welfare to work – that there are fewer people in poverty than at any time since 1979. It helps explain why the child poverty rate is lower than it's been in 20 years; and why child poverty among African-Americans is the lowest on record.

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In the coming weeks I will have more to say about my New Opportunity Agenda, more ideas to offer on education, full health care, child care, new markets~~, the digital divide~~ – everything that works together to expand opportunity. But today I want to announce an important element of my plan, one that is emblematic of our overall approach.

Links "the deal" basic compact b/w gov't + citizens

In my State of the Union Address, and in my budget for 2001, I am proposing a substantial expansion of the Earned Income Tax Credit – a targeted tax cut for low-income working families. One of the first actions I took as President was to expand the EITC. It was the largest single investment in the working poor in more than two decades, and here's why I made it: because the EITC ~~means a lot more than most~~ isn't just another acronym~~s that policy wonks throw around~~. The "E" in "EITC" is about earning. It's about working; about taking responsibility and being rewarded for it.

I believe the government, too, has a responsibility – to see that hard-working families like the TKs reap the rewards they have earned. Since I became President, we have rewarded work even ~~as~~ we have restored fiscal discipline to our government. In expanding opportunity, incentives to work are every bit as important as economic growth or interest rates or debt or deficit reduction. And this tax credit is a powerful incentive to work. Studies from Harvard to Wisconsin confirm: it's a fulcrum by which people lift themselves out of poverty and into the middle class. In 1998, the EITC helped more than 4.3 million make that move. That's double the number in 1993. This tax credit is a major reason – along with the strength of our economy, the rise in the minimum wage, and movement of millions from welfare to work – that there are fewer people in poverty than at any time since 1979. It helps explain why the child poverty rate is lower than it's been in 20 years; and why child poverty among African-Americans is the lowest on record.

Work pays
– $
– self-regard
– bargain we in gov't will strike

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Andrea Kane 01/10/2000 08:14:24 PM

Record Type: Record

To: Jeffrey A. Shesol/WHO/EOP@EOP

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

Subject: Re: revised draft remarks on New Opportunity Agenda/ EITC -- comments to Jeff Shesol by noon Tuesday

A few suggestions:

1. You might want to add "lowest welfare rolls in 30 years" to the list of results in 4th graph.

2. Depending on who the final success story is, you may need to revise the end of the 7th graph where you currently say "policies that help Americans like TK move from welfare to work". Our current top candidate never received welfare. In this case, you could revise the end of the 7th graph to say: "policies that have helped millions of Americans move from welfare to work" Somewhere (probably the end of the graph where you describe the new ETIC policies), you'll want to then work in how the success story, or families like this, would benefit from the new EITC policies. NEC should be able to provide specific numbers.

?

3. In 8th graph, may want to add responsible fatherhood to the SOTU items we preview. Bruce, what do you think?

4. In 10th graph, you could strengthen reference to welfare by saying "The EITC is a major reason -- along with the strength of our economy, the rise in the minimum wage, and the fact that millions of Americans are moving from welfare to work -- that there are fewer people in poverty..." (Bruce, even those who may say those at the very bottom have gotten poorer since welfare reform can't say there aren't fewer poor people)

Message Copied To:

Bruce N. Reed/OPD/EOP@EOP
Eric P. Liu/OPD/EOP@EOP
Cynthia A. Rice/OPD/EOP@EOP
Karin Kullman/OPD/EOP@EOP
Jason Furman/OPD/EOP@EOP

Patrick — mention Digital Divide

THE WHITE HOUSE

Assistant to the President and
Director of Speechwriting

Jeff: This is good.
I suggest a little
more specificity on
Penn's point about
what's new about
opportunity today:

1. 13 years of school +
life-long learning
2. worker displacement
in new economy -
avg worker changes jobs
8-10 times.
3. harder to balance
work + family

Terry

Revised Draft 01/10/00 6:30pm
Jeff Shesol

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Our ideas were bound to cause controversy in an America divided along the old lines of conflict, an America that was asking itself, after a decade of deadening deficits, "What went wrong?" And they did cause controversy, back in 1991 and 1992. But Al Gore and I were not about to return to policies more relevant to the problems of the 1930s or the 1960s. Nor would we reprise the great neglect of the 1980s. Instead, we said that government had to be slimmed and trimmed and reinvented if it was ever going to function as it does best – as a catalyst – as an active partner to the private sector in creating opportunity, jobs, and hope. And we said that citizens had to take responsibility for shaping their own lives and serving their own communities.

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guaranteed

It means that no longer is a high school diploma ~~enough~~ a ticket to a good job — 13 years of school + life-long learning. No longer do workers get a job out of h.s. & keep them for life. No longer ~~are~~ working families ~~able to~~ are finding it harder and harder to balance work & family

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In expanding opportunity, incentives to work are every bit as important as economic growth or interest rates or debt or deficit reduction. And the EITC is a powerful incentive to work. Studies from Harvard to Wisconsin confirm: it's a fulcrum by which people lift themselves out of poverty and into the middle class. In 1998, the EITC helped more than 4.3 million make that move. That's double the number in 1993. The EITC is a major reason – along with the strength of our economy, the rise in the minimum wage, and the effort to move Americans from welfare to work – that there are fewer people in poverty than at any time since 1979. The child poverty rate is lower than it's been in 20 years; and child poverty among African-Americans is the lowest on record.

avg. worker changes jobs 8-10 times + economy + job displacement

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radio - live - Sat.
Fri - FAA - arrival
joint event Off.

Andrea Kane 01/10/2000 09:40:19 PM

Record Type: Record

To: Eric P. Liu/OPD/EOP@EOP, Jeffrey A. Shesol/WHO/EOP@EOP
cc: cynthia a. rice/opd/eop@eop, karin kullman/opd/eop@eop, Jason Furman/OPD/EOP@EOP
bcc:
Subject: Re: revised draft remarks on New Opportunity Agenda/ EITC -- comments to Jeff Shesol by noon Tuesday

Eric/Bruce/Jeff/Jason: I'll fax you the Ellwood paper that Eric mentioned in his comments to Jeff (that Summers mentioned in budget meeting with POTUS). It shows "federal spending on low-income families not on welfare soared from less than $6 billion in 1984 to a projected $51.7 billion in 1999" and says the biggest growth occurred in the EITC. Other major increase was health care (Medicaid expansion and CHIP). Ellwood bases this on CBO analysis included in a report by Ron Haskins (Republican staffer for W&M committee). Ellwood applauds the investments in work-related supports, but also worries about linking all these supports to work "when the economy stumbles and the working poor fall" and is disturbed that fed. and state govts aren't doing more planning for impact of future recessions on working poor. He also highlights falling participation in food stamps and Medicaid, and recommends making these programs work better for working families (which we have taken some steps to do already and are taking more steps in the budget). He mentions CBPP analysis showing those who are not working are worse off. He points to need for more investments in child care, raising min wage, and reforming UI to work better for low wage workers. He raises concerns about disincentives to more work and to marriage in EITC, which our new policies will help address.

On balance, I think we can probably highlight growth in/importance of EITC under this Administration without citing the Ellwood statistic, which is really a Ron Haskins statistic.

CC: CR

THE WHITE HOUSE

Domestic Policy Council

DATE: 1/10

FACSIMILE FOR: Bruce Reed/Eric Liu/Jeff Shesol/Jason Furman

FAX: 6-2878 6-2878 6-5709 6-2223

PHONE:

FACSIMILE FROM: Andrea Kane

FAX: 202-456-7431

PHONE: 202-456-5573

NUMBER OF PAGES (INCLUDING COVER): 9

COMMENTS: Per Email: See p.2 + Fig. 2 for almost nine-fold growth in supports for low-income families not on welfare from '84 to '99.

Children's Roundtable

The Brookings Institution Washington DC

no. 2

November 1999

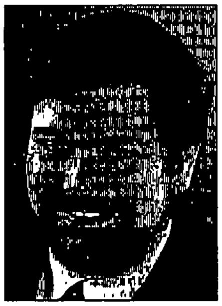
David T. Ellwood

The Plight of the Working Poor

In the decades right after World War II, the fortunes of American workers across the economic spectrum rose and fell more or less together. Since 1979, however, that pattern has changed for full-time male workers employed year-round—the segment traditionally considered the heart of the U.S. labor force.

Figure 1 displays the changes in the inflation-adjusted earnings of workers at different points along the national income distribution scale since 1961. In earlier times, when the nation was prosperous, the rising tide lifted all boats; wages for workers at all levels grew at roughly the same rate, a trend that continued into the 1960s. But beginning in the 1970s and accelerating through the '80s and early '90s, the fortunes of working Americans at the opposite ends of the income ladder have panned out very differently. By 1994, full-time male workers in the bottom 10 percent of the national income scale were earning no more than their counterparts of nearly 35 years before. Workers with incomes in the top 10 percent, meanwhile, were doing far better than the same group did in decades past. The strong economy of the last few years has sparked some rebound in the wages of bottom-tier working men, but a substantial gap remains between their incomes and those of male workers whose earnings are closer to the national average.

David T. Ellwood



David T. Ellwood is Lucius N. Littauer Professor of Political Economy at Harvard University's John F. Kennedy School of Government.

The Brookings Roundtable on Children, established in 1998 under the direction of Senior Fellow Isabel V. Sawhill, focuses on improving the lifetime prospects of children. We gratefully acknowledge the generosity of the Alcoa Foundation and the Foundation for Child Development for their support of the Roundtable on Children.

The Quest for Policies To Help

These ongoing disparities in the fortunes of American workers have inspired considerable economic research, most of which suggests that today's technological advances, declines in heavy industry, weakened unions, growing international trade, and demographic changes due to immigration all work to the disadvantage of less skilled jobholders. Nearly all the studies agree that more, better, and earlier education is critical to solving these inequities, but there is little consensus on how to make real improvements. A successful program would take a generation even to begin to make an impact. Meanwhile, the more immediate concerns are what current policies have done to aid low-income working families, and what additional efforts ought to be considered.

From Welfare to Work

The much-heralded welfare reforms of the past five years signaled a sharp change in U.S. social policy. Time limits were imposed on benefits. The Aid to Families with Dependent Children (AFDC) program was transformed into Transitional Assistance for Needy Families (TANF). Considering the already weak financial condition of so many low-skilled workers, analysts feared that this new set of aid cutbacks would only make the situation worse.

However, at the same time that welfare reform was being implemented, various other changes in policy were combining with the exceptional strength of the U.S. economy to improve the lot of low-wage workers. Within days of President Bill Clinton's signing the wide-ranging 1996 welfare reform bill providing for welfare through block grants to the states and ending guaranteed federal subsidies to poor people with children, a higher minimum wage was enacted. More important, the federal government dramatically increased non-welfare supports for low-income working families with children. As Figure 2 shows, federal spending on low-income families not on welfare soared from less than $6 billion in 1984 to a projected $51.7 billion in 1999.

The biggest growth occurred in the federal Earned Income Tax Credit (EITC). The EITC functions like a pay raise for the working poor. A family with two children and one adult working at a low-paying job gets as much as a 40 percent boost in income from this refundable federal tax credit—up to a limit topping $3,800. A family earning $9,500 qualifies for the full credit, which is gradually phased out as the family's annual income grows. Families with earnings up to around $30,000 still qualify for minimum assistance under the EITC.

The federal Medicaid program providing health care to the poor also has been

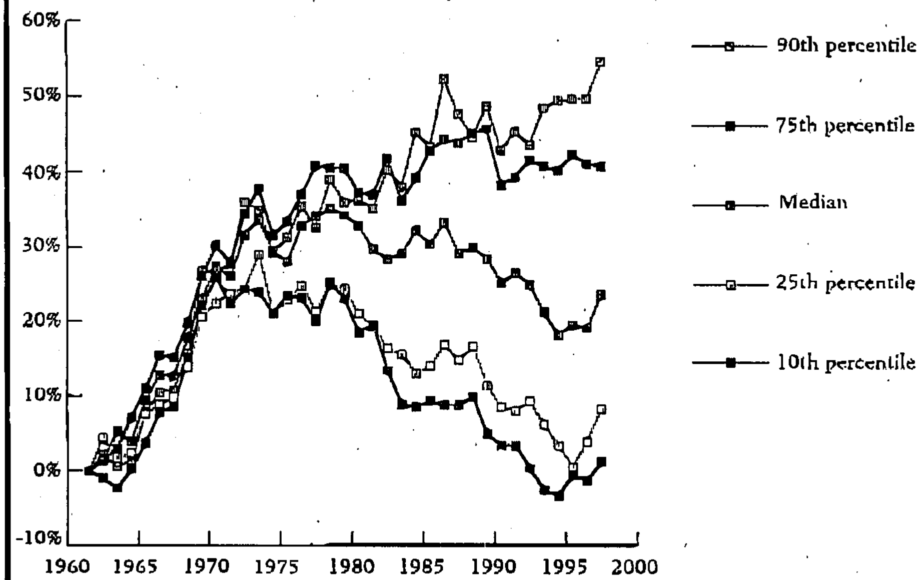
Low-Income Working Families

dramatically expanded. Today, every state must cover at least children under 15 in families with incomes below the federal poverty levels of roughly $13,000 for three-member families and just under $17,000 for families of four. The recently enacted Children's Health Insurance Program (CHIP) gives still more money to states to cover children in families with incomes up to twice the poverty levels, through either Medicaid or a separate CHIP program.

Taken together, these policy changes have had a major positive impact on the economic prospects of many families at high risk of financial collapse. In 1986, a two-parent family of four with a single minimum-wage worker averaged an effective after-tax income of less than $13,000 (in inflation-adjusted 1997 dollars), including food stamps, and their children rarely qualified for Medicaid. By 1997 such a family earned more than $16,000 on average—thanks in large part to the expanded EITC—and the children did qualify for Medicaid.

Figure 1

Distribution of Real Wage and Salary Earnings for Full-Year, Full-Time Male Workers as Compared with 1961 (Constant Dollars)



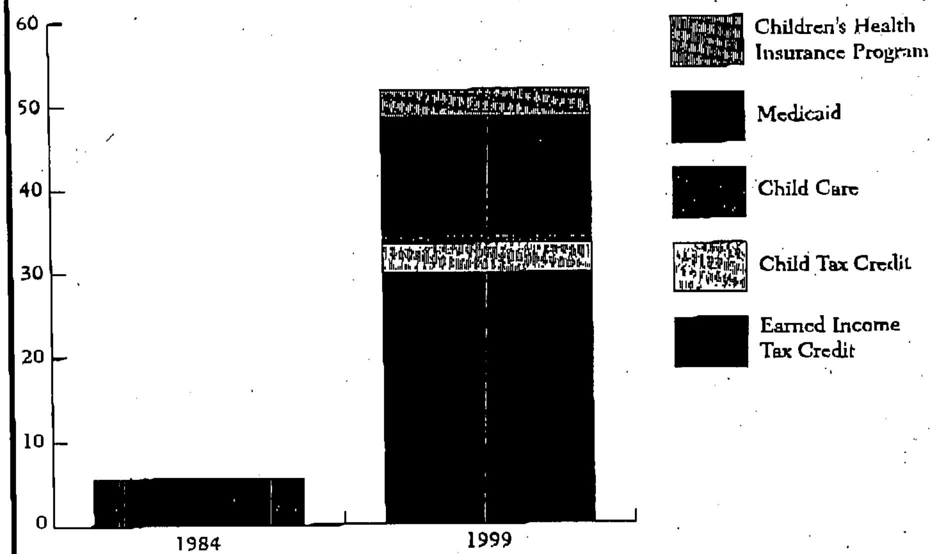
Source: Author's tabulations of annual March Current Population Survey data

As shown in Figure 3, the changes in Medicaid eligibility have been even more striking for single-parent families. In 1986, a non-working single mother with two children would have received roughly $8,500 in welfare and food stamps in an average state, and the whole family would have been covered by Medicaid. But if she took a full-time, minimum-wage job, after accounting for the loss of welfare, the cost of child care, and additional taxes, her family's income would have grown by only about $2,000, and she and her children would have lost their Medicaid coverage. Working or not, the family would be poor. In 1997, by contrast, the non-working mother would qualify for only $7,500 in benefits and for only a limited time. But if she got a full-time, minimum-wage job, her net income would jump to $14,600 and her children would keep their Medicaid coverage. By working, such a mother can now pull her family above the poverty line, if not far above it.

Single parents have responded to the opportunity by working more—much more. In the mid-1970s and for the 20 years thereafter, between 50 and 55 percent of single parents were working. Starting in the mid-1990s, however, their employment rates began to soar, reaching 67 percent in 1998. The change was particularly dramatic among low-skilled single parents, whose employment rates rose from less than 35 percent throughout the 1980s and early '90s to more than 50 percent today.

Figure 2

Federal Outlays on Low-Income Families Not Receiving Cash Assistance (Billions of 1999 Dollars)



Note: Figure 2 is modeled on a graph created with data from the August 1998 Congressional Budget Office report "Policy Changes Affecting Mandatory Spending for Low-Income Workers Not Receiving Cash Welfare," by Ron Haskins for "Welfare in a Society of Permanent Work," Committee on Ways and Means, U.S. House of Representatives, August 1999.

The Fragility of Low-Income Working Families and Their Children

The news is not all good. One August 1999 study from the Center on Budget and Policy Priorities suggests that people whose family situations make working outside the home difficult have been left behind by the recent welfare reforms, and the plights of many are growing increasingly bleak. Yet even for the group that is the focus of this brief—those able to work and find jobs—the financial outlook may be less rosy than it first appears.

It is true that low-income working families now qualify for the Earned Income Tax Credit, food stamps, Medicaid, and sometimes subsidized child care. To get the EITC, working parents need only file a tax return with the appropriate form. Information about the credit, which once seemed hard to come by, is now readily available in low-income communities, and participation rates are very high—in sharp contrast to those for Medicaid and food stamps.

In the past, Medicaid was linked to welfare; eligibility was generally automatic for welfare recipients. Recent policy changes have sought to "de-link" the two programs, so that the working poor can get Medicaid as well. Yet this is where the problem comes in: as welfare caseloads have dwindled, so too has participation in Medicaid, even though eligibility theoretically has been greatly expanded. In most states, Medicaid and CHIP remain a hodgepodge of interlocking programs reflecting incremental expansions. Over time people in need find themselves shunted from program to program, sometimes facing very different rules and administrative requirements, sometimes losing aid altogether, and often failing to realize that they might qualify for support under yet another program. Low-income working families applying for Medicaid usually still must provide considerable documentation of their income, assets, living arrangements, and family relationships. The process is frustrating, time-consuming, and all too often humiliating.

Figure 3

Earnings, Taxes, and Benefits Under Different Scenarios for Work and Marriage in 1986 and 1997

(1997 Dollars)

Marriage and Work Scenario	1986: Single Parent Does Not Work	1986: Single Parent Works Full-Time at Minimum Wage	1986: *Difference*	1997: Single Parent Does Not Work	1997: Single Parent Works Full-Time at Minimum Wage	1997: *Difference*
Total Earnings	0	9,820	9,820	0	10,300	10,300
Federal Taxes: Social Security, Medicare, and Income Taxes Other than EITC	0	-861	-861	0	-788	-788
Means-Tested Benefits: TANF(AFDC) and Food Stamps	8,459	2,578	-5,881	7,501	2,462	-5,039
Child Care Expense	0	-2,000	-2,000	0	-2,000	-2,000
Earned Income Tax Credit	0	768	768	0	3,656	3,656
Child Care Support	0	159	159	0	1,000	1,000
Total "Disposable" Income	$8,459	$10,464	$2,005	$7,501	$14,630	$7,129
Government-Paid Health Insurance (Medicaid)	Yes	No	*Loses All Coverage*	Yes	Children Under 15	*Adult Only Loses Coverage*

Source: David Ellwood, "Antipoverty Policy in the Next Century: From Welfare to Work and Worries," *Journal of Economic Perspectives*, forthcoming.

Similarly, even though virtually every poor and near-poor American qualifies for food stamps, participation in the program has dropped much faster than the poverty rate. As welfare offices have pushed to get people off government-funded assistance, many families apparently have dropped off food stamps as well, even though they remain eligible for the program. In addition, some low-income workers who know they are eligible may avoid applying because of the continuing stigma attached to food stamps as well as the hassles of procuring them.

In the case of Medicaid in particular, there is a lesson to be learned from the success of the Earned Income Tax Credit. If the process is simple, people will enroll. At a minimum, the program should be straightforward and seamless within every state. Making this so may well mean starting from scratch on the procedures for determining Medicaid eligibility for working families. Perhaps the same tax form now used to assess EITC eligibility could be put to use for a national Medicaid program as well. In any case, without major changes Medicaid may never escape its welfare roots, and thus will continue to fail at providing health care to poor working families.

As more and more households send all their adults out to work, the question of child care becomes paramount. At present, the arrangements low-income working parents make for their children's day care are often informal, unreliable, and even unsafe. Meanwhile, the evidence mounts that high-quality, developmentally oriented child care can go far to enhance the prospects of the children lucky enough to get it. Nevertheless, an odd schism exists among policymakers that is reflected in the programs they craft for children: those who promote work for poor parents often regard child care primarily as a means to that end; the implicit goal is to remove an excuse for not working by providing adequate care, but at the lowest possible cost. Policymakers concerned with child development, on the other hand, look first to the best ways to meet the needs of the child, often with little regard for the work situation of the parent. These contrasting concepts collide not only on the question of cost, but also on that of coverage. The generally successful federal Head Start program, for example, was built on a part-day child care model requiring heavy parental involvement, which may not be practical for many working parents.

At the very least, today's growing emphasis on supporting working parents will require increased spending on child care. Both the federal and many state governments are starting to boost their funding for such initiatives. Programs like Head Start are beginning to create all-day "wrap-around" services to better accommodate the needs of working parents. Ultimately, however, Americans will have to answer a critical question: Do we simply want to ensure the minimum custodial care for children in low-income working families, or are we willing to pay for the kind of day care that opens brighter futures to these children?

The Perils of Economic Downturns and Unemployment

When the economy stumbles, the working poor fall. Among the greatest dangers in the recent strategy of doing more to support low-income working families and less for those without workers is that the employed but poor will become the unemployed and destitute in bad times for the overall economy.

The United States' primary means of supporting its out-of-work citizens is unemployment insurance (UI). Unfortunately, this system has not proven very effective at helping low-wage workers. To qualify for UI, formerly employed workers must meet minimum income levels over several quarters and satisfy a number of other requirements, including an appropriate reason for separation from their last job. A 1998 study by Cynthia Gustafson and Philip Levine estimated that only about a third of low-skilled men over 21 who had recently separated from a job met all the conditions for receiving unemployment benefits. An even smaller percentage of low-skilled female workers passed the tests.

One possible alternative to UI would be the provision of some form of community or public service jobs, at least to welfare recipients whose benefits are running out during an economic downturn. A number of states already have modest programs in place to support welfare recipients who can't find private sector work in hard times. Unfortunately, the fiscal demands on state welfare systems are apt to skyrocket in the event of a falloff in the nation's economy. Most observers think that in such circumstances the federal government's modest Transitional Assistance for Needy Families reserve fund would quickly prove inadequate, just as the states would be facing dwindling resources for all programs. It is disturbing how little evidence there is that either the states or the federal government are doing any serious planning for a future recession and its likely impact on poor working families.

Accumulating Adverse Incentives

The new emphasis on supporting low-income workers has created another set of potential problems: work and marriage penalties. The push to accord more benefits to poor but working families is without doubt a strong incentive for households to send at least one adult into the workforce. But these benefits are designed to phase out as income rises, which sometimes creates a powerful disincentive to work extra hours or send another family member into the job market. In fact, some evidence suggests that this disincentive for second workers may be encouraging some mothers in two-parent families *not* to work. Some policymakers may actually welcome this development if the EITC allows some married mothers to stay home with their children. Still, the accumulating incentives are a legitimate source of concern.

Another consequence of targeted benefits is marriage penalties and rewards. Programs like the EITC support low-earning families with children. Thus they offer a reward for marriages between non-working mothers and working men—her children and his earnings allow the couple to qualify for the EITC—and among childless couples contemplating getting married and raising a family for the first time. But for low-income adults who are already working parents, these supports can actually serve as a deterrent to marriage: a working single parent who marries another worker usually will suffer a substantial reduction in benefits, because the couple's combined income reduces what they can receive. The loss can range as high as 15 percent or more of their combined income. Although there is little evidence that the EITC and other worker supports have had much if any impact on marriage rates, Congress was sufficiently concerned about marriage penalties in the tax system that it recently sought to eliminate them—for everyone but low-income working taxpayers. The idea that the nation should use its budget surplus to remove marriage penalties for all but the most vulnerable workers seems both morally questionable and foolish.

Supports for the Future

Increased government support for low-income workers has been critical in shoring up

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economically marginal families in the face of growing income inequities and welfare reforms aimed at getting recipients off public assistance and into the workforce. Despite these programs, however, many working families remain poor or close to it. To help them out of poverty, a number of states have begun to adopt EITCs of their own and to expand other supports. At the federal level, another push is on to raise the minimum wage, which could help at least some working families.

Now it is time to look for ways to make existing support programs such as Medicaid and food stamps work better for employed recipients. We ought to seek to reduce marriage penalties. The next recession will force Americans to confront the unpleasant features of a social policy focused primarily on assisting those with jobs. More to the point, if the income disparities of the 1980s and '90s continue to widen into the next century, the financial stability of the nation's low-wage working families will become ever more tenuous.

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FAX COVER SHEET

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NUMBER OF PAGES: 4
(including cover sheet)

Karen's comments

Draft 01/10/00 3:45pm
Jeff Shesol

PRESIDENT WILLIAM J. CLINTON
REMARKS ON NEW OPPORTUNITY AGENDA
GEORGE WASHINGTON UNIVERSITY
WASHINGTON, DC
January 12, 2000

Eight years ago, when I ran for President, I stood before an audience here in Washington and called for change. "Change in our party, change in our national leadership, and change in our country." Change not for its own sake but because the old answers were obsolete, because new conditions demanded a new approach.

What I said then – and what we in the DLC had been saying for some time – was that it was no longer enough simply to speak of opportunity, responsibility, and community. Our politics had to embody these basic values. Our party had to pursue them; our policies had to promote them. Those of us who led the charge called ourselves New Democrats. But we were quick to point out that labels don't define a politician or a political movement; ideas do. That, after all, is why we got into this business of public service: not to package, and to pass off, whatever might be palatable; but to practice – and, in a real sense, redefine – what is possible.

These ideas were bound to cause controversy in an America divided along the old lines of conflict, an America that was asking itself, after a decade of deadening deficits, "What went wrong?" And they did cause controversy, back in 1991 and 1992. ~~But~~ Al Gore and I refused to meet our challenges by returning to a Great Society more relevant to the 1960s. Nor would we reprise the great neglect of the 1980s. Instead, we said that government had to be slimmed and trimmed and reinvented if it was ever going to function as it does best – as a catalyst – and as an active partner to the private sector in creating opportunity, jobs, and hope. We said that citizens had to take responsibility for shaping their own lives and serving their own communities.

?? Jeff- this doesn't read very smoothly

SOUNDS TOO NEGATIVE/ defensive

Today, I think we can say with certainty – and no small measure of satisfaction – that the argument is over. It's been put to rest by the record. It's been resolved by eight years of results – measurable, remarkable results: the fastest economic growth in more than 30 years, the lowest unemployment rate in 30 years, the lowest poverty rate in 20 years, the largest surplus in almost 40 years, the highest home ownership ever. In several weeks, America will achieve the longest economic expansion in our history. And every one of our 20 million new jobs proves that it's possible – as I argued in 1991 – to "expand opportunity without expanding government."

So America begins its journey through the 21st Century with greater prosperity and greater promise than we have ever known. Today, I want to speak to you about what we must do to fulfill that promise – to seize this moment, this chance of a lifetime – and fashion a new era of opportunity for all.

Fifteen days from now, in my State of the Union Address, I will propose a New Opportunity Agenda for a new century. At its core is a simple, powerful, fundamental principle:

"Opportunity for all." We know that in these seven years we have created more opportunity for more Americans than in any comparable period in history. We know America has never been closer to fulfilling its founding ideal. But we also know that we cannot rest until we expand the circle of opportunity wide enough to include the men and women at its margins, and make sure no one is left behind as our nation moves ahead.

The New Opportunity Agenda builds on the ideas I put forth in 1992 and the progress we have made in the seven years since. It is an ambitious agenda to renew opportunity, reward work, and rekindle hope. It is an assurance that if you work hard and play by the rules, you should have a decent chance for yourself and a better life for your children. That, after all, is the American Dream you and I were raised on. That's the platform I ran on in 1992 and 1996. And that's been the basic goal of so much of my work as President – from the Earned Income Tax Credit to the minimum wage, from health care to child care to policies that help Americans like TK move from welfare to work.

In the coming weeks I will have more to say about my New Opportunity Agenda, more ideas to offer on education, health care, child care, new markets – everything that works together to expand opportunity. But today I want to announce an important element of my plan, one that is emblematic of our overall approach. In my State of the Union Address, and in my budget for 2001, I am proposing a substantial expansion of the Earned Income Tax Credit.

POTUS said he wants to describe this in a way that real people understand

One of the first actions I took as President was to expand the EITC – a targeted tax cut for low-income working families. It was the largest single investment in the working poor in more than two decades, and here's why I made it: because I believe that we can and must reward work even as we restore fiscal discipline to our government. I believed that in 1993 and I believe it just as strongly today.

In expanding opportunity, incentives to work are every bit as important as economic growth or interest rates or debt or deficit reduction. And the EITC is a powerful incentive to work. Studies from Harvard to Wisconsin confirm that it's a fulcrum by which people lift themselves out of poverty and into the middle class. In 1998, the EITC helped more than 4.3 million make that move. That's double the number in 1993. The EITC is a major reason – along with the strength of our economy, the rise in the minimum wage, and the effort to move Americans from welfare to work – that there are fewer people in poverty than at any time since 1979. The child poverty rate is lower than it's been in 20 years; and child poverty among African-Americans is the lowest on record.

This may meet the test but I just wanted you to know

For all our progress, we know there is more we must do. And we also know what works. That is why I am proposing to expand an investment – by $20 billion over 10 years – that is expanding opportunity for millions of Americans. I am proposing, first, to expand the Earned Income Tax Credit for families with three or more children. The challenge for these families rises as their ranks swell: 28 percent are in poverty, more than twice the rate for smaller families. Our plan would provide tax relief up to 20 percent greater than what these families already receive. I am also proposing that we strip away the remaining disincentives to work – making the EITC more fair to married couples; making sure that it rewards marriage, and family, just as it rewards work.

In the days and weeks ahead I will describe more of my New Opportunity Agenda; and I will return time and again to the theme of opportunity for all. Because there are few things more fundamental. "Opportunity for all" is more than a marker of how far we have come; it's a measure of how far we have to go. I think of the words of Robert Kennedy: "Our society – all our values, our views of each other, and our own self-esteem; the contribution we can make to ourselves, our families, and the community around us – all these things are built on the work we do." We must continue to do all we can to affirm the dignity of work – and deliver the rightful rewards for taking responsibility.

This, as I have said, is a great moment for America: a chance to renew the values of opportunity, responsibility, and community; a chance to fulfill the ideals of our founders; a chance to redeem the promise of a prosperous nation. Let us work together to build this stronger America, and this better, brighter future for all our people. Thank you.

Paul D. Glastris
01/11/2000 10:07:21 AM

Record Type: Record

To: Jeffrey A. Shesol/WHO/EOP@EOP

cc:

Subject: Re: revised draft remarks on New Opportunity Agenda/ EITC -- comments to Jeff Shesol by noon Tuesday

Jeff,

May I suggest one subtle change? In your speech, and in the SOTU, I think we should drive a stake through the heart of an idea--widely believed by Bradley fanatics, *Nation* readers, and James MacGregor Burns, but also by a fair slice of the media--that the President's legacy was an abandonment of progressivism. We should bluntly argue that he **saved** progressivism, and that by reforming welfare, improving social indicators, and fattening government's coffers, he has put America in a position to fulfill the progressive dream.

Fifteen days from now, in my State of the Union Address, I will propose a New Opportunity Agenda for a new century. At its core is a simple, powerful, fundamental principle: "Opportunity for all." We know that in these seven years we have created more opportunity for more Americans than in any comparable period in history. *But the very conditions we have created—unparalleled economic strength, a mending social fabric, national self-confidence—put us in a position to do what we have long dreamed of doing:* expanding the circle of opportunity wide enough to include the men and women at its margins, *so that* no one is left behind as our nation moves ahead.

Joshua S. Gottheimer
01/10/2000 04:44:37 PM

Record Type: Record

To: Jeffrey A. Shesol/WHO/EOP@EOP, Terry Edmonds/WHO/EOP@EOP
cc:
Subject: new oppt comments from penn

---------------------- Forwarded by Joshua S. Gottheimer/WHO/EOP on 01/10/2000 04:44 PM ---------------------------

markpenn@ps-b.com (markpenn)
01/10/2000 03:38:43 PM

Record Type: Record

To: Joshua S. Gottheimer/WHO/EOP
cc:
Subject: RE: draft for Penn

The only thing I would like to get in here is defining the new opp agenda as new in the sense that what consitutes equal opportuniyty has changed -- in the past a ninth grade education would have been enough -- today we know we that we must assure equal access to collegfe to have equal opportunity (if you can come up with two more changes like that so that we are really defining the new frontiers of opportunity, that would be good to add.

> -----Original Message-----
> From: Joshua_S._Gottheimer@who.eop.gov
> [mailto:Joshua_S._Gottheimer@who.eop.gov]
> Sent: Monday, January 10, 2000 2:59 PM
> To: markpenn@ps-b.com; jleveton@ps-b.com
> Subject: draft for Penn
>
>
>
> ---------------------- Forwarded by Joshua S. Gottheimer/WHO/EOP on
> 01/10/2000 02:59 PM ---------------------------
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> image moved Jeffrey A. Shesol
> to file: 01/10/2000 02:57:50 PM

Draft 01/10/00 3:45pm
Jeff Shesol

Sid edits 1/10 5:00 pm

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~~So~~ America has crossed the bridge into ~~begins its journey through~~ the 21st Century in the new era with greater prosperity and greater promise than we have ever known. Today, I want to speak to you about what we must do to fulfill that promise – to seize this moment, this chance of a lifetime – and fashion a new era of opportunity for all.

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Precisely b/c we have made prog., we know there is more we must do and more we can do.

~~For all our progress, we know there is more we must do. And~~ we ~~also~~ know what works. That is why I am proposing to expand an investment – by $20 billion over 10 years – that is expanding opportunity for millions of Americans. I am proposing, first, to expand the Earned Income Tax Credit for families with three or more children. The challenge for these families rises as their ranks swell: 28 percent are in poverty, more than twice the rate for smaller families. Our plan would provide tax relief up to 20 percent greater than what these families already receive. I am also proposing that we strip away the remaining disincentives to work – making the EITC more fair to married couples; making sure that it rewards marriage, and family, just as it rewards work.

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explain why the progress of the nation requires opp for all.

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how far we can go + how far we will go.

and unique

unprecedented

This, as I have said, is a great moment for America: a chance to renew the values of opportunity, responsibility, and community; a chance to fulfill the ideals of our founders; a chance to ~~redeem~~ the promise of a prosperous nation. Let us work together to build ~~this~~ stronger America, and ~~this~~ better, brighter future for all our people. Thank you.

an even

an even

& realize

on "precisely" ¶ — what works —

add 2 lines:

Can't go back to deficits, schemes that will undo everything we / Am people have worked so hard to achieve.

today, that is why...

Revised Draft 01/10/00 6:30pm
Jeff Shesol

PRESIDENT WILLIAM J. CLINTON
REMARKS ON NEW OPPORTUNITY AGENDA
GEORGE WASHINGTON UNIVERSITY
WASHINGTON, DC
January 12, 2000

Acknowledgments: Sen. Lieberman; GWU President Stephen Joel Trachtenberg

Eight years ago, when I ran for President, I stood before an audience here in Washington and called for change: "Change in our party, change in our national leadership, and change in our country." Change not for its own sake but because the old answers were obsolete, because new conditions demanded a new approach.

What I said then – and what we in the DLC had been saying for some time – was that it was no longer enough simply to speak of opportunity, responsibility, and community. Our politics had to embody these basic values. Our party had to pursue them; our policies had to promote them. Those of us who led the charge called ourselves New Democrats. But we were quick to point out that labels don't define a politician or a political movement; ideas do.

and called our ~~ideas~~ plan the Third Way.

Our ideas were bound to cause controversy in an America divided along the old lines of conflict, an America that was asking itself, after a decade of deadening deficits, "What went wrong?" And they did cause controversy, back in 1991 and 1992. But Al Gore and I were not about to return to policies more relevant to the problems of the 1930s or the 1960s. Nor would we reprise the great neglect of the 1980s. Instead, we said that government had to be slimmed and trimmed and reinvented if it was ever going to function as it does best – as a catalyst – as an active partner to the private sector in creating opportunity, jobs, and hope. And we said that citizens had to take responsibility for shaping their own lives and serving their own communities.

Today, I think we can say with certainty – and no small measure of satisfaction – that the argument is over. It's been put to rest by the record. It's been resolved by eight years of results – measurable, remarkable results: the fastest economic growth in more than 30 years, the lowest unemployment rate in 30 years, the lowest poverty rate in 20 years, the largest surplus in almost 40 years, the highest home ownership ever. In several weeks, America will achieve the longest economic expansion in our history. And every one of our 20 million new jobs proves that it's possible – as I argued in 1991 – to "expand opportunity without expanding government." Indeed, we have reinvented government and remade our nation.

So America begins its journey through the 21st Century with greater prosperity and greater promise than we have ever known. Today, I want to speak to you about what we must do to fulfill that promise – to seize this moment, this chance of a lifetime – and fashion a new era of opportunity for all.

Fifteen days from now, in my State of the Union Address, I will propose a New Opportunity Agenda for a new century. At its core is a simple, powerful, fundamental principle: "Opportunity for all." We know that in these seven years we have created more opportunity for more Americans than in any comparable period in history. We know America has never been closer to fulfilling its founding ideals. But we also know that we cannot rest until we expand the circle of opportunity wide enough to include the men and women at its margins, and make sure no one is left behind as our nation moves ahead.

The New Opportunity Agenda builds on the ideas I put forth in 1992 and the progress we have made in the seven years since. It is an ambitious agenda – to renew opportunity, reward work, and rekindle hope. It advances our understanding of what opportunity means in an Information Age. But it also helps assure that if you work hard and play by the rules, you will have a decent chance for yourself and a better life for your children. That, after all, is the American Dream you and I were raised on. That's the platform I ran on in 1992 and 1996. And that's been the basic goal of so much of my work as President – from the Earned Income Tax Credit to the minimum wage, from health care to child care to policies that help Americans like TK move from welfare to work.

?

In the coming weeks I will have more to say about my New Opportunity Agenda, more ideas to offer on education, health care, child care, new markets – everything that works together to expand opportunity. But today I want to announce an important element of my plan, one that is emblematic of our overall approach.

digital divide

In my State of the Union Address, and in my budget for 2001, I am proposing a substantial expansion of the Earned Income Tax Credit – a targeted tax cut for low-income working families. One of the first actions I took as President was to expand the EITC. It was the largest single investment in the working poor in more than two decades, and here's why I made it: because I believe that we can and must reward work even as we restore fiscal discipline to our government. I believed that in 1993 and I believe it even more strongly today.

In expanding opportunity, incentives to work are every bit as important as economic growth or interest rates or debt or deficit reduction. And the EITC is a powerful incentive to work. Studies from Harvard to Wisconsin confirm: it's a fulcrum by which people lift themselves out of poverty and into the middle class. In 1998, the EITC helped more than 4.3 million make that move. That's double the number in 1993. The EITC is a major reason – along with the strength of our economy, the rise in the minimum wage, and the effort to move Americans from welfare to work – that there are fewer people in poverty than at any time since 1979. The child poverty rate is lower than it's been in 20 years; and child poverty among African-Americans is the lowest on record.

Precisely because we have made such progress, we know there is more we can do. We know what works. That is why, today, I am proposing to expand an investment that is already expanding opportunity for millions of Americans. I am proposing, first, to expand the Earned Income Tax Credit for families with three or more children. The pressures on these families rise as their ranks increase: 28 percent are in poverty, more than twice the rate for smaller families. Our plan would provide these families tax relief that is up to 20 percent greater than what they now receive. I am also proposing that we strip away the remaining disincentives to work – making the EITC more fair to married couples; making sure that it rewards marriage, and family, just as it rewards work. My budget dedicates $20 billion to these goals over the next 10 years – investing in our people while maintaining the fiscal discipline that got us here.

It was Robert Kennedy who said: "Our society – all our values, our views of each other, and our own self-esteem; the contribution we can make to ourselves, our families, and the community around us – all these things are built on the work we do." So we must continue to do all we can to affirm the dignity of work – and deliver the rightful rewards for taking responsibility. In the days and weeks ahead I will describe more of my New Opportunity Agenda. I will define other ways we can open new frontiers of opportunity. Because "opportunity for all" is more than a marker of how far we have come; it's a measure of how far we can go.

This, as I have said, is a great and unique moment for America: a chance to renew the values of opportunity, responsibility, and community; a chance to fulfill the ideals of our founders; a chance to realize the full promise of a prosperous nation. Let us work together to build an even stronger America, and an even better, brighter future for all our people. Thank you.

Jason Furman
01/10/2000 02:27:39 PM

Record Type: Record

To: Jeffrey A. Shesol/WHO/EOP@EOP

cc:

Subject: Re: EITC

Looks good. Some suggestions:

Change "By 1998, more than 4.3 million had made the move." to "In 1998, more than 4.3 million people were lifted out of poverty by the EITC."

If you want, you could add to the following: "The child poverty rate is lower than it's been in 20 years; and child poverty among African-Americans is the lowest on record." that we have experienced the largest drop in child poverty in over 30 years and that it has fallen by 17 percent.

Either: "**28** percent of children in families with three or more children are in poverty, **more than** twice the rate for smaller families." **or** "7.7 million children from families with three or more children are in poverty, more than half of all impoverished children."

The about $20 billion number refers to all the proposals, I would move it up in the paragraph.

I'm going to flag for Gene that we could have dollars on what this means for a typical family. But for now, you should leave this out on the grounds that it is too small.

Draft 01/10/00 3:45pm
Jeff Shesol

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These ideas were bound to cause controversy in an America divided along the old lines of conflict, an America that was asking itself, after a decade of deadening deficits, "What went wrong?" And they did cause controversy, back in 1991 and 1992. But Al Gore and I refused to meet our challenges by returning to a Great Society more relevant to the 1960s. Nor would we reprise the great neglect of the 1980s. Instead, we said that government had to be slimmed and trimmed and reinvented if it was ever going to function as it does best – as a catalyst – and as an active partner to the private sector in creating opportunity, jobs, and hope. We said that citizens had to take responsibility for shaping their own lives and serving their own communities.

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Draft 01/10/00 2:00pm
Jeff Shesol

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In the days and weeks ahead I will describe more of my New Opportunity Agenda; and I will return time and again to the theme of opportunity for all. Because there are few things more fundamental. "Opportunity for all" is more than a marker of how far we have come; it's a measure of how far we have to go. We must continue to do all we can to affirm the dignity of work – and deliver the rightful rewards of a hard day's labor. I think of the words of Robert Kennedy: "Our society – all our values, our views of each other, and our own self-esteem; the contribution we can make to ourselves, our families, and the community around us – all these things are built on the work we do." So this, as I have said, is a moment of profound opportunity for America: to fulfill the ideals of our founders, to fulfill the promise of a prosperous nation. Let us seize that opportunity; and in so doing we will build a stronger America. Thank you.

This is good - Terry

Draft 01/10/00 1:00pm
Jeff Shesol

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rekindle

The New Opportunity Agenda builds on the ideas I put forth in 1992 and the progress we have made in the seven years since. It is an ambitious agenda to renew opportunity, reward work, and requite hope. It is an assurance that if you work hard and play by the rules, you should have a decent chance for yourself and a better life for your children. That, after all, is the American Dream you and I were raised on. That's the platform I ran on in 1992 and 1996. And that's been the basic goal of so much of my work as President – from the Earned Income Tax Credit to the minimum wage, from health care to child care to policies that help Americans like TK move from welfare to work.

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"requite" is likely to sound foreign to many ears – including mine. I suggest rekindle
[illegible]

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Furman
69358

THE WHITE HOUSE
WASHINGTON

1) Motivation for 3-kid

Disprop. share of child pov is in
families w/ 3 or more children
- child pov. has ↓ [up to $500 extra]
but...
- challenge remains

2) marriage penalty   reward family at same time that we reward work

~~↓ disincentive~~
An add'l # $ for a married family up to [$300] receiving EITC
- more fair so it's pro-marriage
pro-family

3) ↓ disincentives to work

Jason Furman
01/06/2000 06:39:55 PM

Record Type: Record

To: Jeffrey A. Shesol/WHO/EOP@EOP

cc: Joshua S. Gottheimer/WHO/EOP@EOP, Patrick M. Dorton/OPD/EOP@EOP

Subject: EITC background

Here is a background sheet we have. Policy details are being worked out, but the basic policy will be:

(1) A larger credit for families with three children.
(2) A slower phaseout (i.e., larger credit) for married couples
(3) A slower phaseout (i.e., lower tax rates) for people with two or more children.

We'll have a lot of stats about our policy -- how many people it helps, etc. probably early next week (we can't do these until we settle the policy).

The general rhetoric is one of rewarding work and family -- which is exactly what our EITC tax cuts do. The President could also motivate the three children by saying that the poverty rate for families with three children is much higher than that for families with one or two children. I don't have the precise numbers yet, but you could say either xx percent of poor children live in families with three or more children or the poverty rate for children has fallen a lot but it is still xx percent for families with three or more children -- nearly twice the poverty rate for smaller families.

BACKGROUND-EITCb

BACKGROUND on EITC

BENEFITS

- Nearly 20 million taxpayers will claim the EITC on 1999 tax returns.

- The average benefit for all claimants is $1,610. The average benefit for claimants with children is $1,890.

- The average income of all claimants is $12,267. The average income of claimants with kids is $13,781. (1997 AGI figures).

- Maximum benefits for 1999 are $2,307 for families with one child and $3,816 for families with two children, and $346 for childless workers.

Impact of EITC—Reduction in Poverty Rate and Numbers Lifted Out

	Poverty W/O EITC	Poverty W/EITC	# Lifted Out
1998:	13.6%	12.0%	4,337,000
1997:	14.3%	12.7%	4,295,680
1996:	14.9%	13.3%	4,259,488
1995:	14.8%	13.4%	3,692,262
1994:	15.8%	14.6%	3,139,392
1993:	16.3%	15.5%	2,074,224
1992:	16.2%	15.2%	2,565,490

In 1998 the EITC lifted out of poverty:

- **Americans:** **4.3 million, more than double the number lifted in 1993.**
- **Children:** 2.3 million children out of poverty.
- **African-Americans:** 1.1 million African-Americans out of poverty.
- **Hispanics:** Nearly 1.2 million Hispanics out of poverty.
- **Black Children:** 634,000 African-American children out of poverty.
- **Hispanic Children** 636,000 Hispanic children out of poverty.

- Combined effect of minimum wage and EITC: The combined effect of the minimum wage and the EITC have dramatically increased the benefits of work. Between 1993 and 1997, families with one child and one earned who worked full time at the minimum wage ($4.72 in 1993 and $5.15 in 1997 in 1997 Dollars) received a 14 percent -- $1,303 – increase in their income, after inflation, just because of these two policies. Two children families experienced a 27 percent -- $2,699 -- increase.

1993 Expansion

- Provided a tax cut to 15 million working families.

- For every dollar a very low income working parent with one child earns, the EITC was increased from 23 cents to 34 cents (25 cents to 40 cents for two plus children).

- The maximum credit was increased by over $1,500.

- The income limit on eligibility was increased to $30,095 for families with two or more children.

ERROR RATE

Q: Isn't the EITC plagued with problems of fraud and non-compliance?

A: The EITC error rate has been reduced dramatically because of our aggressive efforts and we are working to bring the error rate down further. An April, 1997 IRS study of 1994 returns found the EITC error rate to be 20.7 percent. While still high, this is far below the 35 percent error rate the IRS found in the late 1980s. Between 1993 and 1996, the Administration took 17 measures to ensure simplicity and verifiability of the EITC and to reduce erroneous or undeserved claims.

- Moreover, the 20.7 percent likely overstates the current error rate because, among other factors, it ignores our recent legislative compliance changes. Specifically, **last year's tax relief bill includes six Administration EITC compliance proposals that will save $5 billion over the next decade, including:**

1) The Treasury Department will have access to an expended Federal Case Registry of Child Support Orders -- to help the IRS identify erroneous EITC claims by parents who do not live with their children. This is important because 39 percent of EITC 1994 overclaims were from taxpayers who not did live with children for requisite amount of time.

2) The Social Security Administration will be required to obtain SSNs of parents of minor children when applications for SSNs are made for these children. The IRS will have access to this data.

3) Paid preparers will be required to fulfill due diligence requirements when preparing EITC claims -- subject to a $100 per return penalty.

4) Fraudulent EITC claimants will be ineligible for the EITC for ten years. People who erroneously claim credit due to reckless or intentional disregard of rules and regulations will be denied EITC eligibility for the subsequent two years.

5) A taxpayer denied the EITC as a result of deficiency procedures will be ineligible in future years unless further evidence of eligibility is furnished by the taxpayer.

6) Unemployment benefits and means-tested public assistance will no longer be fully exempted from levy for any purpose. Up to 15 percent of these benefits will be subject to continuous levy.

- The EITC error rate must be kept in perspective. Noncompliance in other areas of the tax code is much higher than for the EITC:

- The IRS estimates 29 percent of business income is not reported on 1992 tax returns.

- Sole proprietors do not report 31 percent of their business income (1992 returns).

- Unreported business income alone results in $40 billion in lost tax revenue or over 40 percent of the individual income tax gap -- more than the cost of the entire EITC.

TURN PAGE TURN PAGE

Remarks on the Earned-Income Tax Credit and an Exchange With Reporters

July 29, 1993

The President. I don't want them to miss the vote. [Laughter] This is what is known as an excused absence for the Congress. I want to say a warm welcome and a word of thanks to the Risners, the Dorseys, and the Dikemans, all of them, for coming here. They're not used to being public speakers, but I think they did a fine job, don't you?

I'd also like to say a special word to Mr. Dorsey. When I was a boy, I cut lawns for a living, too, and nobody ever gave me more than I charged. You're either a better salesman, a better grass-cutter, or you had better customers. [Laughter]

I am so glad to have these families here today because they emphasize that a pivotal part of this economic plan is increasing the earned-income tax credit which, more than anything else we could do, will reward work and family and responsibility and make a major down payment on welfare reform.

You heard Robin make that point. There are so many Americans in this country who want to work, who want to be independent, who want to support themselves, and who find themselves in a position of not being able to make ends meet, not being able to cover basic costs. The earned-income tax credit can help them do that. [p.1225] It is a terribly important part of this overall plan, which not only reduces the deficit by $500 billion, but also does it in a fair way. Half of the reduction comes from budget cuts; four fifths of the rest comes from taxes on the upper income people in this country, the upper 6 percent; one-fifth from taxes on families with incomes above $30,000 and below, for couples, $180,000.

But the most important thing of all to reward work is that this will be the first time in the history of our country when we'll be able to say that if you work 40 hours a week and you have children in your home, you will be lifted out of poverty. It is an elemental, powerful, and profound principle. It is not liberal or conservative. It should belong to no party. It ought to become part of the American creed. It's not about more governmental or social workers or more services. It's about more groceries and a ear, more school clothes for the kids, and more encouragement and hope to keep doing the right thing. These families have made it clearer than I ever could.

One of the things that I want to emphasize is that if we ever want to really restore the health of the American economy, it won't be enough just to bring down the budget deficit or just to have good economic policies. You have to find a way to tell people that if they work hard and play by the rules they'll be able to make it, they will be rewarded. The incentive system in America has worked against that for too long.

You know, it's amazing to me how many American families still live in poverty. About 18 percent of the work force, nearly one in five families, have a worker and still do not reach the Federal poverty line. There are 36 million, approximately, low-income Americans; about 20 million of them live in a family that works, with someone working at least part of the year; 6 million live in families where someone works all year round, full-time, and the family is still in poverty. And as I said, where there is a family of four, about one in five, or 18 percent, have insufficient incomes to lift them above the Federal poverty line.

So in spite of all the pro-family rhetoric of our National Government for years, our policies haven't worked. In fact, they've been going in the wrong direction. We need every American who can to work if we're going to compete and win in the global economy. And more than ever, we need strong families. This is, as you can see, not just a pro-work policy, it is a pro-family policy. We shouldn't make it harder to work and support a family. We ought to make it easier, and the people who do it should be lifted up as examples of the American ideal, not punished because they're trying to do the right thing. That's what the EITC does.

We ought to have two principles that operate in this country: People who can work should work, but if they do work, their families at home shouldn't be poor.

Today I also want to announce that the IRS will begin an aggressive outreach campaign to reach all Americans who are entitled to the credit. This will make it easier for them to receive benefits they have earned by working. It will also help us to educate them about the advantage of getting an advanced EITC, rather than having to wait an entire year. All these folks figured out how to work the system. But there are a lot of people out there, just like them, who haven't and who deserve the same incentive for work and for family.

We know that this program works. We know it's a lifeline for semi-skilled workers who are working to improve their education and training. We want Robin to get home in time for the test, and we want her to make a good grade. And we want that, also, to be a symbol for all the people in this country who are struggling to do the same thing.

We know that the vast majority of all those who benefit from the EITC work very long hours for a very modest compensation in jobs that very often have inadequate benefits, either for themselves or for their children. These are just three of the millions of stories we might have heard today from a part of America we almost never see on the evening news.

Every time you see a crime story reported in a tough neighborhood, remember that most people in that neighborhood, no matter how tough it is, work for a living, do their best to raise children, never break the law, and are struggling, struggling against odds that are enormous to make it and to make the American dream real for themselves and their children.

It is time we acted to support those people. In some ways, they may be the most heroic of all Americans today. If we really want to rebuild family life in America, if we want to recognize the realities that nearly everybody has to work to make ends meet, and more and more [p.1226] families have to have both parents working if they're in the home, even if they have four children and two of them are as young as those two youngest boys, we have got to say to those people: We are on your side. Your country is for you. You have done what all of the speech-makers talk about, and it's time the people who make the speeches had policies that reward you for doing what people have been pleading for Americans to do for years and years now.

That's why I think this is a critical part of this economic package. Make no mistake about it' If the people who favor the "no-new-anything approach," as the Wall Street Journal characterized the opponents of our plan, prevail, Americans will lose the pro-work, pro-family, pro-responsibility element of the earned-income tax credits, the largest single expansion in an effort to help the working poor in over two decades.

We can't let this happen. This is just one more reason why we have got to act, and act now on this economic plan. This is not about numbers and digits and accountants' gimmicks; it's not about arguments about who perceives or feels what about this economic plan. This is about how the low-interest rates, deficit reduction, the business incentives and, most important today, the earned-income tax credit will affect the real lives of real people and help them to live and succeed in the way that we always speak as if we want them to be able to live and succeed. This is the real world. You met it today. I hope the Congress will make it possible in the next few days to have more families like this with more success stories. Thank you very much.

We can take a couple of questions.

Economic Program

Q. Mr. President, what do you think is the chance of your budget getting through?

The President. Good.

Q. We understand it's in deep trouble in the Senate.

The President. I think it's good. You have to listen not only to what's being said but how it's being said. You know, as more information gets out, it's just like I've always said, rhetoric was our enemy and reality is our friend. There's a story in the Wall Street Journal today that once again Americans are hearing the facts instead of the rhetoric and the bad-mouthing and the negativism of our opponents and people are saying, "Let's give the President's plan a chance," and more likely to support Members of Congress who support it than they are Members who oppose it. They're beginning to learn again that over 70 percent of the taxes now fall on families with incomes above $200,000, the top 1.2 percent of the population, and that this attack that the Republicans have used to try to convince ordinary Americans that they're being soaked, that there's no deficit reduction, is all a bunch of hooey. And I think we've got to get this out. So I'm feeling much better about it.

Q. Mr. President, that same survey shows that despite all the time you've spent on the economy, more people give you high marks for foreign policy than for handling the economy. Why do you think that's the case?

The President. Because they're still worried about their economic circumstances. And because they want results. And because the Congress hasn't passed the plan yet. We need to begin to do things. But if we pass the economic plan, if we move on the health care to welfare reform, deal with the crime bill, if the Senate will not filibuster the national service bill and open the doors of college education to all Americans and give people a chance to serve their country, then people will believe that Washington will do better. Also, the ratings of the Congress will go up. People want things done. They didn't hire us to come up here and give speeches. We've tried the speechifying for a good long while; it didn't work very well. They want things to be done. I think the American people are very patient in terms of knowing we've been getting into economic trouble for 20 years, and we followed a certain economic policy that I want to change for 12, and it's not going to turn around in 6 months or a year, that we've got a lot of effort to make. But they want to know that we're at least moving, that we're moving from talk to action.

And that's why I wanted these families to come here today, to point out that this really will affect people's lives. There was another article I saw in one of the papers this morning interviewing very small business people who had been told on the talk shows and from other sources that they were about to get whanged by this plan, and all of a sudden now they've realized they're going to get their expensing provision doubled, and over 90 percent of the small businesses in this country will have an opportunity [p.1227] to lower their tax burden if, but only if, they invest. So I think that reality is creeping back in, and that's a healthy thing always.

Iraq

Q. Mr. President, the Pentagon says that U.S. naval aircraft have again bombed Iraqi missile sites. Could you update us and tell us what exactly is going on?

The President. There is nothing out of the ordinary about what happened. It was not part of any new initiative. It was part of the old understandings under which our planes operate in that area and circumstances under which they respond.

Entitlements

Q. Mr. President, another controversial aspect of your plan deals with entitlements. A few days ago, Congressman Tim Penny said that you're considering issuing an Executive order to curb entitlements. My understanding is it would be modeled after the Stenholm entitlement budget provision in the House. Can you comment?

The President. The Stenholm provision basically imposes discipline on our budget. It says that if we miss the deficit reduction target in any given year [n any given category, whatever the category is, whether it's general expenditures, revenues, or entitlements, that the President will have to come back in with a plan to meet the deficit reduction target, and the Congress must vote on it. They don't have to vote specifically for that, but they must vote for something. They have to vote on it. In the rather arcane rules of the Senate, there is some question about whether that provision can go on this budget bill without triggering a filibuster and, therefore, requiring 60 percent to approve that provision.

Now, I believe every Republican Senator is for the Stenholm amendment, in his or her heart. I believe that, because it is what they always say they want: spending discipline. And yet they are threatening to filibuster it. Why? Because it makes our bill stronger, because it's a real deficit reduction, because it undermines the ability to give speeches instead of doing something.

And so if they don't let the Stenholm provision go on the budget, then I will do my best to, by Executive order or through a separate bill or through some other measure, to get as much of that discipline as I can. I think we should every year—nobody, nobody running a business can foresee what's going to happen for 5 years. The networks represented here can't do a 5-year budget and estimate with absolute exactitude what their revenues are going to be and who will watch what and all that sort of stuff. And you ought to make corrections every year, and this is the first time the Government's ever committed itself to that. I like it.

Bosnia

Q. Mr. President, are you considering the use of war planes over Bosnia, not just to protect U.N. peacekeeping forces but also to keep the supply lines going and perhaps to stop some of the shelling in Sarajevo?

The President. The best way for me to answer that today is to say that nothing has changed since I was asked that question and others yesterday. We're still waiting to hear from the U.N. When we do, when we make a decision, then I will respond.

NOTE: The President spoke at 12:02 p.m. in Room 450 of the Old Executive Office Building. In his remarks, he referred to participant Robin Dikeman. A tape was not available for verification of the content of these remarks.

Source: Federal Register Division. National Archives and Records Service, Public Papers of the Presidents of the United States, William J. Clinton, 1993 (Washington, D.C.: Government Printing Office, 1956-), pp.1224-1227

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PRESIDENT WILLIAM J. CLINTON
REMARKS ON WELFARE-TO-WORK INITIATIVES
THE WHITE HOUSE
January 25, 1999

Acknowledgments: Secs. Herman, Shalala, Slater, Cuomo TBD; Reps. Ben Cardin & Ruben Hinojosa; Janice LaChance, Dir. of OPM; Aida Alvarez, Administrator of SBA; Gov. Mel Carnahan; Robert Higgins, Fleet Bank President and Chief Operating Officer; Carlos Rosas

In 1992, when I ran for President, I told Americans that there were few things more important than reforming our welfare system. A lot of people agreed that we should change welfare, but not everybody believed that we could do it. After all, this was a system that had trapped generations in a culture of dependency; there were neighborhoods where, quite simply, no one worked. The government's compact with the people seemed, somehow, to have broken down.

In the past six years we have done much to change all that. When I became President, I worked with 43 states, freeing them from federal strictures, enabling them to create new, innovative programs that move Americans from welfare to work; and, in 1996, I signed the landmark bipartisan welfare reform law, ending the old system as we knew it. I said then that "our nation's answer to the problems of poverty will no longer be a never-ending cycle of welfare; it will be the dignity, the power, and the ethic of work."

Today, if we stay on the new path we have forged, I believe we will break that cycle of dependence for good, and it will be one of our greatest accomplishments as a nation.

Already, even our greatest hopes are being surpassed. Welfare rolls are the smallest in 30 years, down by 44 percent since I took office. In the same period, the number of welfare recipients who are working -- taking that first step toward responsibility -- has tripled. And every state is meeting the work participation standards required under welfare reform. Simply put, America is working again -- proving that something as basic as a full-time job can transform a life or a whole family.

The welfare system is no longer holding people back; it is helping them move ahead. Welfare reform alone could not achieve that. That is why I have continued to support health care and child care for low-income families. And we have doubled the Earned Income Tax Credit for families with children, a targeted tax cut that is especially generous to low-income working families. For a family of four with an annual income of less than $30,000, that tax cut is worth, on average, about $1,000.

I have said that if we are going to require able-bodied people to take jobs, we have to make sure as a nation that there are jobs for them to take. In our strong and growing economy,

~~the true engine of job growth is the private sector.~~ Two years ago, I asked five companies to lead a national effort to hire people off welfare. Today, our Welfare to Work Partnership includes 10,000 companies who have hired, retained, and promoted hundreds of thousands of people. It's not a charity; it's good for families and good for the bottom line. We've heard some of those success stories this morning; and I know, between Eli Segal and companies like Fleet, we will be hearing many more in the years to come.

Smaller caseloads and bigger paychecks are important signs of progress. But they are not the only ones. The sense of pride, the sense of security of newly working Americans -- these are the best measures of our success. As more Americans gain the confidence that a full-time job can bring, we gain confidence that our new strategy is working and strengthen our determination to do more.

We know what works. We know how to turn long-term welfare recipients into full-time workers. Now, as we move into the 21st Century, we must ensure that even more Americans move from welfare to work. In my State of the Union Address last week, I said we can help another 200,000 Americans move from welfare to work. To achieve that goal, I propose that we renew the successful Welfare-to-Work program, which is set to expire in the year 2000. My balanced budget includes $1 billion to help states and communities build upon their record of success.

My budget dedicates $150 million of those funds to low-income fathers who fulfill their duty to work, to pay child support, and to become part of their children's lives again. Every father has that responsibility to his children and the mother of his children. But, as Carlos Rosas just told us, some fathers have difficulty getting or keeping a job, and that is why many states are using some of their welfare-to-work funds to help committed fathers of children on welfare -- fathers who sign personal responsibility contracts -- to get jobs. My balanced budget will help ensure every state can support fathers who support their families.

But there is more we must do. America has achieved the longest peacetime expansion in our history. And as our economy continues to grow, businesses reach farther and wider to hire new talent, bringing more welfare recipients into the workplace. We can -- and must -- use this moment to make permanent our gains on welfare. Our prosperity gives us this opportunity, and makes it an obligation.

We must, therefore, do more to help welfare recipients who remain on the rolls. In many cases, they are the ones who face the greatest challenges to entering the workforce. We know that if you can't get to work, you can't go to work. Two-thirds of new jobs are in the suburbs, but three-quarters of welfare recipients live in cities or rural areas. That is why my balanced budget will double the funding to get workers to the workplace. I am also announcing a 50 percent increase in housing vouchers -- to help families find affordable homes, avoid those difficult commutes, and to get them closer to a new job and a better, brighter future.

Thanks to the efforts of companies like Fleet, officials like Governor Carnahan, and working Americans like Carlos Rosas, more families are enjoying that kind of future. Across our nation, governors and mayors and county officials are joining with the private sector to develop new ways to move people from welfare to work. I urge the Congress to renew an investment that is expanding opportunity and rewarding responsibility for millions of Americans. In that way, we can continue to make good on what I called, two years ago, "a historic chance to make welfare what it was meant to be: a second chance, not a way of life." We can go farther toward fulfilling our nation's basic bargain -- to reward the hard work of our citizens, and to give them the tools to succeed in changing and exciting times. Thank you.