

EXECUTIVE OFFICE OF THE PRESIDENT
EXECUTIVE OFFICE OF THE PRESIDENT

31-May-1996 12:10pm

TO: (See Below)

FROM: ACCOUNT, BEAUBAIRE D1
Office of Cabinet Affairs

SUBJECT: Talking Points on Children

President Clinton and Americans are Meeting
Meeting the Challenge of Cherishing our Children
May 31, 1996

An outstanding record of accomplishment for our children. President Clinton is committed to protecting our children, improving their quality of health, expanding educational opportunities, ensuring economic opportunities for their parents, and strengthening parents' capacity to nurture healthy families.

Cherishing our Children:

- * WIC. The Clinton Administration is committed to fully funding the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), reaching 7.5 million participants by the end of FY 1997. This program works: Every dollar invested in the pre-natal portion of WIC has been proven to save up to \$4.25 in preventive health-care costs.
- * Immunizations. President Clinton established a Childhood Immunization Initiative to ensure vaccinations and healthy futures for all children. In 1995, the immunization rate for two-year old children reached 75%, an historic high.
- * Removing barriers to adoption. The Administration is working to encourage adoption, including adoption of children with special needs, and to reduce the amount of time children spend in foster care. President Clinton also strongly supports the adoption tax credit in the Adoption Promotion Stability Act of 1996. During this Administration, there has been a 60 percent increase in the number of children with special needs adopted with federal assistance.
- * Protecting Medicaid for women and children. President Clinton is committed, as he demonstrated in his balanced budget, to protecting Medicaid, which covers two-thirds of pregnant women and children.

- * Child care. Every budget submitted by President Clinton has included increases to improve and expand child care services. In addition, the Administration has launched a National Child Care Information Center for policy makers and the public, and highlighted solutions for including children with disabilities in child care through technical assistance to states.
- * Ensuring responsibility, enforcing child support. Through tougher enforcement, a record \$11 billion in child support was collected in 1995, a nearly 40 percent increase over 1992. President Clinton has issued an Executive Order to help track down federal workers who fail to pay child support.
- * The Earned Income Tax Credit. President Clinton's

balanced budget continues the expansion of tax relief for millions of working families and their children.

- * Giving parents the tools they need, protecting children from TV violence. President Clinton gave parents greater control over what their children watch on television by requiring the installation of anti-violence screening chips ("V-Chips") in all new televisions. In addition, the President announced a breakthrough agreement with the media and entertainment industry to develop a television ratings system to enable parents to protect their children from violence and adult content.
- * Helping to stop teen tobacco use. President Clinton has proposed targeted measures to cut off children's access to tobacco products and reduce their appeal to children.
- * Combating teen pregnancy. The President has worked with community, business and religious leaders to form a national campaign to reduce teen pregnancy.

Keeping our Children Safe:

- * Combatting youth drug use. The number one priority of President Clinton's 1996 National Drug Control strategy is to motivate America's youth to reject illegal drugs and substance abuse. The first ever White House Conference on Youth, Drug Use and Violence in March 1996 launched a national media literacy and drug deglamorization campaign aimed at youth.
- * Supporting community-based curfews. President Clinton believes that curfews, when they are backed by a community of support and are a part of a larger plan to help fight juvenile crime, can play an important role in keeping our children safe.
- * Keeping our communities safe. The President's 1994 Crime Bill is putting 100,000 new police on the streets in our neighborhoods, while his Anti-gang and Youth Violence Control Act of 1996 will strengthen laws that will help stop the rise of youth violence and drug use, including expanded use of drug and gun courts.

Helping our Children Get the Education They Need:

- * A major expansion of Head Start. President Clinton has made a commitment to fund one million Head Start opportunities for preschool children by 2002. Since taking office, President Clinton has increased funding for Head Start by almost \$800 million to serve tens of thousands of additional children.
- * Keeping our schools safe. President Clinton believes that we should be exposing our children to good teaching and learning, not violence and crime, and that schools should be able to focus on education, not crime prevention. President Clinton expanded the Safe and Drug Free Schools Act, so that 97 percent of the school districts in America can use those funds to keep

violence and drugs away from students and our schools.

President Clinton also signed the Gun Free Schools Act that demands "zero tolerance" -- if you bring a gun to school, you don't come back for a year. Finally, President Clinton has encouraged schools to adopt school uniform policies, which promote discipline and respect. The Administration has developed a guide for schools to assist them in establishing these policies, which will be distributed to 16,000 school districts.

- * A balanced budget that supports what works. President Clinton's budget increases funding for education and training programs that work, such as Pell Grants, Safe & Drug Free Schools, Charter Schools, School to Work, and Goals 2000. His balanced budget calls for a 24 percent increase in major education and training programs for 1997 over 1993 levels.

- * Investing in education. Through Goals 2000, President Clinton supported the development of standards of excellence for students while encouraging grass-roots local reforms to improve our schools. In addition, President Clinton gave schools greater flexibility to use federal aid and develop effective teaching innovations to help economically disadvantaged students achieve their full potential.

- * Preparing our schools for the 21st century. President Clinton has proposed a \$2 billion Technology Literacy Challenge Fund to help communities and the private sector ensure that every student is equipped with the technology literacy skills needed for the 21st century. Additionally, President Clinton has been joined by the nation's education leaders, parents and business groups in the creation of a new voluntary teacher corps -- 21st Century Teachers -- to help all teachers learn how to use new technology to improve teaching and learning in every school, classroom and home in America. Over 100,000 teachers already familiar with the new technology will train more than 500,000 teachers nationwide.

Opening the Doors to Higher Education:

- * More affordable loans. President Clinton reformed the student loan program, making college more affordable this year for more than 5 million students and saving taxpayers billions of dollars.
- * Preserving National Service. The President's AmeriCorps program enabled 45,000 volunteers to earn money for college by serving their communities and their country.
- * Innovative initiatives. President Clinton has proposed a number of other new initiatives to provide greater access to higher education for more of America's youth:
 - * \$1000 Honors Scholarships for the top five percent of graduates from every high school

- * Expansion of work study to reach 1 million students by the year 2000
- * A \$10,000 tuition tax deduction to help middle-class families afford college.

Distribution:

TO: SYLVIA.MATHEWS@TREAS.SPRINT.COM@INET
TO: SULLIVAN@OSDPO.SECDEF.OSD.MIL@INET
TO: HOGANJOH@JUSTICE.USDOJ.GOV@INET
TO: ANNE_SHIELDS@IOS.DOI.GOV@INET
TO: gfrazier@usda.gov@INET
TO: alewis@dol.gov@INET
TO: kthurm@os.dhhs.gov@INET
TO: ann_bormolini@postmaster2.dot.gov@INET
TO: frank_holleman@ed.gov@INET
TO: Chantale Wong
TO: Michelle M. Jolin
TO: Jennifer Palmieri
TO: John C. Angell
TO: Barry J. Toiv
TO: Martha Foley
TO: Janice A. Enright
TO: Patricia A. McHugh
TO: jbullock@fema.gov@INET
TO: Thomas O'Donnell
TO: Elizabeth E. Drye
TO: michael.cushing@opm.gov@INET
TO: mikeh@odci.gov@INET
TO: barbara.silby@gsa.gov@INET
TO: brian.coyne@ssa.gov@INET
TO: Janet L. Crist
TO: FAX (97364495, Thomas Donilon)
TO: FAX (96471811, William Burns)
TO: FAX (97367555, Elaine Shocas)
TO: FAX (912124154029, Stuart Jones)
TO: FAX (53390, Peter Scher)
TO: FAX (9260-0279, Peter Robertson)

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

27-Aug-1996 02:34pm

TO: Lee A. Satterfield
TO: Elizabeth E. Drye

FROM: Sara Morris
 Office of the Chief of Staff

SUBJECT: Message one-pagers

I haven't met either of you yet, but I'm working with Rahm Emanuel and Beth Berman doing research on the President's record. I have attached message one-pagers on opportunity, responsibility, and community, as well as a one-pager on the President's agenda for a second term. Debbie Fine asked me to forward them along to you. All documents have been vetted and are being used in Chicago, etc.

If you have any questions or need any more paper, please call me at x66237. I look forward to meeting you both soon.

Copy to all
DPC staff

**CENSUS BUREAU REPORT ON INCOME AND POVERTY:
THE AMERICAN ECONOMY IS ON THE RIGHT TRACK FOR THE 21ST
CENTURY**

September 26, 1996

**TODAY'S INCOME & POVERTY NUMBERS SHOW THAT THE AMERICAN
ECONOMY ON THE RIGHT TRACK, GROWING STRONG, AND GROWING
TOGETHER AGAIN.**

- **Typical Household Income Up \$898 In 1995 -- Largest Increase In A Decade.** In 1995, median household income increased 2.7 percent -- or \$898 -- in 1995 after adjusting for inflation, from \$33,178 to \$34,076 -- that's the largest one-year increase since 1986.
- **Typical Family Income Up \$1,631 Since The President's Economic Plan Passed.** Median family income has increased from \$38,980 in 1993 to \$40,611 in 1995 -- that's a \$1,631 increase in income, adjusted for inflation, since President Clinton's Economic Plan passed in 1993.
- **Under President Clinton, The Typical African-American Family's Income Is Up \$3,000.** Since 1992, the median income of African-American families has increased from \$22,923 to \$25,970 -- that means their income was \$3,047 higher in 1995 than the year before President Clinton took office.
- **The Largest Decline In Income Inequality In 27 Years.** In 1995, household income inequality fell, as every income group -- from the most well-off to the poorest -- experienced a real increase in their income for the second straight year. One measure of inequality -- the Gini coefficient -- dropped more in 1995 than in any year since 1968.
- **The Number Of People In Poverty Fell By 1.6 Million -- Largest Drop In 27 Years.** The number of people in poverty dropped 1.6 million, from 38.06 million in 1994 to 36.43 million in 1995 -- that's the largest one-year decline since 1968.
- **Poverty Rate Fell To 13.8 Percent -- Biggest Drop In Over A Decade.** In 1995, the poverty rate dropped from 14.5 percent in 1994 to 13.8 percent -- that's the largest one-year fall in the poverty rate since 1984. Since President Clinton's Economic Plan was signed into law, the poverty rate has declined from 15.1 percent in 1993 to 13.8 percent last year -- that's the biggest two-year drop in the poverty rate since 1973.
- **The African-American Poverty Rate Dropped To It Lowest Level In History.** In 1995, the African-American poverty rate declined from 30.6 percent to 29.3 percent -- that's the first time it dropped below 30 percent and its lowest level since data were first collected in 1959.

- **Elderly Poverty Rate Dropped To 10.5 Percent -- Lowest Level Ever.** In 1966, 28.5 percent of America's elderly citizens lived in poverty. In 1995, the elderly poverty rate declined from 11.7 percent to 10.5 percent -- that's a new record low for the elderly poverty rate.
- **Biggest Drop In Child Poverty In 20 Years.** In 1995, the child poverty rate declined from 21.8 percent to 20.8 percent -- that's the largest one-year drop since 1976. Since President Clinton's Economic Plan was signed into law, the child poverty rate has declined from 22.7 percent to 13.8 percent -- that's the biggest two-year drop since 1968.
- **Largest Drop In The Poverty Rate of Female-Headed Households In 30 Years.** In 1995, percentage of female-headed households living in poverty fell from 38.6 percent to 36.5 percent -- that is the largest one-year decline since 1966.

INCOME

Median Household Income:

1992: \$33,278 1993: \$32,949
1993: \$33,178 1995: \$34,076

- Up 2.7% in 1995 -- up \$898 in real terms from 1994
- Largest increase since 1986
- \$798 higher in 1995 than 1992
- Under Bush fell \$1,795 between 1988 and 1992

Median Family Income:

1992: \$39,727 1993: \$38,980
1994: \$39,881 1995: \$40,611

- Up 1.8% in 1995 -- up \$730 in real terms from 1994
- \$1,631 increase since Economic Plan passed (1993)
- Under Bush fell \$1,743 between 1988 and 1992

African American Families:

1992: \$22,923 1993: \$22,720
1994: \$25,398 1995: \$25,970

- Up 2.3% in 1995 -- up \$572 in real terms from 1994
- Up 13.3% since 1992 -- \$3,047 higher in real terms.
- Under Bush fell \$1,978 between 1988 and 1992

INEQUALITY

Household Inequality:

1994: 0.456
1995: 0.450

- Largest decline in inequality since 1968
- Every income group rose for the 2nd straight year and every group is up since 1992
- Largest rise in share of income going to middle-class since 1968.
- Under Bush, every group's income fell

Family Inequality:

1993: 0.429
1994: 0.426
1995: 0.421

- Down two years in a row -- first time since 1974
- Largest two-year decline since 1968
- Every income group grew for 2nd straight year and every group is up since 1992

POVERTY

Overall Poverty:

1992: 14.8% 1993: 15.1%
1994: 14.5% 1995: 13.8%

- Largest drop in poverty rate since 1984
- Largest 2-year drop in poverty rate since 1973
- 1.6 million drop in people in poverty -- largest drop since 1968 (38.05 million in 1994 vs. 36.43 million in 1995)

Black Poverty:

1992: 33.4% 1993: 33.1%
1994: 30.6% 1995: 29.3%

- Lowest **EVER** -- Below 30%.
- Largest two-year drop since 1968

Elderly Poverty:

1992: 12.9% 1993: 12.2%
1994: 11.1% 1995: 10.5%

- Lowest **EVER** -- 600,000 fewer than in 1992.
- In 1966, elderly poverty rate was 28.5%.

Female-Headed Households:

1992: 39.0% 1993: 38.7%
1994: 38.6% 1995: 36.5%

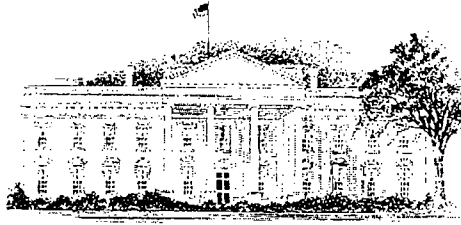
- Largest drop since 1966

Child Poverty:

1992: 22.3% 1993: 22.7%
1994: 21.8% 1995: 20.8%

- Largest drop since 1976
- Largest 2-year drop since 1968

COPY ALL
DPC
STAFF



PRESIDENT BILL CLINTON: MEETING AMERICA'S CHALLENGES IN AN AGE OF POSSIBILITY

May 1996

"Now it is time for us to look also to the challenges of today and tomorrow, beyond the burdens of yesterday. The challenges are significant. But America was built on challenges, not promises....I am confident: When Americans work together in their homes, their schools, their churches, their synagogues, their civic groups, their workplace, they can meet any challenge."

— President Clinton, State of the Union Address
January 23, 1996

First Challenge: To Cherish Our Children and Strengthen America's Families

Cherishing Our Children

- Announced a breakthrough agreement with the media and entertainment industry to develop a **television ratings system** to enable parents to protect their children from violence and adult content.
- Gave parents greater control over what their children watch on television by requiring the installation of anti-violence screening chips ("**V-chips**") in all new televisions.
- Proposed targeted measures to cut off **children's access to tobacco products** and to ban **advertising directed at children**.
- Established a Childhood Immunization Initiative to ensure **vaccinations and healthy futures for all children**. The President's initiative contributed to the immunization of 75% of two-year-old children in 1995, an historic high.

Strengthening Our Families

- Enabled **workers to take up to 12 weeks of unpaid leave** to care for a family member without fear of losing their jobs. (Family and Medical Leave Act)
- Provided **tax relief for 15 million working families** by increasing the Earned Income Tax Credit to allow more families to qualify for tax rebates.
- Helped families move from **welfare to work** by authorizing 37 states to bypass existing welfare rules and set time limits on benefits, require recipients to work or stay in school, provide child care and give employers incentives to hire welfare recipients. These waivers are making work and responsibility a way of life for 75% of all welfare recipients

Ensuring Responsibility

- Collected a **record \$11 billion in child support** in 1995 through tougher enforcement, almost a 40% increase over 1992.
- Issued an Executive Order to help track down **federal workers who fail to pay child support**.
- Worked with community, business and religious leaders to form a **national campaign to reduce teen pregnancy**.

Second Challenge: To Provide Educational Opportunities for the New Century

Making the Necessary Investments in Education

- Increased **Head Start funding by almost \$800 million** to provide early education to tens of thousands of additional children in need.
- Supported the development of the **nation's first system of voluntary standards of excellence** for students while encouraging grassroots reforms to improve our schools. (Goals 2000: Educate America Act)
- Encouraged schools, colleges and employers to join in creating **school-to-work opportunities**, providing students with work-based learning and giving them new pathways from high school to good jobs and post-secondary education. (School-to-Work Opportunities Act)
- Gave schools **greater flexibility to use federal aid** and develop **effective teaching innovations** to help economically disadvantaged students achieve their full potential. (Improving America's Schools Act)

Preparing Our Schools for the 21st Century

- Proposed a **\$2 billion Technology Literacy Challenge Fund** to help communities and the private sector ensure that every student is equipped with the computer literacy skills needed for the 21st century.
- Launched an **Educational Technology Initiative** to connect every classroom to the Information Superhighway and provide all students with access to computers by the dawn of the next century.
- Challenged the technology industry to connect 20% of California's public schools to the **Information Superhighway** by the end of this school year. This challenge became a reality in March during Net Day '96.

Opening the Door to College

- Reformed the **student loan program**, making college more affordable this year for **5.5 million students** and saving taxpayers billions of dollars by cutting red tape and providing loans with flexible repayment options, including pay-as-you-earn plans. (Student Loan Reform Act)
- Enabled **45,000 volunteers to earn money for college** by serving their communities and their country in the **AmeriCorps** program. (National Service Act)
- Challenged Congress to make **\$10,000 of college tuition tax-deductible each year**; expand **work-study** to help 1 million young Americans work their way through college by the year 2000; provide **\$1,000 merit scholarships** for the top 5% percent of graduates in every high school; and increase the number of **Pell Grants** for students who need financial help.

Third Challenge: To Help Every American Achieve Security in the New Economy

Strengthening America's Economy

- Submitted to Congress the ***first genuine balanced budget in 17 years*** — balancing the budget in seven years based on both Administration and Congressional Budget Office estimates while protecting our fundamental priorities of Medicare, Medicaid, education and the environment.
- Won enactment of the ***largest deficit-cutting plan in history*** — cutting the deficit in half within four years, after it quadrupled during the previous two Administrations.
- Oversaw the creation of more than ***8.5 million new jobs in just over three years*** — a faster annual rate of job growth than any Republican Administration since the 1920's.
- ***Unemployment rate has fallen to 5.4%*** — down from over 7% when President Clinton took office.
- ***93% of all new jobs created are in the private sector*** — higher than the average percentage during any Administration since the Truman Administration.
- More than ***3.5 million new jobs in high-wage industries*** have been created since January 1993 — by contrast, 200,000 high-wage industry jobs were lost in the previous four years.
- ***One million new manufacturing, automotive and construction jobs*** have been added since January 1993.
- Highest annual number of ***new business incorporations*** since World War II.
- Real median ***family income has increased*** during the Clinton Administration — after falling 4% during the previous four years.
- The combined unemployment, inflation and mortgage rate is at its ***lowest level since 1968***.

Creating Economic Security

- Proposed a ***\$2,600 job-training voucher*** program to allow unemployed workers the freedom to choose the training programs that are right for them.
- Fought for meaningful ***health insurance reform*** to allow people to keep coverage when they change jobs and prevent denial of coverage due to pre-existing conditions.
- Challenged Congress to ***raise the minimum wage*** to provide the opportunity for working Americans to lift themselves and their families out of poverty.
- Protected the pensions of more than 40 million workers and retirees by ***reforming the federal pension insurance system*** and requiring companies to keep their retirement plans sufficiently funded. (Retirement Protection Act)
- Challenged Congress to enable Americans to ***save for their retirements*** by increasing pension portability, enhancing pension protection and expanding coverage.

Opening New Markets to Create Jobs for U.S. Workers

- Exports have surged ***31% over the last three years*** because President Clinton stood up for American workers and opened more markets to U.S. goods and services.
- ***More than 1 million new export-related jobs*** have been created under the Clinton Administration — jobs supported by exports pay on average 15% more than other jobs.
- America is once again the ***world's number one manufacturer of automobiles*** — overtaking Japan for the first time since the 1970's.

- American goods exported in sectors covered by Clinton Administration trade agreements with Japan have grown over 85% — *three times faster* than growth in other U.S. goods exported to Japan.
- The United States was named the *most competitive economy in the world* for the second year in a row.

Fourth Challenge: To Take Back Our Streets From Crime, Gangs and Drugs

Won Passage of the Toughest and Smartest Crime Bill Ever

- Puts *100,000 more police officers* on the street — more than 34,000 officers have already been funded.
- Imposed a targeted “*Three-Strikes-and-You’re-Out*” provision to put career violent offenders behind bars for life.
- Expanded the *death penalty* to include drug kingpins, murderers of federal law enforcement officers and nearly 60 additional categories of violent felons.
- Provided funding for *100,000 more prison cells* to help states ensure that violent offenders serve their full sentences.
- The number of *murders fell 8%* in 1995 — one of the largest decreases in more than 30 years. The nation’s largest cities saw their *overall crime fall 6%* during the same period.

Keeping Guns Out of the Hands of Criminals

- Stood up to the gun lobby and won passage of the *Brady Bill* — as a result, more than *60,000 fugitives, felons and other criminals* have already been blocked from buying handguns.
- Banned the manufacture and importation of *19 of the deadliest assault weapons* while specifically protecting more than 650 legitimate sporting weapons. (Assault Weapons Ban)

Combatting Drug Use

- Developed a comprehensive *National Drug Control Strategy* that will reduce illegal drug use through law enforcement, prevention, treatment and interdiction.
- Breaking the cycle of drugs and crime through *universal drug testing* in the criminal justice system and by providing funding for *drug courts*.
- The number of Americans who use cocaine has *declined 30% since 1992*.

Fighting to End Domestic Violence

- Tripled funding for *battered women’s shelters* and provided *\$26 million in state grants* to bolster local law enforcement, prosecution and victims’ services to better address violence against women. (Violence Against Women Act)
- Established nationwide 24-hour *domestic violence hotline* providing immediate crisis intervention, counseling and referrals for those in need.

Making Our Schools Safer

- Keeping dangerous weapons out of our children’s classrooms by enforcing a “*Zero Tolerance*” *gun policy in schools*.
- Reducing *violence and drug abuse in our schools* by investing in school security, drug prevention programs and counseling. (Safe and Drug-Free Schools Act)
- Encouraged schools to adopt *school uniform policies* to help reduce violence while promoting discipline and respect.

Securing America's Borders

- Stood firm against illegal immigration and deported a record **51,600 illegal and criminal aliens** in 1995 — a 15% increase over 1994.
- Increasing the number of **Border Patrol agents** along the southwestern border by 50% to stem the flow of illegal aliens into the United States.

Fifth Challenge: To Leave Our Environment Safe and Clean for the Next Generation

Ensuring Public Health

- Made the air we breathe cleaner by issuing **new standards to cut toxic pollution** from chemical plants by **90%** and dangerous incinerator emissions by **98%**.
- Fought **attempts in Congress to roll back** the progress made in ensuring safe food and water for our families.
- Issued new policy to **control E. coli bacteria** contamination in meat.
- Expanded the public's **right-to-know** about toxic releases and required polluters to disclose information to the public.
- Ensured compliance with environmental safeguards by **toughening EPA's enforcement programs**.

Protecting Our Natural Resources

- Fought attempts to close **national parks** and lift the ban on offshore oil drilling.
- Committed \$1.5 billion over seven years to help restore the unique **Florida Everglades**.
- Broke through decades of conflict and negotiated a consensus plan to protect and allocate **California Bay-Delta water**.

Common Sense Reforms to Environmental Programs

- Changed EPA rules and procedures to **reduce paperwork requirements** for businesses by 10 million hours.
- Reformed wetlands and endangered species programs to better protect the environment while lessening any adverse impact on homeowners.
- Launched a **Brownfields Initiative** to return land to productive use by providing tax incentives to clean-up old industrial waste sites.

Sixth Challenge: To Maintain America's Leadership in the Fight for Freedom and Peace

Leading the Fight for Peace

- Ended four years of bloodshed and destruction in **Bosnia** by brokering the Dayton peace accords.
- Championed peace efforts in the **Middle East** by negotiating the Israel-Jordan peace treaty and helping Israelis and Palestinians fulfill their historic peace agreement.
- Organized historic March 1996 **Summit of the Peacemakers** in Egypt, gathering 29 world and regional leaders to support the Middle East peace process and counter terrorism.

- Negotiated written **agreement between Israel and Syria** to end Hezbollah attacks on Israel and provide restoration of calm and protection of civilians on both sides of the Lebanon-Israel border.
- Restored democracy to **Haiti**, stopping the flow of refugees to the U.S. and accomplishing the first transfer of power from one democratically-elected president to another in Haitian history.
- Became the first American President to visit **Northern Ireland** in the pursuit of a just and lasting peace.

Making a Difference in America and Around the World

- **Russian nuclear missiles** are no longer pointed at America's children.
- Poised to reduce **nuclear stockpiles** by another 25% by successfully securing bipartisan Senate ratification of the Start II Treaty with Russia.
- Imposed the **toughest sanctions ever** on Castro's Cuba following the brutal killing of U.S. nationals over international waters.
- Shaped new American military for post-Cold War challenges to peace, ensuring America remains the **best-equipped, best-trained and best-prepared fighting force in the world**.
- Intensified the **fight against terrorism and organized crime** at home and abroad by enacting anti-terrorism legislation giving law enforcement officials tough new tools to stop terrorists before they strike.

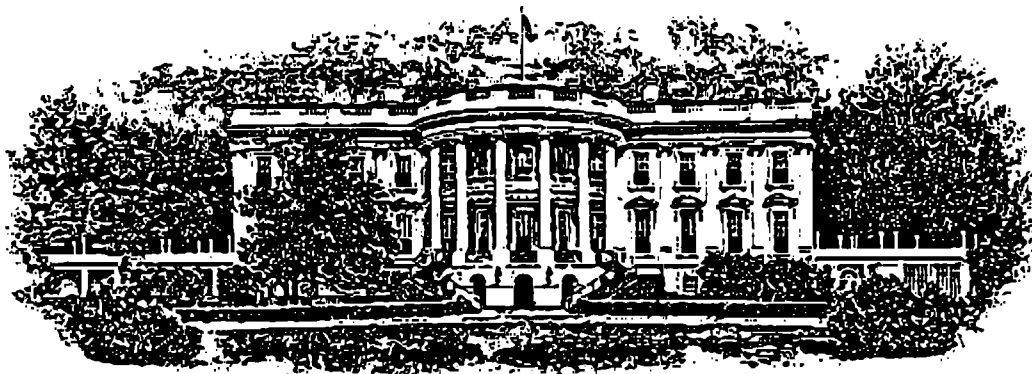
Seventh Challenge: To Reform Our Political System and Make Government Work for People

Reforming Our Political System

- Made voting easier for more than 11 million Americans by creating more accessible **"motor-voter"** registration locations. (National Voter Registration Act)
- Enacted the **first major overhaul of lobbying rules in 50 years** — now lobbyists must disclose the organizations for which they work. (Lobbying Disclosure Act)
- Fought for passage of **comprehensive campaign finance reform** to curb the influence of money in our political system.
- Imposed the strictest Administration **ethics guidelines** ever, including a five-year ban on top officials lobbying their former agencies and a lifetime ban against lobbying for foreign governments.
- Ensured that the **same laws apply to Congress** as to the rest of America. (Congressional Accountability Act)

Making Government Work Better and Cost Less

- Cut the federal civilian workforce by **more than 200,000 positions** — the size of the federal government is now at its **lowest level in 30 years**.
- Eliminating **16,000 pages of unnecessary regulations**.
- Saved taxpayers **\$58 billion** by cutting wasteful government practices and spending through Reinventing Government efforts. Additional recommendations will save another **\$116 billion**.
- Prohibited Congress from imposing new requirements on state and local governments without paying for them. (Unfunded Mandates Reform Act)
- Fought for and signed into law **line-item veto** legislation to change the way Washington works by **cutting spending** on wasteful special-interest projects.



**THE WHITE HOUSE
OFFICE OF CABINET AFFAIRS**

Room 160 OEOB
Washington, D.C. 20500
Telephone: (202) 456-2572
Facsimile: (202) 456-6704

FAX COVER SHEET

DATE:

July 16, 1996

TO:

Chiefs of Staff

PHONE:

FAX:

FROM:

David S. Beaubaire

NO. OF PAGES:

3

(Including Cover Sheet)

PRIORITY:

☒ Y

☐ N

MESSAGE:

For Your Information.

PRESIDENT CLINTON CUT THE DEFICIT MORE THAN IN HALF -- ON THE WAY TO BALANCING THE BUDGET

July 16, 1996

In today's Mid-Session Review, the Office of Management and Budget projects the deficit will drop to \$117 billion this fiscal year, down from its projection of \$146 billion just four months ago -- far less than the \$290 billion deficit when Clinton took office in January 1993.

PRESIDENT CLINTON HAS MORE THAN KEPT HIS PROMISES

- **Deficit Cut More Than in Half.** Both CBO (\$130 billion) and OMB (\$117 billion) now project the deficit to be more than cut from the record \$290 billion when Clinton took office.
- **10 Million New Jobs.** President Clinton promised his economic strategy would create 8 million jobs in 4 years -- and it has now created 10 million jobs in 3 1/2 years.
- **Smallest Government in Three Decades.** President Clinton promised to cut 100,000 unnecessary positions from the bureaucracy -- and he has already reduced the federal workforce by 230,000.

DEFICIT CUT MORE THAN IN HALF

1992: **Record Deficit.** The deficit was \$290 billion -- the highest dollar level in history.

Today: **Deficit Cut 60%.** Both CBO and OMB agree that the deficit will be cut more than in half in 4 years. CBO projects the deficit will be about \$130 billion this year and OMB now projects it will be \$117 billion. CBO 5/96, OMB 7/96]

- **Smallest Deficit in Over 20 Years as a Share of the Economy.** OMB projects the deficit will be 1.6% of the economy -- lower than any year since 1974.
- **Smallest Deficit Than Any Major Economy In the World As A Share of GDP.** In 1992, the U.S. had a larger budget deficit as a share of the economy than Japan, Germany, and France. Today, the U.S. has the lowest deficit as a share of the economy of any major economy in the world. [OECD, 12/95]
- **President Clinton is the first President to cut the deficit 4 years in a row since the 1840s.**

BALANCING THE BUDGET

- **President Clinton Is the First President in 17 Years To Submit a CBO-Certified Balanced Budget.**
- **Republican Budgets Would Not Balance Without President Clinton's 1993 Deficit Reduction Plan.** Without the 1993 deficit reduction plan -- which every Republican voted against -- the GOP budget would not even come close to reaching balance in 2002. Rather than repeal it, Republicans depend on it.

CUTTING SPENDING

- **Government Spending Is Down.** President's Clinton's 1993 plan cut spending by \$255 billion -- one of the largest cuts in history. After spending as a share of GDP increased from 22.1% to 23.3% under President Bush, spending as a share of the economy has now declined from 23.3% to 21.7% of GDP and is lower than at any time during the previous two Administrations. [OMB, Fiscal Year 1997 Budget: Supplement and Historical Tables.]

CUTTING THE SIZE OF GOVERNMENT

- **Smallest Workforce in 3 Decades.** After increasing from when Reagan took office to when Bush left office, the federal workforce has been cut by 230,000 workers under President Clinton to the smallest level in three decades. Closing over 2,000 unnecessary field offices, eliminating 16,000 pages of unneeded regulations, and proposed terminating over 400 programs and projects.

Welfare Reform Talking Points

"I say to those who are on welfare -- and especially to those who have been trapped on welfare for a long time -- for too long our welfare system has undermined the values of family and work instead of supporting them. The Congress and I are near agreement on sweeping welfare reform. We agree on time limits, tough work requirements, and the toughest possible child support enforcement. But I believe we must also provide child care so that mothers who are required to go to work can do so without worrying about what is happening to their children."

State of the Union Address, 1/23/96

We want real reform. President Clinton has repeatedly called for a bipartisan welfare reform bill that's tough on work and responsibility, not tough on children. In his balanced budget plan, the President has proposed a sweeping welfare reform proposal that includes tough work requirements, time-limited assistance, more funding for child care, incentives to reward states for placing people in jobs, tough child support enforcement, and protections for children -- while saving \$40 billion over seven years. The President is determined to enact real, bipartisan welfare reform that is motivated by the urgency of reform rather than an extremist agenda that could hurt children.

A bipartisan step forward. President Clinton vetoed the legislation drafted by the Congressional majority because it lacked adequate child care to enable single parents to work, a performance bonus to reward success, and an adequate contingency fund to protect states -- and because it made deep cuts in help for abused, disabled, and hungry children. By making specific recommendations to improve the bill, the nation's 50 governors have stated, in effect, that the President was right to veto this flawed legislation. The NGA's actions have increased the possibility that Republican and Democrats in Congress will produce a bipartisan bill that gets the job done. However, while we applaud the NGA's contributions, we do have concerns about achieving our common national objectives and maintaining the federal-state partnership necessary to reach them.

The fundamental elements of reform. The President has consistently said that welfare reform is first and foremost about work. That means providing adequate child care to enable recipients to leave welfare for work; rewarding states for placing people in jobs; guaranteeing health care coverage for poor families; requiring states to continue to invest funds in a work-oriented welfare system; and protecting states and families in the event of economic downturn or population growth. It does not mean using welfare reform as a cover for budget cutting at the expense of our poorest children.

Continuing to work with Congress. The President remains committed to working with Congress and the NGA leadership to enact real welfare reform. There is bipartisan consensus around the country on the fundamental elements of real welfare reform, and it would be a tragedy if this Congress missed the opportunity to achieve it. The Senate's original legislation had strong bipartisan support, and the NGA welfare proposal was another important bipartisan step forward, especially in the areas of child care, the performance bonus, and the contingency fund for states. Congress should build on this bipartisan progress and pass a bill that gets the job done.

We'll still get the job done. Since taking office, the Clinton Administration has given a record 37 states freedom from red tape to reform their own welfare systems -- granting more waivers than the two previous administrations combined. These welfare-to-work programs are making work and responsibility a way of life for more than 10 million people. The President has repeatedly called for bipartisan welfare reform legislation this year. But if Congress fails to send him a bill that gets the priorities right, President Clinton will continue his commitment to ending welfare as we know it -- in each and every state.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

04-Jun-1996 01:57pm

TO: (See Below)

FROM: ACCOUNT, BEAUBAIRE D1
 Office of Cabinet Affairs

SUBJECT: Hope Scholarships Talking Points

AMERICA'S HOPE SCHOLARSHIPS
A TAX CUT TO MAKE 14 YEARS OF EDUCATION
THE STANDARD FOR ALL

June 4, 1996

PRESIDENT CLINTON ANNOUNCES THE HOPE SCHOLARSHIP PLAN TO MAKE 14 YEARS OF EDUCATION -- AT LEAST TWO YEARS OF COLLEGE -- THE STANDARD FOR ALL AMERICANS. President Clinton's HOPE Scholarship Tax Cut makes clear that 2 years of college should be as universal as high school and builds on his comprehensive program to guarantee that a college education is both accessible and affordable to all Americans at any time in their life. To further this guarantee, the President announced the following proposals:

- * NEW AMERICA'S HOPE SCHOLARSHIP TAX CUT -- Guarantees 2 Years of Tuition at the Average Community College for Any Student Who Earns a B Average. Modeled on the successful Georgia HOPE Scholarship program, this new proposal provides all students with a \$1,500 refundable tax credit for full-time tuition in their first year (\$750 for half-time), and another \$1,500 in their second year if they work hard, stay off drugs, and earn at least a B average in their first year. This \$1,500 tax credit will pay for more than the full cost of tuition at the national average-priced community colleges -- and a downpayment at more expensive four-year schools.
- * \$10,000 Tax Deduction for All Education and Training. The President maintains his \$10,000 tax deduction for tuition for college, graduate school, community college, certified training and technical programs. This encourages lifetime investment in higher education.

- * Scholarship Increases (Pell Grants) for Lower-Income Students: The President announced that his balanced budget plan increases Pell Grants each year. Indeed, the maximum Pell Grant award will increase by 33% from fiscal 1995 to fiscal 2002. The proposed increase in fiscal 1997 is the largest in the program's 25-year history.

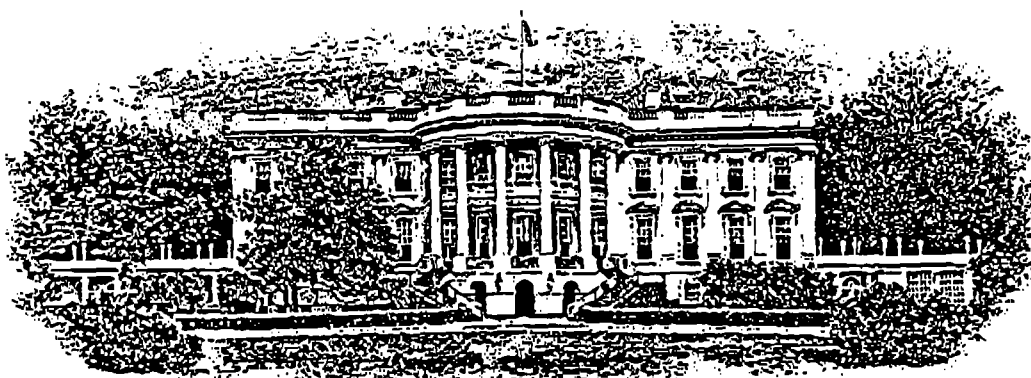
BUILDS ON PRESIDENT'S PLAN FOR GUARANTEED ACCESS TO COLLEGE. The above initiatives build on the President's plan to guarantee that college is both accessible and affordable to every person -- through loans with pay-as-you-can repayment, grants, scholarships, and work study.

- * With the increased Pell Grant program support, students have access to up to \$5,100 in Pell Grants and student loans for their first year in college, and much more in future years.
- * The new Direct Student Loan program enacted as part of the President's 1993 Economic Plan is allowing millions of students to borrow in a simpler, less bureaucratic way, and to pay back their loans as a share of their income, and part of the savings from Direct Lending will be returned to students in the form of lower interest payments on their loans.
- * New Direct Loans With Pay-As-You-Can Option: Will account for 50% of loans
- * National Service -- AmeriCorps: 30,000 students earning up to \$4,725 for service
- * Pell Grants: Provides for 7-year expansion, increasing maximum award to \$3,128 in 2002
- * \$10,000 Education Deduction: 16.5 million students get deduction for their tuition
- * Work Study Expansion: Proposes expansion to 1 million participants by FY2002
- * Honors Scholarships: Proposes \$1,000 scholarship for top 5% of every high school class
- * IRAs for Education: Proposal allows penalty-free withdrawals for education
- * Skill Grants: Proposed \$2,600 Skill Grants to enable dislocated workers to get needed skills

Distribution:

TO: SYLVIA.MATHEWS@TREAS.SPRINT.COM@INET
 TO: SULLIVAN@OSDPO.SECDEF.OSD.MIL@INET
 TO: HOGANJOH@JUSTICE.USDOJ.GOV@INET
 TO: ANNE_SHIELDS@IOS.DOI.GOV@INET
 TO: gfrazier@usda.gov@INET
 TO: alewis@dol.gov@INET
 TO: kthurm@os.dhhs.gov@INET
 TO: ann_bormolini@postmaster2.dot.gov@INET
 TO: frank_holleman@ed.gov@INET
 TO: Chantale Wong
 TO: Michelle M. Jolin
 TO: Jennifer Palmieri
 TO: John C. Angell
 TO: Barry J. Toiv
 TO: Martha Foley
 TO: Janice A. Enright
 TO: Patricia A. McHugh
 TO: jbullock@fema.gov@INET
 TO: Thomas O'Donnell
 TO: Elizabeth E. Drye
 TO: michael.cushing@opm.gov@INET

TO: mikeh@odci.gov@INET
TO: barbara.silby@gsa.gov@INET
TO: brian.coyne@ssa.gov@INET
TO: Janet L. Crist
TO: FAX (97364495, Thomas Donilon)
TO: FAX (96471811, William Burns)
TO: FAX (97367555, Elaine Shocas)
TO: FAX (912124154029, Stuart Jones)
TO: FAX (53390, Peter Scher)
TO: FAX (9260-0279, Peter Robertson)



THE WHITE HOUSE
OFFICE OF CABINET AFFAIRS

Room 160 OEOB
Washington, D.C. 20500
Telephone: (202) 456-2572
Facsimile: (202) 456-6704

FAX COVER SHEET

DATE:

TO:

Chiefs of Staff

PHONE:

FAX:

FROM:

David S. Beaubaire

NO. OF PAGES:

(Including Cover Sheet)

PRIORITY: Y N

MESSAGE:

For Your Information.

**Meeting the Challenge of Cherishing our
Children and Strengthening America's Families**
June 11, 1996

"Our first challenge is to cherish our children and strengthen America's families. Family is the foundation of American life. If we have stronger families, we will have a stronger America."

- President Bill Clinton, State of the Union Address, January 23, 1996

Making television a positive influence in our children's lives. Today, President Clinton announced he would convene a White House meeting with leaders of the television networks and leaders in children's programming, to discuss how they can move quickly to improve both the quality and quantity of children's educational programming. This meeting, a follow-up to the one the President held in February, and an answer to his State of the Union challenge, will take place before the end of July. Last year, the President wrote a letter to the FCC supporting their proposed rule requiring a minimum of three hours of children's educational programming per week per station.

President Clinton is making America's families stronger. Throughout his Administration, President Clinton has made it clear that being on the side of families and children is being on the side of America. Together with parents, businesses, religious leaders, communities and schools, President Clinton is making a difference for America's families.

For our children, President Clinton has:

- * Announced a breakthrough agreement with the media and entertainment industry to develop a **television ratings system** to enable parents to protect their children from violence and adult content.
- * Gave parents greater control over what their children watch on television by requiring the installation of anti-violence screening chips ("**V-Chips**") in all new televisions.
- * Proposed targeted measures to cut off **children's access to tobacco products** and reduce their **appeal to children**.
- * Established a Childhood Immunization Initiative to ensure **vaccinations and healthy futures** for all children. In 1995, the immunization rate for two-year old children reached 75 percent, an historic high.

For our families, President Clinton has:

- * Enabled **workers to take up to 12 weeks of unpaid leave** to care for a family member without fear of losing their jobs, through the Family and Medical Leave Act. A comprehensive, national survey by the bi-partisan Commission on Leave

concluded in May of this year that the **FMLA is helping families without causing significant hardship to most businesses.**

- * Provided **tax relief for 15 million working families** by increasing the Earned Income Tax Credit to allow more families to qualify for tax rebates.
- * Helped families move from **welfare to work** by authorizing 37 states to bypass existing welfare rules and set time limits on benefits, require recipients to work or stay in school, provide child care and give employers incentives to hire welfare recipients. These waivers are making work and responsibility a way of life for 75 percent of all welfare recipients nationwide.
- * Helped **break the cycle of welfare dependency** by requiring teenage mothers to live at home, stay in school and turn their lives around.

STATEMENT OF MARK D. FABIANI
Special Counsel to the President

May 28, 1996

There was one thing everyone involved with this trial -
- prosecutors and defense -- could agree on: The President had
nothing to do with the allegations that were the subject of the
trial. As the prosecutor noted in his closing argument: "The
man occupying the position of the Office of the Presidency of the
United States is not on trial here. There's been no allegations
of wrongdoing on the part of David Hale directed toward even the
President."

FACT SHEET:**WHAT THE PROSECUTION SAID****DURING CLOSING ARGUMENTS AT THE WHITEWATER TRIAL**

- **Regarding the President:** During his closing argument to the jury, lead prosecutor W. Ray Jahn made the following statements concerning the President:
- ♦ "The man occupying the position of the Office of the Presidency of the United States is not on trial here. There's been no allegations of wrongdoing on the part of David Hale directed toward even the President." (Trial Transcript, p. 7969, lines 4-7) (emphasis added).
 - ♦ "First and foremost, [the President] is not on trial. There was never even any suggestion, for instance, of any pressure. I went back through nine days of testimony, ladies and gentlemen, and not once was there a suggestion that David Hale testified that he was put on any pressure by Mr. Clinton." (Trial Transcript, p. 7969, lines 20-25) (emphasis added).
 - ♦ "Who contradicted the President, ladies and gentlemen? It wasn't David Hale. David Hale merely recited a conversation which he recalled that was nonincriminatory, didn't incriminate the President, a conversation which the President basically admits that he does not recall." (Trial Transcript, p. 7972, lines 4-8) (emphasis added).
 - ♦ "The President of the United States is not on trial. Why isn't the President of the United States on trial? Why isn't he on trial? Because he didn't set up any phoney corporations to get employees to sign for loans that were basically worthless. He didn't get \$300,000 from Capital Management Services like Jim and Susan McDougal did by falsely claiming their use. He didn't arrange for Lisa Thompson to take out loans at Madison Guaranty Savings & Loan to buy buildings that she couldn't pay. The President didn't backdate any leases. He didn't backdate any documents. He didn't take out any loans in a phoney company called Southloop that he set up immediately. He didn't come up with phoney reasons not to repay the property. He didn't lie to any examiners, he didn't lie to any investigators." (Trial Transcript, p. 7969, lines 1-14).

- According to published reports, the lead prosecutor also made the following statements to the media:

- ▶ "The President took no active role in regard to the activities involved here," according to lead prosecutor Ray Jahn. Sara Fritz, "Clinton Said to Have No Links to Plot," Los Angeles Times, May 16, 1996.

- ▶ United Press International, May 16, 1996 (4:22EDT): "Deputy Independent Counsel Ray Jahn said key government witness David Hale did not accuse Clinton of being part of a conspiracy and bank fraud scheme. . . . Jahn confirmed Clinton is not a co-conspirator in the case."

- ▶ Regarding David Hale: During his closing argument to the jury, lead prosecutor Ray Jahn made the following statements concerning prosecution witness David Hale:

- ♦ "Does the institution, does Capital Management Services, the entity that was licensed by the SBA, would that information be capable of influencing its actions? Not the actions of David Hale, the crook, but the action of the institution." (Trial Transcript, p. 7913, lines 13-17) (emphasis added).

- ♦ "Jahn himself described Hale today as a 'federally chartered loan shark'. . . ." Michael Haddigan, "Whitewater Prosecutor Lays Out Paper Trail," The Washington Post, May 14, 1996 (emphasis added).

- ♦ "We did not choose David Hale as our witness. David Hale was here because he was involved in business transactions with these defendants, because he engaged in criminal activities. The United States has prosecuted David Hale and David Hale has, in fact, admitted his guilt, has been sentenced and is now awaiting incarceration. But let's assume that what is going on or what the allegations that have been made are to a certain extent correct. Let's assume, for instance, that David Hale doesn't belong on the witness stand. Let's assume instead that, ladies and gentlemen, that David Hale belongs where the defendants say he belongs; that is at the defense table. Let's assume that he has not been indicted. Let's assume that, instead, he is on trial. He has not testified. He has not given you the source of his information. We still have the evidence, ladies and gentlemen, and the evidence of involvement.

In each instance, David Hale, if he kept his mouth shut, in each instance, there is still testimony from other people, from the other circles of friends that surround this particular transaction that involve these defendants. (Trial Transcript, pp. 7978-7979, lines 9-25, 1-3). . . . Who else is on the defense as far as the defendants were concerned? David Hale. By their own words from the defendants, a notorious thief, a notorious crook, a notorious liar." (Trial Transcript, p. 7980, lines 10-13) (emphasis added).

► Regarding the memory of various witnesses: During his closing argument to the jury, Mr. Jahn made the following statements concerning the memory of various witnesses:

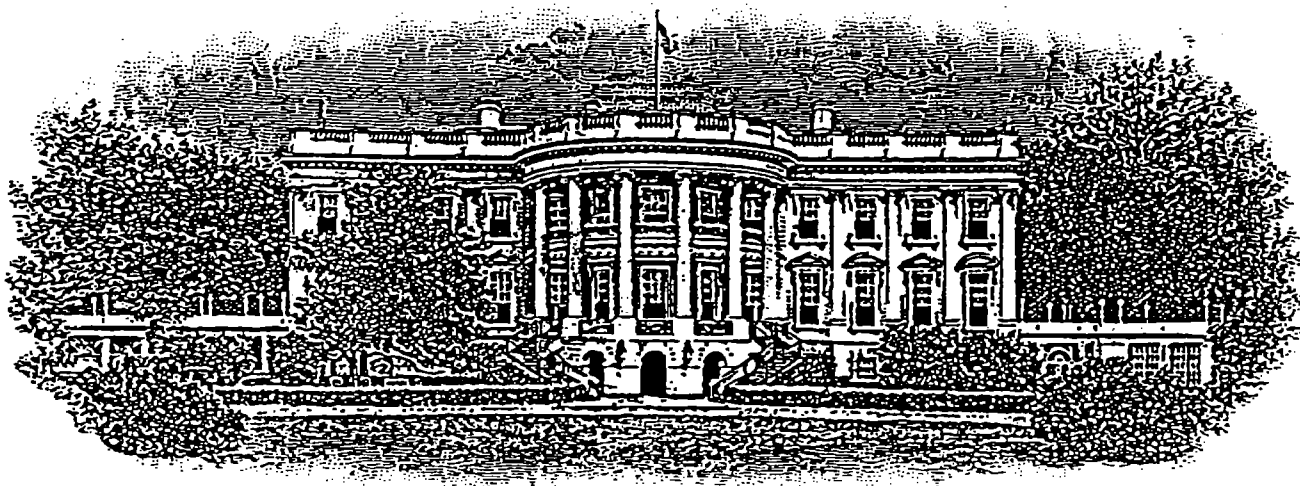
♦ "[T]here were discrepancies between Dean Paul's testimony and David Hale's testimony. No question about it. In fact, if there hadn't been discrepancies, you, ladies and gentlemen, should have been suspicious. If there hadn't been discrepancies, that would indicate to you that this goes back to a credibility issue. It's not human nature, it's not common sense that people remember events which occurred many years ago. Even when they're trying to be truthful, won't remember the events that occurred. In some instances, in fact, won't remember the events at all." (Trial Transcript, p. 7611, lines 3-12).

*** ERROR TX REPORT ***

TX FUNCTION WAS NOT COMPLETED

TX/RX NO. 2974
CONNECTION TEL 65573
CONNECTION ID
START TIME 05/30 11:35
USAGE TIME 00'00
PAGES 0
RESULT NG 0 #018

The White House



DOMESTIC POLICY

FACSIMILE TRANSMISSION COVER SHEET

TO: Leane Inadomi

FAX NUMBER: 6-2525

TELEPHONE NUMBER: _____

FROM: Elizabeth Drye

1 2 2 2

THE REPUBLICAN BUDGET RESOLUTION:

Once Again, Republicans Offer Up An Extreme Budget That Disregards America's Values

May 9, 1996

REPUBLICAN BUDGET STILL CONTAINS TOO MANY "POISON PILLS" FROM THEIR OLD BUDGET -- EXTREME PROPOSALS THAT GO AGAINST AMERICA'S VALUES.

- 1. STILL ELIMINATES MEDICAID GUARANTEE OF MEANINGFUL HEALTH BENEFITS FOR MILLIONS OF AMERICANS.**
- 2. STILL THREATENS MEDICARE WITH EXCESSIVE CUTS AND DAMAGING POLICIES.**
- 3. STILL CUTS EDUCATION.**
- 4. STILL RAISES TAXES ON WORKING PEOPLE.**
- 5. STILL TAKES THE ENVIRONMENTAL COP OFF THE BEAT.**

1. STILL ELIMINATES MEDICAID GUARANTEE OF MEANINGFUL HEALTH BENEFITS FOR MILLIONS OF AMERICANS.

- ⇒ **Still insist on ending the Medicaid guarantee of meaningful health benefits for 36 million Americans, including millions of older Americans, 18 million children, over 6 million people with disabilities, and pregnant women -- even though middle-class families depend on this guarantee. They have not disavowed their block grant.**
- ⇒ **Total Medicaid cuts could still reach \$250 billion. While they cut Federal Medicaid spending cut by \$72 billion, the total Medicaid cuts could still reach \$250 billion over 7 years if States spend only the minimum required to receive their full block grant allocation. This is because all of the Republican proposals would reduce State matching requirements. Their potential \$250 billion cut reduces spending growth per person below the general rate of inflation.**
- ⇒ **Coverage Lost. Their potential \$250 billion combined cut could force States to deny coverage to millions of children and people with disabilities and to restrict everyone's benefits.**
 - **Children.** Deep total cuts in Medicaid would put severe financial pressure on States to reduce health benefits for many of the 18 million children who currently receive Medicaid. One specific proposal would deny coverage for 2.5 million children aged 13-18 who have that guarantee under current law.
 - **Older Americans and Their Families.** Deep total cuts in Medicaid could particularly put at risk optional Medicaid benefits critical to older Americans and people with disabilities -- including prescription drugs, home and community-based care, and assistive devices such as wheelchairs -- which would put additional financial burdens on family members caring for their parents and family members with long-term care needs.
 - **People with Disabilities.** The Republican budget still jeopardizes the Medicaid guarantee for the over 6 million people with disabilities who currently receive Medicaid by allowing States to define who meets the disability criteria and thereby exclude some of those now covered under current law. Their excessive Medicaid cuts may force States to deny coverage entirely or cut back on benefits.
- ⇒ **Still apparently insist on repealing federal enforcement of nursing home quality standards that have dramatically improved the quality of nursing home care.**

2. STILL THREATENS MEDICARE WITH EXCESSIVE CUTS AND DAMAGING POLICIES.

- ⇒ **Republicans Still insist on excessive Medicare cuts that could move Medicare toward second class health care.** Still reduces Medicare spending by \$167 billion -- \$51 billion or 44% more than CBO scored the President's balanced budget.
- ⇒ **While House Republicans have finally agreed not to raise Medicare premiums, they have not lowered their total cuts.** Rather than raising costs on beneficiaries directly they now do it indirectly through even deeper cuts in payments to the hospitals and home health providers that serve beneficiaries, jeopardizing quality and access to health services. Their \$167 billion cut would mean hospitals would not get enough to keep up with costs, and even get less tomorrow than today in nominal dollars.
- ⇒ **Structural changes would force Medicare to "wither on the vine."** The Dole-Gingrich budget contains the same damaging structural changes the President vetoed last year. Would segment the Medicare population, leaving the traditional program with fewer dollars and a sicker pool of beneficiaries.
- **Medical Savings Accounts (MSAs).** The new Republican plan still insists on immediate adoption of untested changes to Medicare, such as MSAs, that appeal to the healthiest and wealthiest beneficiaries, leaving the sickest and most costly beneficiaries in a weakened fee-for-service program.

New York Times: "A hallmark of the [Republican] Medicare legislation is the encouragement of private health plans....*But many experts fear a balkanization of healthy and sick.* A 1993 study of Medicare recipients who had joined health maintenance organizations found that healthier people disproportionately were attracted to the plans, causing the Government to lose rather than save money....If some experts worry that managed care plans would skim healthy recipients from the conventional Medicare program, many of the large plans are *concerned that the healthy would be skimmed from them by medical savings accounts.*" [11/18/95]

- **Over-charging in Private Plans.** Would still permit physicians to charge beneficiaries extra -- through "balance billing" -- in private Medicare plans, increasing out-of-pocket costs for beneficiaries and slowly draining the fee-for-service system of both doctors and dollars.
- **Hard Spending Cap.** For the first time in history, the Medicare program would no longer adjust for changes in demographics, general inflation, and costs due to new technology. If costs are higher than projected, their total cuts would *exceed* \$167 billion.

Wall Street Journal: "Republicans also would apply a cap to these services. If health-care costs rose faster than the GOP budget allots, doctors, hospitals and other providers would have to absorb the losses. *That, in turn, could come back to bite the beneficiaries*" [12/27/95]

3. STILL CUTS EDUCATION.

The Truth is -- They Have Not Moderated Their Extreme Education and Training Cuts.

The fact is Republicans provide the same low level of discretionary funding for education and training as they did in last year's budget resolution. Republicans are trying to hide this fact from the American people by comparing these low levels to a temporary level the President agreed to in order to prevent another government shutdown.

- ⇒ **The Senate still cuts education and training by \$26 billion compared to 1995 -- providing \$60 billion less for education and training than the President's balanced budget between 1996 and 2002.**
- ⇒ **The Senate education cut amounts to a 25% real cut below 1995 funding levels -- \$12 billion less spent on education and training in 2002 when adjusted for inflation.**

Comprehensive Assault on Opportunities for Higher Education.

- ⇒ **House Republicans still want to eliminate Direct Student Loans -- denying opportunities to over 2.5 million students in 1,400 schools now using direct loans. Senate Republicans cap the program at 20%, denying direct lending opportunities to 7 million borrowers over 6 years.**
- ⇒ **House Republicans still want to end AmeriCorps National Service -- denying 200,000 youth the chance to serve their communities while earning money for college, compared to the President's budget over 6 years.**
- ⇒ **Freeze Pell Grant funding -- serving 1.5 million fewer students over the 6 years and 127,000 fewer students in 1997, compared to the President's policy.**
- ⇒ **Freeze Work Study -- denying 1.3 million opportunities for students over 6 years and 71,000 students aid in 1997, compared to the President's balanced budget.**

Eliminates Efforts To Reform Education and Raise Academic Standards

- ⇒ **House Republicans still want to terminate Goals 2000 education reforms -- denying 5 million students in 8,500 schools funding they are now receiving to raise academic achievement.**
- ⇒ **House Republicans freeze funding for Basic Education Assistance (Title 1) -- 400,000 fewer children in 1997 would receive assistance in the basics, compared with the President's budget.**

Freezes Head Start -- Eliminating Head Start opportunities for up to 20,000 children in 1997.

Freezes Job Training for Dislocated Workers -- denying 560,000 dislocated workers assistance over 6 years compared to the President's budget.

4. STILL RAISES TAXES ON WORKING PEOPLE.

Tax Increases on 6 to 10 Million Hard-Pressed Working Families by Cutting the EITC.

- ⇒ **Cuts the Earned Income Tax Credit by \$20 Billion -- \$5 Billion More Than Their Last Budget Offer.** Far from moderating their cuts, the Republican budget actually raises taxes on working families \$5 billion more than their January budget offer.
- ⇒ **Raises taxes on 6 to 10 million hard-pressed working families with incomes under \$30,000 by cutting the EITC by \$20 billion.**
- ⇒ **For 4 Million Minimum Wage Families: A Tax Increase But No Minimum Wage Increase.** 4 million families who earn barely enough to make ends meet currently receive a small EITC that only partially offsets their payroll taxes. Republicans offer a lose-lose agenda to these hard-pressed workers: you don't get your minimum wage raised and your taxes will increase by up to \$320 a year.

5. ENVIRONMENTAL CUTS STILL TAKE THE ENVIRONMENTAL COP OFF THE BEAT.

Cuts Environmental Protections.

- ⇒ **Cuts overall Environmental programs by 19% in 2002 relative to 1996.** Not counting new funds for a misguided "Superfund Reserve" that effectively shifts costs from polluters to taxpayers, overall environmental funding (Function 300) is cut by about 19% in 2002, relative to 1996.
- ⇒ **Provides Gift To Polluters.** Although their new budget appears on the surface to shift some new funds to Superfund, the intention appears to be to relieve polluters of cleanup costs and make the taxpayers pay for the cleanups.
- ⇒ **Still want to take the Environmental cop off the beat.** Senate Republicans still cut EPA's environmental enforcement and operations by 17% in real terms in 2002 and by 23% compared to the President's budget.
- ⇒ **Opens Arctic Refuge to Oil Drilling.** House Republicans still want to open up the pristine Arctic National Wildlife Refuge to oil and gas drilling, despite the President's promise to veto any bill that does this.
- ⇒ **Cuts National Park Service by 20% in 2002 compared with the President's balanced budget.** Such reductions would lead to a deterioration of natural, cultural, and historical resources.
- ⇒ **President Clinton also specifically calls on Congress to learn from last year's mistakes and keep their budget free this year from anti-environment policy riders.**

copy to all
DPC
staff

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 28, 1996

REMARKS BY THE PRESIDENT
AT STAKEOUT POSITION

North Driveway

6:20 P.M. EDT

THE PRESIDENT: I'd like to make a brief statement about the jury verdict in Arkansas today. First of all, the jury has completed its work and they obviously worked for quite a long time and debated this thoroughly and tried to make a good decision. So I think we should all accept that.

Obviously, on a personal level, I'm very sorry for Governor Tucker and for Jim and Susan McDougal. But the jury has decided. I was asked to give testimony; I did that. And for me, it's time to go back to work. That's what I intend to do.

Q Do you think Governor Tucker should resign?

THE PRESIDENT: I don't want to comment on that. I think those questions have to be resolved by the people involved and in terms of what their other options are. I don't want to comment on that. I just think that this is a day for saying that these jurors worked a long time, they were out for an extended period of time, they reached their verdict. And as I said, for me it's more of a personal thing today. I'm very sorry for them personally.

But I did what I was asked to do, and now I've got to go back to work. That's what I intend to do.

Q Sir, do you think this is a repudiation of your statements?

Q Did the jurors not believe you, sir? Did the jurors not believe you?

THE PRESIDENT: You ought to ask them that. I doubt that. I doubt that that's what was going on. But you ought to ask them. I don't know.

END

6:22 P.M. EDT

AMERICA'S CHALLENGE

*Background on President Clinton's
State of the Union Address to Congress
January 23, 1996*

1. **CHALLENGE ON FAMILIES:** Cherish our children and strengthen the American family.
2. **CHALLENGE ON EDUCATION:** Renew our schools for the new century and open wide the doors of college.
3. **CHALLENGE ON ECONOMIC SECURITY:** Provide new security for the American family in the new economy.
4. **CHALLENGE ON CRIME AND DRUGS:** Join together to take back our streets from crime, gangs and drugs.
5. **CHALLENGE ON THE ENVIRONMENT:** Protect the environment for future generations.
6. **CHALLENGE ON WORLD LEADERSHIP:** Meet our responsibility to lead the fight for freedom and peace.
7. **CHALLENGE ON GOVERNMENT :** Reform our political system and make government work for the people.

Embargoed until 9:00 p.m. EST, January 23, 1996

AMERICA'S CHALLENGE

President Clinton's State of the Union Address to Congress

January 23, 1996

CHALLENGE ON FAMILIES

- Challenge fathers to care for their children.
- Cut-down on TV violence.
- Protect our children from tobacco.
- Child support enforcement
- National campaign against teen pregnancy.
- End the tragedy of domestic violence.

CHALLENGE ON ECONOMIC SECURITY

- Raise the minimum wage.
- Preserve the Earned Income Tax Credit.
- \$500 per child tax credit.
- Protect workers' pensions.
- Protect Medicare and Medicaid.
- Make health care portable and eliminate pre-existing conditions exclusions.

CHALLENGE ON WORLD LEADERSHIP

- America as Peacemaker, not isolationist and not global policeman.
- Ratify Start II Treaty to cut nuclear stockpiles by another 25%.
- Pass Comprehensive Test Ban Treaty.
- Approve Chemical Weapons Convention.
- Pass Anti-Terrorism Bill to give law enforcement greater power to fight terrorism at home and abroad.

CHALLENGE ON EDUCATION

- Higher standards and public school choice.
- Educational Technology Initiative.
- Expand college work-study to more than 1 million students.
- \$10,000 tax deduction for college tuition.
- \$1,000 college merit scholarship for top 5% of high school graduates.

CHALLENGE ON CRIME AND DRUGS

- Challenge states to meet 85% truth-in-sentencing.
- Direct FBI to wage war on gangs that involve juveniles in violent crime.
- "One-Strike-and-You're-Out" in Public Housing.
- Appoint General McCaffrey as Drug Czar.

CHALLENGE ON THE ENVIRONMENT

- Brownfields Initiative to clean up contaminated sites in distressed areas.
- Project XL-- Challenge businesses to find cheaper ways to meet tougher standards.
- Expand and strengthen citizens' Right-To-Know about toxic chemicals in their communities.

CHALLENGE ON GOVERNMENT

- Executive Order revoking federal contracts of businesses that hire illegal workers.
- Continue Reinventing Government -- creating the smallest, smartest government in 30 years.
- Enact McCain-Feingold real campaign finance reform.

AMERICA'S CHALLENGE

*Background on President Clinton's
State of the Union Address to Congress
January 23, 1996*

1. CHALLENGE ON FAMILIES: *Cherish our children and strengthen the American Family.*

Families are the foundation of American life. The President challenges families to stay together, respect one another, end domestic violence, and for parents to take responsibility for their children.

Cut Down On TV-Violence.

The Administration wants to give parents the information they need to determine what their children see and hear. For this reason, the President supports the V-chip and voluntary rating system established by the television industry. The Administration also supports action to increase and improve the quality of programming for children.

To this end, the President has urged the Commissioners of the Federal Communications Commission to require broadcasters to air at least three hours per week -- and preferably more - of quality children's programming and has supported Public Broadcasting and the quality programming option it offers children and adults. The President's meeting with leaders of major media corporations and the entertainment industry will discuss voluntary ways to achieve these goals without delay.

Protect Our Children From Tobacco.

More than 300,000 Americans every year die because of illnesses associated with tobacco use. Every single day, another 3,000 children become regular smokers. One thousand of these children will eventually die from smoking-related disease. It is up to all of us -- family, schools and communities -- to work together to protect our children from the deadly disease of nicotine addiction.

This past year, President Clinton proposed targeted measures to fight this deadly problem. The Administration has proposed regulations designed to restrict the methods used by the tobacco industry to sell tobacco products to children. Specifically, these proposals cut off children's access to tobacco and reduce the appeal of these products.

Just last week, the Clinton Administration gave states guidance on how to implement the Synar Amendment, which requires states to have and to enforce laws banning the sale and distribution of tobacco products to children.

Child Support Enforcement.

The President reiterated his proposal for the toughest child support enforcement measures ever: streamlined paternity establishment; employer reporting of new hires to catch non-paying parents who move from job to job; uniform interstate child support laws; computerized state-wide collections to speed up payments; and tough new penalties, like drivers' license revocation. Together, these measures will send a clear and consistent message that both parents must take responsibility for the children they bring into this world. Congress should pass them now as part of real, bipartisan welfare reform.

Teen Pregnancy.

In last year's State of the Union Address, the President called for a national campaign to address teen pregnancy, which he called "our most serious social problem." This year, the President announced that his call has been answered. A diverse and bipartisan group of prominent Americans is about to announce the formation of A National Campaign to Reduce Teenage Pregnancy. Their goal is to reduce teenage pregnancy by one-third over the next ten years. This is a serious, nonpartisan effort to mobilize many sectors of American society -- business, entertainment, media, religious leaders and others -- to tackle this serious problem. The Clinton administration has worked to help the organizers of this independent effort get started, and the President has promised his active support for their work.

2. CHALLENGE ON EDUCATION: *Renew our schools for the new century and open wide the doors of college.*

Over the past three years, President Clinton has led efforts to dramatically reform education and training policy. Now, President Clinton proposes several new initiatives to bring more technology into the classroom; urge states, communities, and schools to raise standards; give parents more public school choice; and greatly expand access to college.

Educational Technology Initiative – Technologically Literacy For The 21st Century.

Nothing is more critical to preparing our public schools for the 21st century than ensuring they have the modern technology to prepare students for the information age. The President challenges the nation to work together in a major new national effort to help every student become technologically literate for the 21st century.

Specifically the President has four goals:

- (1) Provide access to modern computers for all teachers and students;
- (2) Connect every school in America to the Information Superhighway;
- (3) Develop effective software in all subject areas, and
- (4) Give every teacher the development they need to help students use and learn through technology.

To reach these goals the President will lead a national effort that will include the following new initiatives:

- The President and Vice President will lead an effort to wire all of the nation's classrooms for computer access to the Internet by the year 2000.
- The President is calling for the creation of an Educational Technology Fund -- a private/public technology "matching fund" to help ensure that every student has adequate access to a cutting-edge computer and every teacher has the skills and software to make the best possible use of available technology.
- Challenge to educational software and entertainment leaders to produce better educational software to make learning more exciting and interesting.

Higher Education Standards For Students And Teachers.

Perhaps no challenge is more central to ensuring America's competitive strength in the 21st century than renewing our public school system. The President wants to see public schools driven by demanding high standards for students and teachers.

President Clinton challenges states and school districts to enact professional standards of excellence for teachers, and high standards of achievement for students. He also urged that all parents should have the opportunity to change schools or start new ones if their child's school is not performing.

Schools need to be safe and drug-free, and need to teach well the basics, good citizenship, responsibility, and core academics. The President believes that schools need to be accountable for their students' performance and that a high school diploma must mean something.

Public School Choice.

President Clinton believes that information, competition, and choice among public schools should be the rule, not the exception. Any parent who is dissatisfied with either their own child's or the school's performance should have the opportunity to choose a public school that will do better.

Charter Schools.

To ensure that every parent has this chance, the President is calling on all 50 states to enact charter school laws within 12 months. Twenty states currently have laws providing for the creation of charter schools -- public schools, created and managed by parents, teachers and administrators. They are held accountable for their results through a performance-based contract with a local school board, state, or other public institution.

The President will also be asking for a substantial increase in federal funding, up to \$40 million annually, to help local efforts to start nearly 3,000 new charter schools over the next five years.

Parent Involvement.

The President believes strongly in the critical importance of parent involvement in their children's education. Parents are and continue to be their children's first and most important teacher. The President asks parents to read with children, see that their homework is done, see that they take the tough courses, know their children's teachers, talk to their children directly about the dangers of drugs and alcohol, and talk to them about the values they want them to have. These conversations could literally save their lives. Businesses, schools, and religious organizations can help parents find the time for all of this by being family-friendly for learning.

Dramatically Expand Access To College.

President Clinton is deeply committed to ensuring that all deserving students can afford to go to college, and to helping American families invest in their children's and their nation's future. That is why he will continue to block attempts to cap the Direct Lending Student Loan program, which makes college more accessible by allowing students to repay loans as a percentage of their income and by cutting out the middle-man and eliminating red tape. That is also why he will block attempts to cut Pell Grant Scholarships and instead wants to increase their number and the maximum award.

Now, President Clinton calls for the enactment of three key initiatives to increase access to and the affordability of college education. Each of these proposals rewards responsible students and hard-working families.

- **Merit Scholarships.** The President calls for the creation of the largest-ever merit-based scholarship program, rewarding the top 5% of high school graduates in every school -- over 125,000 students annually -- with \$1,000 grants toward the cost of college. The scholarships, rewarding excellence and achievement, will be awarded to the top five percent of graduating students in every secondary school in the United States.
- **Expansion Of Work Study.** The President proposed a dramatic expansion of the College Work Study program, from 700,000 students to over one million over the next five years. This nearly 50 percent increase will significantly expand a program that reaffirms the American ethic, rewarding hard work and helping ensure that all who want a higher education are able to afford it.
- **Tuition Tax Deduction.** The President renewed his call for a deduction of up to \$10,000 for the cost of tuition and training. 16.5 million students stand to benefit from this proposal for tax relief to working families.

3. CHALLENGE ON ECONOMIC SECURITY. *Provide new security for the American family in the new economy.*

America's economy is strong. Home ownership is at its highest rate in 15 years and 7.8 million new jobs have been created during the last three years. The President's 1993 Economic Plan has cut the deficit nearly in half. And Taxes have been lowered for 15 million households by dramatically expanding the Earned Income Tax Credit. But our people are working harder than ever, and they deserve what it takes to get ahead in the new economy.

A G.I. Bill for America's Workers.

In the new economy, skills matter more. For workers, a year of either on-the-job or formal training raises wages by about as much as a year of college education. That is why the President challenged the Congress in December 1994 to enact a new GI Bill for America's Workers.

Now, the President calls for the Congress to pass his fundamental reform of the federal job-training system. The Administration's proposal would eliminate at least 70 separate job training programs, replacing them with an integrated system that minimizes red tape and maximizes individual choice in each local community. Unemployed and low-income workers would be able to get individual Skill Grants to use as they choose for learning new skills to find new and better jobs.

The President's proposal would also provide workers access, through networks of One-Stop Career Centers already under construction in the States, to reliable computerized data on jobs, careers, what skills are in demand, and the success records of training institutions, so that workers can make good choices to improve their futures. States and localities would have flexibility to work in partnership with the private sector to tailor training programs and delivery systems to reflect local conditions and priorities.

The Administration proposal also includes a youth component. Federal education, training, and employment programs for youth would be reshaped to support the community-based school-to-work movement already underway in states under the School-to-Work Opportunities Act of 1994. The proposal will enable schools, colleges, and the private sector in each local community to offer all youth work-based learning opportunities and clear pathways to good jobs, rewarding careers, and lifelong learning.

Increase the Minimum Wage.

The President challenges Congress to raise the minimum wage and provide the opportunity for Americans to lift themselves and their families out of poverty. One year ago, the President proposed increasing the minimum wage from \$4.25 to \$5.15 an hour in two equal steps. If Congress does not act now, the value of the minimum wage will fall to its lowest level in 40 years. The President's proposal would help lift the lives of the estimated 11 million Americans who earn less than \$5.15. For those people working full-time, this minimum wage increase provides \$1,800 -- enough money for the average American family to buy groceries for seven months.

A rise in the minimum wage helps families that are working hard but struggling to make ends meet. Most workers who earn the minimum wage are adults; nearly 40 percent are the sole breadwinner in their family; and the average minimum wage worker brings home half of their family's earnings. And more than one dozen studies suggest that a modest minimum wage increase -- like the President's proposal -- would not cost jobs.

Despite criticism in some corners, the minimum wage has traditionally had bipartisan support. In 1989, the minimum wage increase passed the House by a vote of 382 to 37, and 89 to 8 in the Senate. It's time to raise the minimum wage. And it's time to ensure that those who work hard and play by the rules can live with the dignity that they have earned.

The Earned Income Tax Credit and \$500 Per Child Tax Credit.

President Clinton's 1993 Economic Plan expanded the Earned Income Tax Credit to provide tax relief to 15 million working families and households. The EITC encourages families to move from welfare to work by making work pay. President Clinton has staunchly opposed deep cuts in the EITC proposed by Republicans which would raise income taxes on millions of hard-working families. The President's seven-year balanced budget plan provides additional tax relief to working families. It would provide a tax credit of up to \$500 per child to families with incomes up to \$75,000.

Making Pensions More Accessible For All Americans.

Only about half of all full-time workers in the private sector are covered by a pension. Three-quarters of workers in small businesses with fewer than 100 employees are not covered by a pension plan. President Clinton believes that we need to better empower Americans to save for their futures.

Simplifying Pension Rules.

In June of last year, the President proposed a significant simplification of our pension system, so that businesses of all sizes, but particularly small businesses, could more easily make tax-advantaged savings programs available to their employees. The NEST option would enable businesses with 100 or fewer employees to establish a retirement savings program by sending the IRS a simple one-page form. By getting rid of the family aggregation rules, families who work together in small or large businesses could save as individuals. Larger businesses and tax-exempt organizations could also offer simpler plans, so more money could go to workers' retirement and less to accountants, lawyers, and other consultants. These proposals are all part of the President's budget offer of January 18, 1996. Similar reforms have been passed by the Congress. This is an area where agreement to benefit all Americans is both possible and close to fruition.

Safeguarding Retirement Savings.

The Clinton Administration has taken important actions to make certain that pension savings are there when people need them. The Retirement Protection Act enacted in 1994 protects the pension funds of more than 40 million workers and retirees in traditional pension plans, including more than 8 million in plans that remain underfunded. Pension underfunding has been reduced for the first time in a decade -- from \$71 billion in 1993 to \$31 billion in 1994. The Department of Labor's 401(k) enforcement program and proposed legislation and regulations are designed to ensure that employees' savings are actually contributed to their retirement plan and invested. The Department has already recovered more than \$3.5 million for 2,800 workers. This Administration has demonstrated its commitment to safety and security in the pension system.

Opposing Raids on Pension Funds.

No corporation should be able to raid your hard-earned savings. The Clinton Administration will continue to fight cynical Republican efforts to fund tax cuts by allowing corporations to raid their pension funds -- the same kind of raids that cost workers about \$20 billion in the 1980s to fund corporate mergers and leveraged buyouts. The Republican proposal would allow corporations to reduce pension fund assets by approximately \$15 billion.

Health Insurance Reform -- Portability Protections.

The President calls on the Congress to pass meaningful health insurance reforms that would guarantee that insurers no longer apply pre-existing condition exclusions to previously insured workers who have had at least one year of coverage. Providing for this portability protection and eliminating "job-lock" for all Americans has always been one of President Clinton's top priorities. His proposal would also require plans to renew coverage without regard to health status.

Insurance reform bills similar to the President's have received broad, bipartisan support in the Congress. Over 35 insurance market reform bills have been introduced since 1990, including legislation cosponsored by Republican Senator Kassebaum and Democratic Senator Kennedy that was unanimously reported out of the Labor Committee last year.

Protect Medicare and Medicaid: Reform that Protects and Strengthens the Programs.

Medicare. The President's proposal preserves and enhances Medicare. In so doing, he rejects proposals that structurally undermine the program through excessive cuts and unwise programmatic changes that unnecessarily harm beneficiaries and providers. Instead, the President proposes reforms that achieve savings that limit the per person growth of the program to just below the private sector growth rate, extends the life of the Medicare Trust Fund through at least 2010, adds new cost-effective preventive benefits, and provides a new respite benefit for families of beneficiaries with Alzheimer's disease.

In addition, the President proposal expands plan choices for beneficiaries to include HMOs with a point-of-service option, Preferred Provider Organizations (PPOs), and Provider Service Networks. These options work to promote competition on the basis of cost and quality, rather than to "cherry-pick" at the expense of the sick and the elderly.

Medicaid. Like the Medicare program, the President calls on the nation to maintain its commitment to a strong, but more flexible and cost-conscious Medicaid program. He rejects proposals that block grant the program and provide for harmful and excessive cuts that could deny health benefits to 3-6 million Americans in 2002, including more than 1 million children. Instead, President Clinton advocates making the program more flexible by removing unnecessary Federal health care delivery and reimbursement strings that tie a Governor's hands in administering an efficient and responsive program. In so doing, however, he maintains the Federal guarantee to a set of meaningful benefits, retains financial and quality protections for the states (through his per capita cap, which provides more dollars during economic downturns), and continues protections of recipients and their families (through retention of nursing home quality, spousal impoverishment, and family financial resources protections, and retention of coverage of low-income Medicare beneficiaries' premiums and costsharing).

Health Insurance Reforms -- Building On Portability Protections: Health Insurance For The Temporarily Unemployed.

The President believes that individuals who lose their health insurance when they lose their job should be eligible for premium subsidies to pay for private insurance coverage for up to six months. Such a proposal would provide coverage for 3.8 million more Americans a year.

Health Insurance Reform -- Making Insurance More Accessible And Affordable For Small Business And Their Employees.

In addition to the insurance reforms outlined above, the President's proposal would require plans to make coverage available to all groups of businesses, regardless of the health status of any of the group's members ("guaranteed issue"). Insurers would be required to provide an open enrollment period of at least 30 days for all new employees (whether or not they had been previously insured). Moreover, insurers could not individually underwrite new enrollees, i.e., their premiums would have to be the same as other enrollees with similar demographic characteristics. These provisions also have broad, bipartisan support.

To address the issue of affordability, the President's insurance reforms would also limit premium variations for small businesses by phasing out the use of claims experience, duration of coverage, and health status in determining rates. To put the self-employed on a more equal footing with other businesses, the President proposes to gradually increase the self-employed tax deduction from 25 to 50 percent. And finally, to help provide small businesses with the type of purchasing clout larger businesses have, technical assistance and funding (\$25 million a year in grants) would be provided to states to set up voluntary purchasing cooperatives. (Purchasing cooperatives are also included in the Kassebaum/Kennedy plan.) Under the President's plan, the State could request that commercial insurers providing Federal Employee Health Benefit Plans (FEHBP) also offer insurance products to small businesses in a voluntary purchasing cooperative. To assure cost control within the Federal program, the Federal employee and private sector "pools" would be kept separate.

Cracking Down On Health Care Fraud And Abuse.

In the last three years alone, the Administration has saved an unprecedented \$15 billion by cracking down on fraud and abuse in the Medicare and Medicaid programs.

The President's balanced budget plan continues these aggressive policies. It strengthens the fraud and abuse laws so that we can better prosecute health care fraud in all government programs and private plans, makes it easier to restore money to Medicare and Medicaid and to American taxpayers, and increases penalties so that wrongdoers are punished severely. It expands "Operation Restore Trust" nationwide -- a program currently operating in five states that coordinates anti-fraud activities and uses new technology to fight fraud and abuse. Finally, it guarantees funding to investigate and prosecute those who have defrauded the Medicare and Medicaid programs and the taxpayers who support them.

4. CHALLENGE ON CRIME AND DRUGS: *Take back our streets from crime, gangs, and drugs.*

America has begun to find the way to stop crime. In New York City murders are down 25%, in St. Louis 18%, and in Seattle 32%. The President's Crime Bill is putting more police on the streets -- 31,000 just this last year. The Brady Bill has stopped 44,000 felons and over 20,000 fugitives, stalkers, and others from buying handguns. The Assault Weapons Ban is keeping UZIs out of the hands of drug runners, and the Violence Against Women Act has cracked down on abusers of women while improving services for victims so that they have somewhere to turn. The President's anti-crime strategy is working.

The President reiterated that he will veto any attempt to repeal the Brady Bill, the Assault Weapons Ban, or the COPS program -- which will put an additional 25,000 cops on the streets of America in 1996. In addition, the President announced several new initiatives to build on his Administration's successful efforts to win the war on crime and drugs.

Anti-Gang Initiatives.

Over the past decade, street gangs have become the major force in the distribution of narcotics and the commission of violent crimes. Gangs are a significant problem affecting not only our inner cities but also suburban and rural communities throughout the country. Over the last year, the Justice Department's Anti-Violent Crime Strategy -- in which Federal prosecutors work in tandem with members of their local law enforcement and communities -- has lead to the prosecution of thousands of violent and repeat offenders.

- *Building on that success, the President directed the FBI and other investigative agencies to wage a coordinated war on gangs that involve juveniles in violent crime.* The Justice Department has also developed a comprehensive anti-gang strategy that it will submit to Congress later this week. In addition, the Administration has submitted legislation to Congress that would afford Federal prosecutors the discretion to prosecute juvenile offenders as adults. Juveniles who commit adult crimes should be treated like adults. President Clinton calls on the Congress to pass this legislation now. At the same time, we will hold adults who traffic crime guns to kids accountable by launching an initiative in over 10 cities that will track, arrest, and prosecute these gun peddlers.

One Strike And You're Out -- A Directive To Remove Criminals From Public Housing.

President Clinton is committed to cracking down on gangs and drugs in public housing. Large, violent street gangs have controlled entire projects in some of our cities, recruiting children as young as 7 years old to sell drugs.

President Clinton challenges HUD, local governments and public housing residents to link arms

in ousting drug dealers and violent crime from public housing. In city after city, the count for abusive residents involved in drugs and crime will now be "one strike and you're out." Under this plan, the President will direct the Secretary of HUD to implement a one strike program for public housing. We will no longer tolerate these drug dealers and violent offenders terrorizing residents in their homes.

Truth-In-Sentencing.

State and local prison populations continue to grow. Unfortunately, some correctional systems faced with rising prison populations have released offenders when their institutions reach a certain population level. The result is that prisoners are released before they finish serving their full sentence. This is a hoax being played on the American public. The Federal criminal justice system resolved this problem some time ago by adopting truth-in-sentencing. Federal prisoners serve at least 85% of the sentence imposed and are not eligible for parole. Now is the time for the States to get on board and stop releasing criminals back into the general public before they serve their time. That is why the President is challenging the States to ensure that by the year 2000 State prisoners serve at least 85% of their sentence.

New Drug Czar -- General Barry R. McCaffrey.

Ending the drug scourge in America has and will be a top priority for the Clinton Administration. That is why President Clinton announced during the State of the Union that he will be nominating General Barry R. McCaffrey to be his next Director of the Office of National Drug Control Policy.

A Four Star General, McCaffrey served in four combat tours, was wounded three times in action, and was decorated twice with the Distinguished Service Cross and twice with the Silver Star. In praising President Clinton for choosing McCaffrey, *The Miami Herald* described him as "decisive, analytical, candid, soldier's soldier, the Army's most decorated officer... says what he thinks, and he thinks with great clarity."

As Commander of U.S. forces in Latin America McCaffrey built an international and interagency coalition that has achieved significant successes over the last two years against narcotraffickers attempting to bring cocaine into the United States. His service and leadership in Latin America will build upon the success that his predecessor, Lee Brown, contributed in dismantling the Cali Drug Cartel.

General McCaffrey's skills and background make him perfectly suited for this position -- a proven military leader who commands respect from young Americans, pursues his goals with efficiency and order, and expects positive results. He has spent his military career engaged in coordinated campaigns that are directed toward solutions and winning. He will not tolerate bureaucratic turf wars or grandstanding on this critical issue.

5. CHALLENGE ON THE ENVIRONMENT: *Protect the environment for future generations.*

For the past generation we have made great progress in protecting the environment. We now have cleaner and safer air and water. Lead levels in children's blood have been cut 70 percent and toxic emissions from factories are cut in half. 25 years ago, lake Erie was dead, now it is a thriving resource. Now, President Clinton challenges Congress to move forward, not backward, on the environment, and called on Congress to abandon reckless proposals to cut environmental enforcement by 25% and make taxpayers -- not polluters -- pick up the tab for environmental cleanup.

Project XL -- Tougher Standards And More Flexibility.

As the nation has made progress in protecting the environment, the system created to address the environmental crises of 25 years ago must change with the times.

To achieve better environmental results at less cost, provide regulatory flexibility, and maintain accountability, President Clinton announced Project XL -- for excellence and leadership -- in March 1995. In November 1995, the President named eight pilot projects from six companies and a state and a local government as the first of 50 projects.

Project XL is based on the premise that by giving businesses, states and communities the flexibility to explore creative solutions for controlling pollution, they will develop innovative ways to achieve results that go beyond the ones required by environmental regulations -- and do so in more common-sense and cost-effective ways.

In his 1996 State of the Union Address, the President offered this challenge to all businesses: If you can meet even higher environmental standards, we will cut red tape and regulations, so that you can find the cheapest and most efficient way to do it.

Expanding Community Right-To-Know About Toxic Chemicals Released In Their Communities.

For nearly a decade, Americans have had an important right: the right to know what dangerous chemicals are being released into their communities. Armed with Community-Right-To-Know information, citizens around the country are taking action to solve local environmental problems that affect their health and safety. Since the inception of these laws in 1986, reported releases of toxic chemicals have declined by 43% nationwide.

EPA's Toxics Release Inventory is an annual listing of chemical hazards that industries have released into the environment, organized by zip code. Citizens have easy access to these reports through local libraries, state and federal environmental offices, the internet, and EPA's toll-free hotline. President Clinton has acted to strengthen and expand the public's right to know about local pollution by requiring Federal facilities and government contractors to report on chemical releases, by expanding the number of chemicals that must be publicly reported, and by making it easier for small businesses to report right-to-know information. Now, President Clinton calls on Congress to work with his Administration to expand and strengthen communities' right-to-know.

Brownfields Initiative -- Common Sense Approach To Cleaning The Environment.

The Administration is taking a new approach to environmental regulation, one that tackles problems with common sense. Throughout America's cities, hundreds of thousands of old industrial sites lie neglected. These so-called "brownfields" have lingered as trash-strewn eyesores while businesses have shifted their operations to pristine locations in the suburbs and the countryside.

The President pledges that his Administration would revitalize America's cities by challenging American business to work with their communities to clean up brownfields that are a blight to our communities, a threat to our health, and an obstacle to economic growth. Under this proposal, EPA will continue to make common sense policy changes that speed the cleanup of brownfields and provide grants to cities to cleanup and redevelop contaminated land.

The President is proposing to offer new purchasers and other businesses that will redevelop brownfields a new targeted tax incentive to recover the cost of clean-up in distressed communities over a shorter period of time. This initiative will spur the private sector to create jobs, return land to productive use, and clean up the environment. As part of this package, the Administration will also ask Congress to enact legislation to protect lenders who finance the clean-up or redevelopment of these sites. This common sense, cost-effective initiative captures the best of what we can do together to revitalize the cities of this country.

6. CHALLENGE ON WORLD LEADERSHIP: *Meet our responsibility to lead the fight for freedom and peace.*

President Clinton has continued the strong tradition of American leadership in the world that has brought our people 50 years of security and prosperity. He has addressed the challenges of today: ethnic and religious hatreds; aggression by rogue states; the spread of weapons of mass destruction; terrorism; crime; drug trafficking; environmental decay -- because problems that start beyond our borders can quickly become problems within them. The United States cannot be the world's policeman, because our reach and resources are limited. Instead, where our interests and values demand it -- and where we can make a difference -- America takes the lead.

America The Peacemaker -- Not Isolationist, Not Global Policeman.

- ▶ We stayed engaged with Russia -- now there are no Russian missiles pointed at our cities or citizens.
- ▶ Our patient pressure persuaded North Korea to freeze its nuclear weapons program.
- ▶ By threatening to use force in Haiti, we gave democracy a second chance and stopped the flow of refugees to our shores.
- ▶ By standing with those who take risks for peace in Northern Ireland and the Middle East, we have helped people turn from conflict to cooperation.
- ▶ By opening markets abroad, we have created more jobs for Americans at home.
- ▶ By standing up for peace in Bosnia, we have helped end the worst atrocities in Europe since World War II.
- ▶ We are bringing the nations of Europe closer together, modernizing and preparing to expand NATO, working with Russia and revitalizing the economies of Central Europe and the Former Soviet Union.
- ▶ America is leading because we've kept our military strong and know when to use it.

Ratification of START II Treaty To Cut Nuclear Stockpiles By Another 25%.

President Clinton calls on the Senate to give its advice and consent to ratification of the Treaty Between the United States and Russian Federation on Further Reduction and Limitation of Strategic Offensive Arms (START II) now. Before Christmas 1995, the Senate virtually completed debate on the Treaty and adopted a unanimous consent agreement that no further amendments to the resolution of ratification would be in order.

When ratified by Russia and entered into force, START II will require far-reaching nuclear arms reductions. In combination with the START I Treaty, START II will eliminate launchers that carried over 14,000 of the 21,000 warheads deployed when the START I Treaty was signed in 1991 -- a reduction of two-thirds. In addition, START II will eliminate the most destabilizing strategic nuclear arms -- heavy ICBMs and multiple warhead ICBMs. The President urges no further delay in reducing the nuclear threat to all Americans.

Comprehensive Test Ban Treaty.

President Clinton challenges the 38 nations participating in the Geneva Conference on Disarmament to finish work on the Treaty so that it is ready to be signed this fall as called for by the United Nations General Assembly last December. As President Clinton said on August 11, "American leaders since Presidents Eisenhower and Kennedy have believed a comprehensive test ban would be a major stride toward stopping the proliferation of nuclear weapons. Now, as then, such a treaty would greatly strengthen the security of the United States and nations throughout the world. But now, unlike then, such a treaty is within our reach."

Last August, the President announced his decision to ban nuclear testing for all time by negotiating a true "zero yield" Comprehensive Test Ban Treaty (CTBT). This decision was an historic milestone in our efforts to reduce the nuclear threat and to strengthen U.S. and global security that will stop an entire generation of new nuclear weapons.

Chemical Weapons Convention.

The President calls upon the Senate to outlaw poison gas once and for all by ratifying the Chemical Weapons Convention now. At the UN General Assembly last October, the President pressed for ratification of this vital treaty, stating: "As the Cold War gives way to the global village, too many people remain vulnerable. No one is immune We must press other countries and our own Congress to ratify the Chemical Weapons Convention."

Since the use of chemical weapons in World War I, the United States has led the effort to control and ultimately eliminate them. We outlawed the wartime use of poisonous gas in the Geneva Protocol of 1925 and today President Clinton is working hard to outlaw not only the use but also the development, production and possession of chemical weapons. Completed in 1992 and opened for signature in January 1993, 160 countries now have signed the Convention and 47 have ratified it. It is time the United States did so too.

Counter-Terrorism.

In the past three years, the President has devoted unprecedented attention to the fight against terrorism. New strategies and resources resulted in the arrest of World Trade Center bombers; increased pressure on the most dangerous terrorist groups, including preventing other bombing plots; blocking the fundraising by terrorist groups opposed to the Middle East peace process; and improved our effectiveness in coping with terrorism involving chemical and biological weapons. The Clinton Administration was preparing to counter this new scourge well before the terrifying Sarin attack in Tokyo's subway.

One year ago this month, the President asked Congress for legislation to strengthen our ability to combat international terrorism. On April 19, 1995 terrorists bombed the Murrah Federal Building in Oklahoma City, killing and maiming scores of innocent workers, visitors, and children. In response, the President asked Congress to expand the international terrorism bill to include domestic terrorism. Although the Senate acted quickly, the House has failed to act. This bill is essential if we are to keep overseas terrorists from attacking Americans here at home; to prevent terrorist groups from raising funds here; to respond effectively to chemical or biological attacks; and give our Federal law enforcement agencies the tools they need to bring terrorists to justice before they strike again. The President calls upon Congress to act now on this bill creating a more secure America at home.

Supporting Resources for Leadership

America cannot lead without adequate resources. Some want to retreat in the post-card war era, while others want to lead on the cheap. Our ability to lead now faces a clear and present danger from efforts to drastically cut our foreign affairs budget. Such cuts could eliminate aid to some states of the former Soviet Union and hinder our efforts to reduce the nuclear threat; cripple our non-proliferation efforts; eliminate our contribution to peace operations, which can save us from deploying our own forces; limit our ability to promote peace in the Middle East; undermine our efforts to expand U.S. exports; and slash programs to wipe out production and smuggling of drugs that ultimately destroy our neighborhoods.

Support for these programs requires only 1% of the Federal budget. This is good investment for the American people -- and a good bargain.

America must maintain the best trained, best equipped, and best prepared military in the world. Together with a strong military, an adequately funded international affairs programs will preserve our security, expand our prosperity and advance democracy. The President calls on Congress to give us the resources we need to lead for peace.

7. CHALLENGE ON GOVERNMENT: *Reform our political system and make government work for the people.*

This government must again become one of the people, by the people, and for the people. The President challenges Congress to curb special interest influence in politics by passing the first truly bipartisan campaign finance reform in a generation. And the President challenges government to continue down the path of reinvention and downsizing, creating the smallest, smartest, and cheapest government in 30 years.

Political Reform – Endorsement of The McCain-Feingold Bipartisan Campaign Finance Reform Bill.

In his first three years in office, the President has pursued a strong, wide-ranging political reform agenda. He imposed the toughest-ever ethics code on his appointees, closed the tax provision that allowed corporations to deduct the cost of lobbying expenses, signed the Motor Voter law, and cut the White House staff by 25%.

Last year the President signed two major reform bills that he had promised to enact in Putting People First. The Congressional Accountability Act which requires Members of Congress to live by the laws of the land and lobbying disclosure legislation.

Yet, two major reforms have yet to be sent to his desk. President Clinton calls on Congress to send him the line-item veto bill so he can sign it immediately and to pass the McCain-Feingold bipartisan campaign finance reform legislation. This legislation would provide thirty minutes of free television time and require broadcasters to sell advertising at 50% of the lowest available unit rate for candidates who abide by voluntary spending limits; would limit PAC contributions to \$1,000; toughen bundling rules; ban personal use of campaign funds; increase disclosure and accountability of those who engage in political advertising and restrict the use of soft money.

Reinventing Government.

Under the Vice President's National Performance Review, the Clinton Administration has cut 16,000 pages of unnecessary rules and regulations and cut the Federal workforce by 205,000 employees, making it the smallest in 30 years.

President Clinton feels strongly that never again should a public servant threaten the full faith and credit of the United States and no public servant should ever again shut down the government of the United States.

Federal workers who remain are working harder and delivering better value for less money. In the coming weeks the Administration will be pursuing even more initiatives for governing with less resources. The guiding principle behind these initiatives is the need to manage government in a way that rewards performance and not red tape.

Critical to this goal will be the following initiatives: transforming the federal work force via Civil Service Reform, transforming certain government organizations into Performance Based Organizations, reinventing federalism via the establishment of more Performance Partnerships with States and localities, transforming the regulatory agencies in the federal government in order to improve compliance, and establishing specific, widely publicized customer service standards for those American citizens who interact with the federal government.

Executive Order To Revoke Federal Contracts Of Businesses That Hire Illegal Workers.

The President is preparing to issue an Executive Order that is intended to ensure that Federal Government contracts are not awarded to companies that employ illegal workers. Consistent with federal law prohibiting such employment, this order provides for debarment of any federal contractor who knowingly employs illegal workers thereby depriving U.S. legal workers of opportunities to hold those jobs. Unfortunately, this does occur. A recent INS enforcement action, Operation SouthPAW, found that illegal aliens were employed in the construction of a federal building in Atlanta. Nothing in this order relieves employers of their obligations to avoid unfair immigration-related employment practices and to comply with all antidiscrimination requirements of applicable law.

**REWARDING WORK:
THE CASE FOR INCREASING THE MINIMUM WAGE**

The President's proposal would increase the minimum wage from \$4.25 to \$5.15 over two years, through two 45-cent increases. The last increase, passed by an overwhelming, bipartisan vote in 1989, and implemented in 1990 and 1991, was also a 90-cent increase in two 45-cent stages. Full-time, minimum wage workers earn \$8500 a year, and a 90-cent increase would raise their yearly income by \$1,800 -- as much as the average family spends on groceries in over 7 months.

MAINTAINING THE HISTORIC VALUE OF WORK: Within a year, if the minimum wage is not increased, it will fall to its lowest real level in 40 years. Indeed, the value of the minimum wage is now 29 percent lower than it was in 1979, and has fallen nearly 50 cents in real value since its last increase in April of 1991. The first half of the President's 90-cent proposal simply restores the minimum wage to its value from the last increase.

RAISING THE MINIMUM WAGE PRIMARILY HELPS ADULT WORKERS -- MOST OF WHOM RELY ON THEIR MINIMUM WAGE JOBS TO SUPPORT THEIR FAMILIES: Over two-thirds of the workers who would benefit from the President's proposal are adults (69%); almost two-fifths (39%) are the sole breadwinners in their families; and the average minimum wage worker brings home half of his or her family's earnings. Thus, a rise in the minimum wage is a significant boost to the standard of living to millions of households.

REWARDS WORK OVER WELFARE: The minimum wage increase provides another crucial measure to reward work and ensure that there is a strong incentive to choose work over welfare.

BETWEEN 10 MILLION AND 13 MILLION WORKERS WOULD BENEFIT FROM THE PRESIDENT'S PROPOSAL TO INCREASE THE MINIMUM WAGE: An estimated 10 million hourly workers earn between \$4.25 and \$5.14 and would directly benefit from the President's proposal. Research indicates that an increase in the minimum wage to \$5.15 could have a "ripple" effect on the more than 3 million workers who earn within 60 cents of the new minimum wage.

EMPIRICAL EVIDENCE SHOWS THE PRESIDENT'S PROPOSAL CAN INCREASE WAGES WITHOUT COSTING JOBS: Nearly two dozen empirical studies have found that moderate increases in the minimum wage do not have a significant impact on employment. These studies include state-specific research that shows that higher state increases in the minimum wage did not result in significant job impacts. As Nobel Laureate Robert Solow stated: "[T]he evidence of job loss is weak. And the fact that the evidence is weak suggests that the impact on jobs is small."

A 90-CENT INCREASE IN THE MINIMUM WAGE WILL LIFT A FAMILY OF FOUR OUT OF POVERTY: The dramatic extension of the Earned Income Tax Credit helped lift hundreds of thousands of working families out of poverty. Yet, in 1996, even the EITC is not enough to lift above the poverty line a family of four making the minimum wage. With a 90-cent minimum wage increase, food stamps, and the EITC, a family of four with a year-round minimum wage worker would be lifted above the poverty line.

THE LAST MINIMUM WAGE INCREASE -- ALSO 90 CENTS -- GARNERED STRONG BIPARTISAN SUPPORT. In 1989, the minimum wage was passed by votes of 382 to 37 (135 Republicans) in the House, and 89 to 8 in the Senate (36 Republicans) and was supported by Senator Dole and Rep. Gingrich.

MEETING AMERICA'S CHALLENGES ON RETIREMENT SAVINGS AND SECURITY

April 10, 1996

"I challenge every business that can possibly afford it to provide pensions for your employees. And I challenge Congress to...make it easier for small businesses and farmers to establish their own pension plans. That is something we should all agree on."

-- President Clinton, State of the Union, 1/23/96

Putting the Economy Back on Track & Fighting For Protections For Working Families. President Clinton fought for an economic growth agenda to put our economy back on track and ensure that more and more Americans have the economic security and opportunities they need to live the American Dream. President Clinton's economic agenda has clearly helped turn the economy around.

- In 1992, the deficit was \$290 billion -- the highest dollar level in history; the unemployment rate was above 7% during every month; and the economy had suffered the worst job growth of any President since Hoover.
- Today. Thanks to the 1993 economic plan the Democrats in Congress joined President Clinton in passing -- without a single Republican vote -- the deficit has been cut in half; our economy has created 8.5 million new jobs; unemployment is down to 5.6%; real average hourly earnings have increased for the first time in a nearly a decade; and the combined unemployment, inflation, and mortgage rates are at their lowest level in 27 years.

Helping Working Families With The Changes of an Age of Possibility. The economy has improved and we have halted the decade-long slide in real hourly earnings, but we still face the challenge of making sure that this new economy with all of its opportunities doesn't leave working families behind. Part of our challenge is to help working families cope with change by increasing access to training, pensions and health care as they make the transition between jobs. That's why President Clinton supports the *GI Bill for America's Workers* (worker training), the bipartisan *Kennedy Kassebaum Health Insurance Reforms*, and proposes the *Retirement Savings and Security Act*.

PRESIDENT CLINTON'S RETIREMENT SAVINGS AND SECURITY ACT. Give more Americans the power to save for their retirement by expanding pension coverage, portability, and security:

- **Expands Pensions** to help the 51 million working Americans -- nearly half of private-sector workers - not currently covered by an employer-provided plan save for their retirement.
- **Increases Portability** by removing the obstacle course facing many workers when they change or lose their job and want to bring their retirement savings with them and keep saving.
- **Enhances Protections** so hard-working Americans do not have to worry whether their retirement savings will be there when they need them.

President Clinton Stands Up To Republican Raids On Workers' Pensions. President Clinton vetoed the misguided Republican budget which gave corporations a new opportunity to raid over \$15 billion from pension funds that could have affected the pensions of nearly 4 million workers and retirees in 6,000 plans over the next 5 years. "Congress should not now let companies endanger those workers's pension funds. ...I vetoed that proposal last year, and I would have to do so again." -- President Clinton, State of the Union, 1/23/96.

President Clinton Balances The Budget In A Way That Protects America's Values and Helps Working Families. President Clinton's budget balances in 7 years by cutting wasteful spending while increasing investments in education, life-long learning, technology, health insurance for laid-off workers, and retirement savings and security to help working families today and tomorrow.

PRESIDENT CLINTON'S RETIREMENT SAVINGS AND SECURITY ACT

Proposal Summary

Millions of Americans do not have adequate retirement savings and are worried about their retirement and being a burden on their children. The President's Retirement Savings and Security Act would empower more Americans to save for their retirement by expanding pension coverage, portability, and protections.

- **Expands Pensions** to help the 51 million working Americans -- nearly half of private-sector workers -- not currently covered by an employer-provided plan save for their retirement.
- **Increases Portability** by removing the obstacle course facing many workers when they change or lose their job and want to bring their retirement savings with them and keep saving.
- **Enhances Protections** so hard-working Americans do not have to worry whether their retirement savings will be there when they need them.

PRESIDENT CLINTON'S PROPOSAL MEETS THESE CHALLENGES WITH A 5-PART PLAN:

1. **New Small Business 401(k) Plan -- To Expand Pension Coverage:** The lack of a simple pension plan for small businesses has led to a disturbing statistic: while 76% of workers in large businesses have employer-provided pensions, only 24% of workers in small businesses do. The President's plan offers small businesses a simple small business "401(k) plan," called the NEST, that could expand pension coverage to up to *10 million workers*:

- **\$5,000 Tax-Free Contributions.** Workers could save up to \$5,000 a year tax-free through automatic payroll deductions.
- **Employers Contribute 3% of Salary or 1% Plus a Match of Up To 5% of Salary.**
- **One-Page Form.** Cuts through the red tape with a simple, one-page form without complicated employer filing, calculations, or testing.
- **100% Portable.** All contributions would be immediately vested and fully portable.

The President's plan expands coverage in many other ways as well: it simplifies 401(k) plans for *all* businesses as recommended by Vice President Gore's Reinventing Government initiative, makes the 9 million employees of non-profit organizations eligible for 401(k) plans, enables relatives who work in a family business to earn their own retirement benefits, and repeals unreasonable limits on benefits for certain disabled and low- and middle-income union and state and local government employees.

2. **Expanded IRAs -- To Increase Pension Coverage and Portability:** Deductible IRAs are generally available only to families making under \$50,000, and can be withdrawn penalty-free only after age 59½. The President's proposal makes IRAs more attractive and expands eligibility to *20 million more families*:

- **Allows Withdrawals for Education and Training, First Home Purchases, Major Medical Expenses, and During Long-Term Unemployment:** Allows penalty-free IRA withdrawals for these major life expenses to encourage more families to save.
- **Doubles Income Eligibility:** More middle class families -- especially those with two earners -- would be eligible for this expanded IRA that reduces taxes by up to \$1,120 a year. The proposal doubles the income limits from \$50,000 to \$100,000 for married couples, and from \$35,000 to \$70,000 for single taxpayers.

3. **Increases Pension Portability:** Workers who change jobs and want to take their retirement savings with them and keep saving currently face a multi-faceted obstacle course. The President's proposals could help *over 5 million workers each year* who have an employer pension plan and change jobs:

- **Takes Away 1-Year Wait To Save At a New Job:** Millions of workers are forced to wait 1 year before they can enter their new employer's pension plan. The President's proposal changes a law that encourages private employers to impose a 1-year waiting requirement, and eliminates the waiting period for new federal employees to make pre-tax contributions to the Thrift Savings Plan.
 - **Green Light for Employers to Accept Rollovers:** Today, 50% of workers in 401(k) plans are in plans that do not accept rollovers from new employees. The Treasury will issue new rules to make it easier for employers to accept rollovers into their plans.
 - **Expanded IRAs and New Small Business 401(k) Plan Will Increase Portability:** Expanded IRAs and the new small business 401(k) plan are both fully portable.
 - **Ensures that Workers Receive Benefits After They Change Jobs or the Employer Folds:** Ensures workers get the benefits they earned, even if they have long since left the job or the employer is no longer in business, by using the PBGC as a clearinghouse for terminated plans.
 - **Secures Portability for Veterans:** Changes tax rules to ensure that veterans who serve their nation are not penalized and can continue their pension coverage when they return from service.
 - **Guarantees Benefits for Workers on the Move:** Reduces the vesting period from 10 to 5 years for multiemployer plans -- which cover union workers such as construction workers who frequently change jobs -- to ensure they don't lose their benefits if they've worked for 5 years.
4. **Enhances Pension Protection and Security:** The President's proposal enacted in 1994 has reduced pension underfunding for the first time in a decade, protecting the benefits of 40 million workers and retirees in traditional pension plans. In 1995, the Labor Department launched an initiative to protect savings in 401(k) plans from misuse, recovering over \$7 million for approximately 9,000 workers.
- **Requires Prompt Action on Misuse of Funds:** Requires plan administrators and accountants to report promptly serious misuse of pension funds, with fines of up to \$100,000.
 - **Protects Government Employees' Savings from Orange County-Style Fiascos:** Requires state and local government pension plans be held in trust so that employees do not lose their savings if the government declares bankruptcy, as Orange County recently did.
 - **Strengthens Protection of 9 Million Union Workers' Savings:** Doubles the maximum level of annual benefits guaranteed under multiemployer plans from \$5,850 per worker -- the level set in 1980 -- to \$12,870 per worker.
5. **Prevents Pension Raiding:** In the 1980s, companies raided more than \$20 billion from over 2,000 pension plans covering 2.5 million workers and retirees. Legislation in 1990 curbed pension raiding by imposing a stiff excise tax of up to 50% on these pension reversions.
- **Oppose Proposals that Allow Corporate Pension Raids:** The Administration will continue to oppose any legislation that encourages pension reversions, such as the one in the GOP budget.
 - **Report on Pension Reversions:** To ensure that current rules continue to prevent the abuse common in the 1980s, requires the Labor Department to report regularly on activity in this area.