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PRESIDENT WILLIAM J. CLINTON

STATE-OF-THE-UNION ADDRESS

UNITED STATES CAPITOL

FEBRUARY 4, 1997

Mr. Speaker, Mr. Vice-President, Members of the 105th Congress,
distinguished
guests, my fellow Americans:

I come before you tonight with a challenge as great as any in our
peacetime
history -- and a plan of action to meet that challenge, to prepare our
people
for the bold new world of the 21st Century.

We have much to be thankful for. With four years of growth, we have won

back

the basic strength of our economy. With crime and welfare rolls

declining, we

are winning back our basic optimism, the enduring faith that we can master

any

difficulty. With the Cold War receding and global commerce at record

levels,

we are helping to win unrivaled peace and prosperity all across the world.

My fellow Americans, the state of our union is strong, but now we must

rise to

the decisive moment, to make a nation and a world better than any we have

ever

known. The new promise of the global economy, the Information Age,

unimagined

new work, life-enhancing technology -- all are ours to seize. That is our

honor

and our challenge. We must be shapers of events, not observers. For if

we do

not act, the moment will pass -- and we will lose the best possibilities

of our

future.

We face no imminent threat, but we do have an enemy: The enemy of our

time is

inaction.

So tonight, I issue a call to action -- action by this Congress, by our states, by all our people, to prepare America for the 21st Century.

Action to

keep our economy and our democracy strong and working for all our people;

action to strengthen education and harness the forces of technology and

science; action to build stronger families and stronger communities and a

safer

environment; action to keep America the world's strongest force for peace

and

freedom and prosperity. And above all, action to build a more perfect

union

here at home.

The spirit we bring to our work will determine its success. We must all

be

committed to the pursuit of opportunity for all Americans, and

responsibility

from all Americans, in a community of all Americans, and to a new kind of

government -- not to solve all our problems for us, but to give all our

people

the tools to make the most of their own lives.

And we must work together. The people of this nation elected us all.

They

want us to be partners, not partisans. They put us all here in the same

boat .

... they gave us all oars ... and they told us to row. Here's the

direction

I think we should take.

First, we must move quickly to complete the unfinished business of our

country

-- to balance our budget, renew our democracy, and finish the job of

welfare

reform.

Over the last four years, we brought new economic growth by investing in

our

people, expanding our exports, cutting our deficits, creating over 11

million

new jobs. Now we must keep our economy the strongest in the world.

We here tonight have an historic opportunity. Let this Congress be the

Congress that finally balances the budget.

In two days, I will propose a detailed plan to balance the budget by

2002.

This plan will balance the budget and invest in our people while

protecting

Medicare, Medicaid, education, and the environment. It will balance the

budget

and build on the Vice President's efforts to make our government work

better,

even as it costs less. It will balance the budget and provide middle class tax relief to pay for education and health care, to help raise a child, to buy and sell a home.

Balancing the budget requires only your vote and my signature. It does not require us to rewrite our Constitution. I believe it is unnecessary and unwise to adopt a balanced budget amendment that could cripple our country in time of crisis later on, and force unwanted results such as judges halting Social Security checks or increasing taxes. Let us agree: We should not pass any measure that threatens Social Security. We don't need a Constitutional amendment -- we need action.

Whatever our differences, we should balance the budget now, and then, for the long-term health of our society, we must agree to a bipartisan process to preserve Social Security and reform Medicare, so that these fundamental programs will be as strong for our children as they are for our parents.

Our second piece of unfinished business requires us to commit ourselves tonight, before the eyes of America, to enacting bipartisan campaign finance reform.

Senators McCain and Feingold, Representatives Shays and Meehan, have reached across party lines to craft tough and fair campaign reform. Their proposal would curb spending, reduce the role of special interests, create a level playing field between challengers and incumbents and ban contributions from noncitizens and all corporate sources, and the other large soft money contributions that both parties receive.

You know and I know that delay will mean the death of reform. So let's set our own deadline. Let's work together to write bipartisan campaign finance reform into law, and pass McCain-Feingold by the day we celebrate the birth of our democracy -- July the 4th.

There is a third piece of unfinished business: Over the last four years, we moved a record two and a quarter million people off the welfare rolls. Then last year we enacted landmark welfare reform, demanding that able-bodied recipients assume the responsibility of moving from welfare to work.

Now each and every one of us has to fulfill our responsibility --

indeed, our

moral obligation -- to make sure that people who must work, can work. Now

we

must act to meet a new goal: two million more people off the welfare rolls

by

the Year 2000.

Here is my plan: Tax credits and other incentives to businesses that hire

people off welfare. Incentives for job placement firms and for states to

create more jobs for welfare recipients. Training, transportation and

child

care to help people go to work.

Now I challenge every state: turn those welfare checks into private

sector

paychecks. I challenge every religious congregation, every community

non-profit, and every business: hire someone off welfare. And I say

especially

to every employer in this country who has ever criticized the old welfare

system: You cannot blame that old system anymore. We have torn it down.

Now

do your part. Give someone on welfare the chance to work.

Tonight, I am pleased to announce that five major corporations -- Sprint,

Monsanto, UPS, Burger King, and United Airlines -- will be the first to

join in

a new national effort to marshal America's businesses, large and small,

to

create jobs so people on welfare can move to work.

We passed welfare reform. We were right to do it. But no one can walk

out of

this chamber with a clear conscience unless you are prepared to finish the job.

And we must join together to do something else too -- something both

Republican and Democratic governors have asked us to do -- to restore

basic

health and disability benefits when misfortune strikes immigrants who came

to

this country legally, who work hard, pay taxes, and obey the law. To do

otherwise is simply unworthy of a great nation of immigrants.

Next, the greatest step of all -- the high threshold to the future we now

must

cross -- and my number one priority as President for the next four years

-- is

to ensure that Americans have the best education in the world.

Let's work together to meet these goals: Every 8 year old must be able

to

read; every 12 year old must be able to log on to the Internet; every 18

year

old must be able to go to college, and every adult American must be able

to

keep on learning.

My balanced budget makes an unprecedented commitment to these goals --

\$51

billion dollars next year. But far more than money is required.

I have a plan, a Call to Action for American Education, based on these

ten

principles.

First, a national crusade for education standards -- not federal

government

standards, but national standards representing what all of our students

must

know to succeed in the knowledge economy of the 21st Century. Every state

and

school must shape the curriculum to reflect these standards, and train

teachers

to lift students up to meet them. To help schools meet the standards and

measure their progress, we will lead an effort over the next two years to

develop national tests of student achievement in reading and math.

Tonight, I issue a challenge to the nation: Every state should adopt high

national standards, and by 1999, every state should test every 4th grader

in

reading and every 8th grader in math to make sure these standards are met.

Raising standards will not be easy, and some of our children will not be able to meet them at first. The point is not to put our children down, but to lift them up. Good tests will show us who needs help, what changes in teaching to make, and which schools to improve. They can help us to end social promotion. For no child should move from grade school to junior high, or junior high to high school until he or she is ready.

Last month, Secretary of Education Dick Riley and I visited Northern Illinois, where 8th grade students from 20 school districts, in a project called ! &First in the World,!8 took the Third International Math and Science Study -- a test that reflects the world-class standards our children must meet for the new era. And those students in Illinois tied for first in the world in science, and came in second in math. Two of them, Kristin Tanner, and Chris Getsla are here tonight, with their teacher, Sue Winski. They prove that when we aim high and challenge our students, they will be the best in the world.

Second, to have the best schools, we must have the best teachers. Most of us would not be here tonight without the help of such teachers. I know I wouldn't be. For years, many educators, led by North Carolina's Governor Jim Hunt and the National Board for Professional Teaching Standards, have worked hard to establish nationally accepted credentials for excellence in teaching. Just 500 of these master teachers have been certified since 1995. My budget will enable 100,000 more to seek national certification as master teachers. We should reward our best teachers, quickly and fairly remove those few who don't measure up, and challenge our finest young people to consider teaching as a career.

Third: we must do more to help all our children read. 40% of our 8 year olds cannot read on their own. That's why we have just launched the America Reads initiative -- to build a citizen army of one million volunteer tutors to make sure every child can read independently by the end of the 3rd grade. We will

use thousands of AmeriCorps volunteers to mobilize this citizen army. We want

at least 100,000 college students to help. And tonight, I am pleased that 60

college presidents have answered my call, pledging that thousands of their work

study students will serve for one year as reading tutors.

This is also a challenge to every teacher and every principal: use these tutors to help students read. And it is especially a challenge to our parents:

Read with your children every night.

This leads to the fourth principle: Learning begins in the first days of life.

Scientists are now discovering how young children develop emotionally and intellectually from their first days, and, therefore, how important it is for parents to begin immediately talking, singing, even reading to their infants.

The First Lady has spent years studying and writing about this issue. She and

I will convene a White House Conference on Early Learning and the Brain this

Spring, to explore how parents and educators can best use these startling new findings.

We already know we should start teaching children before they start schools.

That's why my budget expands Head Start to one million children by 2002.

And,

in June, the Vice President and Mrs. Gore will host their annual family conference. This one will focus on the importance of parents' involvement

throughout a child's education.

Fifth, every state should give parents the power to choose the right public

school for their children. Their right to choose will foster the competition

and innovation that can make our public schools better. We should also make it

possible for more parents and teachers to start charter schools, schools that

set and meet the highest standards, and survive only as long as they do.

Our

plan will help America create 3,000 of these charter schools by the next century -- nearly seven times as many as there are today -- so that parents

will have even more choices in sending their children to the best public schools.

Sixth: character education must be taught in our schools. We must teach our

children to be good citizens. And we must continue to promote order and discipline, supporting communities that introduce school uniforms, impose curfews, enforce truancy laws, remove disruptive students from the classroom, and have zero tolerance for guns and drugs.

Seventh: we cannot expect our children to raise themselves up in schools that are literally falling down. With the student population at an all time high, and record numbers of school buildings falling into disrepair, this has now become a serious national concern. My budget includes a new initiative: \$5 billion to help communities finance \$20 billion in school construction over the next four years.

Eighth: We must make the 13th and 14th years of education -- at least two years of college -- just as universal in America as a high school education is today, and we must open the doors of college to all.

To do that, I propose America's HOPE scholarship, based on Georgia's pioneering program: two years of a \$1,500 tax credit for college tuition, enough to pay for the typical community college. I also propose a tax

deduction of up to \$10,000 a year for all tuition after high school; an expanded IRA you can withdraw from tax free for education; and the largest increase in Pell Grant scholarships in 20 years. This plan will give most families the ability to pay no taxes on money saved for college tuition.

I ask

you to pass it -- to give every American who works hard the chance to go to college.

Ninth: In the 21st Century, we must expand the frontiers of learning

across a

lifetime. All our people, of whatever age, must have a chance to learn

new

skills. Most Americans live near a community college. The roads that

take

them there can be paths to a better future. My G.I. Bill for Workers will

transform the confusing tangle of federal training programs into a simple

skill

grant that will go directly into eligible workers' pockets, hands. For too long,

this

bill has been sitting on that desk down there without action -- and I ask

you

to pass it now. Let's give more of our workers the ability to learn and

to

earn.

Tenth: we must bring the power of the Information Age into all our

schools.

Last year, I challenged America to connect every classroom and library to

the

Internet by the year 2000, so that, for the first time in history, a child

in

the most isolated rural town, the most comfortable suburb, the poorest

inner

city school, will have the same access to the same universe of knowledge.

I

ask your support to complete this historic mission.

That is my plan -- a Call to Action for American Education.

We must understand the significance of this endeavor: One of the greatest

sources of our strength throughout the Cold War was a bipartisan foreign

policy; because our future was at stake, politics stopped at the water !,s

edge. Now I ask you -- I ask all our nation !,s governors -- and I ask

teachers, parents and citizens all across America -- for a new nonpartisan

commitment to education -- because education is one of the critical

national

security issues for our future -- and politics must stop at the classroom

door.

I pledge to take this Call to Action to our country, so that together, we

can

make American education, like America itself, the envy of the world.

To prepare America for the 21st century, we must harness the powerful forces of science and technology to benefit all Americans.

This is the first State of the Union carried live over the Internet. But we have only begun to spread the benefits of a technology revolution that should be the modern birthright of every citizen.

Our effort to connect every classroom is just the beginning. Now, we should connect every hospital to the Internet, so doctors can instantly share data about their patients with the best specialists in the field. And I challenge the private sector to start by connecting every children's hospital as soon as possible, so that a child in bed can stay in touch with school, family and friends. A sick child need no longer be a child alone.

We must build the second generation of the Internet so our leading universities and national laboratories can communicate at speeds 1000 times faster than today, to develop new medical treatments, new sources of energy, and new ways of working together.

But we cannot stop there. As the Internet becomes our new town square, a computer in every home -- a teacher of all subjects, a connection to all cultures -- this will no longer be a dream, but a necessity. And over the next decade, that must be our goal.

We must continue to explore the heavens, pressing on with the Mars probes and the international space station, both of which will have practical applications for our everyday living.

We must speed the remarkable advances in medical science. The human genome project is now decoding the genetic mysteries of life. American scientists have discovered genes linked to breast cancer and ovarian cancer, and medication that stops a stroke in progress and begins to reverse its effects -- and treatments that dramatically lengthen the lives of people with HIV and AIDS.

Since I took office, funding for AIDS research at the National Institutes of Health has increased dramatically, to \$1.5 billion. With new resources, NIH

will now become the most powerful discovery engine for an AIDS vaccine,
working
with other scientists to finally end the threat of AIDS. Every year we
move up
the discovery of an AIDS vaccine, we can save millions of lives around the
world.

To prepare America for the 21st Century, we must build stronger
families.

Over the past 4 years, the Family and Medical Leave Act has helped
millions of
Americans take time off to be with their families. With new pressures on
people in the way they work and live, we should expand Family Leave so
that
workers can take time off for teacher conferences and a child's medical
checkup. We should pass flextime so workers can choose to be paid for
overtime
in income, or trade it in for time off to be with their families.

We must continue, step-by-step, to give more families access to
affordable,
quality health care. 40 million Americans still lack health insurance.
10
million children still lack health insurance. 80% of them have working
parents
who pay taxes. That is wrong. My balanced budget will extend health

coverage

to up to five million of those children. Since nearly half of all

children who

lose their insurance do so because their parents lose or change jobs, my

budget

will also ensure that people who temporarily lose their jobs can still

afford

to keep their health insurance. No child should be without a doctor just

because a parent is without a job.

My Medicare plan modernizes Medicare, increases the life of the Trust

Fund to

10 years, provides support for respite care for the many families with

loved-ones afflicted with Alzheimers -- and for the first time, it would

fully

pay for annual mammograms.

Just as we ended drive through deliveries of babies last year, we must

now end

the dangerous and demeaning practice of forcing women home from the

hospital

only hours after a mastectomy. I ask your support for bipartisan

legislation

to guarantee that women can stay in the hospital for 48 hours after a

mastectomy. With us tonight is Dr. Kristen Zarfes, a Connecticut surgeon

whose

outrage at this practice spurred a national movement and inspired this

legislation. We thank her for her efforts.

In the last four years, we have increased child support collections by 50%.

Now, we should go further, and make it a felony for any parent to cross state

lines in an attempt to flee from this, his or her most sacred obligation.

Finally, we must also protect our children by standing firm in our determination to ban the advertising and marketing of cigarettes that endanger their lives.

To prepare America for the 21st Century, we must build stronger communities.

We should start with safe streets. Serious crime has dropped five years in a row. The key has been community policing -- and we must finish the job of putting 100,000 community police on our streets. We should pass the Victims Rights Amendment to the Constitution.

And I ask you to join me in mounting a full scale assault on juvenile crime, with legislation that: declares war on gangs, with new prosecutors and tougher

penalties; extends the Brady Bill so violent teen criminals will never be able to buy handguns; requires child safety locks on handguns to prevent unauthorized use; and helps to keep our schools open after hours, on weekends, and in the summer, so young people will have someplace to go and something to say yes to.

My balanced budget includes the largest anti-drug effort ever: to stop drugs at their source, punish those who push them, and teach our young people that drugs are wrong, drugs are illegal, and drugs will kill them.

Our growing economy has helped to revive poor urban and rural neighborhoods.

But we must do more, to empower them to create the conditions in which families can flourish, and to create jobs through investment by business and loans by banks.

We should double the number of empowerment zones. They have already brought hope to communities like Detroit, where the unemployment rate has been cut in

half in four years. We should restore contaminated urban land and buildings to productive use. We should expand the network of community development banks.

And together, we must pledge tonight that we will use this empowerment approach -- including private sector tax incentives -- to renew our capital city, so that Washington is a great place to live and work, and is once again the proud face America shows to the world.

We must protect our environment in every community. In the last four years, we cleaned up 250 toxic waste sites, as many as in the previous twelve. Now we should clean up 500 more of them, so that our children grow up next to parks, not poison. Big polluters must live by this simple rule: If you pollute our environment, you pay to clean it up.

In the last four years, we strengthened the nation's safe food and clean drinking water laws. We protected some of America's rarest, most beautiful land in Utah's Red Rocks region, created three new national parks in the California desert, and began to restore Florida's Everglades. Now we must be

as vigilant with our rivers as we are with our land. Tonight, I announce that this year I will designate 10 American Heritage Rivers, to help communities alongside them revitalize their waterfronts and clean up pollution in the rivers, proving once again that we can grow the economy as we protect the environment.

We must also protect our global environment, working to ban the worst toxic chemicals and to reduce the greenhouse gasses that challenge our health even as they change our climate.

We all know that in all of our communities, some of our children simply do not have what they need to grow and learn in their homes, or schools, or neighborhoods. The rest of us must do more, for they are our children too.

That is why President Bush, General Colin Powell, and former Housing Secretary Henry Cisneros will join Vice President Gore and me to lead the Presidents' Summit of Service in Philadelphia in April.

Our national service program, Americorps, has already helped 70,000 young people work their way through college as they serve America. Now we

intend to

mobilize millions of Americans to serve in thousands of ways. Citizen

service

is an American responsibility, which all Americans should embrace.

I'd like to make one last point about our national community. Our

economy is

measured in numbers and statistics, and it's very important. But the

enduring

worth of our nation lies in our values and our soaring spirit. So instead

of

cutting back on our modest efforts to support the arts and humanities, I

believe we should stand by them, and challenge our artists, musicians and

writers, our museums, libraries and theaters, to join with all Americans

to

make the Year 2000 a national celebration of the American spirit in every

community -- a celebration of our common culture in the century that has

passed, and in the new one to come in the new millennium, so that we can

remain

the world's beacon of liberty and creativity, long after the fireworks

have faded.

ed.

To prepare America for the 21st Century, we must master the forces of

change

in the world and keep American leadership strong and sure for an uncharted

time.

Fifty years ago, a farsighted America led in creating the institutions that secured victory in the Cold War and built a growing world economy. As a result, today more people than ever embrace our ideals and share our interests.

Already, we have dismantled many of the blocs and barriers that divided our parents' world. For the first time, more people live under democracy than dictatorship, including every nation in our hemisphere but one -- and its day too will come.

Now, we stand at another moment of change and choice -- and another time to be farsighted, to bring America 50 more years of security and prosperity.

Our first task is to help build, for the first time, an undivided, democratic Europe. When Europe is stable, prosperous and at peace, America is more secure.

To that end, we must expand NATO by 1999, so that countries that were once our adversaries can become our allies. At the special NATO summit this summer,

that is what we will begin to do. We must strengthen NATO's Partnership
for
Peace with non-member allies. And we must build a stable partnership
between
NATO and a democratic Russia.

An expanded NATO is good for America. And a Europe in which all
democracies
define their future not in terms of what they can do to each other, but in
terms of what they can do together for the good of all -- that kind of
Europe
is good for America.

Second, America must look to the East no less than the West. Our
security
demands it: Americans have fought three wars in Asia this century. Our
prosperity requires it: more than 2 million American jobs depend upon
trade
with Asia.

There, too, we are helping to shape an Asian Pacific community of
cooperation,
not conflict. But we must not let our progress there mask the peril that
remains. Together with South Korea, we must advance peace talks with
North
Korea and bridge the Cold War's last divide. And I call on this Congress
to

fund our share of the agreement under which North Korea must continue to freeze and then dismantle its nuclear weapons program.

We must pursue a deeper dialogue with China -- for the sake of our interests and our ideals. An isolated China is not good for America. A China playing its proper role in the world is. I will go to China and I have invited China's president to come here, not because we agree on everything, but because engaging China is the best way to work on common challenges like ending nuclear testing -- and to deal frankly with fundamental differences like human rights.

Third, the American people must prosper in the global economy. We have worked hard to tear down trade barriers abroad, so that we can create good jobs at home. I am proud to say that today, America is once again the most competitive nation, and the number one exporter in the world.

Now, we must act to expand our exports, especially to Asia and Latin America, the two fastest growing regions on earth -- or be left behind as these

emerging

economies forge new ties with other nations. That is why we need the

authority

now to conclude new trade agreements that open markets to our goods and

services even as we preserve our values.

We need not shrink from the challenge of the global economy. We have the

best

workers and the best products. In a truly open market, and we can

out-compete

anyone in the world.

But this is about more than economics. By expanding trade, we can

advance the

cause of freedom and democracy around the world.

We should all be proud that America led the effort to rescue our neighbor

Mexico from its economic crisis -- and we should all be proud that last

month,

Mexico repaid the United States, three years ahead of schedule, with a

half a

billion dollars profit for us. And today our exports to Mexico are at an

all

time high.

Fourth, America must continue to be an unrelenting force for peace --

from the

Middle East to Haiti . . . from Northern Ireland to Africa. Taking
reasonable
risks for peace keeps us from being drawn into far more costly conflicts
later.

With American leadership, the killing has stopped in Bosnia. Now, the
habits
of peace must take hold. The new NATO force will allow reconstruction and
reconciliation to accelerate. Tonight, I ask Congress to continue its
strong
support for our troops there. They are doing a remarkable job for America
--
and America must do right by them.

Fifth, we must move strongly against new threats to our security. In the
past
four years, we agreed to ban nuclear testing. With Russia, we
dramatically cut
our nuclear arsenals; we stopped targeting each others citizens. We are
acting
to rid the world of landmines, and prevent nuclear materials from falling
into
the wrong hands. We are working with other nations, with renewed
intensity, to
stop terrorists and drug traffickers before they act, and to hold them
fully
accountable if they do.

Now, we must rise to a new test of leadership: ratifying the Chemical

Weapons

Convention. It will make our troops safer from chemical attack. It will

help

us to fight terrorism.

We have no more important obligations -- especially in the wake of what we

now

know about the Gulf War. This treaty has been bipartisan from the

beginning,

supported by Republican and Democratic administrations alike -- and

Republican

and Democratic Members of Congress alike -- and already approved by 68

nations. If we do not act by April 29 -- when this Convention goes into

force,

with us or without us -- we will lose the chance to have Americans leading

and

enforcing this effort. Together, we must make the Chemical Weapons

Convention

law, so that at last we can begin to outlaw poison gas from the earth.

Finally, we must have the tools to meet all these challenges.

We must maintain a strong and ready military. We must increase funding

for

weapons modernization by the Year 2000, and we must take good care of our

men

and women in uniform. They are the world's finest.

We must also renew our commitment to America's diplomacy -- and pay our debts

and dues to international financial institutions like the World Bank, and

to a

reforming United Nations. Every dollar we devote to preventing conflicts

...

to promoting democracy ... to stopping the spread of disease and starvation .

... brings a sure return in security and savings. Yet international affairs

spending today is just one percent of the federal budget -- a tiny fraction of

what America invested in diplomacy to choose leadership over escapism at the

start of the Cold War. If America is to continue to lead the world, we here

who lead America simply must find the will to pay our way.

A farsighted America moved the world to a better place over these last fifty

years. And it can do so for another fifty years. But a shortsighted America

will soon find its words falling on deaf ears all around the world.

Almost exactly fifty years ago, in the first winter of the Cold War,

President

Harry Truman stood before a Republican Congress and called upon our country to

meet its responsibilities of leadership. This is was his warning: !&If we falter, we may endanger the peace of the world -- and we shall surely endanger

the welfare of this nation. !8 That Congress, led by Republicans like Senator

Arthur Vandenberg, answered President Truman s call. Together, they made the

commitments that strengthened our country for fifty years. Now let us do the

same. Let us do what it takes to remain the indispensable nation -- to keep

America strong, secure and prosperous for another fifty years.

In the end, more than anything else, our world leadership grows out of the

power of our example here at home, out of our ability to remain strong as one

America.

All over the world, people are being torn asunder by racial, ethnic, and religious conflicts that fuel fanaticism and terror. We are the world !,s most

diverse democracy. And the world looks to us to show that it is possible to

live and advance together across those kinds of differences.

America has always been a nation of immigrants. From the start, a steady stream of people, in search of freedom and opportunity, have left their own lands to make this land their home. We started as an experiment in democracy fueled by Europeans. We have grown into an experiment in democratic diversity fueled by openness and promise.

My fellow Americans, we must never believe that diversity is a weakness -- it is our greatest strength. Americans speak every language, know every country.

People on every continent can look to us and see the reflection of their own greatness, as long as we give all of our citizens, whatever their background, an opportunity to achieve their greatness.

We are not there yet. We still see evidence of abiding bigotry and intolerance, in ugly words and awful violence, in burned churches and bombed buildings. We must fight against this, in our country and in our hearts.

A few days before my second inauguration, one of America's best known

pastors, Rev. Robert Schuller, suggested that I read Isaiah 58:12. It

says:

!&Thou shalt raise up the foundations of many generations, and thou shalt

be

called, the repairer of the breach, the restorer of paths to dwell in. !8

I

placed my hand on that verse when I took the oath of office, on behalf of

all

Americans. For no matter what our differences -- in our faiths, our

backgrounds, our politics -- we must all be repairers of the breach. We

may

not share a common past, but surely we share a common future.

I want to say a word about two other Americans who show us the way to

that

common future. Congressman Frank Tejeda was buried yesterday, a proud

American

whose family came from Mexico. He was only 51 years old. He earned the

Silver

Star, the Bronze Star and the Purple Heart fighting for his country in

Vietnam,

and he went on to serve Texas and America fighting for our future in this

chamber. We are grateful for his service and honored to have his mother,

Lillie Tejeda, with us tonight.

Gary Locke, the newly elected Governor of Washington State, is our first

Chinese-American Governor, the proud son of two of the millions of

Asian-American immigrants who have strengthened America with their hard work, family values, and good citizenship.

Rev. Schuller, Congressman Tejeda, Governor Locke, along with Kristin Tanner, Chris Getsla, Sue Winski and Dr. Kristen Zarfes -- all Americans from different roots, whose lives reflect our shared values and the best of what we can become when we are one America.

Building that one America is our most important mission, and the foundation of many generations, and of every other strength we must build for the new century.

Money cannot buy it. Power cannot compel it. Technology cannot create it. It must rise from the human spirit.

America is far more than a place. It is an idea, the most powerful idea in the history of nations. We are now the bearers of that idea, leading a great people into a new world. A child born tonight will have almost no memory of the 20th Century. Everything that child will know of America, will be

because

of what we do now to build a new century.

We don't have a moment to waste. Tomorrow morning, there will be just

over

1,000 days until the Year 2000. 1,000 days to prepare our people. 1,000

days .

to work together. My fellow Americans, we have work to do. Let us seize

the

days and the century.

Thank you, God bless you, and God bless America.

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: jon.orszag (jon.orszag@st-cross.oxford.ac.uk@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 4-FEB-1997 20:03:00.00

SUBJECT: CBS Reality Check

TO: Jason S. Goldberg (Jason S. Goldberg@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

Jason:

The CBS reality check on the HOPE scholarship was pretty good --

it was 10 times better than Clay's last couple of articles.

Make sure you watch it.

Orszag===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IF11ML9AWW00NPJO@PMDF.EOP.GOV> for
goldberg_js@a1.eop.gov; Tue, 04 Feb 1997 19:03:41 -0400 (EDT)

Received: from oxmail4.ox.ac.uk by STORM.EOP.GOV (PMDF V5.0-7 #6879)
id <01IF11MIT1YG007IO2@STORM.EOP.GOV> for goldberg_js@a1.eop.gov; Tue,
04 Feb 1997 19:03:38 -0700 (MST)

Received: from sable.ox.ac.uk by oxmail4 with SMTP (PP) with ESMTP; Wed,
05 Feb 1997 00:02:18 +0000

Received: (from scro0171@localhost) by sable.ox.ac.uk (1.1/8.8.3)
id AAA04563; Wed, 05 Feb 1997 00:03:31 +0000 (GMT)

===== END ATTACHMENT 1 =====

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: PR_U (PR_U=POSTMAST@PR_L=WHCA10@MRP@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 5-FEB-1997 07:41:00.00

SUBJECT: Returned Mail: Message Could Not Be Delivered

TO: Ronald L. Wright (Ronald L. Wright@eop [UNKNOWN])

READ:UNKNOWN

TEXT:

To: RLWRIGHT--OPUS

From: Postmaster

Subject: Returned Mail: Message Could Not Be Delivered

--openmail-part-006d5e6f-00000001

Content-Type: text/plain; charset=iso-8859-1

Content-Transfer-Encoding: quoted-printable

To:MMUDD/WHMOOEOb@whca10.18a.whca.mil

550 MMUDD/WHMOOEOb@whca10.18a.whca.mil OM.UX 1014 Recipient not known at destination.

--openmail-part-006d5e6f-00000001

Content-Type: message/rfc822

Subject: POTUS SCHEDULE FOR 2/5

FROM:

RLWRIGHT/whca10_unix////////RFC-822/#a#CPUB#f#MAC#f#WHCA#f#MIL#c#RLWRIGHT#a

#OP

U

S@whca10.18a.whca.mil

TO: JOTTO/WHMOOEOb@whca10.18a.whca.mil,

BCHUNN/WHMOOEOb@whca10.18a.whca.mil,

@CPUB.MAC.WHCA.MIL:JHAWKINS@OPUS,

JSTEVENS/WHMOOEOb@whca10.18a.whca.mil,

DTURNER/WHMOOEOb@whca10.18a.whca.mil,

@CPUB.MAC.WHCA.MIL:RLWRIGHT@OPUS,

SWILD/WHMOOEOb@whca10.18a.whca.mil,

LBORDEN/WHMOOEOb@whca10.18a.whca.mil,

MWMILLER/WHMOOEOb@whca10.18a.whca.mil,

@CPUB.MAC.WHCA.MIL:RPATTERS@OPUS,

CSCHANZE/WHMOOEOb@whca10.18a.whca.mil,

RRAMSAY/NAVSUPFC@whca10.18a.whca.mil,

CRADERST/WHMOOEOb@whca10.18a.whca.mil,

JERYAN/WHMOOEOb@whca10.18a.whca.mil,

CMARIANO/WHMOOEOb@whca10.18a.whca.mil,

@CPUB.MAC.WHCA.MIL:JRICHS@OPUS,

PJACKSON/WHMOOEOb@whca10.18a.whca.mil,

CBUNCHE/WHMOOEOb@whca10.18a.whca.mil,

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FGEIER/WHMO399@whca10.18a.whca.mil,

DBARR/WHMO399@whca10.18a.whca.mil,

TSTEELE/WHMOOEOb@whca10.18a.whca.mil,

GRATHS/WHMOOEOb@whca10.18a.whca.mil,

AGARVIN/WHOPS399@whca10.18a.whca.mil,

DMCKENZI/WHOPS399@whca10.18a.whca.mil,

@CPUB.MAC.WHCA.MIL:ASullivan@OPUS

Content-Type: multipart/Mixed; boundary="openmail-part-006d5e6f-00000002"

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Content-Type: text/plain; charset=US-ASCII; name="POTUS"

Content-Transfer-Encoding: 7bit

Date: 5-Feb-1997 06:37:55 EST

Message Creation Date was at 5-FEB-1997 06:33:00

SCHEDULING DIRECTOR: ANNE HAWLEY

HOME: 703-553-8940

OFFICE: 202-456-2823

WHCA PAGER: 4039

SCHEDULING DIRECTOR: STEPHANIE STREETT

HOME: 202-332-5651

OFFICE: 202-456-2823

WHCA PAGER: 4033

TRIP COORDINATOR: NICOLE ELKON

HOME: 202-332-2350

OFFICE: 202-456-6481

WHCA PAGER:

PRESS COORDINATOR: ANNE EDWARDS

HOME: 301-565-3101

OFFICE: 202-456-2921

WHCA PAGER: 4208

NOTE: Staff vans depart from West Executive Basement at 9:15 am.

9:30 am- MEETING

9:45 am OVAL OFFICE

Staff Contact: Erskine Bowles

9:55 am THE PRESIDENT proceeds to the South Lawn

10:00 am THE PRESIDENT departs the White House via Marine One en route

Andrews Air Force Base

(flight time: 10 minutes)

10:10 am THE PRESIDENT arrives Andrews Air Force Base

10:25 am THE PRESIDENT departs Andrews Air Force Base via Air Force One

en

route Bush Field, Augusta, Georgia

(flight time: 1 hour, 30 minutes)

12:00 pm THE PRESIDENT arrives Bush Field, Augusta, Georgia

OPEN PRESS

CLOSED PUBLIC

Greeters: Lt. Governor Pierre Howard

Agriculture Commissioner Tom Irvin

State Senator Don Cheeks

State Senator Charles Walker

State Representative Ben Allen

State Representative Alberta Anderson

State Representative Henry Howard

Mayor Larry Sconyers

Former Representative Don Johnson

12:15 pm THE PRESIDENT departs Bush Field via motorcade en route Augusta

State University

(drive time: 20 minutes)

12:35 pm THE PRESIDENT arrives Augusta State University, Physical

Education Building

Greeters: William Bloodworth, Jr., President, Augusta State

University

Julia Bloodworth

Paul Bloodworth

Nicole Bloodworth

Tom Allgood, Sr., Chairman, Board of Regents,

Augusta State University

David Neal, President, Student Government, Augusta

State University

Wynsome Bryant, Vice President, Student

Government, Augusta State University

John Flower, Vice President, University Advancement,

Augusta State University

Fred Barnabei, Vice President for Business and Student

Affairs, Augusta State University

Bill Bompert, Vice President for Academic Affairs,

Augusta State University

Francis J. Tedesco, President, Medical College of

Georgia

12:40 pm- POLICE PHOTOS

12:45 pm HALLWAY

Physical Education Building, Augusta State University

WHITE HOUSE PHOTO ONLY

12:50 pm- ROUND TABLE DISCUSSION ON K-12 EDUCATION

1:40 pm REFORMS

DANCE STUDIO

Physical Education Building - Augusta State University

Remarks: Jordan Tamagni

Staff Contact: Bruce Reed

Event Coordinator: Nicole Elkon

POOL SPRAY (At the top)

-- Governor Zell Miller makes brief opening remarks.

-- The President makes brief remarks.

-- A discussion begins.

-- Upon conclusion of the discussion, the President departs.

1:45 pm- DRIVER/VOLUNTEER PHOTOS

1:50 pm HALLWAY

Physical Education Building - Augusta State University

WHITE HOUSE PHOTO ONLY

2:00 pm- REMARKS ON THE HOPE SCHOLARSHIP PROGRAM

3:20 pm ARENA

Physical Education Building - Augusta State University

Remarks: Carolyn Curiel

Staff Contact: Bruce Reed

Event Coordinator: Nicole Elkon

OPEN PRESS

-- Off-stage announcement of the President, accompanied by Secretary

Richard

Riley, Department of Education, Senator Paul Coverdell, Senator Max

Cleland,

Governor Zell Miller, William Bloodworth, President, Augusta State

University

and Tanya Davis, Chair, Student Senate, Augusta State University, to

_&Ruffles

and Flourishes_8 and _&Hail to the Chief_8.

-- William Bloodworth makes brief welcoming remarks and introduces

Secretary

Richard Riley, Department of Education.

-- Secretary Richard Riley makes brief remarks and introduces Senator Max

Cleland.

-- Senator Max Cleland makes brief remarks and introduces Senator Paul

Coverdell

-- Senator Paul Coverdell makes brief remarks and introduces Governor Zell

Miller.

-- Governor Zell Miller makes brief remarks and introduces Tanya Davis

-- Tanya Davis makes remarks and introduces the President.

-- The President makes remarks.

-- Upon conclusion of remarks, the President works a ropeline and
departs.

3:25 pm THE PRESIDENT departs Augusta State University via motorcade en
route

Bush Field

(drive time: 20 minutes)

3:45 pm THE PRESIDENT arrives Bush Field

4:00 pm THE PRESIDENT departs Bush Field via Air Force One en route
Andrews

Air Force Base

(flight time: 1 hour, 20 minutes)

OPEN PRESS

CLOSED PUBLIC

5:20 pm THE PRESIDENT arrives Andrews Air Force Base

5:30 pm THE PRESIDENT departs Andrews Air Force Base via Marine One en
route

the White House

(flight time: 10 minutes)

5:40 pm THE PRESIDENT arrives the White House

6:00 pm- BRIEFING

6:15 pm RESIDENCE

Staff Contact: John Hilley

6:15 pm- CONGRESSIONAL MEETING

7:00 pm RESIDENCE

Staff Contact: John Hilley

CLOSED PRESS

EVENING OFF

BC AND HRC RON THE WHITE HOUSE

--openmail-part-006d5e6f-00000002--

--openmail-part-006d5e6f-00000001--

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Mail-Server (Mail-Server@CLINTON.AI.MIT.EDU@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 5-FEB-1997 14:51:00.00

SUBJECT: 1997-02-03 Press Briefing by Mike McCurry

TO: Jeffrey H. Cohen (Jeffrey H. Cohen@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 3, 1997

PRESS BRIEFING BY

MIKE MCCURRY AND DAVID JOHNSON

The Briefing Room

1:25 P.M. EST

MR. MCCURRY: Good afternoon, ladies and gentlemen. Let
me start -- the President had a good 20-minute meeting today with

President Fujimori. With that, I will turn to my esteemed Deputy, Mr. Johnson, who will give you some more on it.

Q Was that a drop-by?

MR. JOHNSON: No.

As Mike mentioned, the meeting with President Fujimori lasted about 20 minutes. And while there was a translator available, the meeting was mostly in English, so it was about 20 minutes of conversation.

The President wanted the opportunity to talk to President Fujimori while he was in town, and therefore, reached out and invited him to come to the White House. What he wanted to do was to tell him how much he appreciated and admired the way he had been handling this crisis, and that he thought that the statement that had been made by him and Prime Minister Hashimoto this weekend in Toronto had set exactly the right tone.

The President, of course, had been briefed during the course of the weekend on that meeting, as well as the meeting that Assistant Secretary Davidow had with President Fujimori shortly after he arrived in Washington.

The President told President Fujimori that he thought he was skillfully walking a very fine line and that is between resolving

this crisis peacefully without giving into terror. He told him that it was a very hard line to walk, but it's the right one, and he was handling it very carefully. President Fujimori thanked the President for his support and told him that he knew that international support for Peru and Japan during this crisis, particularly support from the United States, was of critical importance. And he told him that Peru intended to continue to be careful and to be patient as it worked to try to resolve this.

During the -- taking advantage of the meeting being here, the President also raised a couple of extra issues. He told President Fujimori how much he appreciated the work that he was doing and Peru was doing with the United States and with General McCaffrey in our joint counternarcotics efforts, and that he appreciated him continuing to push forward on trying to find a resolution to the border dispute between Peru and Ecuador, in spite of the fact that the crisis was ongoing.

Q Was Secretary Albright there?

MR. JOHNSON: The Vice President, Secretary Albright, Mr. Berger, Assistant Secretary Davidow, National Security Interamerican Affairs Senior Director Jim Dobbins.

Q Did the President offer any solutions as to how they could break the stalemate in the hostage --

MR. JOHNSON: This wasn't that kind of meeting. They were talking about how hard the work was to do and how correct it was to be patient, but not to provide concessions to terrorists. It wasn't about those type of specific issues.

Q On another subject --

Q No, let's stay on Peru. Did they talk about proposals that Mr. Hashimoto --

MR. JOHNSON: It was not a discussion about -- those are issues that the Japanese and the Peruvians talked about this weekend. But as I said, what the President wanted to do was to take the opportunity while President Fujimori was in town to invite him into the White House and to have a discussion with him and to tell him that he appreciated the patience that he was exhibiting here and the care that he was taking in resolving this crisis peacefully, but walking that fine line and avoiding giving any concessions to terrorists.

Q David, why was the President reluctant to issue that invitation prior to Mr. Fujimori's meeting with the Japanese --

MR. JOHNSON: I don't know that the President was reluctant to issue any invitations. The Peruvians, as we said I believe several times last week, had not asked to meet with the President while President Fujimori was here. But the President and

others as we saw the situation developing and the meeting over the weekend in Toronto, what we saw happening there, the meeting that Assistant Secretary Davidow had upon President Fujimori's arrival in Washington -- the President decided himself that he wanted to reach out to President Fujimori and invite him here to the White House while he was in town.

Q David, since there are no U.S. nationals involved in this hostage crisis, what is the U.S. interest in all this? I mean, sometimes it seems we get involved in things that are beyond our scope, and this would seem to be one of them.

MR. JOHNSON: I think that the United States has a very strong interest in doing whatever we can to support governments who are trying to confront terror. We have two friendly governments here, Peru and Japan, that are in a very difficult situation because of a terrorist attack in Peru. And it's something that I think the United States will maintain a continuing interest in.

Notwithstanding the fact, as you say, that we do not have any nationals there and it does not directly involve us, I think that any time there is an ongoing terrorist incident which affects diplomats and affects two friendly countries like this, it's something that we have an interest in.

Q Conditions of prisons or Lori Berenson was brought up during the meeting?

MR. JOHNSON: No, that wasn't discussed. You may have learned from the State Department that Ms. Berenson was one of the issues that was discussed by Assistant Secretary Davidow I believe with another member of President Fujimori's party. But you might want to check with them about details about that. That was not part of this discussion.

Q Did the President offer any good offices to mediate or to try --

MR. JOHNSON: I think I've said about what I can about the content of their discussion.

Q David, did the Japanese send word in the last few days that they would welcome a meeting between the two Presidents?

MR. JOHNSON: I'm not sure about that. Not that I am aware of. I'll see if there's anything about that.

Q It's my understanding that a Saudi delegation will be here later in the month, led by the Saudi Defense Minister. Will the oil minister also be in that delegation?

MR. JOHNSON: I don't know that the delegation has been formed yet. They will, of course, as you recognize, be guests of Secretary Cohen, but you might want to ask the Defense Department who is going to be part of the delegation. I know of no individuals

outside of the Defense Ministry who are expected to attend, but they may have more detailed information.

Q The reason why I ask is that there is speculation the Saudis may offer to sell crude to pay for the F-16s.

MR. JOHNSON: I think we've addressed that issue. There have been no formal requests for any F-16s, so to talk about how they might be paid for is better than premature. We've had speculation about things like that before and they tend to peter out occasionally. But we'll see.

Q David, why was there no press coverage of the meeting with Fujimori this morning?

MR. JOHNSON: There were still photographs taken --

Q That's not --

Q But no chance for the opportunity for the press to ask questions or --

MR. JOHNSON: I think President Fujimori is going to have a press conference later this afternoon. You might want to attend that.

Q At the beginning of the crisis Mr. Burns was very

critical with the possibility of dealing with terrorists. Did the President repeat such a view?

MR. JOHNSON: The President talked, as I've explained here, about what U.S. policy is with respect to terrorism, and it's one that's been articulated by several U.S. government spokesmen, and that is that we do not see any profit in concessions for terrorists. And that's the, as the President said himself, the fine line that President Fujimori is working there -- to be patient, to try to resolve this peacefully, but not to provide concessions to terrorists.

Q Was the role of Canada discussed on solving the crisis?

MR. JOHNSON: No, it was not.

MR. MCCURRY: Thank you, David.

Other subjects.

Q Is the President reconsidering this use of marijuana in light of the editorial in the New England Journal of Medicine?

MR. MCCURRY: No, he is not. He's doing what he said we would do all along, which is conduct additional expert medical

research to see if there are helpful medical effects. I think General McCaffrey has expressed himself to that.

Q Why won't President Clinton take Senator Lott and Speaker Gingrich up on their offer to meet the morning after the State of the Union?

MR. MCCURRY: Oh, I assume he will take them up on the offer to meet. We've said, as you know, here that we would look forward to a bipartisan leadership meeting very shortly after the State of the Union, and it's clear to me that the President and the Majority Leader are working on the same wavelength that there needs to be bipartisan cooperation to move the agenda of the nation forward.

Q -- apparently faxed him a letter asking him to move actually -- to come up there and meet, I think on the 6th.

MR. MCCURRY: Well, we've already announced our schedule for -- oh, on the 6th. Will you guys go call Leg. Affairs and see if there's anything new.

Q But so are you planning anything? I mean you've got the President's schedule --

MR. MCCURRY: We certainly -- the Congressional Affairs Office here plan to be in contact with the Majority Leader's Office

to work out an appropriate time for a meeting. That's something we would look forward --

Q But through the Majority Leader rather than responding directly to Lott?

MR. MCCURRY: We would also talk to the Speaker. But as the Majority Leader indicated on television yesterday he has spoken with the Speaker, and we will speak with both of them.

Q So the meeting is definitely not going to be on Wednesday?

MR. MCCURRY: Well, I'll check right now and see what's definite.

Q Mike, the governors said that in their meeting the President said that he would support the lifting of the Boren Amendment, and they seemed to think that that was new, that he had not said that in the past. And I wondered if you could --

MR. MCCURRY: I'd have to check.

Q -- talk about that and also what he told them in terms of giving them relief, if there is a Medicaid cap.

MR. MCCURRY: What he said with respect to Medicaid and

our desire to have some effective mechanism that can control cost, what we said and what they said I think is very familiar to those who have followed the debate on federal financing for health care. The governors want maximum flexibility and continued access to federal funding. We want to do something about rising costs, make sure we don't go back to the situation of the 1980s, and put in a prudent mechanism that preserves guaranteed federal access to health care.

Now, we've got some distinct ideas on how to do that.

We've talked about a per capita cap in the past. You can imagine that's a subject that we'll be talking about Thursday when the budget comes out. But we'll work closely with the governors to ensure that the right kind of resources are available to guarantee the access to health care while at the same time having the kind of prudent mechanisms in place that control cost. That's the work that we have to do, and I think it was clear for the meeting today that kind of work can be done in a cordial and bipartisan atmosphere.

Q Could you confirm or at least, if you don't know --

MR. MCCURRY: On the Boren Amendment?

Q -- get back to us on that?

MR. MCCURRY: We'll have to check on that. I know that -- let me just check on that before I speculate.

Q Are there some nuances we're missing in this picture -- that the President wants bipartisanship; he's invited up to come to Congress on Wednesday. Can he say I have already a trip on Wednesday, but I can come another day? But you seem to be leaving it up in the air. Is there any problem?

MR. MCCURRY: No, I'm just checking now to see -- we were going to have some further contact. I didn't get a report back on it, that's all. For all I know, Majority Leader Lott was not aware of the fact that we plan to travel on Wednesday.

Q And is the Hill the appropriate place for that first meeting, or should it be here?

MR. MCCURRY: It's appropriate that they meet and that they get to work. And where and when and how that happens remains to be determined.

Q Does it matter where it meets?

MR. MCCURRY: I think the President is obviously willing to go to the Congress; he's doing so tomorrow night to give his message. And he wants to move forward on this agenda, and I think he's willing to work with the congressional leadership to see that gets done.

Q Mike, do you anticipate having a text tomorrow,

and if so, what time?

MR. MCCURRY: I'll see. I'm never, ever again going to promise a State of the Union text advance, but work on the speech is progressing well and we'll see where we are tomorrow night.

Q What about some excerpts like last year -- excerpts at 6:00 p.m.?

MR. MCCURRY: We'll let you know tomorrow. No need to worry about that until this time tomorrow.

Q Where is the President working on the speech?

MR. MCCURRY: He's worked on it extensively Saturday and Sunday and has got more work to do. He looks forward to giving it.

Q The balanced budget amendment is going to be the first order of business on the Hill. Is the President going to say anything about it tomorrow night?

MR. MCCURRY: The President will certainly talk about the importance of balancing the budget and talk about his budget plan to do it and he'll suggest that we ought to do it and get on with that business, and that the question of a constitutional amendment is a moot question if we actually got together, Congress and the President, and did the work of balancing the budget by a date

certain.

Q -- talk about the amendment in the State of the Union Address?

MR. MCCURRY: I wouldn't be surprised if he said something about the amendment.

Q Mike, several of the governors indicated that the President suggested that he's prepared to go along with their compromise language on aid to legal immigrants on welfare.

MR. MCCURRY: Well, the President, in the discussion that was led by Governor Carper on that point -- right, Barry? Barry was there and can give you a little more on it, but he indicated that -- they acknowledged that there are some real concerns about the status of legal immigrants under the bill. The President reaffirmed the importance of successfully implementing welfare reform. This is about making welfare reform work, not about some wholesale rewriting of the very historic legislation that the President supported. And we're talking about -- in fact, most of the discussion, if I understand correctly, was built around the premise that we all have to work together to ensure that welfare reform is a success.

And then on the specific issue of legal immigration, legal immigrants who would be denied benefits, especially elderly immigrants who have been in the country for some time, there is

concern that the governors have about that. Obviously, the President has identified those concerns as well and will have some specific remedies that we'll be talking about in that area.

But don't miss the overall thrust of the conversation.

The overall thrust was about things people can do together to build support for welfare reform. In fact, the President was encouraged that several governors encouraged him to continue to do what he's doing -- stimulate a response from the private sector to ensure that the jobs are there. They see how necessary that's going to be.

Q Let me follow up. The President, in the same area, suggested that on his own apparently brought up problems that welfare recipients in Memphis are having finding transportation to and from job sites, and suggested that there could be a smidgen of transit aid.

MR. MCCURRY: If you follow up with Barry Toiv on that; I didn't hear him refer to that.

Q Well, is he going to propose or is there something in the budget to take a portion of mass transit aid, which comes out of the gasoline tax, and reserve it for welfare recipients to and from the job site?

MR. MCCURRY: There was a discussion generally of the importance of transportation to those who are going to locate work

opportunities and get to them, and there was some discussion, because they had a separate discussion on the issue of ISTEA. You all are familiar with ISTEA, right? So when they had the discussion on ISTEA, there were some relevant comments about federal mass transit, urban mass transit subsidies and how those were especially important in light of welfare reform.

Q But is he going to propose something in ISTEA to reserve some aid for --

MR. MCCURRY: He will -- I think there will be further discussion of the importance of linking federal transportation subsidies to the welfare reform effort.

Q Is he likely to talk about the elderly and the disabled legal immigrant stuff in his budget?

MR. MCCURRY: Sorry, say again?

Q Will he talk about that specific issue that the governors were out here talking about -- the elderly and disabled legal immigrants?

MR. MCCURRY: He will have more to say on that subject, of course.

Q I mean, tomorrow night?

MR. MCCURRY: He may very well tomorrow night, yes.

Q As for the specific compromise language on legal immigrants, though, the governors seem to think the President thought that their formulation was acceptable. Did he go that far, or was it just more general kinds of -- in the same ballpark?

MR. MCCURRY: I didn't get the impression that they had a specific language discussion. It was more about the general need to address the issue, which the President clearly wants to do, which many of the governors support, but they have a somewhat different formulation of their own.

You may want to do some more on that. On the Boren Amendment, Barry says that the President was reiterating his support for repealing the Boren Amendment in order to provide states with greater flexibility in negotiating payment rates with providers under the Medicaid program. Barry can do more on that subject. We also had a question on mass transit subsidies, which I gave a generic answer to. Do you want to give a more specific answer? I said in the course of ISTEA they did a little bit of transportation subsidy and linking it back to welfare.

Q Can you tell us what the Boren Amendment is?

MR. TOIV: As a matter of fact, I sort of can. The

Boren Amendment -- well, repealing the Boren Amendment would provide the states with greater flexibility in negotiating payment rates with providers under the Medicaid program. I think one can assume that the Boren Amendment limits such flexibility. (Laughter.)

Q What does that mean? I mean, what does the Boren Amendment say now?

MR. TOIV: I don't have any more -- I can get more for you on it. But this was a proposal that was contained in the President's balanced budget proposal last year to repeal the Boren Amendment. And the President today in the discussion reiterated his support for repealing the amendment.

And on ISTEA, the President talked about something that he actually talked about with some of the CEOs who gathered in the Cabinet Room several weeks ago to talk about implementing welfare reform, and that was the need to deal with the transportation issue for many welfare recipients, getting them -- the problem of getting them to where the jobs are, sometimes the jobs being in different jurisdictions. And so there is a need to look at how mass transit can be used -- can be developed to connect workers with jobs. And that was something that was brought up today in connection with the ISTEA discussion.

Q Was there some sense of subsidies being set aside specifically in legislation for this purpose?

MR. TOIV: To be honest, the discussion didn't get that specific.

Q Well, one of the governors said that the President specifically suggested the idea of reserving, and he used the word "smidgeon" -- of mass transit aid for subsidies for welfare.

MR. TOIV: That's right. But as far as how you do that or what the -- any specific proposal, they didn't get that detailed.

Q Is that in the budget?

MR. TOIV: Is that in the budget? I don't know the answer to that one. I think we might have to wait on that one. One of the few details we may have to wait on. (Laughter.)

Q One of the governors was saying something about a sevenfold increase in charter schools funding that the President mentioned. I thought it was going to like double.

MR. MCCURRY: Well, when we were briefing on it in Chicago you remember we gave out the numbers on charter schools -- it takes you up to the goal of 3,000 charter schools by the year 2000. And then the flow of how you -- I think the budget request this year for FY '98 would take it from 400 that are in existence now up to about 1,200 by the end of the fiscal year. So maybe a threefold

increase.

A sevenfold increase I think gets you from the longer-term, the goal of 2000.

Q You mean the doubling of the number of schools --

Q Tripling the number.

MR. TOIV: Doubling of the money.

MR. MCCURRY: The only report I have from Legislative Affairs is we've accepted in principle a meeting; we're just working out the details of time and place.

Q Two questions on campaign finance. In his position at the White House, did Harold Ickes fax instructions to a Texas donor who is part of which the donation was going to go to get out the vote efforts?

MR. MCCURRY: I have only the following on that subject: Based upon our understanding of the facts, Mr. Ickes' identification of entities does not constitute a solicitation in violation of the Hatch Act. Rather it is a response to Mr. Meddoff's request for organizations to which he could make substantial contributions. In general, identifying entities to which contributions can be made does not constitute a solicitation in violation of the Hatch Act, nor is

it a violation of the Federal Election Campaign Act.

Q And whose interpretation is that?

MR. MCCURRY: It's an authorized statement from me from the Legal Counsel's Office.

Q They say that -- the article says that in addition to pointing out places where he could give tax-exempt contributions, that Mr. Ickes solicited him for a \$500,000 contribution to the DNC. Are you saying, to your knowledge that didn't happen?

MR. MCCURRY: I'm not speaking to the facts of the situation. I'm giving the authorized statement from the Legal Counsel's Office, and Mr. Davis can help you with follow-up on that.

Q And do you know whether anyone here has contacted Harold Ickes about that? He is not still with the administration?

MR. MCCURRY: I don't know whether he has formally left, or not, or whether he is in transition.

Q Second issue, about the time that there was a great deal of talk about the coffees here and the other people coming in and out of the White House. Has the White House ever reorganized the way people are given access to the White House and to the President itself?

MR. MCCURRY: We have. Mr. Bowles sent a two-page memorandum establishing new procedures that was distributed, I guess, well over a week ago now.

Q How would you describe access now? Is it harder? Is it more rigorous?

MR. MCCURRY: Yes, it now goes through a checking process that's much more rigorous and attempts to address what clearly were lapses in the ability to screen and check those scheduled to have encounters with the President during the course of the last year.

Q May I ask a budget question? The proposals that were put out yesterday by Secretary Rubin, two in particular were a little confusing. The first is, there is going to be money to Puerto Rico for development there. And the second is a D.C. tax package, which we haven't heard anything about.

MR. MCCURRY: I think you've heard -- in the past we've briefed about the Economic Development Corporation that the President will propose for the District of Columbia. The funding level is the new thing that was identified yesterday, about \$260 million over five years, I believe.

The Puerto Rico provision, I am not familiar with, and I

understand Treasury is in a position to brief on it, or to answer questions on it.

Q Do you have a number of what the tax increases in the new budget are going to be, as opposed to the tax cuts?

MR. MCCURRY: No, I've got the tax cuts -- (laughter) -- which were conveniently provided by the Treasury Department yesterday, and they're \$100 billion. Obviously, most people would worry, is there any broad-based income tax increase proposed in the budget, and clearly not. There are some things they're doing in terms of base broadening. The Secretary of the Treasury has talked about that.

Q Why do some of the tax cuts have sunset provisions in them? Isn't he putting a sunset provision on a couple of them?

MR. MCCURRY: No, under our economic assumptions about the future, these would be permanent tax relief measures.

Q But the tax cuts are not permanent.

MR. MCCURRY: Under our assumptions, these would be permanent tax relief measures.

Q So if your assumptions aren't right are they permanent?

MR. MCCURRY: Well, our assumptions in general have been pretty much on the money. We're very proud of this.

Q But on the tiny fraction of a percent that they're wrong, what happens to the tax --

MR. MCCURRY: I'm not going to -- that's a technical budget issue that I'm not going to attempt to -- (laughter).

Q Do you have a ballpark figure of what the tax increases will be from the proposal?

MR. MCCURRY: No, I don't.

Q -- \$80 billion has been mentioned --

MR. MCCURRY: No, I've seen a figure in print of \$39 billion for one set of them, and there are some extended provisions that go elsewhere. But I don't have a total figure.

Q Will there be an additional cigarette tax or tobacco tax?

MR. MCCURRY: I have not heard anything to that effect.

Q Can you tell us, is this going to be a wash? Or is

there going to be a net increase in tax deductions or a net increase in taxes?

MR. MCCURRY: I know that that will be something that all parties interested in the President's budget Thursday will rush to determine and analyze and there will probably be different answers given by different people.

Q The President -- he said that there would be a net tax decrease. Is that correct?

MR. MCCURRY: Well, if you play with some of the numbers you just asked me about, you would see he's right.

(Laughter.)

Q Mr. Gingrich has confirmed that he has invited Jesse Jackson to sit with him in the Speaker's Gallery at the State of the Union. Has the President and First Lady decided whom their guests will be?

MR. MCCURRY: They've got some ideas. I think they're delighted, obviously, that Reverend Jackson will be there because he's such an important and inspirational leader in so many communities in America. They've got some people that they will be acknowledging both by inviting them to be with the First Lady and then also people the President will refer to, and I know you all will be interested in who they are tomorrow night.

Q In addition to the Georgia trip, what else can we expect from this White House in terms of promoting and selling the budget -- other travel, Cabinet types, et cetera?

MR. MCCURRY: The President has said in the past that he would like to go out particularly to state legislatures, and states are going to be so much a part of the work that we do on education, on welfare reform, on some of the things to strengthen our communities. We've suggested in the past he might even look for opportunities to go talk to state legislatures or to visit additional places, and you can foresee that type of opportunity after the State of the Union.

The only thing scheduled right now is the trip we take on Wednesday.

Q To address the concerns on legal immigration, do you think there would be a legitimate vehicle to either go through the appropriations process or reform immigration law, rather than revisit the welfare law?

MR. MCCURRY: I don't take a view on that. I think there are a number of ways that Congress could address some of the concerns the President has. You could do that either in the authorization process or the appropriations process or the appropriations process perhaps. I think that would be a

determination for Congress to make.

Q Mike, J.C. Watts is apparently going to be the first African American ever to respond to a State of the Union speech. Does the White House have any reaction to that, or any comment on the selection?

MR. MCCURRY: He's a very eloquent, talented member of Congress, and I think the President himself in his remarks will talk about ways in which Americans can reach across racial divides and come together. And the choice of the Republican leadership to designate an African American to give that is a very encouraging development.

Q Mike, Trent Lott said yesterday that Alexis Herman's confirmation will probably be successful if the White House can document that she was not involved in the May 13th bankers meeting last --

MR. MCCURRY: Can you hold that for a second?

But, Deborah, to come back to that question, in saying that he is a very talented an effective member of Congress, I would also acknowledge that there are many reasons why he was chosen. He, himself, said yesterday that he was not -- didn't believe he was chosen solely because of race, and we believe that, too. I'm sorry, I just wanted to add that point.

Q What has the White House done today to send documentation to the Hill proving what she told Trent Lott on Friday?

MR. MCCURRY: She indicated to him that he would -- that follow-up, I assume, is taking place by Counsel and by others. But if you call Joe Lockhart, he can probably give you some sense of what documentation they're providing.

Q Mike, you mentioned that he'll talk about bridging the racial divide. Will he offer specific remedies that we'll see in the form of legislation or program or policy?

MR. MCCURRY: This is not -- on matters of races, you've heard the President address them. They are matters of the heart as much as matters of policy. There are aspects of our policy that I think are reflected in ways we bring people together, but this is also a way to comment and talk about the ways that individual Americans can reach across and that elected leaders and those in positions of responsibility can conduct themselves responsibly so that we don't exacerbate tensions that do exist in our society.

Q Mike, you mentioned on Friday that the President will have a fairly detailed portion of the State of the Union speech concentrating on foreign policy. Presumably, one of the things he might talk about is international cooperation to fight terrorist threats. In that context and after meeting with Fujimori today, do

you think that he would make reference to the hostage crisis in Peru?

MR. MCCURRY: I'm not anticipating that. I think he will talk about those challenges we face in the post-Cold War era, which the fight against terrorism is certainly one, and one area in which the United States government should devote its resources and effort.

Q What is -- getting insurance for health for children -- where does that fit into the President's budget? For needy children?

MR. MCCURRY: Well, we haven't said specifically that it fits in one way or another or how specifically, but it is obviously a concern of the President and one that he might not only address tomorrow night, but might also address in terms of his budget proposal.

Q And where would that money come from? Would it be part of Medicaid, or would it be a new program?

MR. MCCURRY: I'll leave that detail to the very good budget briefings you will be getting on Thursday.

Q Mike, the week after the budget comes out, CBO will score the President's budget. If, like last time, CBO does not give him full credit for what OMB's baseline quantifies, is the President

prepared to amend it and submit suggestions for where he'd do either additional revenue raisers, or spending cuts to make it come under balance under CBO?

MR. MCCURRY: First, let me say we are not having the same kind of contentious debate about assumptions that we had this time last year, or in the proposing of the FY'97 budget. We are, by contrast, having a reasonably good discussion at a technical level about what the economy is going to do. And, of course, we're seeing very encouraging economic numbers that even are better than the very conservative economic forecasts that we made at the Office of Management and Budget.

So there will be, inevitably, some differences in the way that the two different organizations look at the future of the economy. We tend to believe those are technical issues for experts to discuss because in past practice Congress, as they consider a President's budget, will sometimes pick and choose from OMB forecasts or from CBO forecasts. They sometimes mix and match. And we assume in this case there will a look at the technical assumptions behind the budget, the forecasts, the projections.

We, of course, hope that we get some credit for the generally accurate nature of the President's forecasts, and then we'll see what that does to the scoring of the baseline. It will be clear that there will be some differences, but we don't think they'll be insurmountable differences.

Q But the President would advocate some policies to make it up? I mean, there are predictions that by 2002 the gap could be like \$60 billion.

MR. MCCURRY: The President has a very credible balanced budget proposal that we believe is based on conservative and accurate projections. And we believe that they would give this country the balanced budget it wants by the year 2002. If CBO ends up taking a different point of view, we'll work with them to develop the right forecast.

Q On the Medicaid per capita cap, is the President set in stone on the level of that cap, or might that be negotiable? Some governors said, well, it's in the 7.5 percent range with an additional flexibility --

MR. MCCURRY: The President will propose a budget on Thursday, and then we will, we hope, enter into discussions very quickly with members of Congress about how to write the budget, how to structure a balanced budget agreement. And we hope we can reach that agreement quickly. Beyond that, I'm just not going to speculate too much on what's happening.

MR. TOIV: He also did say that he wanted to hear from the governors.

MR. MCCURRY: That's right. And he did tell the governors that he wanted to hear from them on that kind of subject, and they certainly have got a role in the debate, too.

Q Will we be briefed on the budget on Wednesday? And if so, how?

MR. MCCURRY: I don't anticipate budget briefings on Wednesday. I know that you'll hear from the President, Vice President, and a range of technical experts on Thursday. We might, for purposes of some of the wires so they can get a head start on the story after midnight on Tuesday -- I mean, Thursday --

Q Wednesday night, midnight.

MR. MCCURRY: Wednesday at midnight. So you have something Thursday morning, we may talk to you late Wednesday night.

Q Why just the wires? Why not the television --

MR. MCCURRY: Well, and those of us who are the electronic wires.

Q -- a clear answer on the President's guest lists?

MR. MCCURRY: I'm sorry, say again.

Q Getting back to the President's guest list for the State of the Union, could the governor of Georgia be there with him that night?

MR. MCCURRY: I just don't -- he, today in the meeting with the governors, said he knew that they were in town, some of them might be staying in town. He invited those who could to participate and to, if they could attend the speech, to do so because much of what he would talk about tomorrow night impacts directly on the work that governors do.

I think everyone knows that he will see Governor Miller on Wednesday. That's in part because Governor Miller has been such a leader in structuring the type of education opportunities that the President wants to see reflected in the HOPE Scholarship that he will propose in the budget. And our admiration for his work is well known. And we don't know whether he's going to be there in any event at this point.

Q In the State of the Union, will he talk about adjustments in the CPI?

MR. MCCURRY: That would be pretty boring so I don't why he would do that. (Laughter.) I mean, it's important. He'll talk about balancing the budget. He'll talk about -- I think he's going to say -- look, adjusting benefit programs for inflation -- I'm not going to suggest he's going to get into that subject. But he is

going to talk about the importance of balancing the budget and talk about how we need to reach agreement. But I don't think he's going attempt to sit down and write a balanced budget on the spot, particularly on a technical issue that needs expert review such as the CPI.

And you're going to ask, is he going to appoint some kind of commission, and the answer is, I don't know where that idea comes from. That's floating around in the ether somewhere. That was -- no, that was Chairman Greenspan's idea. I am not aware of any --

Q You will knock that down, too. (Laughter.)

MR. MCCURRY: -- not aware of any plans for the President to address that tomorrow night.

Q Who will be sitting in the First Lady's area?

MR. MCCURRY: The folks that we put out tomorrow.
(Laughter.)

Q Are you saying that he invited all the governors to come?

MR. MCCURRY: He said that to the degree that those who were there who could come, that they should come. I think he did that in the pool spray at the top.

Q You said there are no surprises in the State of the Union. Is there any news?

MR. MCCURRY: I told you. I said there are no surprises -- so that if there was anything in there you hadn't heard before, you'd say, ah, news and you could write it accordingly. There will be some things in there you haven't heard before.

Q Like?

MR. MCCURRY: You'll hear them tomorrow night.

Q You gave us a big preview on Friday. Don't you want to freshen that a little bit?

MR. MCCURRY: Well yes, we've got the governors today. We did a lot about education and other stuff. We're pretty fresh. (Laughter.) I think.

Q Mike, I wondered if you had any comment on the --

Q Is the President going to change parties?

Q -- on the Time Magazine story and the word that the person who is now the chief fundraiser for the Democrats apparently -- Secretary of HHS and the suggestion is that some regulations may

have been modified because of his lobbying. I wondered if the White House has checked into and if you have any comment?

MR. MCCURRY: Well, Mr. Bowles, first of all, addressed that yesterday and I certainly agree with what he said yesterday. But the general issue of nursing home reform is one that I think has been covered extensively and has been addressed by the Department of Health and Human Services and what we've done to implement the law passed by Congress in 1987, draft the appropriate regulations to protect those who are providing quality health care to seniors -- even at a time when some people are saying let's throw all the regulations out the door altogether and is very, very well known.

The best thing to do would be to go and talk to those who actually developed the regulations, promulgated them and now are in the process of implementing them, to ask them what the impact has been of people who are experts.

Did they talk to Mr. Solomont? They should have because he's a recognized expert in nursing home care and he's someone whose opinion I think counts a lot in medical circles. But they've talked to consumer groups, to health care ombudsmen, to state public health officials, to a wide variety of people. And HHS is, I think, more than prepared to do a great deal on that subject.

Q Mike, did you get a better answer on if, in fact, and when he's going to the Hill to talk about the budget?

MR. MCCURRY: Yes, I did. I said that it's been agreed to in principle, but no date and time has been set.

Q No, I mean if there's a meeting with Lott and the Speaker.

MR. MCCURRY: That's the answer, agreed to in principle but no date and time has been set.

Q Is the President going to support toughening up the Clean Air Act? It sounds like the governors are against that.

MR. MCCURRY: We have promulgated regulations through the Environmental Protection Agency. There's now a set of draft regulations that are out there publicly and people are rendering comment on those draft regulations. But the President will remain committed to clean air, clean water, continuing to meet his obligations as someone responsible for environmental protection.

Q Back to the budget briefing, you'll make sure that there won't be a briefing while we're in the air coming back from Georgia or something like that?

MR. MCCURRY: Yes. Yes, we wouldn't do -- anything we did, we'd do after people returned.

Q Are you going on the trip, Mike?

MR. MCCURRY: I suspect so; I don't know yet.

Q Back to Rita's question. The President last week stressed that donors might get access, but they wouldn't get a guaranteed result. And I think the question that was asked about Mr. Solomont is, this is a donor who seemed to get a result, a desired result, and I wonder, is there a feeling at the White House that everything he did was proper, no improprieties there.

MR. MCCURRY: He got -- I'm not aware of anyone suggesting he did anything improper. He is someone who would have a right to comment like a range of Americans would on regulations that impact the provision of care to the elderly -- consumers -- and did. We actively reached out. And again, HHS is the agency that did this, so I would suggest you contact them. But they actively reached out to a wide range of people who would have concern about how we were going to implement regulations mandated by Congress in 1987.

But as the President said, no one who is a fundraiser gets any kind of guaranteed result or any directed result as a result of him. They get to make their case, like any other group of people get to make their case. We listen to a lot of representative consumer groups that had no interest in making financial contributions, but listen to them because they're expert in this area and they have concern about the quality of health care being provided

to seniors. That's exactly the way the process should work.

Q So there's no concern about his current role as a fundraiser --

MR. MCCURRY: I'm not aware of anything that would lead me to have any concern.

Q Mike, what's he going to talk to the Democratic Governors about tonight?

MR. MCCURRY: He's just going to say hello, thank them for their work. There's a lot -- they're organized to begin the process of contesting gubernatorial seats in 1998 of which there will be many at stake, and that will be one of the stories of the 1998 campaign cycle. So, surely, he's interested in making sure that the Democrats are able to elect Democratic governors around the country. This is their annual dinner of the Democratic Governors Association.

THE PRESS: Thank you.

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#308-2/3

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Immigration, Infrastructure, International-Cooperation,
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TUESDAY, FEBRUARY 4, 1997

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THIS IS A RUSH TRANSCRIPT.

PRESIDENT CLINTON: (Cheers, applause.) Thank you. Thank you. (Continued applause.) Thank you very much. Thank you.

Mr. Speaker -- Mr. Speaker, Mr. Vice President, members of the 105th Congress, distinguished guests, and my fellow Americans. I think I should start by saying thanks for inviting me back! (Laughter, applause.)

I come before you tonight with a challenge as great as any in our peacetime history, and a plan of action to meet that challenge, to prepare our people for the bold new world of the 21st century. We have much to be thankful for. With four years of growth, we have won back the basic strength of our economy. With crime and welfare rolls declining, we are winning back our optimism, the enduring faith that we can master any difficulty. With the Cold War receding and global commerce at record levels, we are helping to win an unrivaled peace and prosperity all across the world. My fellow Americans, the state of our union is strong. (Applause.)

But now we must rise to the decisive moment to make a nation and a world better than any we have ever known.

The new promise of the global economy, the information age, unimagined new work, life-enhancing technology -- all these are ours to seize. That is our honor and our challenge. We must be shapers of events, not observers, for if we do not act, the moment will pass and we will lose the best possibilities of our future.

We face no imminent threat, but we do have an enemy. The enemy of our time is inaction. So tonight I issue a call to action --

action by this Congress, action by our states, by our people to prepare America for the 21st Century; action to keep our economy and our democracy strong and working for all our people; action to strengthen education and harness the forces of technology and science; action to build stronger families and stronger communities and a safer environment; action to keep America the world's strongest force for peace, freedom and prosperity; and above all, action to build a more perfect union here at home.

The spirit we bring to our work will make all the difference.

We must be committed to the pursuit of opportunity for all Americans, responsibility from all Americans in a community of all Americans. And we must be committed to a new kind of government: not to solve all our problems for us, but to give our people -- all our people -- the tools they need to make the most of their own lives. And we must work together.

The people of this nation elected us all. They want us to be partners, not partisans. They put us all right here in the same boat. They gave us all oars, and they told us to row. Now, here is the direction I believe we should take.

First, we must move quickly to complete the unfinished business of our country: to balance the budget, renew our democracy, and finish the job of welfare reform.

Over the last four years we have brought new economic growth by investing in our people, expanding our exports, cutting our deficits, creating over 11 million new jobs, a four-year record. (Applause.)

Now we must keep our economy the strongest in the world. We here tonight have an historic opportunity. Let this Congress be the Congress that finally balances the budget. (Cheers, applause.) Thank you.

In two days I will propose a detailed plan to balance the budget by 2002. This plan will balance the budget and invest in our people while protecting Medicare, Medicaid, education and the environment. It will balance the budget and build on the vice president's efforts to make our government work better -- even as it costs less.

It will balance the budget and provide middle-class tax relief to pay for education and health care, to help to raise a child, to buy and sell a home.

Balancing the budget requires only your vote and my signature. It does not require us to rewrite our Constitution. (Applause,

cheers.) I believe -- (applause continues) -- I believe it is both unnecessary, unwise to adopt a balanced budget amendment that could cripple our country in time of economic crisis and force unwanted results such as judges halting Social Security checks or increasing taxes. (Hisses, groans.)

Let us at least agree we should not pass any measure, no measure should be passed that threatens Social Security. We don't need -- (applause, cheers) -- whatever your view on that, we all must concede we don't need a constitutional amendment, we need action. (Applause.) Whatever our differences, we should balance the budget now, and then, for the long-term health of our society, we must agree to a bipartisan process to preserve Social Security and reform Medicare for the long run, so that these fundamental programs will be as strong for our children as they are for our parents.

And let me say something that's not in my script tonight. I know this is not going to be easy. But I really believe one of the reasons the American people gave me a second term was to take the tough decisions in the next four years that will carry our country through the next 50 years. I know it is easier for me than for you to say or do. But another reason I was elected is to support all of you, without regard to party, to give you what is necessary to join in these decisions. We owe it to our country and to our future. (Applause.)

Our second piece of unfinished business requires us to commit ourselves tonight, before the eyes of America, to finally enacting bipartisan campaign finance reform. (Applause.)

Now, Senators McCain and Feingold, Representatives Shays and Meehan have reached across party lines here to craft tough and fair reform. Their proposal would curb spending, reduce the role of special interests, create a level playing field between challengers and incumbents, and ban contributions from non-citizens, all corporate sources, and the other large soft-money contributions that both parties receive.

You know and I know that this can be delayed, and you know and I know that delay will mean the death of reform. So let's set our own deadline. Let's work together to write bipartisan campaign finance reform into law and pass McCain-Feingold by the day we celebrate the birth of our democracy, July the 4th. (Applause.)

There is a third piece of unfinished business. Over the last four years we moved a record 2-1/4 million people off the welfare roles. Then last year Congress enacted landmark welfare reform legislation demanding that all able-bodied recipients assume the

responsibility of moving from welfare to work. Now each and every one of us has to fulfill our responsibility, indeed our moral obligation, to make sure that people who now must work can work. (Applause.) And now we must act to meet a new goal: two million more people off the welfare rolls by the year 2000.

Here is my plan:

- tax credits and other incentives for businesses that hire people off welfare;

- incentives for job placement firms in states to create more jobs for welfare recipients;

- training, transportation and child care to help people go to work.

Now I challenge every state -- turn those welfare checks into private sector paychecks. I challenge every religious congregation, every community nonprofit, every business to hire someone off welfare. And I'd like to say especially to every employer in our country who ever criticized the old welfare system, "You can't blame that old system anymore; we have torn it down.

Now, do your part." Give someone on welfare the chance to go to work. (Applause.)

Tonight I am pleased to announce that five major corporations -- Sprint, Monsanto, UPS, Burger King, and United Airlines -- will be the first to join in a new national effort to marshal America's businesses large and small to create jobs so that people can move from welfare to work. (Applause.)

We passed welfare reform. All of you know I believe we were right to do it. But no one can walk out of this chamber with a clear conscience unless you are prepared to finish the job. (Applause.)

And we must join together to do something else, too, something both Republican and Democratic governors have asked us to do: to restore basic health and disability benefits when misfortune strikes immigrants who came to this country legally, who work hard, pay taxes, and obey the law.

To do otherwise is simply unworthy of a great nation of immigrants! (Cheers, applause.)

Now, looking ahead, the greatest step of all, the high threshold to the future we must now cross, and my number one priority for the next four years, is to ensure that all Americans have the best education in the world. (Applause.) Thank you.

Let's work together to meet these three goals: every eight-year-old must be able to read, every 12-year-old must be able to log on to the Internet, every 18-year-old must be able to go to college, and every adult American must be able to keep on learning for a lifetime. (Applause.)

My balanced budget makes an unprecedented commitment to these goals -- \$51 billion next year -- but far more than money is required. I have a plan, a call to action for American education based on these ten principles:

First, a national crusade for education standards -- not federal government standards, but national standards, representing what all our students must know to succeed in the knowledge economy of the 21st century. Every state and school must shape the curriculum to reflect these standards and train teachers to lift students up to them. To help schools meet the standards and measure their progress, we will lead an effort over the next two years to develop national tests of student achievement in reading and math.

Tonight I issue a challenge to the nation. Every state should adopt high national standards, and by 1999, every state should test every fourth grader in reading and every eighth grader in math to make sure these standards are met. (Applause.)

Raising standards will not be easy, and some of our children will not be able to meet them at first. The point is not to put our children down, but to lift them up. Good tests will show us who needs help, what changes in teaching to make, and which schools need to improve. They can help us end social promotion, for no child should move from grade school to junior high or junior high to high school until he or she is ready.

Last month our secretary of education, Dick Riley, and I visited northern Illinois, where eighth-grade students from 20 school districts, in a project aptly called First in the World, took the third International Math and Science Study. That's a test that reflects the world-class standards our children must meet for the new era. And those students in Illinois tied for first in the world in science and came in second in math. Two of them, Kristin Tanner (sp) and Chris Getzler (sp), are here tonight along with their teacher, Sue Wentsky (sp). They're up there with the first lady, and they prove that when we aim high and challenge our students, they will be the best in the world. Let's give them a hand. Stand up, please. (Applause.)

Second, to have the best schools, we must have the best teachers. Most of us in this chamber would not be here tonight without the help of those teachers. I know that I wouldn't be here.

For years many of our educators, led by North Carolina's governor, Jim Hunt, and the National Board for Professional Teaching Standards, have worked very hard to establish nationally accepted credentials for excellence in teaching.

Just 500 of these teachers have been certified since 1995. My budget will enable 100,000 more to seek national certification as master teachers. We should reward and recognize our best teachers. (Applause.) And as we reward them, we should quickly and fairly remove those few who don't measure up, and we should challenge more of our finest young people to consider teaching as a career.

Third, we must do more to help all our children read. Forty percent -- forty percent -- of our eight-year-olds cannot read on their own. That's why we have just launched the America Reads initiative, to build a citizen army of one million volunteer tutors to make sure every child can read independently by the end of the third grade. We will use thousands of Americorps volunteers to mobilize this citizen army. We want at least 100,000 college students to help. And tonight I'm pleased that 60 college presidents have answered my call, pledging that thousands of their work-study students will serve for one year as reading tutors. (Applause.)

This is also a challenge to every teacher and every principal.

You must use these tutors to help your students read. And it is especially a challenge to our parents. You must read with your children every night.

This leads to the fourth principle: Learning begins in the first days of life. Scientists are now discovering how young children develop emotionally and intellectually from their very first days and how important it is for parents to begin immediately talking, singing, even reading to their infants. The first lady has spent years writing about this issue, studying it. And she and I are going to convene a White House conference on early learning and the brain this spring to explore how parents and educators can best use these startling new findings.

We already know we should start teaching children before they start school. That's why this balanced budget expands Head Start to one million children by 2002. (Applause.) And that is why the vice president and Mrs. Gore will host their annual family conference this June on what we can do to make sure that parents are an active part of their children's learning all the way through school. They've done a great deal to highlight the importance of family in our life, and now they're turning their attention to getting more parents involved in their children's learning all the way through school. I thank you, Mr. Vice President, and I thank you especially, Tipper, for what

you're doing. (Applause.)

Fifth, every state should give parents the power to choose the right public school for their children. Their right to choose will foster competition and innovation that can make public schools better. We should also make it possible for more parents and teachers to start charter schools, schools that set and meet the highest standards and exist only as long as they do. Our plan will help America to create 3,000 of these charter schools by the next century, nearly seven times as there are in the country today, so that parents will have even more choices in sending their children to the best schools.

Sixth, character education must be taught in our schools. We must teach our children to be good citizens. (Applause.) And we must continue to promote order and discipline; supporting communities that introduce school uniforms, impose curfews, enforce truancy laws, remove disruptive students from the classroom, and have zero tolerance for guns and drugs in schools. (Applause.)

Seventh, we cannot expect our children to raise themselves up in schools that are literally falling down. (Scattered applause.) With the student population at an all-time high, and record numbers of school buildings falling into disrepair, this has now become a serious national concern.

Therefore, my budget includes a new initiative: \$5 billion to help communities finance \$20 billion in school construction over the next four years. (Applause.)

Eighth, we must make the 13th and 14th years of education -- at least two years of college -- just as universal in America by the 21st century as a high school education is today, and we must open the doors of college to all Americans. (Applause.)

To do that, I propose America's HOPE Scholarship, based on Georgia's pioneering program -- two years of a \$1,500 tax credit for college tuition, enough to pay for the typical community college. I also propose a tax deduction of up to \$10,000 a year for all tuition after high school, an expanded IRA you can withdraw from tax free for education, and the largest increase in Pell Grant scholarship in 20 years. (Applause.)

Now this plan will give most families the ability to pay no taxes on money they save for college tuition. I ask you to pass it and give every American who works hard the chance to go to college.

Ninth, in the 21st century we must expand the frontiers of learning across a lifetime. All our people, of whatever age, must

have the chance to learn new skills.

Most Americans live near a community college. The roads that take them there can be paths to a better future. My GI bill for America's workers will transform the confusing tangle of federal training programs into a simple skill grant to go directly into eligible workers' hands.

For too long this bill has been sitting on that desk there, without action. I ask you to pass it now. Let's give more of our workers the ability to learn and to earn for a lifetime. (Applause.)

Tenth, we must bring the power of the information age into all our schools.

Last year I challenged America to connect every classroom and library to the Internet by the year 2000, so that for the first time in our history, children in the most isolated rural town, the most comfortable suburbs, the poorest inner-city schools will have the same access to the same universe of knowledge. (Applause.)

That is my plan -- a call to action for American education. Some may say that it is unusual for a president to pay this kind of attention to education. Some may say it is simply because the president and his wonderful wife have been obsessed with this subject for more years than they can recall. That is not what is driving these proposals. We must understand the significance of this endeavor.

One of the greatest sources of our strength throughout the Cold War was a bipartisan foreign policy. Because our future was at stake, politics stopped at the water's edge. Now I ask you, and I ask all our nation's governors, I ask parents, teachers and citizens all across America, for a new nonpartisan commitment to education, because education is a critical national security issue for our future and politics must stop at the schoolhouse door. (Cheers, applause.)

To prepare America for the 21st century, we must harness the powerful forces of science and technology to benefit all Americans. This is the first State of the Union carried live in video over the Internet, but we've only begun to spread the benefits of a technology revolution that should become the modern birthright of every citizen.

Our effort to connect every classroom is just the beginning. Now we should connect every hospital to the Internet so that doctors can instantly share data about their patients with the best specialists in the field. And I challenge the private sector tonight to start by connecting every children's hospital as soon as possible so that a child in bed can stay in touch with school, family, and friends. A sick child need no longer be a child alone. (Applause.)

We must build the second generation of the Internet so that our leading universities and national laboratories can communicate in speeds a thousand times faster than today to develop new medical treatments, new sources of energy, new ways of working together. But we cannot stop there.

As the Internet becomes our new town square, a computer in every home: a teacher of all subjects, a connection to all cultures. This will no longer be a dream, but a necessity. And over the next decade, that must be our goal. (Applause.)

We must continue to explore the heavens, pressing on with the Mars probes and the International Space Station, both of which will have practical applications for our everyday living.

We must speed the remarkable advances in medical science. The human genome project is now decoding the genetic mysteries of life. American scientists have discovered genes linked to breast cancer and ovarian cancer and medication that stops a stroke in progress and begins to reverse its effects, and treatments that dramatically lengthen the lives of people with HIV and AIDS.

Since I took office, funding for AIDS research at the National Institutes of Health has increased dramatically to \$1.5 billion. With new resources, NIH will now become the most powerful discovery engine for an AIDS vaccine, working with other scientists, to finally end the threat of AIDS. (Applause.) Thank you. Remember that every year, every year we move up the discovery of an AIDS vaccine we'll save millions of lives around the world. We must reinforce our commitment to medical science.

To prepare America for the 21st century we must build stronger families. Over the past four years the Family and Medical Leave Law has helped millions of Americans to take time off to be with their families. With new pressures on people and the way they work and live, I believe we must expand family leave so that workers can take time off for teacher conferences and a child's medical checkup. We should pass flex time so workers can choose to be paid for overtime in income or trade it in for time off to be with their families. (Applause.)

We must continue -- we must continue, step by step, to give more families access to affordable quality health care. Forty million Americans still lack health insurance. Ten million children still lack health insurance. Eighty percent of them have working parents who pay taxes. That is wrong. (Applause.)

My -- my balanced budget will extend health coverage to up to 5 million of those children. Since nearly half of all children who lose

their insurance do so because their parents lose or change a job, my budget will also ensure that people who temporarily lose their jobs can still afford to keep their health insurance. No child should be without a doctor just because a parent is without a job. (Applause.)

My Medicare plan modernizes Medicare, increases the life of the trust fund to 10 years, provides support for respite care for the many families with loved ones afflicted with Alzheimer's, and, for the first time, it would fully pay for annual mammograms. (Applause.)

Just as we ended drive-through deliveries of babies last year, we must now end the dangerous and demeaning practice of forcing women home from the hospital only hours after a mastectomy.

(Applause.)

I ask your support for bipartisan legislation to guarantee that a woman can stay in the hospital for 48 hours after a mastectomy. With us tonight is Dr. Kristin Zarfes (ph), a Connecticut surgeon whose outrage at this practice spurred a national movement and inspired this legislation. I'd like her to stand so we can thank her for her efforts. Dr. Zarfes, thank you. (Applause.)

In the last four years, we have increased child support collections by 50 percent. Now we should go further and do better by making it a felony for any parent to cross a state line in an attempt to flee from this, his or her most sacred obligation. (Applause.)

Finally, we must also protect our children by standing firm in our determination to ban the advertising and marketing of cigarettes that endanger their lives. (Cheers, applause.)

To prepare America for the 21st century, we must build stronger communities. We should start with safe streets. Serious crime has dropped five years in a row. The key has been community policing. (Applause.) We must finish the job of putting 100,000 community police on the streets of the United States. (Applause.) We should pass the Victims' Rights Amendment to the Constitution, and I ask you to mount a full-scale assault on juvenile crime, with legislation that declares war on gangs with new prosecutors and tougher penalties, extends the Brady bill so violent teen criminals will not be able to buy handguns, requires child safety locks on handguns to prevent unauthorized use, and helps to keep our schools open after hours, on weekends and in the summer so our young people will have someplace to go and something to say yes to. (Applause.)

This balanced budget includes the largest anti-drug effort ever -- to stop drugs at their source; punish those who push them; and teach our young people that drugs are wrong, drugs are illegal, and drugs will kill them. I hope you will support it. (Applause.)

Our growing economy has helped to revive poor urban and rural neighborhoods, but we must do more to empower them to create the conditions in which all families can flourish and to create jobs through investment by business and loans by banks.

We should double the number of empowerment zones. They've already brought so much hope to communities like Detroit -- (scattered applause) -- where the unemployment rate has been cut in half in four years. We should restore contaminated urban land and buildings to constructive use. We should expand the network of community development banks. And together, we must pledge tonight that we will use this empowerment approach, including private sector tax incentives, to renew our capital city so that Washington is a great place to work and live -- (applause) -- and once again the proud face America shows the world! (Continued applause, cheers.)

We must protect our environment in every community. In the last four years, we cleaned up 250 toxic waste sites, as many as in the previous 12. Now we should clean up 500 more so that our children grow up next to parks, not poison. I urge to pass my proposal to make big polluters live by a simple rule: If you pollute our environment, you should pay to clean it up. (Applause.)

In the last four years, we strengthened our nation's safe food and clean drinking water laws; we protected some of America's rarest, most beautiful land in Utah's Red Rocks region; created three new national parks in the California desert; and began to restore the Florida Everglades. Now we must be as vigilant with our rivers as we are with our lands. Tonight I announce that this year I will designate 10 American Heritage Rivers to help communities alongside them revitalize their waterfronts and clean up pollution in the rivers, proving once again that we can grow the economy as we protect the environment. (Applause.)

We must also protect our global environment, working to ban the worst toxic chemicals and to reduce the greenhouse gases that challenge our health even as they change our climate.

Now, we all know that in all of our communities some of our children simply don't have what they need to grow and learn in their own homes or schools or neighborhoods. And that means the rest of us must do more, for they are our children, too. That's why President Bush, General Colin Powell, former Housing Secretary Henry Cisneros will join the vice president and me to lead the President's Summit of Service in Philadelphia in April. Our national service program, Americorps, has already helped 70,000 young people to work their way through college as they serve America. Now we intend to mobilize millions of Americans to serve in thousands of ways. Citizen service is an American responsibility which all Americans should embrace. And

I ask your support for that endeavor. (Applause.)

I'd like to make just one last point about our national community. Our economy is measured in numbers and statistics. And it's very important. But the enduring worth of our nation lies in our shared values and our soaring spirit. So instead of cutting back on our modest efforts to support the arts and humanities I believe we should stand by them and challenge our artists, musicians, and writers -- (applause) -- challenge our museums, libraries, and theaters. (Applause continues.) We should challenge all Americans in the arts and humanities to join with their fellow citizens to make the year 2000 a national celebration of the American spirit in every community, a celebration of our common culture in the century that is past and in the new one to come in a new millennium so that we can remain the world's beacon not only of liberty but of creativity long after the fireworks have faded.

To prepare America for the 21st century we must master the forces of change in the world and keep American leadership strong and sure for an uncharted time.

Fifty years ago, a farsighted America led in creating the institutions that secured victory in the Cold War and built a growing world economy. As a result, today more people than ever embrace our ideals and share our interests. Already we have dismantled many of the blocks and barriers that divided our parents' world. For the first time, more people live under democracy than dictatorship including every nation in our own hemisphere but one, and its day, too, will come. (Applause.)

Now we stand at another moment of change and choice, and another time to be farsighted, to bring America 50 more years of security and prosperity.

In this endeavor, our first task is to help to build for the very first time an undivided, democratic Europe. When Europe is stable, prosperous, and at peace, America is more secure.

To that end, we must expand NATO by 1999, so that countries that were once our adversaries can become our allies. At the special NATO summit this summer, that is what we will begin to do. We must strengthen NATO's Partnership for Peace with non-member allies. And we must build a stable partnership between NATO and a democratic Russia. (Applause.)

An expanded NATO is good for America, and a Europe in which all democracies define their future not in terms of what they can do to each other, but in terms of what they can do together for the good of all -- that kind of Europe is good for America.

Second, America must look to the East no less than to the West.

Our security demands it. Americans fought three wars in Asia in this century.

Our prosperity requires it. More than 2 million American jobs depend upon trade with Asia. There, too, we are helping to shape an Asia Pacific community of cooperation, not conflict.

Let our -- let our progress there not mask the peril that remains. Together with South Korea, we must advance peace talks with North Korea and bridge the Cold War's last divide. And I call on Congress to fund our share of the agreement under which North Korea must continue to freeze and then dismantle its nuclear weapons program. (Applause.)

We must pursue a deeper dialogue with China for the sake of our interests and our ideals. An isolated China is not good for America. A China playing its proper role in the world is. I will go to China, and I have invited China's president to come here -- not because we agree on everything, but because engaging China is the best way to work on our common challenges, like ending nuclear testing, and to deal frankly with our fundamental differences, like human rights. (Applause.)

The American people must prosper in the global economy. We've worked hard to tear down trade barriers abroad so that we can create good jobs at home. I'm proud to say that today America is once again the most competitive nation and the number-one exporter in the world. (Applause.)

Now we must act to expand our exports, especially to Asia and Latin America, two of the fastest-growing regions on earth, or be left behind as these emerging economies forge new ties with other nations. That is why we need the authority now to conclude new trade agreements that open markets to our goods and services even as we preserve our values. (Applause.) We need not shrink from the challenge of the global economy. After all, we have the best workers and the best products. In a truly open market, we can out-compete anyone, anywhere on earth.

But this is about more than economics. By expanding trade, we can advance the cause of freedom and democracy around the world. There is no better example of this truth than Latin America where democracy and open markets are on the march together. That is why I will visit there in the spring to reinforce our important ties.

We should all be proud that America led the effort to rescue our neighbor, Mexico, from its economic crisis. And we should all be proud that last month Mexico repaid the United States, three full

years ahead of schedule, with half a billion dollar profit to us.
(Applause.)

America must continue to be an unrelenting force for peace. From the Middle East to Haiti, from Northern Ireland to Africa, taking reasonable risks for peace keeps us from being drawn into far more costly conflicts later. With American leadership, the killing has stopped in Bosnia. Now the habits of peace must take hold. The new NATO force will allow reconstruction and reconciliation to accelerate. Tonight I ask Congress to continue its strong support of our troops. They are doing a remarkable job there for America, and America must do right by them. (Applause.)

Fifth, we must move strongly against new threats to our security. In the past four years, we agreed to ban -- we led the way to a worldwide agreement to ban nuclear testing.

(Scattered applause.)

With Russia, we dramatically cut nuclear arsenals and we stopped targeting each other's citizens. We are acting to prevent nuclear materials from falling into the wrong hands, and to rid the world of land mines. (Applause.)

We are working with other nations with renewed intensity to fight drug traffickers and to stop terrorists before they act and hold them fully accountable if they do. (Applause.)

Now we must rise to a new test of leadership -- ratifying the Chemical Weapons Convention. (Applause.) Make no mistake about it, it will make our troops safer from chemical attack. It will help us to fight terrorism. We have no more important obligations, especially in the wake of what we now know about the Gulf War.

This treaty has been bipartisan from the beginning, supported by Republican and Democratic administrations, and Republican and Democratic members of Congress, and already approved by 68 nations. But if we do not act by April the 29th, when this convention goes into force -- with or without us -- we will lose the chance to have Americans leading and enforcing this effort. Together we must make the Chemical Weapons Convention law so that at last we can begin to outlaw poisoned gas from the earth. (Applause.)

Finally, we must have the tools to meet all these challenges. We must maintain a strong and ready military. We must increase funding for weapons modernization by the year 2000. And we must take good care of our men and women in uniform. They are the world's finest. (Applause.)

We must also renew our commitment to America's diplomacy and pay

our debts and dues to international financial institutions like the World Bank -- (applause) -- and to a reforming United Nations. Every dollar -- (applause) -- every dollar we devote to preventing conflicts, to promoting democracy, to stopping the spread of disease and starvation brings a sure return in security and savings. Yet international affairs spending today is just 1 percent of the federal budget, a small fraction of what America invested in diplomacy to choose leadership over escapism at the start of the cold war.

If America is to continue to lead the world, we here who lead America simply must find the will to pay our way. A far-sighted America moved the world to a better place over these last 50 years. And so it can be for another 50 years. But a short-sighted America will soon find its words falling on deaf ears all around the world. (Applause.)

Almost exactly 50 years ago in the first winter of the cold war President Truman stood before a Republican Congress and called upon our country to meet its responsibilities of leadership. This was his warning. He said, "If we falter, we may endanger the peace of the world, and we shall surely endanger the welfare of this nation."

That Congress, led by Republicans like Senator Arthur Vandenburg, answered President Truman's call. Together, they made the commitments that strengthened our country for 50 years. Now let us do the same. Let us do what it takes to remain the indispensable nation, to keep America strong, secure and prosperous for another 50 years. (Applause.)

In the end, more than anything else, our world leadership grows out of the power of our example here at home, out of our ability to remain strong as one America. All over the world people are being torn asunder by racial, ethnic and religious conflicts that fuel fanaticism and terror. We are the world's most diverse democracy, and the world looks to us to show that it is possible to live and advance together across those kinds of differences. America has always been a nation of immigrants. From the start, a steady stream of people in search of freedom and opportunity have left their own lands to make this land their home. We started as an experiment in democracy fueled by Europeans. We have grown into an experiment in democratic diversity fueled by openness and promise.

My fellow Americans, we must never, ever believe that our diversity is a weakness; it is our greatest strength. (Applause.)

Americans speak every language, know every country. People on every continent can look to us and see the reflection of their own great potential, and they always will, as long as we strive to give all our citizens, whatever their background, an opportunity to achieve their own greatness.

We're not there yet. We still see evidence of a biting bigotry and intolerance in ugly words and awful violence, in burned churches and bombed buildings. We must fight against this in our country and in our hearts.

Just a few days before my second Inauguration, one of our country's best-known pastors, Reverend Robert Schuller, suggested that I read Isaiah 58:12. Here's what it says: "Thou shalt raise up the foundations of many generations, and thou shalt be called the repairer of the breach, the restorer of paths to dwell in."

I placed my hand on that verse when I took the oath of office, on behalf of all Americans, for no matter what our differences in our faiths, our backgrounds, our politics, we must all be repairers of the breach.

I want to say a word about two other Americans who show us how. Congressman Frank Tejeda was buried yesterday, a proud American whose family came from Mexico. He was only 51 years old. He was awarded the Silver Star, the Bronze Star and the Purple Heart fighting for his country in Vietnam. And he went on to serve Texas and America fighting for our future here in this chamber. We are grateful for his service and honored that his mother, Lily (sp) Tejeda, and his sister, Mary Alice, have come from Texas to be with us here tonight. And we welcome you. Thank you. (Applause.)

Gary Locke, the newly-elected governor of Washington state, is the first Chinese American governor in the history of our country. He's the proud son of two of the millions of Asian American immigrants who strengthened America with their hard work, family values and good citizenship.

He represents the future we can all achieve. Thank you, Governor, for being here. Please stand up. (Applause.)

Reverend Schuler, Congressman Tejeda, Governor Locke (sp), along with Kristin Tanner (sp) and Chris Getzler (sp), Sue Wynski (sp) and Dr. Kristin Zarfes (sp) -- they're all Americans from different roots whose lives reflect the best of what we can become when we are one America.

We may not share a common past, but we surely do share a common future. Building one America is our most important mission, the foundation for many generations of every other strength we must build for this new century. Money cannot buy it, power cannot compel it, technology cannot create it. It can only come from the human spirit.

America is far more than a place; it is an idea -- the most powerful idea in the history of nations, and all of us in this

chamber, we are now the bearers of that idea, leading a great people into a new world.

A child born tonight will have almost no memory of the 20th century. Everything that child will know about America will be because of what we do now to build a new century. We don't have a moment to waste. Tomorrow there will be just over 1,000 days until the year 2000. One thousand days to prepare our people. One thousand days to work together. One thousand days to build a bridge to a land of new promise.

My fellow Americans, we have work to do. Let us seize those days and the century.

Thank you. God bless you. And God bless America.

(Applause.)

===== END ATTACHMENT 2 =====

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OFFICE: 202-456-2921

WHCA PAGER: 4208

NOTE: Staff vans depart from West Executive Basement at 9:15 am.

9:30 am- MEETING

9:45 am OVAL OFFICE

Staff Contact: Erskine Bowles

9:55 am THE PRESIDENT proceeds to the South Lawn

10:00 am THE PRESIDENT departs the White House via Marine One en route

Andrews Air Force Base

[flight time: 10 minutes]

10:10 am THE PRESIDENT arrives Andrews Air Force Base

10:25 am THE PRESIDENT departs Andrews Air Force Base via Air Force One

en

route Bush Field, Augusta, Georgia

[flight time: 1 hour, 30 minutes]

12:00 pm THE PRESIDENT arrives Bush Field, Augusta, Georgia

OPEN PRESS

CLOSED PUBLIC

Greeters: Lt. Governor Pierre Howard

Agriculture Commissioner Tom Irvin

State Senator Don Cheeks

State Senator Charles Walker

State Representative Ben Allen

State Representative Alberta Anderson

State Representative Henry Howard

Mayor Larry Sconyers

Former Representative Don Johnson

12:15 pm THE PRESIDENT departs Bush Field via motorcade en route Augusta

State University

[drive time: 20 minutes]

12:35 pm THE PRESIDENT arrives Augusta State University, Physical

Education Building

Greeters: William Bloodworth, Jr., President, Augusta State

University

Julia Bloodworth

Paul Bloodworth

Nicole Bloodworth

Tom Allgood, Sr., Chairman, Board of Regents,

Augusta State University

David Neal, President, Student Government, Augusta
State University

Wynsome Bryant, Vice President, Student
Government, Augusta State University

John Flower, Vice President, University Advancement,
Augusta State University

Fred Barnabei, Vice President for Business and Student
Affairs, Augusta State University

Bill Bompart, Vice President for Academic Affairs,
Augusta State University

Francis J. Tedesco, President, Medical College of
Georgia

12:40 pm- POLICE PHOTOS

12:45 pm HALLWAY

Physical Education Building, Augusta State University

WHITE HOUSE PHOTO ONLY

12:50 pm- ROUND TABLE DISCUSSION ON K-12 EDUCATION

1:40 pm REFORMS

DANCE STUDIO

Physical Education Building - Augusta State University

Remarks: Jordan Tamagni

Staff Contact: Bruce Reed

Event Coordinator: Nicole Elkon

POOL SPRAY (At the top)

-- Governor Zell Miller makes brief opening remarks.

-- The President makes brief remarks.

-- A discussion begins.

-- Upon conclusion of the discussion, the President departs.

1:45 pm- DRIVER/VOLUNTEER PHOTOS

1:50 pm HALLWAY

Physical Education Building - Augusta State University

WHITE HOUSE PHOTO ONLY

2:00 pm- REMARKS ON THE HOPE SCHOLARSHIP PROGRAM

3:20 pm ARENA

Physical Education Building - Augusta State University

Remarks: Carolyn Curiel

Staff Contact: Bruce Reed

Event Coordinator: Nicole Elkon

OPEN PRESS

-- Off-stage announcement of the President, accompanied by Secretary

Richard

Riley, Department of Education, Senator Paul Coverdell, Senator Max
Cleland,

Governor Zell Miller, William Bloodworth, President, Augusta State
University

and Tanya Davis, Chair, Student Senate, Augusta State University, to !

&Ruffles

and Flourishes !8 and !&Hail to the Chief !8.

-- William Bloodworth makes brief welcoming remarks and introduces

Secretary

Richard Riley, Department of Education.

-- Secretary Richard Riley makes brief remarks and introduces Senator Max

Cleland.

-- Senator Max Cleland makes brief remarks and introduces Senator Paul

Coverdell

-- Senator Paul Coverdell makes brief remarks and introduces Governor Zell

Miller.

-- Governor Zell Miller makes brief remarks and introduces Tanya Davis

-- Tanya Davis makes remarks and introduces the President.

-- The President makes remarks.

-- Upon conclusion of remarks, the President works a ropeline and departs.

3:25 pm THE PRESIDENT departs Augusta State University via motorcade en

route

Bush Field

[drive time: 20 minutes]

3:45 pm THE PRESIDENT arrives Bush Field

4:00 pm THE PRESIDENT departs Bush Field via Air Force One en route

Andrews

Air Force Base

[flight time: 1 hour, 20 minutes]

OPEN PRESS

CLOSED PUBLIC

5:20 pm THE PRESIDENT arrives Andrews Air Force Base

5:30 pm THE PRESIDENT departs Andrews Air Force Base via Marine One en

route

the White House

[flight time: 10 minutes]

5:40 pm THE PRESIDENT arrives the White House

6:00 pm- BRIEFING

6:15 pm RESIDENCE

Staff Contact: John Hilley

6:15 pm- CONGRESSIONAL MEETING

7:00 pm RESIDENCE

Staff Contact: John Hilley

CLOSED PRESS

EVENING OFF

BC AND HRC RON THE WHITE HOUSE

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Mail-Server (Mail-Server@CLINTON.AI.MIT.EDU@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 5-FEB-1997 12:51:00.00

SUBJECT: 1997-02-03 Remarks by the President at DGA Dinner

TO: Jeffrey H. Cohen (Jeffrey H. Cohen@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 3, 1997

REMARKS BY THE PRESIDENT

AT DEMOCRATIC GOVERNORS ASSOCIATION

ANNUAL DINNER

Omni Shoreham Hotel

Washington, D.C.

6:40 P.M. EST

THE PRESIDENT: Thank you. Thank you, Governor Dean, for that wonderful introduction. And I thank the orchestra for playing me in. (Laughter.) Thank you, Governor Rossello, for your leadership in the DGA. And to our DNC General Chair, Governor Roy Romer, thank you for agreeing to do that. I hope it made the Democratic Governors feel better; it sure made me feel better when you did it. (Applause.)

Our Democratic National Chairman, Steve Grossman, thank you for being here tonight. And thank you, Santita, for singing again. You got me in a good humor before I had to come out and speak.

You all know that the Vice President is coming over later -- I'm just the warm-up act. (Laughter.) But that's probably as it should be. At least that's what he asked me to say right before I left the White House. (Laughter.) I thank you for understanding why I can't be here all evening. As you know, the State of the Union is tomorrow night, and I hope that the governors who are here will be staying for it. We have a place for all of you.

It's a very different city than it was a year ago. A year ago we had a cold wave -- and a cold wave in politics so bad that it shut the government down. And the American people had something to say about it in the months ahead after that, and then definitively in November. And it's a lot warmer outside this year than it was last year. And I like it. (Applause.)

All of you know that I have been deeply indebted to my own experience as a governor and to the Democratic Governors for many of the ideas that we have brought to bear over the last four years. Our country has produced 11.2 million jobs, for the first time in history in a four-year presidential administration. (Applause.) We have -- crime has come down in every year. The welfare rolls have dropped by 2.24 million, the largest amount in history.

Inequality among working people has started back down again, after a 20-year increase, with particular drops for single parents working to support their children, the elderly, and African Americans.

In the last four years, thanks to the work that we have done together, we have, first of all, reversed our country's addiction to supply-side economics, and substituted for it an economics based on investing in people, expanding trade, reducing the deficit, and ultimately, balancing the budget in the right way. (Applause.)

We have restored the family and community as the centerpiece of our social agenda with initiatives like the Family and Medical Leave law, which we celebrated the fourth anniversary of just this week, and which I hope to expand in this coming session of the Congress -- and I hope you will help me do that. (Applause.)

When it comes to crime and welfare we replaced rhetoric with action, and that's why results have flowed. We have redefined the role of government -- no longer do the American people believe, and no longer are they being told that government is the enemy. They know that the role of government is to be our partner to give us the tools to solve our problems and to create the conditions in which Americans can flourish.

And finally, we have reaffirmed the importance of our national community. No longer is it commonplace in our national politics to see victory come from dividing Americans by race, by gender, or in any other way. And I'm proud of that; perhaps proudest of all that we have rebuked the people who want to divide us as a nation. That's what the Democratic Party is all about. (Applause.)

In the next four years -- well, you have to wait until tomorrow night to hear about that. (Laughter.) But let me say that in the next four years I will still depend upon the Democratic Governors for your ideas; two of them you know I have embraced with particular vigor -- the HOPE Scholarship, pioneered by Governor Zell Miller in Georgia -- (applause) -- and the idea of providing national certification to the most excellent teachers in America, pioneered by Governor Jim Hunt in North Carolina. I thank you both for that. (Applause.)

What I want to leave you with is that I think in the

last four years we've basically unlocked the potential of our country by fixing a lot of things that were wrong and by redefining what the stakes are. In the next four years we have to take initiatives to shape America for the next 50 years. And what I want you to think about when you go back home is this: It's not very often that a country has a period of such enormous peace and prosperity and yet, is still confronted by such great challenges. And what has brought us to this moment in history is the incredible rate and scope of change of the time in which we live.

We're not just moving into a new century and a new millennium, we're moving into a whole new way of doing things. It's changing the way family life works, it's changing the way work life works, it's changing the way people relate to each other in society and across national borders. It poses particular challenges for our educators, but also challenges for all the rest of us.

We're also learning a lot of things that impose new responsibilities on us. I know that the Democratic governors heard from my friend, Rob Reiner, who is sitting out here at this table, who is passionately concerned about what happens to children from the time they're born until they're two or three years old. We now know things about those years that we never knew before. And that imposes upon us responsibilities we never had before -- because we now know we can prevent problems from occurring we didn't think we could, and we can unleash potential we didn't know was there, and that requires us to behave in a different way.

So, tomorrow night, I'm going to try to talk about the next steps I think we have to take. But I want you to think in big terms about this. Every time a governor is elected who has real vision and real understanding and a real willingness to take prudent risks to tap the potential of this moment. We have advanced the cause of freedom and democracy, and we've given more people a chance to light up their own lives. That's really what all this is about.

Democracies normally don't do very well in times of peace and prosperity. They sort of get complacent and kind of go to the golf course twice a week. Sounds like a good idea to me. (Laughter.) Unfortunately, we don't have that luxury now -- not if we're going to do what we ought to do.

So that's what this is about tonight. In the next two years we'll be seeing 38 governors races come up for a vote of the people, affecting 80 percent of the people who live in this country. And the decisions that will be made by those governors will chart the course for the next century. This is a very, very important time to be making these judgments. And I can tell you, having now been President for four years and having been a governor for 12 years -- I could tell you a lot of things about that -- (laughter) -- but the point I want to make is there are a lot of things that a President can do and a lot of things a President can't. There are some things that can and will only be done by the governors of this country, working with people throughout the states. It matters a great deal.

You know that. That's why you're here tonight. But as you think about this tonight and tomorrow night at the State of the Union and the work that I'm going to help you do in the next two years to try to make sure we elect more people from our party to the statehouses to move this country forward, just remember, usually democracies get lazy in times of peace and prosperity. The changes and the challenges of this time do not permit us to do this. If we do it we will regret it for a very long time. If we don't, you ain't seen nothing yet.

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

END 6:50 P.M. EST

===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDf V5.0-4 #6879)
id <01IF22XPTVI800EOOK@PMDf.EOP.GOV> for Jeffrey_H._Cohen@oa.eop.gov; Wed,
05 Feb 1997 12:51:41 -0400 (EDT)

Received: from cinnamon-life.ai.mit.edu by gatekeeper.eop.gov;
(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA14979; Wed, 05 Feb 1997 12:51:39 -0500

Received: from CLINTON.AI.MIT.EDU (clinton.ai.mit.edu [128.52.33.14])
by cinnamon-life.ai.mit.edu (8.8.5/8.8.5AI/cinnamon-life.ai.mit.edu:1.3)
with SMTP id MAA00897; Wed, 05 Feb 1997 12:00:41 -0500 (EST)

Date: Wed, 5 Feb 1997 11:55-0500

Errors-to: Mail-Server@clinton.ai.mit.edu

Precedence: Bulk

Delivered-By-The-Graces-Of: White House Electronic Publications

Document-Id: PDI://OMA.EOP.GOV.US/1997/2/5/5.TEXT.1

Keywords: Business, Civil-Rights, Crime, Economy, Education, Federalism,
Fiscal-Policy, Foreign, Georgia, Government, Healthcare,
International-Economy, Labor, North-Carolina, Personnel, Political-Party,
President, Remarks, Security, Social, South-Region, Topical-Remarks, Welfare

===== END ATTACHMENT 1 =====

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Mail-Server (Mail-Server@CLINTON.AI.MIT.EDU@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 6-FEB-1997 05:40:00.00

SUBJECT: 1997-02-05 President Opening Remarks at Education Discussion

TO: Jeffrey H. Cohen (Jeffrey H. Cohen@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

THE WHITE HOUSE

Office of the Press Secretary

(Augusta, Georgia)

For Immediate Release

February 5,

1997

OPENING REMARKS BY THE PRESIDENT

AT EDUCATION DISCUSSION

Athletic Center

Augusta State University

1:17 P.M. EST

THE PRESIDENT: First of all, I want to thank all of you for agreeing to be part of this. And I'll be very brief because I want to hear from you.

I very much appreciate the fact that Senator Coverdell and Senator Cleland and Congressman Norwood came down with me today, along with Governor and Mrs. Miller. And I wanted to, after the State of the Union last night, which I believe was the most extensive treatment a President has ever given to the question of education in the State of the Union -- I wanted to come here because I know a lot about what you've done here and what you're trying to do, and I think it's very important that the American people respond to the challenge that I laid out last night to make American education the best in the world, to understand that it won't be done overnight, and not to be afraid of trying to reach higher standards.

I went over -- and I won't belabor it now, but this is a little booklet that I had done that Secretary of Education Riley, who is here with us today, put together for us, incorporating the 10 points that I made in the State of the Union last night. But in virtually every one of these areas, the state of Georgia is trying to move forward. And that's the important thing. Whether it's opening the doors of college education with a HOPE Scholarship, or the pre-kindergarten program, or the remarkable thing you're trying to do on

the Internet which will have a huge impact around the country if you do it, because then a lot of other states will get in here and help us.

The Vice President and I have been trying to get all the schools hooked up by the year 2000, but we might get there ahead of time if every state would take the kind of action that you're taking here.

Then the thing that I really want to focus on is how we can achieve the objectives that were set out way back in 1989 by the governors and then President Bush -- how can we achieve those national education goals. The only way we can ever do it is if we maintain the right blend of local control of our schools, state leadership, but adherence to high national standards so everybody understands what the bar is we're trying to reach.

And what we're going to try to do is to get the states and the school districts of the country and all the teachers organizations, the other educators and the parents especially, to accept the notion that there ought to be high standards and we ought to measure to see how our kids are doing -- not to put them down, but to lift them up, and to support the whole educational process, and make a specific effort to mobilize a lot of people to make sure our children are literate and that they can read independently at the appropriate level, at least by the time they get out of the 3rd grade.

So that's what we're going to do. And I think -- what I hope will come out of this today is that by our being here people will see what you're trying to do in Georgia; they'll be interested in it; it

will spark similar activities around the country and we'll see a kind of a cascading effect. You know, when the American people make up their mind to do something, they can get out ahead of the leaders in a hurry, and that's a good thing.

When we started this hooking up the Internet, for example, we went to California, which is our biggest state, and had a Net Day and hooked up 20 percent of the schools in California. And we had this organized effort to get everybody else to do it. And within no time, the amount of activity outstripped the organization; people just went on and did it, just like you're doing. And that's what you want to happen.

So I'm very hopeful, I'm very excited. And I hope that now we can just hear from you. And, Mr. Swearingen, I think you're going to run this show, so --

Q We'll try, sir.

THE PRESIDENT: -- the floor is yours.

END 1:21 P.M. EST

===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <011F326UXXZK00UOGM@PMDf.EOP.GOV> for Jeffrey_H._Cohen@oa.eop.gov; Thu,
06 Feb 1997 05:40:50 -0400 (EDT)

Received: from cinnamon-life.ai.mit.edu by gatekeeper.eop.gov;
(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA05658; Thu, 06 Feb 1997 05:40:47 -0500

Received: from CLINTON.AI.MIT.EDU (clinton.ai.mit.edu [128.52.33.14])
by cinnamon-life.ai.mit.edu (8.8.5/8.8.5AI/cinnamon-life.ai.mit.edu:1.3)
with SMTP id FAA13012; Thu, 06 Feb 1997 05:14:23 -0500 (EST)

Date: Thu, 6 Feb 1997 05:09-0500

Errors-to: Mail-Server@clinton.ai.mit.edu

Precedence: Bulk

Delivered-By-The-Graces-Of: White House Electronic Publications

Document-Id: PDI://OMA.EOP.GOV.US/1997/2/6/7.TEXT.1

Keywords: California, Communications, Computers, Economy, Federalism, Georgia,

Government, Infrastructure, Remarks, Social, South-Region, Technology,
Topical-Remarks, West-Region

===== END ATTACHMENT 1 =====

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Bill_Dauster (Bill_Dauster@budget.senate.gov@mailexc2.senate.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 6-FEB-1997 15:26:00.00

SUBJECT: President's Budget Highlights

TO: Barbara Chow (Barbara Chow@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
Highlights

In his 1998 budget, President Clinton has proposed a balanced approach to lead this Nation into the 21st century. The budget is balanced not only fiscally _ it will lead to a surplus in 5 years _ but also in terms of policy. Even as the President looks to the future with bold proposals to improve the Nation's educational system, he seeks to ensure that those Americans whose hard work and sacrifice have brought us to this juncture are not forgotten.

The President's proposals represent a carefully measured approach to eliminating the deficit. Savings are split almost equally between discretionary reductions and entitlement changes. Even in areas like Medicare, where any proposed change may be considered controversial, the President has suggested workable reforms that are designed to protect the benefits for which so many Americans have worked so hard. Within the extremely tight limits on discretionary spending, the budget reflects the priorities of a Nation preparing itself for the new economy of the next millennium.

The 1998 budget delivers on the President's promise to put our fiscal house in order by ensuring, for the first time in two decades, that the Federal Government will take in more money than it spends. At the same time, the budget looks to a promising future of even greater economic growth and prosperity _ a future that can be achieved only by ensuring that the next generation of Americans is ready to meet the challenges it faces.

The President's 1998 Budget

(In billions of dollars) 1997 1998 1999 2000 2001

2002

Current services deficits		128	120	140	128
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	109	101			
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Proposals	-2	+1	-23	-41	-72
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	-118				
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Policy deficits/surplus(-)	126	121	117	87	
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	36	-17			
--	----	-----	--	--	--

% of GDP	1.6%	1.5%	1.4%	1.0%	0.4%	-0.2%
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Fiscal Balance in 2002

Completing the job. The deficit has declined for 4 straight years, from \$290 billion in 1992 to \$107 billion in 1996. As a percentage of the economy, the budget deficit is now at 1.4 percent, the lowest level since 1979, and the lowest of any major

industrialized nation. The 1998 budget completes the job with credible savings proposals that close the gap between spending and revenues in 2002.

Sustained economic growth. The budget builds on President Clinton's strong economic record. Since 1993, more than 11 million new jobs have been created, and the current unemployment rate stands at 5.3 percent. OMB, CBO, and private-sector economists all foresee a slowdown in growth to a more sustainable pace after real GDP rose a strong 3.4 percent in 1996. On the whole, CBO's economic projections are somewhat more pessimistic than OMB's, leading them to predict worse future budget deficits. In the past 4 years, however, OMB's forecasting record for both the economy and the deficit have been superior to CBO's, even while actual growth and deficits have been better than either agency's projections.

Economic assumptions. If OMB assumptions prove overly optimistic, expedited congressional procedures call for additional cuts to keep the deficit on a path to balance. As a fall back, a set of automatic triggers cut spending across-the-board and sunset most tax cuts. Savings are split evenly among taxes, entitlements, and discretionary spending.

Balanced Priorities

The budget limits discretionary spending, reforms entitlement programs, and eliminates unwarranted corporate benefits _ reducing the deficit by \$351 billion over 5 years. These savings are offset by targeted tax cuts of \$98 billion over the same period. Gross savings are lower than previous plans for at least two reasons.

The time frame for balance has been compressed from 6 years to 5.

In addition, recent improvement in the economic and budget outlook reduced the cumulative savings required to achieve balance from previous levels.

Discretionary. Discretionary proposals save \$137 billion in outlays by reducing the projected growth below the inflated baseline. The budget does provide small increases over a hard freeze for both defense (\$68 billion) and non-defense (\$122 billion). Greatest investments in the non-defense category are for education, training and law enforcement. Force readiness is the top defense priority.

Education and Training. Education is the number one priority in the President's budget. To pay for his national crusade to improve education and provide for lifelong learning, the President's budget includes \$46.4 billion in discretionary budget authority for education and training. His proposal is \$8.9 billion over that allocated in last year's budget resolution and an increase of \$4 billion over the 1997 appropriated level. Head Start, Goals 2000, Education Technology, Pell Grants, and Job Corps are but a few of the programs included in this function category that receive significant budget increases in the President's plan.

Protecting the Environment. The President's budget places a priority on protecting the environment by increasing funds for several Environmental Protection Agency (EPA) programs and natural

resources initiatives. The President follows through on his pledge to offer a balanced budget plan that protects the environment by recommending an increase of \$3.1 billion, up 12 percent relative to last year, for various programs, highlighted by an increase of \$846 million for the EPA. The President's budget increases funding for the EPA's operating program _ the backbone of EPA's efforts to ensure the enforcement of current environmental laws _ and the Superfund program that will serve to speed up the pace of cleanup of toxic waste sites. Also included in the request is \$87 million for the brownfields program, an increase of \$51 million.

Crime. The President's budget extends the commitment to cut crime, curb illegal drugs, and secure the Nation's borders, providing \$1.1 billion more resources than last year. With overall crime rates dropping for the last 5 years, the Administration proposes to target resources to combat juvenile crime and illegal immigration. To this end, the budget continues funding to put 100,000 police officers on the street, increases State grants for prison construction and the Violence against Women initiative, presents new anti-drug abuse programs, and deploys more resources along the Nation's southern border to disrupt the drug trade and illegal immigration.

Military Spending. The President proposes \$266 billion for defense-related programs, an increase of \$2.9 billion from last year's level, and assumes enactment of requested rescissions and

Major Proposals in the President's Budget

(In billions of dollars) 1998 1999 2000 2001 2002

5-yr

CURRENT SERVICES DEFICITS 120 140 128 109

101 ---

Discretionary changes 1/ -6 -18 -23 -41

-50 -137

Defense -5 -15 -14 -22 -23 -80

Nondefense -1 -3 -8 -19 -27

-58

Entitlement changes +(*) -6 -19 -33

-64 -121

Medicare -4 -11 -22 -28 -35

-100

Medicaid (net) 1 +(*) -1 -4 -6

-9

Health insurance initiatives 3 3 3

4 1 14

Welfare reform (excluding Medicaid) 3 3

4 3 3 16

Spectrum proposals -2 -2 -4 -6

-22 -36

Student loans -1 -(*) -(*) -(*) -1

-3

School construction 1 1 1 1

--- 5

Improve third grade literacy 0 +(*) +(*)

+(*) +(*) 1

Other mandatory -1 -1 -(*) -1 -4

-9

Revenue proposals 7 1 4 6 5

22

Tax relief 18 16 20 22 23

98

Unwarranted benefits -4 -6 -7 -8

-9 -34

Other provisions -7 -9 -9 -9

-9 -42

Total programmatic changes 1 -22 -38 -68

-109 -236

Debt service -(*) -1 -2 -5 -9

-16

Total, proposals 1 -23 -41 -72 -118

-252

RESULTING DEFICIT/SURPLUS 121 117 87 36

-17 ---

1/ Savings from uncapped baseline. Total discretionary cuts
from capped baseline are \$96 billion over 5 years.

supplementals. Over the next 5 years, the Administration proposes

to increase defense spending by \$68 billion from a discretionary freeze at 1997 enacted levels. The President's 1998 budget request provides defense with \$6.5 billion more in 1998 and \$19.2 billion more in 1998-2002 than was projected for these time periods in last year's budget submission. The Administration's defense request continues to emphasize readiness and quality of life for U.S. soldiers. The budget provides robust funding of \$93.7 billion for operation and maintenance and gives military personnel a pay raise of 2.8 percent in 1998 and 3.0 percent thereafter. The President's defense procurement request is \$42.6 billion, a \$1.5 billion decline from last year's level. Over the next 5 years, procurement spending would rise by 47 percent in real terms, hitting the Joint Chief's \$60 billion goal in 2001 and \$68 billion in 2002. These increases would accommodate the purchase of new weapons systems coming on line at the turn of the century.

Foreign Policy and Diplomacy Spending. The President proposes \$19.5 billion in support of the Nation's foreign policy and diplomatic efforts, which is \$1.2 billion more than last year's enacted level. This increase allows the United States to clear arrearages and pays our assessed contributions to the United Nations, and provides stepped-up assistance of \$900 million to the fragile democracies of the New Independent States. To avert future monetary or currency crises, the budget also includes a request for an additional \$3.5 billion in budget authority only (no outlays) for the New Arrangements to Borrow. The budget continues to provide robust funding of \$5.7 billion to support the

Middle East peace process.

Medicare. The 1998 budget preserves and modernizes Medicare _ saving \$100 billion over 5 years and extending the solvency of the Hospital Insurance Trust Fund into 2007. The package gives beneficiaries more choices among private health plans, makes Medicare more efficient and responsive to beneficiary needs, and reduces the growth rate of provider payments without adding new costs to enrollees.

The distribution of 5-year savings concentrates on areas of unsustainable growth. These include reductions in payments to managed care programs (\$34 billion), hospitals (\$33 billion), home health agencies (\$14 billion), physician payments (\$7 billion), skilled nursing facilities (\$7 billion), and other providers (\$2 billion). Measures to reduce fraud and abuse save an additional \$9 billion and new preventative benefits cost \$16 billion over 5 years. The Part-B premium is extended at 25 percent for savings of \$10 billion over 5 years.

Medicaid. The President proposes a number of changes to Medicaid, resulting in \$9 billion in net savings. His plan limits the amount of Federal dollars States can spend through a per-person cap, while continuing to guarantee health and long-term care for the 37 million low-income pregnant women, children, disabled Americans, and elderly who rely on it. In addition, the budget proposals include a restructuring of payments to hospitals that

serve a disproportionate share of low-income patients. States would be granted additional flexibility to simplify administration of the program. These changes result in \$22 billion in gross savings.

The President also proposes to add back \$13 billion to provide additional services under Medicaid _ including States options to increase coverage for children and the disabled. The plan would also restore certain benefits for legal immigrants and their children that were eliminated in last year's welfare reform legislation.

Other Health Initiatives. The budget includes three new policies to extend health coverage to the uninsured: a State grant program to provide health coverage to uninsured children; a demonstration project to provide premium assistance to individuals and families who lose their health insurance when they are between jobs; and grants to States to encourage the creation of voluntary purchasing cooperatives for small businesses. These proposals are projected to cost \$13.7 billion over 5 years. The administration estimates that 5 million additional children _ half of those currently without health insurance _ could receive coverage by the year 2002.

Welfare. In keeping with the promise he made after signing last year's welfare reform legislation, the President includes several initiatives designed to help welfare recipients find work, and

restores some of the benefit cuts in last year's welfare reform bill. The budget provides \$3 billion in new grant money to help States and cities move one million welfare recipients into jobs. The President also proposes to add to the current Work Opportunity Tax Credit (WOTC) to create incentives for businesses to provide new job opportunities for long-term welfare recipients.

In addition to helping low-income people find work by expanding discretionary spending in the areas of transportation, job training, and adult education, the President restores \$16 billion funding for several programs cut in last year's welfare reform bill. Among the proposed restorations: longer food stamp benefits for childless unemployed people, changes to the standard deduction and other allowances, and SSI benefits for the estimated 200,000 legal immigrants who have become disabled after entering the country.

Spectrum. The budget includes \$36.1 billion over 5 years in spectrum auction proposals. Of that amount, \$18.3 billion would be derived from the auction of the analog broadcast spectrum. Also proposed is an expansion of FCC's authority to auction spectrum for personal communication services that would generate \$17.1 billion in revenue, and a new generation of toll-free "888" vanity telephone numbers estimated to yield \$700 million over 5 years.

Student Loan Program Reforms. While affirming the right of schools to choose between the Federal Family Education Loan (FFEL)

Program and the Direct Student Loan Program, the budget proposes net savings of \$3.47 billion. To reduce student borrowing costs by \$1.4 billion, the budget would cut origination fees for both programs. The plan would also extend the flexible repayment and consolidation options available to Direct Loans borrowers to FFEL borrowers, thus continuing efforts to provide similar terms. The President would derive \$4.5 billion in savings by requiring the guarantee agency and lender system to be performance-based, thus maximizing incentives to reduce student defaults. About \$2.5 billion of these savings come from the proposed recall of guarantee agency reserves.

School Construction. To stimulate State and local efforts to renovate and construct new school facilities, the President requests \$5 billion in 1998. This new program will address the need to correct safety problems, modernize schools to use technology, create more space for growing enrollment, make schools accessible to the disabled, and install energy efficient climate control systems. The administration hopes to use this \$5 billion to leverage more than \$20 billion in actual repairs and construction by subsidizing school construction bonds and other local financing mechanisms.

America Reads. Recognizing literacy as the foundation for academic achievement, the President has issued a challenge to the Nation that all children read well by the end of third grade. Two parts of this \$1.2 billion proposal are to be funded with new

mandatory spending: America's Reading Corps designed to create reading specialists to train and supervise one million tutors who would provide youngsters help, and Parents as First Teachers a program that would provide training to parents through local community and national groups.

Middle Class tax relief. The centerpiece of the President's tax proposals is the \$87 billion Middle Class Bill of Rights which, as it did last year, contains three key proposals: a \$500 credit for children under 13, the HOPE Scholarship tax credit and other education and training tax incentives, and expanded access to Individual Retirement Accounts (IRAs). Other significant proposals in this category include: a welfare-to-work credit, a \$500,000 capital gains exclusion on home sales, a package of tax incentives for investment in distressed communities, and targeted estate tax relief for small businesses.

Eliminating unwarranted benefits and tax loopholes. The budget plan includes a variety of proposals to modify or eliminate various tax breaks. Most of these items were included in last year's budget. Among the major items: various limits on the use of the dividends received deduction (DRD), requiring the use of average-cost basis for stocks and securities, modification of the loss carryback and carryforward rules, replacement of the sales source rules with activity-based rules, and changes in the allowable inventory accounting practices. Unlike his previous year's proposal, the President declined to specify effective dates

for these measures. Instead, he suggested that the effective date

be the date===== ATTACHMENT 1 =====
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