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CREATOR: Darby E. Stott (Darby E. Stott@EOP@LNGTWY@LNGTWY [UNKNOWN])

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SUBJECT: Resend: Embargoed Radio Address

TO: Lorraine L. Wytkind (Lorraine L. Wytkind@eop [UNKNOWN])

READ:UNKNOWN

TO: Michael J. Sullivan (Michael J. Sullivan@EOP [UNKNOWN])

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TEXT:

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THE WHITE HOUSE

Office of the Press Secretary

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Until 10:06 A.M. EDT

Saturday, May 31, 1997

RADIO ADDRESS

BY THE PRESIDENT

TO THE NATION

The Map Room

THE PRESIDENT: Good morning. I've just returned from Europe where I commemorated the 50th Anniversary of the Marshall Plan, which joined America's investment to Europe's commitment to rebuild, and in so doing, helped to spark 50 years of prosperity, not only for Europe, but for America as well.

I also had the opportunity to discuss with leaders of Europe the present success of our economy and what we can do together to promote prosperity in the new democracies of Central and Eastern Europe in ways that will ensure their prosperity and ours for the next 50 years.

This morning I want to talk with you about the new economic policy we brought to America for the last four and a half years and how our balanced budget and tax cut plans can help in creating jobs, raising incomes, strengthening business and moving America forward in the years to come.

Recall for a moment what America's economy looked like four years ago: high unemployment, few new jobs, stagnant wages, exploding budget deficits. I took office determined to replace trickle-down economics with invest-and-grow economics. There were three principal elements to our strategy: Reduce

the
budget deficit, and invest in the education, training and security of
working
men and women and our children, and open new markets for American-made
goods
and services through tough trade agreements.

I believe all three were necessary to create the conditions for private
sector
prosperity and to ensure that all our people have the opportunity to reap
the
rewards of growth. We made tough, often controversial, decisions in 1993
and
afterward to implement our new invest-and-grow economic policy. Some fine
members of Congress lost their seats because they had the courage to
change
course and vote for the future.

But just look at the results. Today our confidence has returned and our
economy leads the world. In 1992, the deficit was \$290 billion. Today,
we
expect it to drop to \$67 billion, a 77 percent reduction. In 1992,
unemployment averaged 7.5 percent. Today, it's 4.9 percent -- the lowest
in 24
years.

In 1992 there were few new jobs. Since then, the economy has produced

12.1

million of them, including the most ever in a single presidential term.

And

while the years before our plan took effect saw sluggish growth, yesterday

we

learned that in the first quarter of this year the economy grew at a 5.8

percent rate -- the highest in a decade. Inflation is at a 30-year low;

business investment, a 30-year high. Each year we've had a record number

of

new businesses started. Wages are rising. In the last two years, over

half

the new jobs have paid higher than average wages, and inequality among

working

people has seen the biggest drop since the 1960s. Our economy is the

healthiest in a generation.

All this didn't just happen. We've had better-managed, more-competitive

businesses, more-productive working people; the entrepreneurial spirit of

small

business; a Federal Reserve committed both to low inflation and to

economic

growth; and continued advances in technology.

Americans' hard work and high energy, smart decisions and tough choices,

and

our invest-and-grow strategy -- all these have worked together to produce

this

success.

Now in the coming months, America will have to decide whether to stick with this strategy. Will we continue to engage the world economy by continuing to give normal trading status to China? Will Congress give the President the tools necessary to open new markets abroad for American products through tough new trade agreements? And, above all, will we finish the job of balancing the budget while protecting our values?

Earlier this month I reached agreement with the leaders of Congress on a bipartisan balanced budget plan that will continue our economic strategy into the next century. This is a balanced budget plan that also is in balance with our values. It will eliminate the budget deficit by 2002, honor our parents by securing the Medicare Trust Fund for a decade, preserve our environment through strong enforcement in the cleanup of 500 toxic waste sites, and protect the next generation by extending health insurance coverage to as many as 5 million uninsured children. And, most important of all, it will invest in the

skills
of our people through the most significant increase in higher education
since
the G.I. Bill half a century ago, the expansion of Head Start and an
investment
in higher national academic standards for our children.

Both Houses of Congress moved forward on this budget before they left
town for
the Memorial Day recess. I was pleased that a strong majority of both
parties
supported this bipartisan plan. When Congress gets back to work, it's
time to
finish the job of enacting the broad outlines of the budget plan. Then in
the
weeks to come, Congress will fill in the details and begin writing this
budget
and its tax cut into law. I want a tax cut that helps families raise
their
children and send them to college, and keeps the economy growing. That's
my
goal.

I look forward to continuing to work together with the Republican and
Democratic members of the tax writing committees in Congress to meet this
goal
as we write the details of the tax cut into law. As that process begins,

I
want to tell you three of the things this final tax cut plan should
include:

First, with education our most important goal, our tax cut must help open
the
doors of college to every American. Our bipartisan budget plan includes
\$35

billion in tax relief, targeted to help families pay for higher
education. Our

HOPE Scholarship is a \$1,500 per year tax cut to help pay for the first
two

years of college and open them to all Americans. I will also recommend
that

students who already receive Pell Grant Scholarships can still receive the
HOPE

Scholarship for education costs beyond those covered by their Pell Grant.

With

this step, we'll make sure that our tax cut reaches all those who want to
take

responsibility for their own lives and go on to college. Beyond that, I
favor

a tax deduction for the cost of any education after high school for people
of
any age.

Second, as many families as possible should have a chance to receive the
dividend created by economic growth. Our plan will give families a \$500

child

tax credit. This is the kind of tax relief we need -- targeted to helping families raise their children and meeting the competing demands of work and

family. As we craft this tax cut, I believe it's especially important that we make sure

that the child tax credit is fair to working families -- especially those with lower incomes.

Third, the tax cuts must be consistent with a balanced budget and must not be written in such a way that they reopen the deficit and bust the budget in years to come. This was absolutely key when we reached a budget agreement, and I

will continue to insist on it as we write the agreement into law. Fiscal responsibility helped to produce a strong economy. Fiscal irresponsibility

will surely undo it. We cannot put our prosperity at risk through time bomb

tax cuts that explode the deficit in five or 10 or 20 years. We must continue

with discipline. We tried it the other way before and it failed.

We are now nearly five years into our economic strategy of invest and grow, and it is working -- well beyond our most optimistic expectations. We have now an historic chance to continue this growth and give the American people the dividends of expansion through a tax cut. We can protect our values as we expand our economy. The American people deserve a tax cut and they need a balanced budget. We can give them both. If we make sure that this tax cut helps all working families, that it opens wide the doors of college, and that it never, never throws the budget out of balance, we can propel our country into the 21st century even stronger than it is today.

Thanks for list

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: opcenter (opcenter@usia.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:30-MAY-1997 15:52:00.00

SUBJECT: Gore on the economy

TO: susan e. walitsky (susan e. walitsky@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

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

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RFC-822-headers:

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id <01IJHKQV6D34006KAM@PMDf.EOP.GOV> for "susan e. walitsky"@oa.eop.gov; Fri,

30 May 1997 16:57:31 -0500 (EST)

Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDf V5.0-4 #6879)
id <01IJHKQROPK0006X19@PMDf.EOP.GOV> for susan_e._walitsky@oa.eop.gov; Fri,

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

===== ATTACHMENT 2 =====
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REMARKS BY VICE PRESIDENT AL GORE, TREASURY SECRETARY ROBERT
RUBIN,

AND OTHER CLINTON ADMINISTRATION ECONOMIC ADVISERS

THE WHITE HOUSE

WASHINGTON, DC

2:09 P.M. EDT

FRIDAY, MAY 30, 1997

.STX

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THIS IS A RUSH TRANSCRIPT.

STAFF (?): All rise. (Laughter.)

VICE PRESIDENT GORE: I heard that. Evidently, no one else did. (Laughter
)

We have got the whole team here for you today. Thank you very much.

I am going to lead off with some opening remarks and an announcement of so
me new figures.

And then I am going to turn it over to Secretary Bob Rubin. H
e in turn will hand it off to Frank

Raines, the director of Office of Managemen
t and Budget. Then you'll hear from Gene Sperling, who heads, of course, the Na
tional Economic Council, and then Janet Yellen will be our cleanup
hitter, the
chairman of the Council of Economic Advisers.

Four years ago, Bill Clinton and I inherited an economy that was sluggish,
weak and drained
of hope. We had been experiencing what some economists calle
d a triple-dip recession. Every
time private businesses felt there was some ne

w strength in the economy and had the urge to expand or hire new employees, the y went out to borrow money and ran headlong into the very heavy government borrowings necessitated by the record high deficits, and that pushed interest rates up. And then the recovery sputtered out, and the economy slipped back into recession.

Unemployment was very high all across the nation. The private sector was hardly generating any new jobs, at all. Wages were flat, for most Americans, in real terms and were dropping for many. And of course, as I mentioned, the federal budget deficit had climbed to record levels, \$290 billion per year, the highest in American history, and was headed even higher. The projections for the years to come were just unbelievably high.

Well, the president-elect, at that time, and I met with the economic team in Little Rock and went through the process of analyzing exactly what was wrong and exactly what the right solutions were.

The plan that we came up with wasn't very popular. It broke with the past. It upset the status quo. It shredded the orthodoxies of the Industrial Age and substituted the new realities of the Information Age.

Our plan combined three ingredients never before tried in collaboration: number one, really reducing the deficit, not just talking about it, but really reducing it steadily; second, investing in our people; and third, aggressively opening new markets for American goods.

Well, today we've received further evidence that this new strategy has been a rousing success. This morning the Commerce Department reported that in the first three months of 1997, the American economy grew at a rate of 5.8 percent, without generating inflationary pressures. This is really extraordinary -- the fastest rate of growth since 1987.

This 5 percent -- 5.8 percent growth rate is even higher than our economists originally calculated. And it comes on the heels of the news earlier this week that consumer confidence has just risen to a 28-year high.

The good news just won't quit: The American economy has now generated 12.1 million new jobs in the last four years, record numbers of new businesses, more new small businesses created in each of the last four years than in any other year in the history of America. Income's now climbing at every wage level, the gap between rich and poor closing up after widening for so many years. Low inflation and, as you can see, an unemployment rate that has fallen all the way down to 4.9 percent.

These facts and figures tell a story of an historic success in turning around the American economy and moving it in the right direction. This unemployment rate is the lowest it has been in 24 years.

So the evidence is in. The American economy is now the healthiest it has been in -- in a generation. America today has a Tiger Woods economy, breaking new records every week and showing strong potential for the future.

I knew you would like that -- (laughter) -- that phrase. We had a little debate about that one.
(Laughter.)

Today's numbers are also further proof that the economic strategy President Clinton and I put into effect four years ago is working extremely well.

That's also why we can't turn back. We must continue on this steady prosperous course by reducing the deficit, investing in education, the environment, and technology, and by seizing the benefits of open, free, and fair reciprocal trade.

We've already reduced the budget deficit by 77 percent. As a portion of the economy, America now has the lowest deficit of any industrial nation in the entire world. Now we're going to finish that job. Our bipartisan balanced budget plan will bring the deficit to zero by the year 2002 and eliminate the deficit altogether, all the while continuing to increase investments in our priority areas.

Our plan balances the budget while continuing investments in those areas that continue to fuel economic growth. Our budget includes the largest federal

investment in education in a generation. It invests in environmental protection . And it invests in science and technology to preserve America's innovative edge.

Last week Congress left for its Memorial Day holiday before completing action on the budget.

On behalf of the president, I want to call on Congress to keep growth alive and pass our balanced budget plan when members return to Washington. We have an historic opportunity to keep America's new prosperity on track. Now is not the time to even consider abandoning an economic strategy that has plainly worked wonders for the American people.

Now I want to turn it over to the secretary of the Treasury. And we have some other charts for you, too, so stay tuned. (Light laughter.)

SEC. RUBIN: Thank you, Mr. Vice President.

You get a very similar perspective when you look at this economy from abroad. In the last two months I've been at meetings with finance ministers from the G-7, from the 18 nations of the APEC organization. And the refrain is the same in all of these organizations; five, six, seven years ago, we were viewed as yesterday's economy.

Today, we are once again viewed, without question, as the world's outstanding economy and the world's economic leader.

Moreover, when you speak to the finance ministers at these meetings, while they will say that there are many factors that contributed to our economic success, it is virtually a universal view in these organizations, amongst these people, that the key and indispensable factor was the deficit-reduction program of 1993. And my own view is that, without questions, when the economic history of this era is written, that '93 deficit-reduction program, and the follow-through each year, will be viewed of historic importance in terms of reestablishing fiscal discipline in this country.

As the vice president mentioned, the federal debt quadrupled in the four years from 1980 (sic) to 1992. And I remember very well, when I was last in the private sector, there was enormous

skepticism about whether our political system would ever deal effectively with the deficit. And in fact, President Clinton and the vice president came and implemented the plan the vice president discussed, and the results are the ones that you all know; the deficit down something over 70 percent now.

I think the key going forward is to continue with exactly the same strategy we have been on for the last four and a half years. And the logical conclusion of the return to fiscal responsibility is to go to a balanced budget; and then, within that context, to invest in the areas, like education, that are critical to future productivity and to continue with our program of opening markets.

And with that, let me introduce the director of Office of Management and Budget, Frank Raines.

FRANKLIN RAINES (Director, Office of Management and Budget): Well, as the vice president clearly stated, reducing the deficits has been a key component to the president's economic strategy. It was one of the first things he took to when he took office. And when he took office, we faced an enormous deficit, hitting a record of \$290 billion. The deficit was clearly out of control. But the president worked with Congress to enact his 1993 economic program of lower deficits and more investment.

I wasn't here in 1993, but I did a little research and discovered that, at that time, everyone, both supporters and opponents, argued that this plan would have a dramatic effect on the economy. And as you will recall, the opponents said that it wouldn't work, that the deficits would rise rather than fall, that the economy would fall into recession, and that jobs would be lost. Well, the results are in. The vice president gave you the results on the economics, and others will elaborate on that.

But let me simply say a word about the falling deficit. It fell from \$290 billion in 1992 to \$107 billion last year, and to an estimated \$67 billion this year, a 77-percent drop in just five years.

And the results are even more impressive when you look over the course of 1993 to 2002, a period that covers the budget agreement recently reached. Over that period, we will have reduced the accumulated budget deficit by \$2.8 trillion. What that means is but for the program the president instituted in 1993, where for the first time we actually brought deficits down, as opposed to simply keeping them from taking off, but brought deficits down, heading to zero -- but for that program, the outstanding federal debt in 2002 would be about 40 percent higher than it will be with his program.

And that was achieved in two ways.

On the spending side, we'll have reduced spending by \$1.7 trillion over the 10-year period. And we have reduced spending from 21.8 percent of GDP down to 19.1 percent.

On the revenue side, we'll have brought in \$1.1 trillion more revenue than if the president's program had not been enacted, so that revenue would rise from 17.8 percent to 19.1 percent of GDP.

The lower spending and greater revenue is a result both of policy changes and of the strong economy that was spurred by those policy changes. One goes hand in hand with the other.

Also, this program and -- together -- including the bipartisan agreement, is an important down payment on dealing with the long-term demographic deficit that we still face. And that's why it's so important that we finish the job and enact the balanced budget agreement that the president has reached with Congress. And we all look forward to working with Congress to get that job done.

Now let me introduce Gene Sperling, who's the director of the National Economic Council.

GENE SPERLING (assistant to the president/director, National Economic Council): That was a much more bland introduction than Frank was promising outside -- (scattered laughter) -- and I thank him for saving those jokes for internal matters. (Scattered laughter.)

Obviously, when we -- back in 1992 -- (laughs) -- (laughter) -- in 1992, we were -- had faced a few years of very, very slow job growth. There was only 1.4 million private-sector jobs created

during that period. And in fact, if you look from about January '91 until January '93, the number in jobs in the economy had just gone from 108.8 million to 109.5 (million) -- only about 700,000 of growth in a two-year period.

Since then, it has gone to 121.6 (million), which is a 12.1-million job growth over a period of time that's just a little over four years.

In fact, President Clinton was the first president to have over 11 million jobs created in a single presidential term. Even if you account for the size of the economy and population, you still had average annual job growth of 2.5 (million), which compared to 0.05 (million) under President Bush and 2.0 (million) under President Reagan. So under any measure, the job growth that we have had over the last four years surpasses, by a significant amount, the job growth during the Reagan administration. It is also interesting to note how much of this has taken place in the private sector. Of this growth, 11.2 million of the

12.1 million -- 93 percent -- of the job creation was in the private sector, which is historic in its percentage. It's also worth going back to '92, as to what we thought -- and people thought about the future of certain industries. Construction had lost 667,000 jobs during the Bush administration. It had gone down from 5.2 million to 4.5 million. We have gone from losing 667,000 jobs to creating over 1 million -- 1.054 million -- construction jobs.

Too, as somebody being from Michigan, I don't think people ever thought automotive jobs were going to be on the way back up. There have been 35,000 auto-related jobs lost in the Bush administration. They have gone up exactly 100,000 under President Clinton; a 100,000 job growth in the auto industry, from 848,000 to 948,000.

And manufacturing jobs, which had been on a constant downward slide, a full 1.3 million lost between 1989 and 1992, are up 193,000 under the Clinton administration.

The same can be seen in repeated other industries.

So I think that the goal that we have had was, hopefully, in bringing down the deficit and investing in people, we would lay a foundation for the private sector to have solid job growth, which we hoped would be 8 million over four years. It's obviously been significantly better than that.

I think one of the most remarkable things about this period, though, has been the consistency of economic indicators -- and while we're just going through a couple of charts here, I encourage you to look through pack, and particularly the last couple of pages, which go through from business investment to homeownership to the stock doubling to inflation -- that this really has been a rather historic period across the board.

And there's no better person to go in more detail in that than my colleague and chairman of the Council of Economic Advisors Janet Yellen.

JANET YELLEN (chair, Council of Economic Advisors): Thanks.

Well, as the vice president noted in his opening remarks, this morning's announcement that real GDP in the first quarter of this year grew at an unrevised 5.8 percent rate, it really confirms that our economy is enjoying a period of remarkably strong economic growth.

Just as in the advanced estimate, first quarter-growth was accounted for by large increases in consumption, in exports, in business investment, and also inventory building.

Now the first quarter was very special. We don't see growth rates at a 5.8 percent annual rate very often. In fact, we haven't seen growth this strong for over a decade.

Now growth rates do fluctuate from quarter to quarter, so it's important to step back and, I think, to look at the economy over a longer horizon. Over the last four quarters, the economy has grown 4.1 percent. And over yet a longer horizon, the last four years, our economy has grown at a 2.9 percent annual rate. I think it's particularly heartening to note that it's been private and not public demand that's been the engine of the expansion. The private component of demand has been growing about 3-1/2 percent annually. And investment spending has been particularly strong. That's grown at an 8 percent annual rate over

r the last four years. And I'd simply emphasize that the reduction in the federal deficit has made that possible. It's fostered this investment by releasing the private savings that are needed to fuel that investment boom.

I think that by expanding industrial capacity, this investment is relieving potential bottlenecks to economic growth as we go forward. And most important, we can look forward to the productivity payoff of all of that investment for many years and decades to come, as our children enter work places that are well-equipped to enable them to be most productive on the job.

As I read it, all the available evidence suggests that our economy is now on a sustainable trajectory for continued job creation and solid growth in output. The main symptom of economic overheating, if it were occurring, would be rising inflation, and we simply have not seen that. Today's report showed that the price index for gross domestic purchases increased at only a 2.2-percent annual rate in the first quarter, and that's nearly the slowest increase since the early 1980s.

Over the last 12 months, the rate of CPI inflation has declined to 2-1/2 percent. That's down from the pace in the preceding 12 months, and it's down even more from the pace in the 12 months before that. And in addition to low inflation, unemployment is 4.9 percent, a 24-year low. I will confess to you that I never really expected to again see, in my own lifetime, an unemployment rate beginning with a four as the first digit. The combined readings on inflation and unemployment, the so-called misery index, is now at the lowest level since the late 1960s.

So I conclude by saying that, with a falling deficit, low and stable inflation, lean inventories and strong growth, this expansion remains on a very solid footing.

Q Secretary Rubin, where is personal income now? Is it up, down, flat or --

SEC. RUBIN: Why doesn't Janet Yellen -- (inaudible). (Laughter.)

MS. YELLEN: I --

SEC. RUBIN: You're not talking about my personal income? (Laughter, cross

talk.)

Q How high?

Q (Inaudible) -- be a little flat. (Laughter.)

SEC. RUBIN: (Laughs.)

MS. YELLEN: I don't have a statistic right at hand. But personal income has been growing.

Personal income, personal disposable income, has been growing strongly over the last year in line with GDP growth.

Q Do you expect it to continue that way? Or do you expect it to level out at some point or even drop?

MS. YELLEN: I certainly have no reason to believe that it will either level out or drop. I think we'll have continued economic growth, maybe not up to the pace in the first quarter, which was really exceptional, but we should expect solid growth and growth in personal income going forward.

Q Dr. Yellen, do you have any concerns about consumer spending? Because consumer spending was very strong in the first quarter, and it's ebbed fairly substantially in the second quarter. And most economists think that's going to bring the growth rate down to 2 percent, which isn't bad. But I am just wondering, if that's the engine of growth, what your concern is there.

MS. YELLEN: Well, my expectation is that consumption spending will moderate as we go forward toward a somewhat lower pace than we saw in the first quarter. The first quarter, as I mentioned earlier, was really very exceptional. I wouldn't forecast continued growth at anything as high as the 5.8 percent rate. But certainly, I expect to see strong consumption growth, and investment growth should continue to be a driving force of this expansion.

Q Secretary Rubin, how would you react to the people who are saying now: "Yeah, there is inflation in the economy. It's in the stock market"?

SEC. RUBIN: I don't know what that means. (Laughs.) I mean, the people who are saying the stock market is --

Q (Off mike) -- excessively (valued ?) --

SEC. RUBIN: Well, actually, not all that's -- I don't -- stock prices are up, as you correctly say.

Without commenting on levels of the stock market, which I never choose to do, my own view is that, over long periods of time, markets tend to reflect fundamentals, and fundamentals have been very good. Now whether the market -- and then you have to ask the question, "What is the valuation of the market relative to fundamentals and your outlook for fundamentals?" and that's a question every investor has to answer for themselves.

But I don't think -- at least in my view -- is I don't see how that relates to the question of price inflation, particularly.

Q (But isn't there ?) an excessive liquidity factor? I mean, the extra money in the economy, you know, ending up there?

SEC. RUBIN: Well, you know, Janet can answer better than I. It may be that the strong stock market, having given people a larger net worth, may have had some effect on consumption patterns. That's a possibility.

Why don't you come over here, Janet? (Laughter.)

MS. YELLEN: Well, you know, again, what Secretary -- I -- (cross talk) -- again, like Secretary Rubin, I don't like to comment on the appropriateness of stock prices. But I would point out that, in this morning's GDP release, corporate profits were up \$30 billion, at an annual rate. Corporate profits are now up to 9.1 percent, which is at the highest in many, many years, as a fraction of GDP. And that may be one reason that participants in the stock market feel good about the prospects.

SEC. RUBIN: But I -- could I just make one more comment? -- I think if your question is, "Does the stock-market level create a concern about inflation" -- more generally?

Q Well, no. As I understand the comment, it wasn't my phrasing -- it was somebody else's -- but if you look at the sort of asset inflation, of where there may be excess liquidity as of money supply in the economy, you're looking

g at it in the market, the stock market.

SEC. RUBIN: Well, if that's a question (or a ?) comment on the market, then I'd stick to where I was before, without commenting on it. (Laughs.)

Q Okay.

I Secretary Rubin --

Q (Inaudible) -- since you're up there --

SEC. RUBIN: Yeah?

Q -- can ask you how you are doing on your tax proposals to go the Hill, and if they are about ready? If so, could you share some of that with us?

SEC. RUBIN: Well, we have a framework, as you know, in the budget agreement -- I think it's a very good framework -- we have tax cuts that are affordable -- the \$85 billion and the 250 (billion dollars) is the net. We have an explicit commitment not to have explosions so that the tax cuts in outer years -- which the president feels very, very, very strongly about; we have commitment to the roughly \$35 billion of tax cuts, in the education area, to implement the president's education program.

Beyond that, we have begun the meeting with members. And although they have been away for the -- you know, for this one-week recess -- but we have begun meeting with members; we have begun meeting with the staffs. And we're working on the various components of a tax bill.

We have a tax -- we have, of course, a full tax program that we submitted with our budget, and we're now working with the committees to reach -- well, to work toward a tax program that's good for the American people, in the context of what I think is a very good framework.

Q Are we going to see any surprises in this proposal?

SEC. RUBIN: In which proposal? In ours?

Q Your tax proposal, yes -- (off mike) --

SEC. RUBIN: Well, why don't we wait as we go along?

The president will be discussing this in part tomorrow in his radio address, and so you'll see some comments from him on what he thinks this tax program

ought to look like.

Q Let me ask specifically about the education tax credits and the discussions about that --

SEC. RUBIN: Your question is, can you ask about it? (Laughter.)

Q I'd like to, if I may. (Cross talk.)

SEC. RUBIN: (Laughs.) Under the First Amendment, I think the answer to that question, Clay, is yes.

Q I'm gratified.

SEC. RUBIN: (Laughs.)

(Cross talk.)

Q The Republicans, as you know, are looking for -- looking at options that would devote perhaps a large share of the 35 billion (dollars) that's been set aside for education in the budget deal for some kind of either education savings accounts or expanding individual retirement accounts so that they could be used to help people save for education. And that's a principle that the administration itself has embraced from time to time. I wonder if you could comment a little bit about the level to which that would be acceptable to the president and why education savings accounts or helping people to set money aside in -- for prepaid state tuition programs -- the approaches that are favored by the Republicans -- are less desirable than the Hope scholarship credit that the president has been --

SEC. RUBIN: Clay, I think as we have begun our work with the committees -- and it's been more with the staffs than the members because of the recess -- the view that we have taken and have been discussing with -- discussing is the view in the context of the budget agreement, which is a commitment to -- basically, to 30 -- roughly \$35 billion to implement -- as I said a moment ago, to implement the president's tax program. That tax program is based on the notion that families that have people involved in post-secondary school education are very often the most hard-pressed people in our economy and that they should receive the benefit of a tax cut. And that's a principle the president feels very strongly about. It's encompassed in the budget

agreement. And that's what we're working to accomplish.

I think I would disagree a little bit with your comment on -- there are all sorts of opinions as to what people want to have in this, but I think there is a widespread recognition of a commitment to the president's program, and that's what we're working to implement.

In terms of Kids Save or these other kinds of programs, I think that they have -- I think there are some very interesting ideas there. But I think if we're going to have those programs, they need to be outside of that 30 -- roughly \$35 billion component, which is in the budget agreement designated for the president's education program.

Q So the White House view is that those type of proposals should not come out of the \$35 billion which should be set aside --

SEC. RUBIN: That is --

Q -- explicitly for the credit and the deduction as advocated by the president?

SEC. RUBIN: I think the -- as stipulated in the budget agreement. That is correct.

Q Would the president veto a package that had a -- (inaudible) -- other proposal?

SEC. RUBIN: Oh, Clay, I think you're way -- that question lies well into the future. Right now the process is one of working together to get a tax bill that is good for the American people, that the committees, that Congress and the president are happy with.

Q Secretary Rubin?

SEC. RUBIN: Yeah?

Q Excuse me. Are you satisfied with the way exports are behaving? And how do you see the availability of getting fast-track from Congress in the near future?

SEC. RUBIN: (Laughs.) Well, we have -- exports have been a driving force in the economy, over the last four and a half years, as you know. And while I think many factors are responsible for that, I don't think there is any question that part of it, clearly, has been the greatly improved competitiveness of the

he American industry. Partly, it has been the lower cost of capital in this country, which I think, in large measure, is a function of the Deficit Reduction Program of '93.

And part of it is the market opening that we have accomplished, through NAFTA, through GATT, from the many trade agreements that we have.

In terms of fast-track (authority); look, I think fast-track is very, very important. We live in a global economy, and there are going to be all kinds of trade agreements; sectoral, regional, bilateral. We are either going to be part of this, or we are going to be on the outside looking in. That's the only question. And fast-track is very important to enable our country to be part of this, rather than to be on the outside looking in.

Q Mr. Secretary, in terms of the markets, that so much of this good economic news counts on, you know, Europe seems to be struggling, right now, in terms of its efforts toward the Eurodollar. I mean, you have got Germany; you've got French elections --

SEC. RUBIN: You are referring to the EMU?

Q -- right. Yeah.

SEC. RUBIN: Yeah.

Q And certainly, that has a major impact on what products are sold from the United States

--

SEC. RUBIN: Well -- you're talking about the question of the EMU now? --

Q Yeah.

SEC. RUBIN: Well, you know, there is a very strong feeling in Europe amongst the people who -- the finance ministers and the political leaders -- that the EMU is good for the long-term economic health and strength of Europe. And obviously, we have a very strong stake in having a strong Europe.

My impression is that there is a very strong commitment on the part of both the political leaders and finance ministers to accomplish this. Obviously, there are challenges they are going to have to meet, as evidenced in the news of the last couple of days -- the last two or three days. But I think that what is good for Europe is, basically, good for us. And if it is their view that an

EMU is good for them -- and, therefore, in my view, at least also good for us -- I think they will continue on the track to try to put that in place on time.

(RESEND WITH CORRECTION TO NAME IDENTIFICATION AND END OF SEND.)

Q Do you expect the Germans to be able to work out their differences?

SEC. RUBIN: I don't have a view on that, I really don't.

Q Mr. Secretary, you said that the president is looking for a tax package that's good for the American people.

SEC. RUBIN: Yup.

Q Is it a litmus test for him when he decides whether or not to sign it that the net distributional effect will be that it benefits the middle class?

SEC. RUBIN: Clearly whatever tax package we have should predominantly benefit the middle class, if that's your question -- middle income people.

Q And do you feel some assurance based on the conversations you've had that --

SEC. RUBIN: Well, you know, just do the arithmetic for a moment. If you have a \$135 billion gross tax package in the first five years, if \$35 billion is the president's tax package, he had a \$47 billion child tax proposal, S.2, the original Senate bill had 109 billion as they then scored it. I don't know where the child tax credit is ultimately going to come out but clearly it's going to be -- I shouldn't say clearly. One would certainly guess it would be something more than 47 and it's going to have be substantially less than 109. Pick any number you want. Pick 60, just to use a number. That means 95 of the 135 is going to be the president's education program plus the child tax credit and that money -- the benefits of that will go predominantly to middle income people.

Q You think capital gains and the estate tax relief is not going to skew on the other end?

SEC. RUBIN: Well in terms of the federal expenditure on tax cuts, far the greater part of it is going to financing tax cuts that benefit predominantly middle income people.

Q Mr. Secretary, what are the prospects that the deficit will come in under the \$67 billion projection?

SEC. RUBIN: Let me ask Frank Raines if he'd like to comment on that.

MR. RAINES: Well, as you know, we've had a remarkable record over the last four years of overestimating the deficit by an average of \$50 billion a year.

If you use that standard, the current estimates in the sub 70 is about our \$50 billion margin of error and so I think that this is a pretty good number. We will have to be monitoring spending over the next few months to see. But I think the major impact that we're likely to see from this level is likely to be on the spending side. So if spending continues to decline, you could see some changes but we don't expect dramatic change in -- from the number that we're at now.

Q Mr. Raines, do you have a view on why you're getting so much more money than expected, where it's coming from?

SEC. RAINES: Yes, it's -- I briefly alluded to that. We are getting it from two sources: one, the impact of the 1993 agreement -- the policy changes that were there are producing about half of the additional revenue. The other half is coming from an economy that's performing far better than anyone expected back in 1993 or, for that matter, as early -- as recently as February.

So it's coming from two things: policy changes related to taxes and from the growth in the economy.

Q In a more specific way, is it capital gains that -- because of what's happened to the stock market even without a cut? Is it corporate profits? Personal incomes? I mean, how does it divide up? Or do you know that yet?

MR. RAINES: Well, we don't know yet. The -- we've done a little work there, and had some indications, but we can't speak authoritatively.

But let me just give you a personal view from the little bit I've seen, and that is that not only

are corporations -- have higher earnings than any period since 1960s -- and since they're taxed at a higher rate, that produces additional revenue -- but also as companies have moved to paying employees, from executives down to factory workers, in lump-sum amounts or through stock, in options, they're -- we're getting more money in on tax day than we generally would, where it's been withheld at a lower rate than the rate that will apply, and so we got large payments in. So it's happening both on the corporate as well as the individual income side.

But this is what you would expect. As -- in an economy where the nation is doing better, there's more income, and the tax code is going to produce more revenue for the government.

(Cross talk.)

Q Dr. Yellen, let me go back to economic -- (off mike). The vice president said that the results are in with the -- this -- the results of the economy since the Clinton administration came into office. You said yourself that the GDP number for the first quarter probably won't be repeated throughout the remainder of the year. Other analysts I've talked to -- they agree with that position. So with GDP moderating for the rest of the year, more analysts say that the stock market is due for a correction -- both of these things could affect the other economic indicators. So are the results really in of the state of the economy?

MS. YELLEN: Well, it's always hard to know exactly what the future holds in store. But while I've said that a 5.8 percent real GDP growth rate is unlikely to be sustained over years, the long-term record has been excellent. We have an economy where unemployment has come down. Remarkably, inflation has remained low -- and even fallen, as I pointed out. Investment is very strong. We've had an investment boom, and there's every reason to believe that that's going to continue. So as I look forward and I think about what are the factors that can bring an economic expansion to an end, I don't see any of the likely factors. They might be such things as rising inflation, which we don't see; inventory overhangs, which we certainly don't see -- any of

the normal factors that could lead to an end of an expansion.

So --

Q Dr. Yellen --

MR. : (To Ms. Yellen.) You might want to mention how that compares to our assumptions in the going forward --

MS. YELLEN: I mean, relative to the assumptions that we have made in putting together the budget, we are seeing essentially the economy really outperform almost everything that we assumed in putting together the budget.

To meet our real-growth forecast for this year, in fact, we would meet it even if there were no further economic growth over the next three quarters.

Q Dr. Yellen, has the GDP growth rate over the last couple of years materially -- or the long-term sustainable growth rate of the economy -- materially increased from where it might have been a couple of years ago? And if so, why?

MS. YELLEN: I think we haven't seen yet decisive evidence of a pickup in the growth rate of potential output. But I, at the same time, would say that a lot of the policies that have been put in place, starting with the reduction in the deficit, which has led to this enormous investment boom, as well as all of the investments that this administration is making in education, in technology, in children's health -- that these are the fundamentals that we need to see an improvement in that long-term growth rate of the economy. And there is definitely going to be a payoff there. We have to be a little bit patient to see it.

When you think about things like Head Start, which are very important to that; well, you know, it takes until a Head Start child enters the labor force in order to see the product that you have produced in the numbers we look at. But we are putting in place all of the growth-promoting strategies that are necessary to get a pickup in that pace of potential output growth.

Q Might we miss it when it shows up? (Laughter.) I mean, is that a possibility?

MS. YELLEN: Might we what?

Q Might we miss it when it shows up? I mean, how do we know when we have changed the potential output?

MS. YELLEN: I believe we will see it in the statistics that we normally monitor. (Laughs.) There are some problems there, but I think we'll see it.

MICHAEL MCCURRY (?) (White House spokesman): Thank you.

Q Thank you.

####

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

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: lgladieux (lgladieux@collegeboard.org@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 2-JUN-1997 10:53:00.00

SUBJECT: Re: Resend: Embargoed Radio Address

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

Bob: Thanks for sending the radio address. Do you have anything more

detailed on the interaction with Pell Grant? Thanks. Larry

Lawrence E. Gladieux

Executive Director for Policy Analysis

The College Board

1233 20th St. NW Suite 600

Washington, DC 20036-2304

phone: 202-822-5911

fax: 202-822-5920

lgladieux@collegeboard.org

Original Text

From: Robert_M._Shireman@oa.eop.gov, on 6/2/97 11:40 AM:

Message Creation Date was at 2-JUN-1997 11:40:00

----- Forwarded by Robert M. Shireman/OPD/EOP on 06/02/97

11:40 AM -----

Russell W. Horwitz

05/30/97 10:44:40 PM

Record Type: Record

To: Robert M. Shireman/OPD/EOP

cc:

Subject: Resend: Embargoed Radio Address

----- Forwarded by Russell W. Horwitz/OPD/EOP on 05/30/97

10:44 PM -----

Darby E. Stott

05/30/97 05:57:56 PM

Record Type: Record

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

cc:

Subject: Resend: Embargoed Radio Address

THE WHITE HOUSE

Office of the Press Secretary

Embargoed For Release

Until 10:06 A.M. EDT

Saturday, May 31, 1997

RADIO ADDRESS

BY THE PRESIDENT

TO THE NATION

The Map Room

THE PRESIDENT: Good morning. I've just returned from Europe where I commemorated the 50th Anniversary of the Marshall Plan, which joined America's investment to Europe's commitment to rebuild, and in so doing, helped to spark 50 years of prosperity, not only for Europe, but for America as well.

I also had the opportunity to discuss with leaders of Europe the present success of our economy and what we can do together to promote prosperity in the new democracies of Central and Eastern Europe in ways that will ensure

their

prosperity and ours for the next 50 years.

This morning I want to talk with you about the new economic policy we

brought

to America for the last four and a half years and how our balanced budget

and

tax cut plans can help in creating jobs, raising incomes, strengthening

business and moving America forward in the years to come.

Recall for a moment what America's economy looked like four years ago:

high

unemployment, few new jobs, stagnant wages, exploding budget deficits. I

took

office determined to replace trickle-down economics with invest-and-grow

economics. There were three principal elements to our strategy: Reduce

the

budget deficit, and invest in the education, training and security of

working

men and women and our children, and open new markets for American-made

goods

and services through tough trade agreements.

I believe all three were necessary to create the conditions for private

sector

prosperity and to ensure that all our people have the opportunity to reap

the

rewards of growth. We made tough, often controversial, decisions in 1993 and afterward to implement our new invest-and-grow economic policy. Some fine members of Congress lost their seats because they had the courage to change course and vote for the future.

But just look at the results. Today our confidence has returned and our economy leads the world. In 1992, the deficit was \$290 billion. Today, we expect it to drop to \$67 billion, a 77 percent reduction. In 1992, unemployment averaged 7.5 percent. Today, it's 4.9 percent -- the lowest in 24 years.

In 1992 there were few new jobs. Since then, the economy has produced 12.1 million of them, including the most ever in a single presidential term.

And while the years before our plan took effect saw sluggish growth, yesterday we learned that in the first quarter of this year the economy grew at a 5.8 percent rate -- the highest in a decade. Inflation is at a 30-year low; business investment, a 30-year high. Each year we've had a record number of new businesses started. Wages are rising. In the last two years, over half

the new jobs have paid higher than average wages, and inequality among working people has seen the biggest drop since the 1960s. Our economy is the healthiest in a generation.

All this didn't just happen. We've had better-managed, more-competitive businesses, more-productive working people; the entrepreneurial spirit of small business; a Federal Reserve committed both to low inflation and to economic growth; and continued advances in technology.

Americans' hard work and high energy, smart decisions and tough choices, and our invest-and-grow strategy -- all these have worked together to produce this success.

Now in the coming months, America will have to decide whether to stick with this strategy. Will we continue to engage the world economy by continuing to give normal trading status to China? Will Congress give the President the tools necessary to open new markets abroad for American products through tough new trade agreements? And, above all, will we finish the job of balancing the

budget while protecting our values?

Earlier this month I reached agreement with the leaders of Congress on a bipartisan balanced budget plan that will continue our economic strategy into the next century. This is a balanced budget plan that also is in balance with our values. It will eliminate the budget deficit by 2002, honor our parents by securing the Medicare Trust Fund for a decade, preserve our environment through strong enforcement in the cleanup of 500 toxic waste sites, and protect the next generation by extending health insurance coverage to as many as 5 million uninsured children. And, most important of all, it will invest in the skills of our people through the most significant increase in higher education since the G.I. Bill half a century ago, the expansion of Head Start and an investment in higher national academic standards for our children.

Both Houses of Congress moved forward on this budget before they left town for the Memorial Day recess. I was pleased that a strong majority of both

parties

supported this bipartisan plan. When Congress gets back to work, it's

time

to

finish the job of enacting the broad outlines of the budget plan. Then in

the

weeks to come, Congress will fill in the details and begin writing this

budget

and its tax cut into law. I want a tax cut that helps families raise

their

children and send them to college, and keeps the economy growing. That's

my

goal.

I look forward to continuing to work together with the Republican and

Democratic members of the tax writing committees in Congress to meet this

goal

as we write the details of the tax cut into law. As that process begins,

I

want to tell you three of the things this final tax cut plan should

include:

First, with education our most important goal, our tax cut must help open

the

doors of college to every American. Our bipartisan budget plan includes

\$35

billion in tax relief, targeted to help families pay for higher

education.

Our

HOPE Scholarship is a \$1,500 per year tax cut to help pay for the first

two

years of college and open them to all Americans. I will also recommend

that

students who already receive Pell Grant Scholarships can still receive the

HOPE

Scholarship for education costs beyond those covered by their Pell Grant.

With

this step, we'll make sure that our tax cut reaches all those who want to

take

responsibility for their own lives and go on to college. Beyond that, I

favor

a tax deduction for the cost of any education after high school for people

of

any age.

Second, as many families as possible should have a chance to receive the

dividend created by economic growth. Our plan will give families a \$500

child

tax credit. This is the kind of tax relief we need -- targeted to helping

families raise their children and meeting the competing demands of work

and

family. As we craft this tax cut, I believe it's especially important

that

we

make sure

that the child tax credit is fair to working families -- especially those with lower incomes.

Third, the tax cuts must be consistent with a balanced budget and must not be written in such a way that they reopen the deficit and bust the budget in years to come. This was absolutely key when we reached a budget agreement, and I will continue to insist on it as we write the agreement into law. Fiscal responsibility helped to produce a strong economy. Fiscal irresponsibility will surely undo it. We cannot put our prosperity at risk through time bomb tax cuts that explode the deficit in five or 10 or 20 years. We must continue with discipline. We tried it the other way before and it failed.

We are now nearly five years into our economic strategy of invest and grow,

and it is working -- well beyond our most optimistic expectations. We have now

an historic chance to continue this growth and give the American people
the
dividends of expansion through a tax cut. We can protect our values as we
expand our economy. The American people deserve a tax cut and they need a
balanced budget. We can give them both. If we make sure that this tax
cut
helps all working families, that it opens wide the doors of college, and
that
it never, never throws the budget out of balance, we can propel our
country
into the 21st century even stronger than it is today.

Thanks for listening.

END

Message Sent

To: _____

Lori E. Abrams/WHO/EOP

Donald A. Baer/WHO/EOP

Laura K. Capps/WHO/EOP

Ann M. Cattalini/WHO/EOP

Steven A. Cohen/WHO/EOP

Anne M. Edwards/WHO/EOP

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STUMPF_D @ A1 @ CD @ LNGTWY

===== ATTACHMENT 1 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDf V5.0-4 #6879)

id <01IJLGWMU2VK006XR8@PMDf.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Mon,

02 Jun 1997 11:50:48 -0500 (EST)

Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDf V5.0-4 #6879)

id <01IJLGWL6UCW0053AB@PMDf.EOP.GOV> for Robert_M._Shireman@oa.eop.gov; Mon,

02 Jun 1997 11:50:46 -0500 (EST)

Received: from cbmail.collegeboard.org by gatekeeper.eop.gov;

(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA04453; Mon, 02 Jun 1997 11:50:15 -0400

Received: by cbmail.collegeboard.org; Mon, 02 Jun 1997 11:51:03 -0400 (EDT)

X-Priority: 3 (Normal)

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

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Pauline_Abernathy (Pauline_Abernathy@ed.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 2-JUN-1997 11:58:00.00

SUBJECT: Re: Resend: Embargoed Radio Address

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

Thanks! Our public affairs office wanted guidance on how to answer
questions about this and I paged/called to see if you had anything
specific in mind.

Reply Separator

Subject: Resend: Embargoed Radio Address

Author: Robert_M._Shireman@oa.eop.gov at Internet

Date: 6/2/97 11:40 AM

Message Creation Date was at 2-JUN-1997 11:40:00

----- Forwarded by Robert M. Shireman/OPD/EOP on 06/02/97

11:40 AM -----

Russell W. Horwitz

05/30/97 10:44:40 PM

Record Type: Record

To: Robert M. Shireman/OPD/EOP

cc:

Subject: Resend: Embargoed Radio Address

----- Forwarded by Russell W. Horwitz/OPD/EOP on 05/30/97

10:44 PM -----

Darby E. Stott

05/30/97 05:57:56 PM

Record Type: Record

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

cc:

Subject: Resend: Embargoed Radio Address

THE WHITE HOUSE

Office of the Press Secretary

Embargoed For Release

Until 10:06 A.M. EDT

Saturday, May 31, 1997

RADIO ADDRESS

BY THE PRESIDENT

TO THE NATION

The Map Room

THE PRESIDENT: Good morning. I've just returned from Europe where I commemorated the 50th Anniversary of the Marshall Plan, which joined America's investment to Europe's commitment to rebuild, and in so doing, helped to spark 50 years of prosperity, not only for Europe, but for America as well.

I also had the opportunity to discuss with leaders of Europe the present success of our economy and what we can do together to promote prosperity in the new democracies of Central and Eastern Europe in ways that will ensure their prosperity and ours for the next 50 years.

This morning I want to talk with you about the new economic policy we brought

to America for the last four and a half years and how our balanced budget and tax cut plans can help in creating jobs, raising incomes, strengthening business and moving America forward in the years to come.

Recall for a moment what America's economy looked like four years ago: high unemployment, few new jobs, stagnant wages, exploding budget deficits. I took office determined to replace trickle-down economics with invest-and-grow economics. There were three principal elements to our strategy: Reduce the budget deficit, and invest in the education, training and security of working men and women and our children, and open new markets for American-made goods and services through tough trade agreements.

I believe all three were necessary to create the conditions for private sector prosperity and to ensure that all our people have the opportunity to reap the rewards of growth. We made tough, often controversial, decisions in 1993 and afterward to implement our new invest-and-grow economic policy. Some fine members of Congress lost their seats because they had the courage to change

course and vote for the future.

But just look at the results. Today our confidence has returned and our economy leads the world. In 1992, the deficit was \$290 billion. Today, we expect it to drop to \$67 billion, a 77 percent reduction. In 1992, unemployment averaged 7.5 percent. Today, it's 4.9 percent -- the lowest in 24 years.

In 1992 there were few new jobs. Since then, the economy has produced 12.1

million of them, including the most ever in a single presidential term.

And

while the years before our plan took effect saw sluggish growth, yesterday we

learned that in the first quarter of this year the economy grew at a 5.8 percent rate -- the highest in a decade. Inflation is at a 30-year low; business investment, a 30-year high. Each year we've had a record number of

new businesses started. Wages are rising. In the last two years, over half

the new jobs have paid higher than average wages, and inequality among working

people has seen the biggest drop since the 1960s. Our economy is the healthiest in a generation.

All this didn't just happen. We've had better-managed, more-competitive businesses, more-productive working people; the entrepreneurial spirit of small business; a Federal Reserve committed both to low inflation and to economic growth; and continued advances in technology.

Americans' hard work and high energy, smart decisions and tough choices, and our invest-and-grow strategy -- all these have worked together to produce this success.

Now in the coming months, America will have to decide whether to stick with this strategy. Will we continue to engage the world economy by continuing to give normal trading status to China? Will Congress give the President the tools necessary to open new markets abroad for American products through tough new trade agreements? And, above all, will we finish the job of balancing the budget while protecting our values?

Earlier this month I reached agreement with the leaders of Congress on a bipartisan balanced budget plan that will continue our economic strategy into

the next century. This is a balanced budget plan that also is in balance with our values. It will eliminate the budget deficit by 2002, honor our parents by securing the Medicare Trust Fund for a decade, preserve our environment through strong enforcement in the cleanup of 500 toxic waste sites, and protect the next generation by extending health insurance coverage to as many as 5 million uninsured children. And, most important of all, it will invest in the skills of our people through the most significant increase in higher education since the G.I. Bill half a century ago, the expansion of Head Start and an investment in higher national academic standards for our children.

Both Houses of Congress moved forward on this budget before they left town for the Memorial Day recess. I was pleased that a strong majority of both parties supported this bipartisan plan. When Congress gets back to work, it's time to finish the job of enacting the broad outlines of the budget plan. Then in the weeks to come, Congress will fill in the details and begin writing this

budget

and its tax cut into law. I want a tax cut that helps families raise their

children and send them to college, and keeps the economy growing. That's my goal.

I look forward to continuing to work together with the Republican and Democratic members of the tax writing committees in Congress to meet this goal

as we write the details of the tax cut into law. As that process begins, I

want to tell you three of the things this final tax cut plan should include:

First, with education our most important goal, our tax cut must help open the

doors of college to every American. Our bipartisan budget plan includes \$35

billion in tax relief, targeted to help families pay for higher education. Our

HOPE Scholarship is a \$1,500 per year tax cut to help pay for the first two

years of college and open them to all Americans. I will also recommend that

students who already receive Pell Grant Scholarships can still receive the HOPE

Scholarship for education costs beyond those covered by their Pell Grant.

With

this step, we'll make sure that our tax cut reaches all those who want to take

responsibility for their own lives and go on to college. Beyond that, I

favor

a tax deduction for the cost of any education after high school for people of

any age.

Second, as many families as possible should have a chance to receive the dividend created by economic growth. Our plan will give families a \$500 child

tax credit. This is the kind of tax relief we need -- targeted to helping families raise their children and meeting the competing demands of work and

family. As we craft this tax cut, I believe it's especially important that we make sure

that the child tax credit is fair to working families -- especially those with lower incomes.

Third, the tax cuts must be consistent with a balanced budget and must not be written in such a way that they reopen the deficit and bust the budget in years

to come. This was absolutely key when we reached a budget agreement, and

I will

continue to insist on it as we write the agreement into law. Fiscal

responsibility helped to produced a strong economy. Fiscal

irresponsibility

will surely undo it. We cannot put our prosperity at risk through time

bomb tax

cuts that explode the deficit in five or 10 or 20 years. We must continue

with

discipline. We tried it the other way before and it failed.

We are now nearly five years into our economic strategy of invest and

grow,

and it is working -- well beyond our most optimistic expectations. We

have now

an historic chance to continue this growth and give the American people

the

dividends of expansion through a tax cut. We can protect our values as we

expand our economy. The American people deserve a tax cut and they need a

balanced budget. We can give them both. If we make sure that this tax

cut

helps all working families, that it opens wide the doors of college, and

that it

never, never throws the budget out of balance, we can propel our country

into

the 21st century even stronger than it is today.

Thanks for listening.

END

Message Sent

To: _____

Lori E. Abrams/WHO/EOP

Donald A. Baer/WHO/EOP

Laura K. Capps/WHO/EOP

Ann M. Cattalini/WHO/EOP

Steven A. Cohen/WHO/EOP

Anne M. Edwards/WHO/EOP

Rahm I. Emanuel/WHO/EOP

Karen E. Finney/WHO/EOP

Ben A. Freeland/WHO/EOP

Jeremy M. Gaines/WHO/EOP

Mary E. Glynn/WHO/EOP

Jason S. Goldberg/WHO/EOP

Julia R. Green/WHO/EOP

James T. Heimbach/WHO/EOP

Russell W. Horwitz/OPD/EOP

Brian J. Johnson/CEQ/EOP

David E. Kalbaugh/WHO/EOP

Angus S. King/WHO/EOP

Joshua A. King/WHO/EOP

Nicholas B. Kirkhorn/WHO/EOP

G N. Lattimore/WHO/EOP

Peter R. Orszag/OPD/EOP

Gordon Li/WHO/EOP

Julie E. Mason/WHO/EOP

Doris O. Matsui/WHO/EOP

April K. Mellody/WHO/EOP

Elisa Millsap/WHO/EOP

Cheryl D. Mills/WHO/EOP

Stacey L. Rubin/WHO/EOP

G. Timothy Saunders/WHO/EOP

Laura D. Schwartz/WHO/EOP

Douglas S. Sheorn/WHO/EOP

Joshua Silverman/WHO/EOP

Douglas B. Sosnik/WHO/EOP

Todd Stern/WHO/EOP

Barry J. Toiv/WHO/EOP

Jodie R. Torkelson/WHO/EOP

Michael Waldman/WHO/EOP

Christopher F. Walker/WHO/EOP

Dorian V. Weaver/WHO/EOP

Catherine T. Kitchen/WHO/EOP

Jay K. Footlik/WHO/EOP

James T. Edmonds/WHO/EOP

David Shipley/WHO/EOP

Patricia F. Lewis/WHO/EOP

Alison E. Bracewell/WHO/EOP

Lori L. Anderson/WHO/EOP

Brenda M. Anders/WHO/EOP

Michael W. Williams/WHO/EOP

Marilyn DiGiacobbe/WHO/EOP

Suzanne Dale/WHO/EOP

Richard Socarides/WHO/EOP

Dag Vega/WHO/EOP

Stefanie Sanford/WHO/EOP

James A. Dorskind/WHO/EOP

Barbara D. Woolley/WHO/EOP

Stefanie Sanford/WHO/EOP

Eli G. Attie/WHO/EOP

Darby E. Stott/WHO/EOP

Jake Siewert/OPD/EOP

Cynthia M. Jasso-Rotunno/WHO/EOP

Sara M. Latham/WHO/EOP

Carole A. Parmelee/WHO/EOP

Andrew J. Mayock/WHO/EOP

Beverly J. Barnes/WHO/EOP

Megan C. Moloney/WHO/EOP

Jonathan Murchinson/WHO/EOP

Joseph P. Lockhart/WHO/EOP

Laura S. Marcus/WHO/EOP

Christopher A. Dwan/WHO/EOP

Richard Socarides/WHO/EOP

Jessica B. Vogelsson/WHO/EOP

Virginia N. Rustique/WHO/EOP

Christa Robinson/OPD/EOP

Thomas D. Janenda/WHO/EOP

Ricardo M. Gonzales/WHO/EOP

Dina Wood/WHO/EOP

Terri J. Tingen/WHO/EOP

Jennifer D. Dudley/WHO/EOP

Brian D. Smith/WHO/EOP

Leanne A. Shimabukuro/OPD/EOP

Stacey L. Rubin/WHO/EOP

Tracy S. Olmstead/WHO/EOP

Kim B. Widdess/WHO/EOP

1=US @ 2=TELEMAIL @ 3=INTERNET @ *RFC-822\MWOLFE(A)MH1.JS.MIL @ MRX @

LNGTWY

1=US @ 2=WESTERN UNION @ 5=ATT.COM @ *ELN\62955104 @ MRX @ LNGTWY

62955104 @ eln.attmail.com @ INET @ LNGTWY

73030.21 @ compuserve.com @ INET @ LNGTWY

BARBUSCHAK_K @ A1 @ CD @ LNGTWY

rdittmar @ ostp.eop.gov @ INET @ LNGTWY

CAPLAN_P @ A1 @ CD @ LNGTWY

COGDELL_C @ A1 @ CD @ LNGTWY

Lawrence J. Haas/OMB/EOP

INFOMGT @ A1 @ CD @ LNGTWY

JOHNSON_WC @ A1 @ CD @ LNGTWY

LIZIK_C @ A1 @ CD @ LNGTWY

MCHUGH_L @ A1 @ CD @ LNGTWY

MOFFETT_J @ A1 @ CD @ LNGTWY

SHEPARD_S @ A1 @ CD @ LNGTWY

SULLIVAN_M @ A1 @ CD @ LNGTWY

SUNTUM_M @ A1 @ CD @ LNGTWY

WOZNIAK_N @ A1 @ CD @ LNGTWY

backup @ wilson.ai.mit.edu @ INET @ LNGTWY

newsdesk @ usnewswire.com @ INET @ LNGTWY

ttate @ esusda.gov @ INET @ LNGTWY

usia01 @ access.digex.com @ INET @ LNGTWY

usnwire @ access.digex.com @ INET @ LNGTWY

wh-outbox-distr @ clinton.ai.mit.edu @ INET @ LNGTWY

GRAY_W @ A1 @ CD @ LNGTWY

NAPLAN_S @ A1 @ CD @ LNGTWY

WEINER_R @ A1 @ CD @ LNGTWY

GRIBBEN_J @ A1 @ CD @ LNGTWY

RILEY_R @ A1 @ CD @ LNGTWY

ROBINSON_C @ A1 @ CD===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IJLJLBYTUO0053HF@PMDF.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Mon,

02 Jun 1997 13:07:59 -0500 (EST)

Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IJLJLA07LS0033AZ@PMDF.EOP.GOV> for Robert_M._Shireman@oa.eop.gov; Mon,

02 Jun 1997 13:07:57 -0500 (EST)

Received: from vader.ed.gov by gatekeeper.eop.gov;
(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA27728; Mon, 02 Jun 1997 13:07:55 -0400

Received: from smtpgwyl.ed.gov (smtpgwyl.ed.gov [165.224.217.37])
by vader.ed.gov (8.8.5/8.8.4) with SMTP id NAA08207 for
<Robert_M._Shireman@oa.eop.gov>; Mon, 02 Jun 1997 13:06:37 -0400 (EDT)

Received: from ccMail by smtpgwyl.ed.gov (IMA Internet Exchange 1.04b)
id 392fd6a0; Mon, 02 Jun 1997 13:05:46 -0400

Content-description: cc:Mail note part

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

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: tombutts (tombutts@umich.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 2-JUN-1997 13:07:00.00

SUBJECT: Chronicle Story on Clinton Tax Proposals

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

>X-Sender: tombutts@t.imap.itd.umich.edu

>Mime-Version: 1.0

>Date: Mon, 2 Jun 1997 11:52:28 -0400

>To: dlwg@umich.edu

>From: Tom Butts <tombutts@umich.edu>

>Subject: Chronicle Story on Clinton Tax Proposals

>

>

>

> DAILY NEWS

>

> Front page | Today's headlines | News Update

archive

>

> NEWS FOR MONDAY, JUNE 2, 1997

>

>

> Clinton Proposes Making New Tax Credits

> Available to Recipients of Pell Grants

>

> By KIM STROSNIDER

>

> President Clinton proposed in his weekly radio address Saturday that

>students who

> receive Pell Grants also be eligible for the \$1,500 tax credit that he

>wants to create to

> help families pay for college.

>

> The President is also dropping a proposed requirement that students who

>get the tax

> credit, which he calls the HOPE scholarship, maintain a B average,

>according to a White

> House aide.

>

> Both changes in the HOPE program respond to concerns that have been
raised

>by critics.

>

> In his radio address, Mr. Clinton said he would recommend to the
tax-writing

> committees of Congress that students who receive Pell Grants also be

>eligible to receive

> HOPE scholarships to help finance the remaining costs of their education.

>The tax credit

> would help pay for the first two years of a college education.

>

> The President said that the HOPE scholarships must be included in a final

>tax-cut plan.

> Congressional committees are charged with working out details of how to
> put into effect
> a balanced-budget agreement that President Clinton reached with Congress
> last month.
>
> "With this step," Mr. Clinton said in his radio address, "we'll make sure
> that our tax cut
> reaches all those who want to take responsibility for their own lives and
> go on to
> college."
>
> "Beyond that," he added, "I favor a tax deduction for the cost of any
> education after high
> school for people of any age." He did not elaborate on that point.
>
> Mr. Clinton's announcement may comfort some critics of his HOPE proposal.
> They had
> said that the tax credit, as initially outlined, would primarily benefit
> students from
> middle-income, rather than poor, families.
>
> The decision to drop the requirement of a B average for the HOPE
> scholarships removes
> another concern: that the program would harm economically disadvantaged
> students.
>
> Critics had charged that the requirement was unfair because poor students

>are more likely
> than their wealthier peers to do badly in school. In addition, critics
>said the requirement
> could lead to grade inflation and would entangle government too deeply in
>academic
> decisions because colleges would have been forced to report the grades of
> HOPE-scholarship recipients to the Internal Revenue Service.
>
>Thomas A. Butts
>Associate Vice President for University Relations
>University of Michigan
>202-554-0578, FAX 202-554-0582, tombutts@umich.edu
>

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

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IJLLN6NNEO005X7W@PMDF.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Mon,

02 Jun 1997 14:06:44 -0500 (EST)

Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IJLLN3U3XC007CD7@PMDF.EOP.GOV> for Robert_M._Shireman@oa.eop.gov; Mon,

02 Jun 1997 14:06:41 -0500 (EST)

Received: from mothra.rs.itd.umich.edu by gatekeeper.eop.gov;
(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA13107; Mon, 02 Jun 1997 14:06:26 -0400

Received: from [141.211.178.146] by mothra.rs.itd.umich.edu (8.8.5/2.2)
id OAA01711; Mon, 02 Jun 1997 14:06:12 -0400 (EDT)

X-Sender: tombutts@t.imap.itd.umich.edu

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

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: tombutts (tombutts@umich.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 2-JUN-1997 23:07:00.00

SUBJECT: CAN-ER digest 454

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

Are you on Ivan's list? FYI

>From: can-er@pencil.math.missouri.edu

>Date: Mon, 2 Jun 97 19:51:14 CDT

>Reply-To: can-er@pencil.math.missouri.edu

>Originator: can-er@pencil.math.missouri.edu

>Sender: can-er@pencil.math.missouri.edu

>Precedence: none

>To: Multiple recipients of list <can-er@pencil.math.missouri.edu>

>Subject: CAN-ER digest 454

>

> CAN-ER Digest 454

>

>Topics covered in this issue include:

>

> 1) President Clinton Changes Education Tax Cut Proposals

> by Ivan Frishberg <ivan@PIRG.org>

>

>-----

>

>Topic No. 1

>

>Date: Mon, 2 Jun 1997 09:01:01 -0400 (EDT)

>From: Ivan Frishberg <ivan@PIRG.org>

>To: list server can-er <can-er@pencil.math.missouri.edu>

>Cc: SGANET@LISTSERV.VT.EDU

>Subject: President Clinton Changes Education Tax Cut Proposals

>Message-ID:

<Pine.SUN.3.95.970602084639.12117A-100000@essential.essential.org>

>

>

>This weekend, President Clinton announced that he will recommend changes

>to his tax proposals for Higher Education. The changes, which student

aid

>advocates have been pushing for a long time, would dramatically improve

>the proposals, and move the proposals closer to the President's stated

>goal of providing access to college for more Americans.

>

>The two key changes are:

>

>1) dropping the provision that requires a B average to qualify for the

>tax credit in the second year, and

>

>2) allowing students who already receive a Pell grant to receive the tax

>credit for education costs beyond those covered by the Pell grant.

>

>

>Below is a section of the President's weekly radio address that includes

>the section regarding education tax cuts.

>

>ACTION #####

>

>Call Congress, and urge them to accept the President's proposals to drop

>the B average and allow tax credits for those who receive Pell grants.

>

>Use the Free student aid hotline number for Congress:

>

>1-800 574-4AID

>

>Call the President, and thank him for listening to students, and making

>these changes to the Hope Tax Credit.

>

>The White House Switch Board number is:

>

>(202) 456-1414

>

>

>#####

>

>President's weekly radio address: Excerpts on education tax cuts.

> _____

>

>Both Houses of Congress moved forward on this budget before they left town

>for the Memorial Day recess. I was pleased that a strong majority of both

>parties supported this bipartisan plan. When Congress gets back to work,

>it's time to finish the job of enacting the broad outlines of the budget
>plan. Then in the weeks to come, Congress will fill in the details and
>begin writing this budget and its tax cut into law. I want a tax cut that
>helps families raise their children and send them to college, and keeps
>the economy growing. That's my goal.

>

> I look forward to continuing to work together with the Republican and
>Democratic members of the tax writing committees in Congress to meet this
>goal as we write the details of the tax cut into law. As that process
>begins, I want to tell you three of the things this final tax cut plan
>should include: First, with education our most important goal, our tax cut
>must help open the doors of college to every American. Our bipartisan
>budget plan includes \$35 billion in tax relief, targeted to help families
>pay for higher education. Our HOPE Scholarship is a \$1,500 per year tax
>cut to help pay for the first two years of college and open them to all
>Americans. I will also recommend that students who already receive Pell
>Grant Scholarships can still receive the HOPE Scholarship for education
>costs beyond those covered by their Pell Grant. With this step, we'll make
>sure that our tax cut reaches all those who want to take responsibility
>for their own lives and go on to college. Beyond ??that, I favor a tax
>deduction for the cost of any education after high school for people of
>any age.

>

> Second, as many families as possible should have a chance to receive
>the dividend created by economic growth.
>Our plan will give families a \$500 child tax credit. This is the kind of
>tax relief we need -- targeted to helping families raise their children

>and meeting the competing demands of work and family. As we craft this tax
>cut, I believe it's especially important that we make sure that the child
>tax credit is fair to working families -- especially those with lower
>incomes.

>

> Third, the tax cuts must be consistent with a balanced budget and
>must not be written in such a way that they reopen the deficit and bust
>the budget in years to come. This was absolutely key when we reached a
>budget agreement, and I will continue to insist on it as we write the
>agreement into law. Fiscal responsibility helped to produced a strong
>economy. Fiscal irresponsibility will surely undo it. We cannot put our
>prosperity at risk through time bomb tax cuts that explode the deficit in
>five or 10 or 20 years. We must continue with discipline. We tried it the
>other way before and it failed.

>

> We are now nearly five years into our economic strategy of invest and
>grow, and it is working -- well beyond our most optimistic expectations.
>We have now an historic chance to continue this growth and give the
>American people the dividends of expansion through a tax cut. We can
>protect our values as we expand our economy. The American people deserve a
>tax cut and they need a balanced budget. We can give them both. If we make
>sure that this tax cut helps all working families, that it opens wide the
>doors of college, and that it never, never throws the budget out of
>balance, we can propel our country into the 21st century even stronger
>than it is today.

>

> _____

>end of message

>

>

>#####

>Sign the student aid petition at www.pirg.org/student/aid/petition

>#####

>Ivan Frishberg, | Internet: ivan@PIRG.org

>PIRG's Higher Education Project | Phone: (202)

546-9707

>U.S.Public Interest Research Group | Fax: (202) 546-2461

>218 D St., SE, Washington, DC 20003 | WWW: www.pirg.org

>#####

>

>

>-----

>

>End of CAN-ER Digest 454

>*****

>

Thomas A. Butts

Associate Vice President for University Relations

University of Michigan

202-554-0578, FAX 202-554-0582, tombutts@umich.edu

===== ATTACHMENT 1 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IJM6LPNPPC0003XB@PMDF.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Tue,

03 Jun 1997 00:06:27 -0500 (EST)

Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IJM6LNT0340003N2@PMDF.EOP.GOV> for Robert_M._Shireman@oa.eop.gov; Tue,
03 Jun 1997 00:06:25 -0500 (EST)

Received: from mothra.rs.itd.umich.edu by gatekeeper.eop.gov;
(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA22660; Tue, 03 Jun 1997 00:06:22 -0400

Received: from [192.195.231.205] by mothra.rs.itd.umich.edu (8.8.5/2.2)
id AAA18421; Tue, 03 Jun 1997 00:06:18 -0400 (EDT)

X-Sender: tombutts@t.imap.itd.umich.edu

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

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: ivan (ivan@pirg.org@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 3-JUN-1997 12:33:00.00

SUBJECT: President Clinton Changes Education Tax Cut Proposals (fwd)

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

Bob,

to sign on to the list serve:

send a message to: canet@pencil.math.missouri

subject: canet

In the text: sub can-er <first name> <last name>

That should work.

Below is the message that I sent out on monday. In retrospect, it was a little to glowing of the President's proposal, but maybe it is all working out.

Later,

Ivan

----- Forwarded message -----

Date: Mon, 2 Jun 1997 09:01:01 -0400 (EDT)

From: Ivan Frishberg <ivan@PIRG.org>

To: list server can-er <can-er@pencil.math.missouri.edu>

Cc: SGANET@LISTSERV.VT.EDU

Subject: President Clinton Changes Education Tax Cut Proposals

This weekend, President Clinton announced that he will recommend changes to his tax proposals for Higher Education. The changes, which student aid advocates have been pushing for a long time, would dramatically improve the proposals, and move the proposals closer to the President's stated goal of providing access to college for more Americans.

The two key changes are:

1) dropping the provision that requires a B average to qualify for the tax credit in the second year, and

2) allowing students who already receive a Pell grant to receive the tax credit for education costs beyond those covered by the Pell grant.

Below is a section of the President's weekly radio address that includes the section regarding education tax cuts.

ACTION #####

Call Congress, and urge them to accept the President's proposals to drop the B average and allow tax credits for those who receive Pell grants.

Use the Free student aid hotline number for Congress:

1-800 574-4AID

Call the President, and thank him for listening to students, and making these changes to the Hope Tax Credit.

The White House Switch Board number is:

(202) 456-1414

#####

President's weekly radio address: Excerpts on education tax cuts.

Both Houses of Congress moved forward on this budget before they left town for the Memorial Day recess. I was pleased that a strong majority of both parties supported this bipartisan plan. When Congress gets back to work, it's time to finish the job of enacting the broad outlines of the budget plan. Then in the weeks to come, Congress will fill in the details and begin writing this budget and its tax cut into law. I want a tax cut that helps families raise their children and send them to college, and keeps the economy growing. That's my goal.

I look forward to continuing to work together with the Republican and Democratic members of the tax writing committees in Congress to meet this goal as we write the details of the tax cut into law. As that process begins, I want to tell you three of the things this final tax cut plan should include: First, with education our most important goal, our tax cut must help open the doors of college to every American. Our bipartisan budget plan includes \$35 billion in tax relief, targeted to help families pay for higher education. Our HOPE Scholarship is a \$1,500 per year tax cut to help pay for the first two years of college and open them to all Americans. I will also recommend that students who already receive Pell Grant Scholarships can still receive the HOPE Scholarship for education costs beyond those covered by their Pell Grant. With this step, we'll make sure that our tax cut reaches all those who want to take responsibility for their own lives and go on to college. Beyond that, I favor a tax deduction for the cost of any education after high school for people of any age.

Second, as many families as possible should have a chance to receive the dividend created by economic growth. Our plan will give families a \$500 child tax credit. This is the kind of tax relief we need -- targeted to helping families raise their children and meeting the competing demands of work and family. As we craft this tax cut, I believe it's especially important that we make sure that the child tax credit is fair to working families -- especially those with lower incomes.

Third, the tax cuts must be consistent with a balanced budget and

must not be written in such a way that they reopen the deficit and bust the budget in years to come. This was absolutely key when we reached a budget agreement, and I will continue to insist on it as we write the agreement into law. Fiscal responsibility helped to produced a strong economy. Fiscal irresponsibility will surely undo it. We cannot put our prosperity at risk through time bomb tax cuts that explode the deficit in five or 10 or 20 years. We must continue with discipline. We tried it the other way before and it failed.

We are now nearly five years into our economic strategy of invest and grow, and it is working -- well beyond our most optimistic expectations. We have now an historic chance to continue this growth and give the American people the dividends of expansion through a tax cut. We can protect our values as we expand our economy. The American people deserve a tax cut and they need a balanced budget. We can give them both. If we make sure that this tax cut helps all working families, that it opens wide the doors of college, and that it never, never throws the budget out of balance, we can propel our country into the 21st century even stronger than it is today.

end of message

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Sign the student aid petition at www.pirg.org/student/aid/petition

#####

Ivan Frishberg, | Internet: ivan@PIRG.org

PIRG's Higher Education Project | Phone: (202) 546-9707

U.S.Public Interest Research Group | Fax: (202) 546-2461

218 D St., SE, Washington, DC 20003 | WWW: www.pirg.org

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===== ATTACHMENT 1 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)

id <01IJMYOKJ6MO0008J3@PMDF.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Tue,

03 Jun 1997 13:30:29 -0500 (EST)

Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)

id <01IJMYOJ3QS0000883@PMDF.EOP.GOV> for Robert_M._Shireman@oa.eop.gov; Tue,

03 Jun 1997 13:30:28 -0500 (EST)

Received: from essential.org by gatekeeper.eop.gov;

(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA01572; Tue, 03 Jun 1997 13:30:26 -0400

Received: from essential.essential.org (essential.org [198.4.52.1])

by essential.essential.org (8.8.5/8.8.5) with SMTP id NAA23099 for

<Robert_M._Shireman@oa.eop.gov>; Tue, 03 Jun 1997 13:33:49 -0400 (EDT)

X-Sender: ivan@essential.essential.org

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

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Pauline_Abernathy (Pauline_Abernathy@ed.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 5-JUN-1997 15:54:00.00

SUBJECT: Re: How's this

TO: Russell W. Horwitz (Russell W. Horwitz@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

This one worked great -- thanks. I don't understand why sometimes it
works and other times it does not.

Reply Separator

Subject: How's this

Author: Russell_W._Horwitz@oa.eop.gov at Internet

Date: 6/5/97 2:49 PM

Message Creation Date was at 5-JUN-1997 14:49:00

PRESIDENT CLINTON HAS RESPONSIBLE, TARGETED TAX CUTS FOR EDUCATION AND
CHILD-REARING -- PAID FOR IN HIS BALANCED BUDGET

San Francisco Chronicle: "Hurray for College Tax Credit...the government
could

hardly make a better investment in the nation's future. ...And the

President

deserves praise -- not Dole's knee-jerk political sneering -- for spelling

out

precisely how he would pay for the plan without increasing the deficit."

[San

Francisco Chronicle, 6/5/96]

TARGETED TAX CUTS FOR EDUCATION, SAVINGS, AND CHILD-REARING -- WHILE
BALANCING

THE BUDGET. These responsible tax reforms encourage investment in
education

and not just physical capital, & they are fully paid for with spending
cuts and

closing corporate tax loopholes in a budget certified by CBO to reach
balance

by 2002. CBO: "The President's budget proposes policies that CBO
estimates

would balance the budget by 2002." [Testimony of CBO Director June
O'Neill,
April 17, 1996]

\$1,500 HOPE Scholarship Tax Cut For College Tuition. \$1,500 refundable
tax

credit for tuition in the first year of college and for the second year if
the

student earns at least a B average in the first year. This \$1,500 tax
credit

will make the average-priced community college free and provide a

downpayment

for more expensive schools for families with incomes up to \$100,000.

\$10,000 Tuition Tax Deduction for Education and Training at Any Age.

Families

with incomes up to \$100,000 could deduct up to \$10,000 in tuition,

providing a

tax cut of up to \$2,800 per family. This deduction could be taken for

education and training at any time in order to encourage life-long

learning.

\$500 Child Tax Credit for Children Under 13. Phased in \$500 per child

tax

credit for families with incomes up to \$75,000, providing tax relief to 19

million families with 37 million children.

Expanded IRAs for Education, Retirement, First-time Homeownership.

Double the

income limits for IRAs to make 20 million more families eligible for

tax-deductible IRA contributions, and allow penalty-free IRA withdrawals

for

education, first home purchases, and major medical expenses as well as

retirement.

EXAMPLES OF FAMILIES WHO BENEFIT FROM CLINTON TAX CUTS:

Family Earning \$40,000 With Two Children: Taxes Cut \$1,000 (\$500 per

child tax

credit)

Ages 2 and 8

Family Earning \$40,000 With Two Children: Taxes Cut \$2,000 (\$500 child tax

credit and \$1,500

Ages 6 and 19 (1st year college student) HOPE Scholarship)

Family Earning \$40,000 With Two Children: Taxes Cut \$1,250 (\$500 child tax

credit and Tuition

Ages 6 and 21 (college senior - \$5000 tuition) Tax Deduction)

Millions Of Families Have Already Saved Between \$1,000 - \$2,000 A Year

In Lower Mortgage Rates, Due In Large Part To President Clinton's Deficit Reduction Plan

Money Magazine: "Following the President's early drive to lower the deficit,

the Federal Reserve Board cut short-term rates while bond traders drove down

long-term rates....In all, the rate rollback allowed some 10 million homeowners

to save as much as \$25 billion by refinancing their loans, according to David

Lereah, the chief economist at the Mortgage Bankers Association." [Money, August 1996]

New York Times: "The low interest rates not only generated a boom in business

investment but put more money in the pockets of ordinary Americans. In

1993

alone, six million homeowners, most of them solidly middle class,

refinanced

their mortgages because of the lower rates....On a standard 30-year

fixed-rate

mortgage of \$100,000, for example, the monthly saving was \$139 a month, or

\$1,668 a year. [NYT, 8/3/96]

IMPACT OF CLINTON TAX CUTS FOR EDUCATION AND CHILD-REARING ON TYPICAL FAMILIES

Family Earning \$40,000 With 2 Young Children: Taxes Cut \$1,000

[Family of four with one 3-year old and one 8-year old]

Federal Income Tax Under Current Law \$3,390

Clinton \$500 Tax Credit for Each Child -\$1,000

Total Income Tax \$2,390

Total Clinton Tax Cuts -\$1,000

NOTE: Under the President's expanded IRA proposal, this family could also

make

tax-deductible IRA contributions and could withdraw savings penalty-free

for

education, to purchase a first home, or to pay for a major medical

expense.

Parents could also deduct up to \$10,000 for education and training tuition

for

themselves. Assumes itemized deduction equal to 18% of income.

Family Earning \$40,000 With 1 Young Child and 1 College Freshman: Taxes

Cut

\$2,000

[Family of four with one 3-year old and one 19-year old college freshman]

Federal Income Tax Under Current Law \$3,390

Clinton \$500 Child Tax Credit -\$500

Clinton \$1,500 HOPE Scholarship -\$1,500

Total Income Tax \$1,390

Total Clinton Tax Cuts -\$2,000

NOTE: Under the President's expanded IRA proposal, this family could also make

tax-deductible IRA contributions and could withdraw savings penalty-free

for

education, to purchase a first home, or to pay for a major medical expense.

Parents could also deduct up to \$10,000 for education and training tuition

for

themselves. Assumes itemized deduction equal to 18% of income.

Family Earning \$40,000 With 1 Young Child and 1 College Senior: Taxes Cut

\$1,250

[Family of four with one 3-year old and one 21-year old college senior
with
\$5,000 tuition]

Federal Income Tax Under Current Law \$3,390

Clinton \$500 Child Tax Credit -\$500

Clinton Tuition Tax Deduction \$750

Total Income Tax \$2,140

Total Clinton Tax Cuts -\$1,250

NOTE: Under the President's expanded IRA proposal, this family could also
make
tax-deductible IRA contributions and could withdraw savings penalty-free
for
education, to purchase a first home, or to pay for a major medical
expense.

Parents could also deduct up to \$10,000 for education and training tuition
for
themselves. Assumes itemized deduction equal to 18% of income.

Family Earning \$48,630 With 1 Young Child and 1 College Senior: Taxes Cut
\$1,950

[Family of 4 with 1 child in her 1st year of college and 1 college senior
with

\$3,000 tuition]

Federal Income Tax Under Current Law \$4,452

Clinton \$1,500 college tax credit -\$1,500

Clinton \$10,000 tuition tax deduction (\$3,000 tuition) -\$450

Total Income Tax \$2,502

Total Clinton Tax Cuts -\$1,950

NOTE: This family also would be eligible to save tax-free under the President's

expanded IRA proposal and to withdraw savings penalty-free for education, to

purchase a first home, or to pay for a major medical expense. Itemized deduction assumed to be 18% of income.

Family Earning \$35,000 With 1 Young Child and 1 College Freshman: Taxes Cut

\$2,000

[Family of four with one 3-year old and one 19-year old college freshman]

Federal Income Tax Under Current Law \$2,715

Clinton \$500 Child Tax Credit -\$500

Clinton \$1,500 HOPE Scholarship -\$1,500

Total Income Tax \$715

Total Clinton Tax Cuts -\$2,000

NOTE: Under the President's expanded IRA proposal, this family could also make tax-deductible IRA contributions and could withdraw savings penalty-free for education, to purchase a first home, or to pay for a major medical expense.

Parents could also deduct up to \$10,000 for education and training tuition for themselves. Assumes standard deduction.

Family Earning \$35,000 With 1 Young Child and 1 College Senior: Taxes Cut \$1,250

[Family of four with one 3-year old and one 21-year old college senior with \$5,000 tuition]

Federal Income Tax Under Current Law \$2,715

Clinton \$500 Child Tax Credit -\$500

Clinton Tuition Tax Deduction \$750

Total Income Tax \$1,465

Total Clinton Tax Cuts -\$1,250

NOTE: Under the President's expanded IRA proposal, this family could also make tax-deductible IRA contributions and could withdraw savings penalty-free for

education, to purchase a first home, or to pay for a major medical

expense.

Parents could also deduct up to \$1===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IJPYOUYMF4000QF0@PMDF.EOP.GOV> for "Russell W. Horwitz"@oa.eop.gov; Thu,

05 Jun 1997 17:03:08 -0500 (EST)

Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IJPYOUHH4W000TI5@PMDF.EOP.GOV> for Russell_W._Horwitz@oa.eop.gov; Thu,

05 Jun 1997 17:03:05 -0500 (EST)

Received: from vader.ed.gov by gatekeeper.eop.gov;
(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA12148; Thu, 05 Jun 1997 17:03:00 -0400

Received: from smtpgwyl.ed.gov (smtpgwyl.ed.gov [165.224.217.37])
by vader.ed.gov (8.8.5/8.8.4) with SMTP id RAA14248 for
<Russell_W._Horwitz@oa.eop.gov>; Thu, 05 Jun 1997 17:01:39 -0400 (EDT)

Received: from ccMail by smtpgwyl.ed.gov (IMA Internet Exchange 1.04b)
id 39729090; Thu, 05 Jun 1997 17:00:57 -0400

Content-description: cc:Mail note part

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

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: steveray (steveray@usa.net@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 7-JUN-1997 08:21:00.00

SUBJECT: Calls in plain text

TO: Elisa Millsap (Elisa Millsap@eop [UNKNOWN])

READ:UNKNOWN

TEXT:

Recommended Telephone Calls

TO: Senate Finance Committee Democrats

Senator Daniel Patrick Moynihan

Senator Max Baucus

Senator Jay Rockefeller

Senator John Breaux

Senator Kent Conrad

Senator Bob Graham

Senator Carol Moseley-Braun

Senator Richard Bryan

Senator Bob Kerrey

RECOMMENDED BY: John Hilley

Barbara Chow

PURPOSE: Discuss tax markup and shore up support
for education tax credit

Background:

The Senate Finance Committee plans to markup its Reconciliation tax bill during the week of June 16. Chairman Roth has already begun consultations with his colleagues and may reveal a proposal late in the week. Unlike the House, Roth has indicated that he plans to engage in a genuinely bipartisan process that balances the interests of committee members. The main components are likely to include:

Child credit similar to S. 2

Significant IRA proposal (a long-standing interest of the Chairman's)

Major broad based capital gains cut (will probably not include indexing);

Large estate tax

Higher Education tax component (no \$10,000 deduction)

Host of provisions of interest to specific members

Senate Finance Committee Democrats are split on the issue of whether to propose a broad Democratic substitute and will not likely decide on a course of action until after they have reviewed the Chairman's mark.

Regardless of the broader strategy, you sho

uld be aware that there continues to be almost no support for the

Administration's education initiatives even with the modifications announced last week.

Instead, preliminary discussions with Senate Finance Committee Democrats suggest that they intend to support an education package that is likely to look quite different from the HOPE scholarship and education tax

deductions we have proposed. It will likely include: permanent Section 127, student interest loan deductibility, school construction tax incentives, tax proposals relating to prepaid tuition plans, and an increase in the education bond cap. This package sums to roughly \$10-\$15 billion with the leftover \$20-\$25 billion allocated for a HOPE-like tuition tax credit and whatever else can be negotiated with the Republicans. There is virtually no support for the \$10,000 higher education tax deduction. At this point, the Democrats seem intent upon including their education ideas within the \$35 billion education set aside, because they believe their proposals would not otherwise be funded. However, this tactic will displace key elements of the Administration's proposals.

Your telephone calls, which Secretary Rubin strongly endorses, are critical to develop support for your education tax initiatives and to reverse course on the Democrats' apparent education strategy described above.

The interests of specific members are as follows. (Although the purpose of the call is to discuss tax provisions, members may also raise health care concerns.)

Moynihan: Two major concerns: 1) Permanent extension of Sec. 127, employer provided education assistance. Costs \$3.7 billion over five years. 2) Raise bond cap on education bonds. May also wish to discuss academic health center carve-out. You should i

ndicate that this is also a priority for you in the House and Senate and it looks like we will succeed in the House Commerce Committee next week. Senator Moynihan will also want to ensure that New York is not disproportionately affected by Medicaid cuts.

Baucus: Tax incentives for internet hookups for educational institutions (no revenue estimate). Indicated "a lot of trouble" with \$10,000 education deduction. Interested in significant capital gains cut.

Rockefeller: Has indicated to Secretary Riley that he is willing to be a key ally on the Administration's education tax proposals. In return, he is very interested in your support of his children's health proposal which relies entirely on Medicaid. As you know, the Administration's proposal uses a combination of Medicaid expansions and a new mandatory grant program to achieve the goal of insuring 5 million children. On Friday, Secretary Shalala and Chris Jennings met with him to convey Administration views. They agreed to work with him in emphasizing a Medicaid approach through the Finance Committee. John Hilley has also communicated this separately to Senator Rockefeller. The House is likely to adopt a grant approach. We are hoping for a compromise in conference that parallels the Administration's approach which combines both programs. Administration representatives also made a commitment to provide technical assistance and fulfilled this, by meeting immediately afterward with Rockefeller's staff. Rockefeller is also concerned that the House will reopen the coal miner

pension provisions designed to provide benefits to coal miners whose companies have gone out of business or abandoned their commitment to their pension programs. You should indicate strong support for protection of the coal miner provisions.

Breaux: Strong interest in his Kidsave proposal. Would transform child tax credit into a long-term retirement savings account, similar to an IRA. However, would allow children to take a long-term loan against one-half of their accumulated balance for higher education. Provides a limited \$1,500 education credit but sunsets this after Kidsave generates sufficient funding to pay for education. Breaux proposal contains no education deduction. Original proposal cost \$50-\$60 billion. The Administration has suggested that the Kidsave credit be refundable and broadened the use of the account for children's education and parents retirement. Administration proposal costs \$78 billion (combines child credit/Kidsave).

Graham: Two priorities: 1) School construction (creating an allocable credit to assist in financing the construction, rebuilding, repairing of schools). No revenue estimate but Graham has expressed interest in a proposal in the \$5 billion range. Treasury is working with him. 2) Also interested in tax proposals relating to prepaid tuition deduction similar to Florida plan. Provides tax free withdrawals from prepaid tuition plans. (\$600 million over 5 years). Graham is very interested in Governor C. Riley's kid's health plan which involves expanding health coverage of uninsured children through schools. The Administration is currently

providing options for incentives to move in this direction.

Moseley-Braun: Highest priority is school construction (working with Senator Graham and Treasury). Second highest priority is student interest loan deductibility (\$1.8 billion). Would reinstate interest deduction for student loans which was phased out in the 1986 tax act.

Bryan: Expressed skepticism about the Administration's education tax proposals but support for education. Has not yet indicated interest in a specific tax area.

Kerrey: Strong supporter (with Breaux) of Kidsave. Believes in linking education, savings, and child credit. Likes Kidsave retirement provision because he believes future generations will receive only limited benefits from Social Security. Currently engaged in heated dispute with Secretary Rubin over findings from his IRS commission which has called for an independent board to oversee IRS operational functions.

Talking Points

- o My top priorities in the tax bill are to preserve the \$35 billion set aside in the budget agreement for the HOPE scholarship and the education tax deduction and to ensure that the costs do not explode in the

outyears. Our education initiatives are des

igned to provide a tax break at a time when they are critically needed.

The HOPE scholarship is designed to make grades 13 and 14 universally

available. In response to concerns that many of you have made, we have

redesigned the credit to make it more pr

ogressive and workable by dropping the B minus average and the Pell grant

offset. The education tax deduction provides essential tax relief to

middle income families. Together, these initiatives are good policy and

enjoy widespread support.

o However, while I am very committed to the \$35 billion education

set-aside, it doesn't mean we can't work together on other tax proposals

in the context of the larger Reconciliation bill. I am very interested in

your ideas. It is essential that we rema

in united, to develop a tax bill that is good for the country,

incorporates our mutual interests and can be enacted. ===== ATTACHMENT 1

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ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)

id <01IJSB0CJ3RK000YU1@PMDf.EOP.GOV> for millsap_e@a1.eop.gov; Sat,

07 Jun 1997 09:17:32 -0500 (EST)

Received: from storm.eop.gov (storm.eop.gov)

by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IJSB0BLVS0000YXZ@PMDf.EOP.GOV> for

millsap_e@a1.eop.gov; Sat, 07 Jun 1997 09:17:31 -0500 (EST)

Received: from titanic ([129.6.32.10]) by STORM.EOP.GOV (PMDF V5.1-7 #6879)

with SMTP id <01IJSAZNOHE0002HYC@STORM.EOP.GOV> for millsap_e@a1.eop.gov; Sat,

07 Jun 1997 09:16:59 -0400 (EDT)

Received: from isdn058.nist.gov by titanic (5.x/SMI-3.2-Libes.9)

id AA01637; Sat, 07 Jun 1997 09:16:57 -0400

X-Mailer: Mozilla 3.0 (Win95; I)

Content-disposition: inline; filename=Senfin.txt

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

**Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]**

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies a responsive email, already made available within another collection.

Collection: 2017-1075-F

Bucket: Default

Creation Date: 1997-06-09

Subject: Text of AASCU letter to House and Senate Tax Committee

Creator: ElmendorfE
elmendorfe@asacu.nche.edu@INET@LNGTWY [UNKNOWN]

**Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]**

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies a responsive email, already made available within another collection.

Collection: 2017-1075-F

Bucket: Default

Creation Date: 1997-06-09

Subject: AASCU Statement In Response to Chairman Archer's Mark

Creator: ElmendorfE
elmendorfe@aascu.nche.edu@INET@LNGTWY [UNKNOWN]

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: MAWALDMAN (MAWALDMAN@aol.com@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:10-JUN-1997 23:13:00.00

SUBJECT: brt

TO: Michael Waldman (Michael Waldman@eop [UNKNOWN])

READ:UNKNOWN

TEXT:

MIME-Version: 1.0

Content-type: text/plain; charset=unknown-8bit

Content-transfer-encoding: 8BIT

Draft 6/10/97

PRESIDENT WILLIAM J. CLINTON

REMARKS TO THE BUSINESS ROUNDTABLE

WASHINGTON, DC

June 12, 1997

Acknowledgments: xx, xx, Mack McLarty

Thank you for the opportunity to

+

we are living at a time of remarkable hope for our contry. The

global

economy, stunning new tehcnologies, the spread of computers, remarkable

breakthroughs in biological science, all combine to offer wider vistas of

hope and opporutnity than we have seen. The new cnetury looks as if it,

too,

may become an American century.

today I want to talk to you about the strategy that I have sought to put in place. Four years ago, when I took office, I was determined to change our course. For twelve years we had tried trickle down economics; I wanted to try what I called invest and grow economics. I was determined that our nation would embrace the changes sweeping our world and make them work for all our people. I was determined that we would create the conditions for business to thrive, because business is the engine of America's prosperity and the heart of our economic system.

Beginning in 1993, we put in place a comprehensive strategy to prepare our country for the new century. First, we had to cut the deficit. In the 12 years before I took office, the deficit had skyrocketed and the debt had quadrupled. We have cut the deficit from \$290 billion the day I took office to \$70 billion today. That is a 77% cut. Now it is now the smallest, as a share of our economy, in the industrial world. And now, with the balanced budget agreement I have reached with the leaders of Congress, our deficit is heading to zero.

Second, and at the same time, we had to invest in the skills and

training of
our people. Xxxx.

And third, we committed to embrace the world economy, aggressively moving to open markets for American goods and services. NAFTA, GATT, and over 200 other hard-won trade agreements in place, xxx. Exports have surged and are now at an all time high.

Fiscal responsibility (investing in our people (free and fair trade: this is our economic strategy. It is a strategy that works.

As you know, the business magazines are having a hyperbole contest) debating whether this economy is "the best in thirty years," or "the best it has ever been." As you know, unemployment has dropped from [x] in 1992 to 4.8% -- with virtually no increase in inflation. The economy has created over 12 million jobs, virtually all in the private sector. Wages are up. New business incorporations have set a record every year. And while Bob Rubin has taught me that "the market goes up, and the market goes down," the stock market is now at 7500) up 1000 points this year alone.

and perhaps most encouraging of all, the industries of the future that will

lead the world) computers, telecommunications, aerospace, biotech) are
led
by American firms.

This is a strategy that has worked, well beyond anyone's reasonable
expectations. This prosperity didn't just happen. It is the result of the
enterprise and ingenuity of businesspeople here and around the country)
and
of a comprehensive strategy that has created the conditions for private
sector prosperity.

I am determined that we will continue with this strategy. And
over the
coming months, there will be several critical choices before our country)
decisions that amount to a referendum on whether we choose to move forward
with a vision and a strategy that has paved the way for prosperity.

First, we must continue to cut the deficit until we have balanced
the
budget. The bipartisan balanced budget plan, which I reached with the
Republican and Democratic leaders of the Congress, is good for our nation.
It answers the call for fiscal responsibility that you and so many others
have issued over the years. It will free up capital for investment and
lead
to lower interest rates and greater growth. I am gratified that this plan
has won the support of overwhelming numbers of both parties in Congress.
And

I look forward to seeing it enacted into law by year's end. This year will be the year we will finally balance the budget.

The second test for our nation will be whether we succeed in the course of balancing the budget. In the course of balancing the budget, we will make the vital investments in education and training that our people need. As you know so well, we can create jobs and opportunities, but we must make sure that all our people are prepared to seize those opportunities. [e.g. of job shortage] I appreciate the strong support that the Business Roundtable has given to our national effort to raise educational standards. Just this week, the most recent international math and science tests were released; they show that our 4th grade students are now near the top in the world, but that there is a sharp and singular dropoff in performance by the 8th grade. Slfda;sajflk.

The test of whether this nation will continue to invest in education will come in the debate now unfolding over the tax cuts in the balanced budget plan. Our bipartisan balanced budget agreement committed to \$35 billion in tax cuts targeted at higher education and I intend to hold them to it. Our goal as a nation must be nothing less than making the 13th and 14th years of education the first 2 years of college as universal as a high school degree is today. I have insisted on a Hope Scholarship tax credit to pay for the first two years of college. The tax

The third test of whether America will continue with this economic strategy is in the field of trade. We have insisted that America turn its face to the world economy; that we cannot retreat behind walls of isolation or protectionism, but must meet the challenge of global competition head on. This has not been in the past, and will not be in the future, a position free from controversy and risk. But we have no choice. We must move forward.

the next great frontier for our nation must be the emerging economies of this hemisphere and Asia. 95 percent of the world's consumers live outside our borders. The new middle class societies of Latin America are our next great market. If we do not step in, our competitors from Europe and Japan surely will. So I have called on Congress to give me what every President since Gerald Ford has been given: fast track authority to negotiate new trade agreements to open markets, expand opportunities, and create jobs for our people. I ask for your help.

The fourth great test of our strategy will come [CHINA].

Balancing the budget (investing in our people (opening world markets to trade: this is the right strategy for America. it was born in controversy;

it will continue to be controversial. But I am certain that this is the approach that will enable America, and all her people, to master this time of great change and make it a time of a true American renaissance.

This is the right approach for this advanced industrial nation) and it is also the right approach for the community of advanced industrialized nations.

At the Summit of the Eight in Denver next week, the G-7 countries, joined by Russia, will once again commit to solving the problems and seizing the opportunities created by the surge of global prosperity. None of our nations will prosper in the world economy by trying to undersell the newly competitive nations of the world; none of these nations will prosper by slashing wages to a lowest international denominator. All of us will prosper through educated workforces, flexible economies, and xxx.

Finally, let me say this. The great moment of prosperity and stability that we have created is an opportunity for all of us to join together and repair our social fabric. This is an opportunity for us to join together as a great American community, to marry our economic self interest with our common interest.

So many of you were involved in the President's Summit on Service

in

Philadelphia. I thank those of you who were) and I urge all of you to

join

the commitments of the thousands of firms who have agreed to pitch in to

their communities and fasdljfljds;aljksfdalkjsfd.

So many of you have been involved in our efforts, spearheaded by

my friend

Eli Siegal, to mobilize America ,s business community to move people from

welfare to work. I want every executive who has ever said a negaotive word

about yesterday ,s failed welfare system to listen to this: that system is

gone; we have removed it forerver; we have made responsibility a way of

life;

now it is up to all of us to take our responsibility and help those who

will

now try to help themselves.

And let us use this opporutnity to launch a great national

conversation on

race. We know what America will look like in the 21st Century. Now we

must

decide what we want America to be like. We will see demographic shifts and

social surges of the sort that have torn other nations apart. And we face

the constant question of race that has defined so much of our history,

bedeviled our xx, and been responsible both for our most shameful episodes

and our most sublime moments of moral greatness.

I hope that each of you in your own lives and in the lives of your corporations recognize that we have been given a golden opportunity) the product of all of your labor, and the common sense of the American people) to prepare ourselves for the new world of the 21st Century. if we act now to lock in our gains, to keep moving forward, and to xxxs, we can move into that

century stronger than we have ever been.===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)

id <01IJXD7HY1RK0026VU@PMDF.EOP.GOV> for waldman_m@al.eop.gov; Wed, 11 Jun 1997 00:14:32 -0500 (EST)

Received: from storm.eop.gov (storm.eop.gov)

by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IJXD7DIMY80027LB@PMDF.EOP.GOV> for waldman_m@al.eop.gov; Wed, 11 Jun 1997 00:14:26 -0500 (EST)

Received: from emoutl8.mail.aol.com ([198.81.11.44])

by STORM.EOP.GOV (PMDF V5.1-7 #6879)

with ESMTP id <01IJXD6RZZN4002SVY@STORM.EOP.GOV> for waldman_m@al.eop.gov; Wed, 11 Jun 1997 00:13:57 -0400 (EDT)

Received: (from root@localhost) by emoutl8.mail.aol.com (8.7.6/8.7.3/AOL-2.0.0)

id AAA18771 for waldman_m@al.eop.gov; Wed, 11 Jun 1997 00:13:55 -0400 (EDT)

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

**Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]**

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies a responsive email, already made available within another collection.

Collection: 2017-1075-F

Bucket: Default

Creation Date: 1997-06-10

Subject: [Fwd: Letter]

Creator: mcgrew mcgrew@erols.com@INET@LNGTWY [UNKNOWN] Janet L. Yellen CN=Janet L. Yellen/OU=CEA/O=EOP [CEA]

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: tombutts (tombutts@umich.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:10-JUN-1997 09:39:00.00

SUBJECT: Archer Tax Bill Released

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

FYI - This is the Chairman's version. You can look at the bill @

<http://gop.house.gov/taxrelief/default.htm> Sec. 127, Employer Provided

Education

Assistance, would be terminated yet again under the plan. In addition, we

are concerned about changes in the scholarship section - 117(d) -

that would eliminate the tax exclusion for teaching and research assistants

as well as benefits for university employees and their families.

>Date: Mon, 9 Jun 97 17:59:18 PDT

>From: Patrick Lester <lesterp@RTK.NET>

>Subject: Archer Tax Bill Released

>X-Priority: 3 (Normal)

>Mime-Version: 1.0

>

>=====

>Archer Tax Bill Released

>=====

>June 9, 1997

>

>

>Contents

>-----

>(1) Summary of Details

>(2) Table: Highlights of Package

>(3) Text Available on Web

>

>

>

>=====

>Archer Releases Details of Tax Package

>Provides Tax Relief for Life

>=====

>June 9, 1997

>

>Washington - Congressman Bill Archer, Chairman of the House

>Committee on Ways and Means, today released the details of

>his \$85 billion tax relief proposal.

>

>"This proposal," Archer said, "provides tax relief for life. It

>will cover the American people from the childhood years to the

>education years, from the savings years to the retirement

>years. It will even cover people upon death."

>

>"My proposal represents a simple vision," the Chairman

>continued. "I believe Washington needs to tax less so the

>American people can do more."

>

>

>Summary of Chairman Archer's Mark:

>-----

>Chairman Archer's mark is consistent with the budget agreement

>reached by President Clinton and Congressional leaders. It

>provides approximately

>

>* \$85 billion in net tax relief over the next five years and

>* \$250 billion in net tax relief over the next ten years.

>

>Chairman Archer's mark contains permanent tax relief that

>covers people throughout their lives, from the childhood years

>to the education years, from the savings years to the

>retirement years:

>

>* a \$500 per child tax credit covering 41 million children,

>roughly \$35 billion in post-secondary education tax incentives,

>

>* broad-based capital gains relief, 10% rate for couples with

>taxable incomes of no more than \$41,200, and 20% rate for

>married couples with higher taxable incomes

>

>* expansion of Individual Retirement Accounts, and

>

>* significant reduction in death taxes, with one million dollar

>threshold.

>

>It would be the first major tax cut enacted in 16 years.

>

>It fulfills the Contract with America by including the bulk of
>the Contract with America tax reductions that have not already
>been signed into law.

>

>It includes a substantial number of provisions that are
>identical or similar to those proposed by President Clinton.

>

>

>Details of the Chairman's Mark:

>-----

>

>Child Credit

>

>* benefits 41 million children

>

>* applies to children under 17

>

>* phased-in beginning in 1998 (\$400 per child in 1998, \$500 per
>child after 1998)

>

>* full credit available to families with incomes of up to
>\$110,000 (unmarried individuals with incomes of up to \$75,000)

>

>

>Education Incentives

>

- >* revised Hope scholarship tax credit (50% tax credit for
 - >higher education expenses of up to \$3,000)
- >
- >* deduction of up to \$10,000 for higher education expenses paid
 - >through State-sponsored education programs
- >
- >* penalty-free withdrawals from IRAs for post-secondary
 - >education expenses
- >
- >* creation of education investment accounts to allow parents to
 - >save tax-free for their children's higher education
- >
- >* increase in the amount of tax-exempt bonds that may be issued
 - >on behalf of educational institutions and other charitable
 - >organizations
- >
- >* incentives for contributions of computer equipment to
 - >elementary and secondary schools
- >
- >
- >Capital Gains
 - >
 - >* 10% capital gains tax rate for individuals in the 15% tax
 - >bracket (i.e., married couples with taxable incomes of no more
 - >than \$41,200 and single individuals with taxable incomes of no
 - >more than \$24,650), covering five million Americans, including
 - >two million senior citizens with capital gains

>

- >* 20% capital gains tax rate for individuals in the 28% and
- >higher tax brackets (i.e., married couples with taxable incomes
- >greater than \$41,200 and single individuals with taxable
- >incomes greater than \$24,650)

>

- >* exclusion of gain on the sale of a home (up to \$500,000 of
- >gain for married couples and \$250,000 of gain for single
- >individuals)

>

- >* 30% capital gains rate for assets held by corporations for
- >more than 5 years

>

- >* inflation indexation for assets purchased by individuals
- >after 2000 (i.e., individuals would no longer be taxed on
- >certain gains due only to inflation)

>

- >* depreciation recapture for real estate capped at 26% for
- >individuals

>

- >* effective for sales on or after May 7, 1997 (date of Chairman
- >Archer's and Chairman Roth's statement on capital gains
- >effective date)

>

>

- >Individual Retirement Accounts

>

- >* creation of American Dream savings accounts (nondeductible

- >IRAs in which the earnings may be withdrawn tax-free)

- >

- >* tax-free withdrawals for first-time home purchases from

- >American Dream savings accounts

- >

- >

- >Death Taxes

- >

- >* phased-in increase in the unified estate tax credit

- >equivalent to \$1 million (with indexing thereafter)

- >

- >* indexing of other features of the estate and gift tax

- >

- >

- >Alternative Minimum Tax Reform

- >

- >* increase in individual AMT exemption amount (even modest

- >inflation is expected to ensnare millions of middle income

- >Americans into the AMT over the next few years)

- >

- >* exemption from the AMT for small corporations

- >

- >* phase-out of the AMT for all corporations

- >

- >

- >

>Extension of Expiring Tax Provisions

>

>* Research and Experimentation Tax Credit (through 12/31/98)

>

>* exclusion for employer-provided educational assistance

>(through 12/31/97)

>

>* Work Opportunity Tax Credit (through 9/30/98)

>

>* deduction for contributions of stock to private foundations

>(through 12/31/98)

>

>* Orphan Drug Tax Credit (permanent)

>

>

>

>District of Columbia

>

>* low income areas of the District would become an enterprise

>zone (i.e., businesses and individuals in these areas would be

>eligible for empowerment zone wage tax credits and expanded

>expensing of equipment by small businesses)

>

>* zero capital gains tax treatment would apply to new

>investments in these areas

>

>* an Economic Development Corporation would be able to

- >allocate \$75 million in tax credits and issue new tax-exempt

- >bonds

- >

- >* residents of these low income areas would have the 15% income

- >tax bracket reduced to 10 percent

- >

- >

- >

- >Simplification and Taxpayer Protections

- >

- >* builds upon prior simplification efforts of the Congress

- >since 1991, as well as the simplification package submitted to

- >the Congress by the Clinton Administration in April

- >

- >* includes simplification relating to international

- >transactions, individuals, businesses generally, partnerships,

- >estate and gift rules, and excise taxes

- >

- >

- >Reform and Extension of Aviation Excise Taxes

- >

- >

- >Broad Safe Harbor for Independent Contractor Status

- >

- >

- >Repeal of Inappropriate Tax Provisions

- >

>* taxation of commercial activities of Indian tribes

>

>* elimination of capital gains tax avoidance techniques (e.g.,

>short against the box)

>

>* deferral of interest earned by credit card companies<

>

>* modification of tax rules relating to corporate spinoffs

>(Morris Trust)

>

>* registration of corporate tax shelters

>

>* reduction and phased-in repeal of ethanol tax benefits

>

>* repeal of 1986 rifle-shot tax relief granted to certain

>insurance companies and installment sellers

>

>* modifications to corporate net operating loss carrybacks and

>carryforwards

>

>* limitations on tax benefits from company-owned life insurance

>

>* tax reporting of certain payments to attorneys

>

>

>Technical Corrections to Prior Revenue Acts

>

>

>

>

>

>

>=====

>TABLE - Details of Archer Tax Bill - Selected

>Items and Totals (\$ billions)

>=====

	Fiscal Year							
					1997	1997		
	98	99	00	01	02	-2002	-2007	
	--	--	--	--	--	-----	-----	

>Child Tax

> Credit -2.3 -15.3 -18.1 -17.9 -17.6 -71.3 -148.3

>

>Education

> Changes -2.4 -6.6 -7.1 -7.5 -7.4 -31.0 -75.5

>

>IRA -0.2 +0.5 +0.4 -0.5 -0.3 -0.033 -13.0

>

>Capital

> Gains* +6.3 -0.5 -3.7 -3.6 +2.5 +2.7 -35.0

>

>Estate &

> Gift+ -0.1 -0.3 -0.7 -1.1 -1.5 -3.6 -20.5

>

>

>Total** +4.7 -18.3 -25.6 -26.4 -20.5 -84.6 -249.7

>

>

>

>* FY 1997 impact is +\$1.7 billion.

>** FY 1997 impact is +\$1.5 billion. Total is all selected

> items plus several others.

>

>

>Source: Joint Committee on Taxation

>

>

>

>=====

>TEXT AVAILABLE ONLINE

>=====

>

>The full text of Chairman Archer's bill will be made available

>online "after 5 p===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IJWVBLB8YO0021YC@PMDF.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Tue,

10 Jun 1997 15:42:26 -0500 (EST)

Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IJWVBJW2RK00227X@PMDF.EOP.GOV> for Robert_M._Shireman@oa.eop.gov; Tue,
10 Jun 1997 15:42:24 -0500 (EST)

Received: from mothra.rs.itd.umich.edu by gatekeeper.eop.gov;
(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA20398; Tue, 10 Jun 1997 15:42:19 -0400

Received: from [198.76.110.8] by mothra.rs.itd.umich.edu (8.8.5/2.2)
id PAA16695; Tue, 10 Jun 1997 15:41:51 -0400 (EDT)

X-Sender: tombutts@t.imap.itd.umich.edu

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

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: ussaleg (ussaleg@essential.org@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:10-JUN-1997 13:22:00.00

SUBJECT: ACT NOW TO PROMOTE EDUCATION ACCESS

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:
LEGISLATIVE ALERT 42

June 9, 1997

Students Must Act Now To Ensure Education Access

Today, Representative Bill Archer (R-TX), chair of the House Ways and Means Committee, released his plan for \$85 billion in tax cuts. The provisions in his plan for education tax cuts are NOT favorable to students. Archer's plan significantly scales back the President's HOPE scholarship and instead offers benefits predominantly to upper-middle income families who choose to invest heavily in state pre-paid tuition plans or private investment accounts.

Although the budget process is moving extremely quickly, students can still make an important difference by impacting the Senate plan. Senate members are still unsure about the best way to construct education tax proposals. Students need to tell the Senate Finance Committee that a plan such as Archer's is simply not acceptable. More importantly, however, we must let each member of the Senate Finance Committee know that their plan must aid both low and middle-income students.

Students should tell the Committee that the education tax package MUST include a REFUNDABLE tax credit (i.e. a credit that would be available to families with incomes below \$23,000 who have no tax liability). If such a refundable credit is not included in the package, the education tax cuts will NOT help students with the most need access college.

In the top income quintile, nearly half of all persons have a B.A. by age 24, but in the lowest income quintile, only 7% of the population have earned a B.A. by age 24. This fact must change. We cannot allow the education gap between the wealthy and the low-income to widen. We must ensure that both low-income and middle-income students have the resources to enter and remain in college.

STUDENT SHOULD CALL THE FOLLOWING SENATORS AND URGE THEM TO SUPPORT A REFUNDABLE EDUCATION TAX CREDIT THAT WILL INCREASE ACCESS FOR OUR NATION'S MOST NEEDY STUDENTS!

TO CONTACT THE FOLLOWING SENATORS CALL 1-800-574-4AID.

IF EVERY STUDENT WHO RECEIVES THIS MESSAGE MAKES 3 PHONE CALLS (AND REMEMBER THEY ARE FREE) WE CAN FORCE CONGRESS TO ADDRESS STUDENT NEEDS AND CREATE AN HISTORIC OPPORTUNITY FOR BOTH LOW AND MIDDLE-INCOME STUDENTS TO PURSUE COLLEGE EDUCATION.

Senate Finance Committee

ROTH-CHAIR (R-DE)

MOYNIHAN-RANKING (D-NY)

Chafee (R-RI)	Baucas (D-MT)
Grassley (R-IA)	Rockefeller (D-WV)
Hatch (R-UT)	Breaux (D-LA)
D'Amato (R-NY)	Conrad (D-ND)
Murkowski (R-AK)	Graham (D-FL)
Nickles (R-OK)	Moseley-Braun (D-IL)
Gramm (R-TX)	Bryan (D-NV)
Lott (R-MS)	Kerrey (D-NE)
Jeffords (R-VT)	
Mack (R-FL)	

Erica Adelsheimer	Phone: 202.347.USSA
Legislative Director	Fax: 202.393.5886
U.S. Student Association	E-mail:
ussaleg@essential.org	
1413 K Street NW 10th Floor	
http://www.essential.org/ussa	
Washington, DC 20005	

PLAN NOW TO JOIN US FOR USSA'S 50TH ANNUAL NATIONAL STUDENT CONGRESS

JULY 21-27,1997 IN MADISON, WISCONSIN

CONTACT USSA FOR MORE INFORMATION!

===== ATTACHMENT 1 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)

id <01IJWSP3PVLC001RI1@PMDF.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Tue,

10 Jun 1997 14:27:02 -0500 (EST)

Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)

id <01IJWSP2SDYO0020XQ@PMDF.EOP.GOV> for Robert_M._Shireman@oa.eop.gov; Tue,

10 Jun 1997 14:27:01 -0500 (EST)

Received: from essential.org by gatekeeper.eop.gov;

(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA28773; Tue, 10 Jun 1997 14:27:00 -0400

Received: from essential.essential.org (essential.org [198.4.52.1])

by essential.essential.org (8.8.5/8.8.5) with SMTP id OAA08623; Tue,

10 Jun 1997 14:22:22 -0400 (EDT)

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

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: tombutts (tombutts@umich.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:10-JUN-1997 09:31:00.00

SUBJECT: President's remarks today on Ways & Means tax plan

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

PRESIDENT'S COMMENTS TODAY

Message Creation Date was at 10-JUN-1997 12:17:00

Let me finally say that whether we in the national government continue to do our part for education depends upon our good faith in implementing the budget agreement that overwhelming majorities of both parties have voted for, and specifically what we do with the tax portion of the agreement -- which overwhelming majorities agree would be used to help working families to pay for education, to buy and sell a home, to raise their children. That is fair to all Americans.

Yesterday, the Republican Majority on the House Ways and Means Committee released their plan to fill in the details of the tax cut agreed to by the Congress and by me. I have reviewed this plan and I believe that in its present form, it does not meet the tests that I would hold myself to: one, being faithful to the Budget Agreement; second, having a tax cut that will grow the economy; third, having a tax cut that is fair to middle-class families; and, fourth, having a tax cut that genuinely helps to increase the quality

and volume of education in America today for people of all ages. I do not believe it meets those tests for the following reasons.

Number one, it falls \$13 billion short in the amount of higher education tax cuts specifically agreed to in the balanced budget agreement. We agreed to roughly \$35 billion. You might say that \$34 billion is roughly \$35 billion, but \$22 billion is not -- not even roughly \$35 billion -- (laughter) -- and if that were a question in the 4th grade TIMMS test, I'm quite sure what the answer would be. (Laughter and applause.)

Second, it short-changes those in the work force who want to gain new skills and those who want to go on to community colleges. Those who go to less expensive schools, like community colleges, would have the HOPE Scholarship I proposed specifically agreed to in the Budget Agreement, cut in half by the House plan.

Third, the plan falls short for working families in other ways. I favor a \$500 per child tax credit. We have people favoring the \$500 per child tax credit all the way from the most liberal coalitions in the Democratic caucus to the Christian Coalition. But I want to make it even more fair. I think it ought to be refundable, so it's fair to working parents with lower incomes. Instead, the Republican plan would deny the full child tax credit to millions of the hardest pressed working families simply because it is not refundable. And they would deduct the availability of the child's tax credit from the earned income tax credit that lower

income working families already earn.

Moreover, and unbelievably to me, they would reduce tax benefits to working families where both the father and the mother are working and paying for child care and getting some credit for that -- they want to deduct the child tax credit from the credit people already get to pay for child care, apparently, designed to make it more difficult for people who are parents to work outside the home. I think most working families will tell you, it's hard enough already; what we'd like is a little help raising our children. I do not believe we should discriminate against parents who are working and raising their children in the availability of the children's tax credit.

In short, the tax plan cuts in half the tax cuts for those who go to community college. It short changes 6 million families who are already in the work force and having to pay for their child care. That does not meet the standards of fairness to families and promotion of education. Nor do I believe it is consistent with the budget agreement. So I hope that the House Democrats and Republicans and the Senate Democrats and Republicans will work with us to meet those tests.

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

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)

id <01IJWVDYC034001UX6@PMDF.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Tue,

10 Jun 1997 15:44:22 -0500 (EST)

Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDf V5.0-4 #6879)
id <01IJWVDXUL5C0017WT@PMDf.EOP.GOV> for Robert_M._Shireman@oa.eop.gov; Tue,
10 Jun 1997 15:44:20 -0500 (EST)

Received: from mothra.rs.itd.umich.edu by gatekeeper.eop.gov;
(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA20965; Tue, 10 Jun 1997 15:44:12 -0400

Received: from [198.76.110.8] by mothra.rs.itd.umich.edu (8.8.5/2.2)
id PAA16659; Tue, 10 Jun 1997 15:41:41 -0400 (EDT)

X-Sender: tombutts@t.imap.itd.umich.edu

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

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: jsunley (jsunley@nsf.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:10-JUN-1997 14:12:00.00

SUBJECT: 1997-06/10 Remarks by President on Education Standards

TO: Daryl E. Chubin (Daryl E. Chubin@eop [UNKNOWN])

READ:UNKNOWN

TO: Michael Cohen (Michael Cohen@EOP [UNKNOWN])

READ:UNKNOWN

TO: William R. Kincaid (William R. Kincaid@eop [UNKNOWN])

READ:UNKNOWN

TEXT:

Bill Kincaid suggested I forward this to the working group.

Judy Sunley

>

>

>

THE WHITE HOUSE

>

>

Office of the Press Secretary

>

>

>For Immediate Release

June 10, 1997

>

>

>

REMARKS BY THE PRESIDENT

>

ON EDUCATION STANDARDS

>

>

The Rose Garden

>

>

>

>11:24 A.M. EDT

>

>

> THE PRESIDENT: Thank you very much. Let me say, first

>of all, I'm glad to be here with Pat Forgione, the Commissioner for

>the National Center for Educational Statistics. I thank him for the

>fine work that he has done. I thank the educators who are here:

>Linda Vieth, Lourdes Monegudo and Sharon Simpson. I thank Secretary

>Riley for his excellent work. And I want to thank all of those out

>in the audience who have done so much to make this day come to pass

>-- those who were introduced, the leaders of the NEA and the AFT and

>the other education groups who are here. All of you, thank you very

>much for being here.

>

> Today is a good day for American education. Today, we

>announce the new results from the Third International Mathematics and

>Science Study for 4th Graders, showing that America's 4th graders are

>performing above the national average in math and science. In fact,

>in science they are doing very well, indeed. According to this

>report, just issued today, our 4th graders rank second in the world

>in the Third International Math and Science Tests, just behind Korea.

>We are making great strides. We've built a solid foundation in our

>national effort to establish standards of excellence in education.

>

> In 1989 and '90, when I was a governor, I worked with
>the other governors in the White House and the Department of
>Education to establish national education goals. I remember the
>night we spent staying up all night at the University of Virginia,
>asking ourselves whether we should have a goal in math and science
>and, if so, what should it be. You remember, don't you? We were up
>all night long and people said to me, there's no way in the world we
>can have a goal that we should be first in the world of math and
>science because we have a more diverse population, we have more poor
>children, we don't have uniformity of -- so I remember looking at the
>person who made the argument -- it was a perfectly sane and rational
>argument -- I said, well, what do you want me to say, we're going to
>be third in the world in math and science? That's our goal? We'll
>be fourth, we'll be eighth? So we decided we would embrace the goal
>that we would be first.

>

> These 4th grade examinations proved that if our
>educators, our parents, our schools, the rest of us in a supporting
>role, if we all do the right thing, that our children can achieve if
>we give them the chance to do it, and if we have high expectations
>for them. So, again, I want to say, I thank the educators that are
>here. And I think that if you look at where we were -- just in 1991,
>there as a test similar to the TIMSS test in which our 4th graders
>were below average in math, above average in science, but nowhere
>near where they are today. So this shows you what can happen in a
>few short years if people are working together for the right things
>for our children and the future of this country.

>

> So I just want to say again to all those who were

> serving with me -- the Republicans and Democrats alike who were

> /,

>

> governors back then -- I still think we did the right thing, and now

> we have to do what it takes to make sure we meet the goal. We have

> to have the conviction that every child in America can learn. And we

> have to know that this report proves that we don't have to settle for

> second class expectations or second class goals.

>

> Now, we also have to remember that we've got a long way

> to go. Last November, when Secretary Riley and Commissioner Forgione

> released the first results from the 8th grade test, we found that we

> were above the international average in science, but still below the

> international average in mathematics. That is why I have asked us to

> begin not just participating in the TIMSS test with a few thousand of

> our students, but to voluntarily embrace national standards beginning

> with reading and mathematics; and begin with examinations that would

> embrace every child in America with 4th grade reading and 8th grade

> math by 1999.

>

> Since I issued that call, six states -- education

> leaders or governors -- in Maryland, Michigan, North Carolina,

> California, West Virginia and Massachusetts, along with the

> Department of Defense Schools, have adopted this plan of embracing

> national standards and agreeing to participate in the testing

>program. I'm pleased to announce today that the state of Kentucky is
>joining the national standards movement, becoming the sixth state to
>agree to participate in the examinations. And I want to especially
>thank Governor Paul Patton, who has been a national leader in
>education, for joining in this endeavor.

>
> The results today give us a road map to higher
>performance. In no other country in the world did performance in
>math drop from above average in 4th grade to below average in 8th
>grade. That didn't happen anywhere else -- which means that we are
>doing a very good job in the early grades, but we've got a lot more
>work to do in the later ones. We know parents have to remain
>involved in their children's education as they move through schools,
>not withdraw when their children reach adolescence. We know our
>curriculum will have to be more focused and more demanding. We know
>we'll have to hold all of our students to higher standards as they
>grow older and measure the schools and the students against the
>standards.

>
> As the school year comes to a close, I want to thank the
>many thousands of parents and teachers, principals who have done the
>hard work necessary to achieve these positive results. They have
>told us over and over and over again that if we can redouble our
>efforts, especially now in middle school and high schools, we can
>meet our goals of national excellence. Bipartisan progress on
>education shows what we can accomplish here in Washington, too, when
>we reach across party lines -- to balance the budget, but to invest

>more in the education of our young people, as well as our adults who
>need more access to education.

>

> So let me just say before I go on to make one or two
>more points, there are a lot of people who never believed the United
>States children would score in the top two in the world on any of
>these international tests. And now, they know that they were wrong
>and they underestimated our children, underestimated our teachers,
>underestimated our schools, underestimated our parents. But let's
>not kid ourselves: we are still nowhere near where we need to be in
>these other areas, and all this 4th grade test does is to show us
>that we can be the best in the world if we simply believe it and then
>organize ourselves to achieve it.

>

> This ought to be a clear challenge to every single state
>that has not yet come forward to agree to participate in the national
>standards movement and the test in 1999 that they ought to do it. We
>don't have to hide anymore, we don't have to be afraid of the results
>anymore. We're not trying to punish anybody; we're trying to lift
>the children of this country up, and the TIMSS test proves that they
>will lift themselves up if we who are adults and in charge of their
>future do what we ought to do to give them a chance to do it. And I
>hope all of you will take that message out across the country now.

>

> Let me finally say that whether we in the national
>government continue to do our part for education depends upon our
>good faith in implementing the budget agreement that overwhelming

>majorities of both parties have voted for, and specifically what we
>do with the tax portion of the agreement -- which overwhelming
>majorities agree would be used to help working families to pay for
>education, to buy and sell a home, to raise their children. That is
>fair to all Americans.

>

> Yesterday, the Republican Majority on the House Ways and
>Means Committee released their plan to fill in the details of the tax
>cut agreed to by the Congress and by me. I have reviewed this plan
>and I believe that in its present form, it does not meet the tests
>that I would hold myself to: one, being faithful to the Budget
>Agreement; second, having a tax cut that will grow the economy;
>third, having a tax cut that is fair to middle-class families; and,
>fourth, having a tax cut that genuinely helps to increase the quality
>and volume of education in America today for people of all ages. I
>do not believe it meets those tests for the following reasons.

>

> Number one, it falls \$13 billion short in the amount of
>higher education tax cuts specifically agreed to in the balanced
>budget agreement. We agreed to roughly \$35 billion. You might say
>that \$34 billion is roughly \$35 billion, but \$22 billion is not --
>not even roughly \$35 billion -- (laughter) -- and if that were a
>question in the 4th grade TIMMS test, I'm quite sure what the answer
>would be. (Laughter and applause.)

>

> Second, it short-changes those in the work force who
>want to gain new skills and those who want to go on to community

>colleges. Those who go to less expensive schools, like community
>colleges, would have the HOPE Scholarship I proposed specifically
>agreed to in the Budget Agreement, cut in half by the House plan.

>

> Third, the plan falls short for working families in
>other ways. I favor a \$500 per child tax credit. We have people
>favoring the \$500 per child tax credit all the way from the most
>liberal coalitions in the Democratic caucus to the Christian
>Coalition. But I want to make it even more fair. I think it ought
>to be refundable, so it's fair to working parents with lower incomes.
>Instead, the Republican plan would deny the full child tax credit to
>millions of the hardest pressed working families simply because it is
>not refundable. And they would deduct the availability of the
>child's tax credit from the earned income tax credit that lower
>income working families already earn.

>

> Moreover, and unbelievably to me, they would reduce tax
>benefits to working families where both the father and the mother are
>working and paying for child care and getting some credit for that --
>they want to deduct the child tax credit from the credit people
>already get to pay for child care, apparently, designed to make it
>more difficult for people who are parents to work outside the home.
>I think most working families will tell you, it's hard enough
>already; what we'd like is a little help raising our children. I do
>not believe we should discriminate against parents who are working
>and raising their children in the availability of the children's tax
>credit.

>

> In short, the tax plan cuts in half the tax cuts for
>those who go to community college. It short changes 6 million
>families who are already in the work force and having to pay for
>their child care. That does not meet the standards of fairness to
>families and promotion of education. Nor do I believe it is
>consistent with the budget agreement. So I hope that the House
>Democrats and Republicans and the Senate Democrats and Republicans
>will work with us to meet those tests.

>

> Finally, let me just say one other thing. The people of
>the Dakotas and Minnesota earned the great compassion and concern of
>all Americans because of what they went through this year. We've
>worked hard to help them stave off the worst, to get their
>communities back together, to rebuild. It has been 80 days since I
>forwarded to Congress my request for disaster relief to allow the
>process of recovery to begin.

>

> Instead of giving me a disaster relief bill, the
>Congressional Majority insisted on weighing it down with a political
>wish list. In the name of the people who have had to face the
>floods, in the name of the families who suffered and need their help
>now, I ask the Majority to put aside the political games to set aside
>the political wish list -- we can negotiate on all this later -- and,
>instead, just send me a straightforward disaster relief bill. Again,
>I believe if this were a question on an elementary school exam, 90
>percent of the 4th graders in America would say: do the right thing

>and have your political arguments later.

>

> So as we celebrate today, let's do the right thing and

>resolve that we're not going to stop until we get those TIMSS tests

>and we're first in the world at the 4th grade level, at the 8th grade

>level, at the 12th grade level. Our 4th graders have proved that we

>can do it. We dare not let them and the other children of this

>country down.

>

> Thank you very much. (Applause.)

>

> END 11:37 A.M. EDT

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

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IJWS5WTFLS0022CC@PMDF.EOP.GOV>; Tue, 10 Jun 1997 14:11:36 -0500 (EST)

Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IJWS5TRBHC0022G6@PMDF.EOP.GOV>; Tue,

10 Jun 1997 14:11:33 -0500 (EST)

Received: from mailman.nsf.gov ([128.150.11.2])

by STORM.EOP.GOV (PMDF V5.1-7 #6879)

with ESMTP id <01IJWS5J5LMI002G4O@STORM.EOP.GOV>; Tue,

10 Jun 1997 14:11:19 -0400 (EDT)

Received: from [128.150.150.105] (od0096.od.nsf.gov [128.150.150.105])

by mailman.nsf.gov (8.8.4/8.8.4) with ESMTP id OAA12825; Tue,

10 Jun 1997 14:11:10 -0400

X-Sender: jsunley@popsrvr.nsf.gov

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

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: ElmendorfE (elmendorfe@aascu.nche.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:10-JUN-1997 12:10:00.00

SUBJECT: President's remarks today on Ways & Means tax plan -Reply

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

Lets talk about how to bring other higher ed associations

around>>>>>/I got your message via Barmak this

morning. I hope our press statement and letter make the

rounds with the policy folks....and press...ed

>>> <Robert_M._Shireman@oa.eop.gov> 06/10/97

01:17pm >>>

Message Creation Date was at 10-JUN-1997 12:17:00

Let me finally say that whether we in the national government continue to do our part for education depends upon our good faith in implementing the budget agreement that overwhelming majorities of both parties have voted for, and specifically what we do with the tax portion of the agreement -- which overwhelming majorities agree would be used to help working families to pay for education, to buy and sell a home, to raise their children.

That is
fair to all Americans.

Yesterday, the Republican Majority on the House
Ways and
Means Committee released their plan to fill in the details of
the tax
cut agreed to by the Congress and by me. I have reviewed
this plan
and I believe that in its present form, it does not meet the
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that I would hold myself to: one, being faithful to the
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Agreement; second, having a tax cut that will grow the
economy;
third, having a tax cut that is fair to middle-class families;
and,
fourth, having a tax cut that genuinely helps to increase the
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and volume of education in America today for people of all
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do not believe it meets those tests for the following
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Number one, it falls \$13 billion short in the amount
of
higher education tax cuts specifically agreed to in the

balanced

budget agreement. We agreed to roughly \$35 billion. You might say

that \$34 billion is roughly \$35 billion, but \$22 billion is not

--

not even roughly \$35 billion -- (laughter) -- and if that were

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question in the 4th grade TIMMS test, I'm quite sure what

the answer

would be. (Laughter and applause.)

Second, it short-changes those in the work force

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want to gain new skills and those who want to go on to

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colleges. Those who go to less expensive schools, like

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colleges, would have the HOPE Scholarship I proposed

specifically

agreed to in the Budget Agreement, cut in half by the

House plan.

Third, the plan falls short for working families in

other ways. I favor a \$500 per child tax credit. We have

people

favoring the \$500 per child tax credit all the way from the

most

liberal coalitions in the Democratic caucus to the Christian Coalition. But I want to make it even more fair. I think it ought to be refundable, so it's fair to working parents with lower incomes. Instead, the Republican plan would deny the full child tax credit to millions of the hardest pressed working families simply because it is not refundable. And they would deduct the availability of the child's tax credit from the earned income tax credit that lower income working families already earn.

Moreover, and unbelievably to me, they would reduce tax benefits to working families where both the father and the mother are working and paying for child care and getting some credit for that -- they want to deduct the child tax credit from the credit people already get to pay for child care, apparently, designed to make it more difficult for people who are parents to work outside the home.

I think most working families will tell you, it's hard enough already; what we'd like is a little help raising our children. I do not believe we should discriminate against parents who are working and raising their children in the availability of the children's tax credit.

In short, the tax plan cuts in half the tax cuts for those who go to community college. It short changes 6 million families who are already in the work force and having to pay for their child care. That does not meet the standards of fairness to families and promotion of education. Nor do I believe it is consistent with the budget agreement. So I hope that the House Democrats and Republicans and the Senate Democrats and Republicans will work with us to meet those tests.

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

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)

id <01IJWQ3A53SG00208U@PMDf.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Tue,

10 Jun 1997 13:12:11 -0500 (EST)

Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDf V5.0-4 #6879)
id <01IJWQ3944S0001RVI@PMDf.EOP.GOV> for Robert_M._Shireman@oa.eop.gov; Tue,
10 Jun 1997 13:12:09 -0500 (EST)
Received: from nchemail.nche.edu by gatekeeper.eop.gov;
(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA03917; Tue, 10 Jun 1997 13:12:05 -0400

Received: by nchemail.nche.edu (5.65/DEC-Ultrix/4.3) id AA19555; Tue,
10 Jun 1997 13:06:41 -0400

Received: from aascudomain-Message_Server by aascu.nche.edu with
Novell_GroupWise; Tue, 10 Jun 1997 13:15:58 -0400

X-Mailer: Novell GroupWise 4.1

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

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: postmaster (postmaster@smtpgw.ed.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:10-JUN-1997 12:12:00.00

SUBJECT: unable to deliver mail

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

This message was returned to you for the following reasons:

Unknown recipient: jim_zook@ed.gov

The original message follows.===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from gatekeeper.eop.gov by smtpgw.ed.gov with SMTP
(IMA Internet Exchange 1.04b) id 39d8a740; Tue, 10 Jun 97 13:10:12 -0400

Received: from pmdf.eop.gov by gatekeeper.eop.gov;
(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA02899; Tue, 10 Jun 1997 13:10:11 -0400

Received: from mr.eop.gov by PMDF.EOP.GOV (PMDf V5.0-4 #6879)
id <01IJWQ0PYJ8G00208U@PMDf.EOP.GOV> for jim_zook@ed.gov; Tue,
10 Jun 1997 13:10:09 -0500 (EST)

Received: with PMDF-MR; Tue, 10 Jun 1997 13:10:07 -0500 (EST)

MR-Received: by mta EOPMRX; Relayed; Tue, 10 Jun 1997 13:10:07 -0500

Alternate-recipient: prohibited

Disclose-recipients: prohibited

UA-content-id: MBLINKAA

X400-MTS-identifier: [;70013101607991/5475167@EOPMRX]

Hop-count: 1

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

===== ATTACHMENT 2 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDf V5.0-4 #6879)
id <01IJWQ6JJ0BK00208U@PMDf.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Tue,

10 Jun 1997 13:14:49 -0500 (EST)

Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDf V5.0-4 #6879)

id <01IJWQ6I0W0G001XBV@PMDf.EOP.GOV> for Robert_M._Shireman@oa.eop.gov; Tue,

10 Jun 1997 13:14:47 -0500 (EST)

Received: from vader.ed.gov by gatekeeper.eop.gov;
(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA30912; Tue, 10 Jun 1997 13:14:44 -0400

Received: from smtpgw.ed.gov (smtpgw.ed.gov [165.224.217.36])
by vader.ed.gov (8.8.5/8.8.4) with SMTP id NAA20803 for
<Robert_M._Shireman@oa.eop.gov>; Tue, 10 Jun 1997 13:13:00 -0400 (EDT)

Received: from ccMail by smtpgw.ed.gov (IMA Internet Exchange 1.04b)
id 39d8b0d0; Tue, 10 Jun 1997 13:12:45 -0400

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

===== ATTACHMENT 3 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

From: Robert_M._Shireman@EOP@LNGTWY@EOPMRX@LNGTWY

*To: jim_zook@ed.gov@INET@EOPMRX@LNGTWY

Date: 6/10/97 1:03pm

Subject: President's remarks

Message Creation Date was at 10-JUN-1997 13:03:00

Let me finally say that whether we in the national government continue to do our part for education depends upon our good faith in implementing the budget agreement that overwhelming majorities of both parties have voted for, and specifically what we do with the tax portion of the agreement -- which overwhelming majorities agree would be used to help working families to pay for education, to buy and sell a home, to raise their children. That is fair to all Americans.

Yesterday, the Republican Majority on the House Ways and Means Committee released their plan to fill in the details of the tax cut agreed to by the Congress and by me. I have reviewed this plan and I believe that in its present form, it does not meet the tests that I would hold myself to: one, being faithful to the Budget Agreement; second, having a tax cut that will grow the economy; third, having a tax cut that is fair to middle-class families; and, fourth, having a tax cut that genuinely helps to increase the quality and volume of education in America today for people of all ages. I do not believe it meets those tests for the following reasons.

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Second, it short-changes those in the work force who want to gain new skills and those who want to go on to community colleges. Those who go to less expensive schools, like community colleges, would have the HOPE Scholarship I proposed specifically agreed to in the Budget Agreement, cut in half by the House plan.

Third, the plan falls short for working families in other ways. I favor a \$500 per child tax credit. We have people favoring the \$500 per child tax credit all the way from the most liberal coalitions in the Democratic caucus to the Christian Coalition. But I want to make it even more fair. I think it ought to be refundable, so it's fair to working parents with lower incomes. Instead, the Republican plan would deny the full child tax credit to millions of the hardest pressed working families simply because it is not refundable. And they would deduct the availability of the child's tax credit from the earned income tax credit that lower income working families already earn.

Moreover, and unbelievably to me, they would reduce tax benefits to working families where both the father and the mother are working and paying for child care and getting some credit for that -- they want to deduct the child tax credit from the credit people already get to pay for child care, apparently, designed to make it more difficult for people who are parents to work outside the home. I think most working families will tell you, it's hard enough already; what we'd like is a little help raising our children. I do not believe we should discriminate against parents who are working and raising their children in the availability of the children's tax credit.

In short, the tax plan cuts in half the tax cuts for those who go to community college. It short changes 6 million families who are already in the work force and having to pay for their child care. That does not meet the standards of fairness to families and promotion of education. Nor do I believe it is consistent with the budget agreement. So I hope that the House Democrats and Republicans and the Senate Democrats and Republicans will work with us to meet those tests.

===== END ATTACHMENT 3 =====

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: ElmendorfE (elmendorfe@aascu.nche.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:11-JUN-1997 16:14:00.00

SUBJECT: Legislative Alert: Immediate Action Needed to Ensure the Needie

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

AASCU LEGISLATIVE ACTION ALERT:

IMMEDIATE ACTION NEEDED

TO: AASCU STATE REPRESENTATIVES

FROM: ED ELMENDORF/BARMAK NASSIRIAN

SUBJ: LEGISLATIVE ALERT: IMMEDIATE

ACTION TO ENSURE THE NEEDIEST STUDENTS

AND FAMILIES BENEFIT FROM HOPE

SCHOLARSHIPS

DATE: JUNE 11, 1997

Legislative Alert: Immediate Action Needed to Ensure the
Neediest Students and Families Benefit from Hope
Scholarships

June 11, 1997

The Problem: Not one penny of the \$35 billion in student

aid contained in the tax bill under consideration by Congress will reach the students and families who most need help to meet the high cost of college unless the Hope Scholarship Tax Credit is made "refundable".

Action Needed: Immediately call members of the Senate Finance Committee and urge them to make the Hope Scholarship refundable such that it provides middle-income families with the help that they need and provides desperately needed help to low-income families and students as well.

Call 202-224-3121, the Capitol Switchboard, and ask to be connected to the Senators' Offices. A list of members of the Finance Committee follows.

Background: Through a series of changes in the tax code, President Clinton proposes to provide new assistance to families with incomes of up to \$100,000 to help them meet the cost of college. Under the President's plan, families with tax liability could receive up to \$1,500 a year for two years of college through the Hope Scholarship tax credit and as much as \$2,800 a year for four years through tuition tax deductibility.

Both of these proposals fail to help the families with the lowest incomes--those who most need help in meeting the

high cost of college--because these families have no federal tax liability. Thirty percent of all families with children have incomes so low that they have no federal tax liability.

Forty-three percent of families with children have tax liabilities below \$1,500 so that they could not claim the full \$1,500 provided by Hope.

There is already a significant college-going gap separating wealthy Americans from others. While 48 percent of the young people raised in families with incomes in the top 20 percent have BAs by age 28, only 7 percent of the young people raised in the poorest families do. Providing generous benefits to affluent families while providing little or no help to lower income families will widen, not narrow, the college-going gap.

By making the Hope Tax credit refundable, Congress can provide help to low-income families at the same time that it helps the middle class. Refundability would allow families with little or no federal tax liability to share in the benefits of the largest new higher education assistance package in recent history.

Members of the Senate Finance Committee: Republicans:

William Roth (DE), John Chafee (RI), Charles Grassley (IA), Orrin Hatch (UT), Alfonse M. D'Amato (NY), Don Nickles (OK), Phil Gramm (TX), Trent Lott (MS), James

Jeffords (VT). Connie Mack (FL) Democrats: Daniel
 Patrick Moynihan (NY) Max Baucus MT) John Breaux
 (LA), Kent Conrad(ND), Bob Graham (FL) Carol
 Mosley-Braun (IL), Richard Bryan (NV), Bob Kerry (NE)

Please share this alert with others and make them aware of
 the need for quick action, ESPECIALLY IF YOU HAVE
 A SENATOR ON THE FINANCE COMMITTEE.

Families w/ Children

	No Tax Liability (Hope=0)	Less than \$1,500 in tax liability
Alabama	36.4%	49.0%
Alaska	22.6%	34.5%
Arizona	35.9%	50.5%
Arkansas	35.3%	54.1%
California	33.7%	46.1%
Colorado	20.4%	34.1%
Connecticut	22.5%	32.1%
Delaware	25.1%	40.2%
Dist. of Col.	48.8%	61.7%
Florida	34.3%	48.0%
Georgia	28.1%	42.5%
Hawaii	22.3%	34.4%
Idaho	30.0%	44.1%
Illinois	28.1%	39.3%

Indiana	30.4%	46.9%
Iowa	23.9%	39.1%
Kansas	26.5%	42.7%
Kentucky	35.9%	51.9%
Louisiana	41.9%	53.3%
Maine	27.0%	41.3%
Maryland	20.8%	33.3%
Massachusetts	23.1%	33.8%
Michigan	28.1%	39.9%
Minnesota	21.3%	32.5%
Mississippi	44.0%	56.2%
Missouri	31.5%	46.0%
Montana	29.4%	45.9%
Nebraska	21.8%	36.9%
Nevada	24.5%	37.9%
New Hampshire	20.4%	33.7%
New Jersey	19.6%	29.5%
New Mexico	39.6%	54.1%
New York	32.4%	44.4%
North Carolina	31.2%	45.1%
North Dakota	24.3%	40.1%
Ohio	28.0%	40.1%
Oklahoma	35.2%	49.6%
Oregon	27.1%	44.5%
Pennsylvania	25.8%	38.0%
Rhode Island	28.6%	42.5%
South Carolina	38.1%	50.9%

South Dakota	31.5%	44.0%
Tennessee	31.1%	48.9%
Texas	35.4%	49.0%
Utah	19.8%	36.2%
Vermont	22.8%	38.3%
Virginia	23.6%	39.9%
Washington	26.5%	38.2%
West Virginia	39.4%	55.0%
Wisconsin	23.9%	34.0%
Wyoming	25.8%	38.9%

(Source: Center on Budget and Policy Priorities)===== ATTACHMENT 1

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ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)

id <01IJYD4SM1SW002903@PMDF.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Wed,

11 Jun 1997 17:23:09 -0500 (EST)

Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)

id <01IJYD4NPRCG002EF1@PMDF.EOP.GOV> for Robert_M._Shireman@oa.eop.gov; Wed,

11 Jun 1997 17:23:02 -0500 (EST)

Received: from nchemail.nche.edu by gatekeeper.eop.gov;

(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA27134; Wed, 11 Jun 1997 17:22:57 -0400

Received: by nchemail.nche.edu (5.65/DEC-Ultrix/4.3) id AA04178; Wed,

11 Jun 1997 17:17:33 -0400

Received: from aascudomain-Message_Server by aascu.nche.edu with

Novell_GroupWise; Wed, 11 Jun 1997 17:22:15 -0400

Apparently-to: Robert_M._Shireman@oa.eop.gov

X-Mailer: Novell GroupWise 4.1

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