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Collection: 2010-0379-F

Bucket: WHO

Creation Date: 1997-11-13

Subject: weekly and amplification

Creator: Jason Solomon CN=Jason Solomon/O=Department of the Treasury [UNKNOWN]

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: SUNTUM_M (SUNTUM_M@a1.eop.gov [UNKNOWN])

CREATION DATE/TIME:23-FEB-1998 15:56:04.00

SUBJECT: CORRECTED TRANSCRIPT: pg 2, NAGBY (not NASBE)

TO: Reuben_L._Musgrave_Jr. (Reuben_L._Musgrave_Jr.@oa.eop.gov [oa])
READ:UNKNOWN

TO: William_H._White_Jr. (William_H._White_Jr.@oa.eop.gov [oa])
READ:UNKNOWN

TO: "/R=3$=/C=US/ADMD=WESTERN_UNION/O=ATT.COM/DD.ELN=62955104/"@mrx.eop.gov (
"/R=3$=/C=US/ADMD=WESTERN_UNION/O=ATT.COM/DD.ELN=62955104/"@mrx.eop.gov [UNKNOWN])
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TO: "/R=OPUS/R=MRP/PR-L=AVUOEOB/PR-U=TDIXON/FFN=Timothy_Dixon/"@mr.eop.gov (
"/R=OPUS/R=MRP/PR-L=AVUOEOB/PR-U=TDIXON/FFN=Timothy_Dixon/"@mr.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: 62955104@eln.attmail.com (62955104@eln.attmail.com [UNKNOWN])
READ:UNKNOWN

TO: Andrei_H._Cherny (Andrei_H._Cherny@ovp.eop.gov [ovp])
READ:UNKNOWN

TO: Angelina_Walker (Angelina_Walker@ovp.eop.gov [ovp])
READ:UNKNOWN

TO: backup (backup@wilson.ai.mit.edu [UNKNOWN])
READ:UNKNOWN

TO: BARBUSCHAK_K (BARBUSCHAK_K@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: bartholome_m (BARTHOLOME_M@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: BARTHOLOW_T (BARTHOLOW_T@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Adam W. Goldberg (CN=Adam W. Goldberg/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Alexander L. Boyle (CN=Alexander L. Boyle/OU=PIR/O=EOP [PIR])
READ:UNKNOWN

TO: Allison J. King (CN=Allison J. King/OU=PIR/O=EOP [PIR])
READ:UNKNOWN

TO: Amy W. Tobe (CN=Amy W. Tobe/OU=WHO/O=EOP [WHO])

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TO: Andrew J. Mayock (CN=Andrew J. Mayock/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Anna E. Cushing (CN=Anna E. Cushing/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Anne E. McGuire (CN=Anne E. McGuire/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Anne H. Lewis (CN=Anne H. Lewis/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Anne M. Edwards (CN=Anne M. Edwards/OU=WHO/O=EOP [WHO])
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TO: Antony J. Blinken (CN=Antony J. Blinken/OU=NSC/O=EOP [NSC])
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TO: Aviva Steinberg (CN=Aviva Steinberg/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Barbara D. Woolley (CN=Barbara D. Woolley/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Barry J. Toiv (CN=Barry J. Toiv/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Ben A. Freeland (CN=Ben A. Freeland/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Beverly J. Barnes (CN=Beverly J. Barnes/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Bradley M. Campbell (CN=Bradley M. Campbell/OU=CEQ/O=EOP [CEQ])
READ:UNKNOWN

TO: Brenda M. Anders (CN=Brenda M. Anders/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Brian D. Smith (CN=Brian D. Smith/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Brooke E. McManus (CN=Brooke E. McManus/OU=WHO/O=EOP [WHO])
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TO: Brooks E. Scoville (CN=Brooks E. Scoville/OU=WHO/O=EOP [WHO])
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TO: Carmen B. Fowler (CN=Carmen B. Fowler/OU=WHO/O=EOP [WHO])

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TO: Carole A. Parmelee (CN=Carole A. Parmelee/OU=WHO/O=EOP [WHO])
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TO: Catherine T. Kitchen (CN=Catherine T. Kitchen/OU=WHO/O=EOP [WHO])
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TO: Charles F. Ruff (CN=Charles F. Ruff/OU=WHO/O=EOP [WHO])
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TO: Cheryl D. Mills (CN=Cheryl D. Mills/OU=WHO/O=EOP [WHO])
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TO: Christine N. Macy (CN=Christine N. Macy/OU=WHO/O=EOP [WHO])
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TO: Dag Vega (CN=Dag Vega/OU=WHO/O=EOP [WHO])
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TO: Daniel W. Burkhardt (CN=Daniel W. Burkhardt/OU=WHO/O=EOP [WHO])
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TO: Darby E. Stott (CN=Darby E. Stott/OU=WHO/O=EOP [WHO])
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TO: David S. Beaubaire (CN=David S. Beaubaire/OU=WHO/O=EOP [WHO])
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TO: David T. Johnson (CN=David T. Johnson/OU=NSC/O=EOP [NSC])
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TO: Debra S. Wood (CN=Debra S. Wood/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Diane A. Stumpf (CN=Diane A. Stumpf/OU=ONDCP/O=EOP [ONDCP])
READ:UNKNOWN

TO: Diane Ikemiyashiro (CN=Diane Ikemiyashiro/OU=WHO/O=EOP [WHO])

READ:UNKNOWN

TO: Donald Goldberg (CN=Donald Goldberg/OU=WHO/O=EOP [WHO])
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TO: Dorian V. Weaver (CN=Dorian V. Weaver/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Dorinda A. Salcido (CN=Dorinda A. Salcido/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Doris O. Matsui (CN=Doris O. Matsui/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

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TO: Elisa Millsap (CN=Elisa Millsap/OU=WHO/O=EOP [WHO])
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TO: Elizabeth A. Castellani (CN=Elizabeth A. Castellani/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Elizabeth R. Newman (CN=Elizabeth R. Newman/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Elliot J. Diringer (CN=Elliot J. Diringer/OU=CEQ/O=EOP [CEQ])
READ:UNKNOWN

TO: Estela Mendoza (CN=Estela Mendoza/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Evan Ryan (CN=Evan Ryan/OU=WHO/O=EOP [WHO])
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TO: G. Timothy Saunders (CN=G. Timothy Saunders/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Glen M. Weiner (CN=Glen M. Weiner/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Grace A. Garcia (CN=Grace A. Garcia/OU=PIR/O=EOP [PIR])
READ:UNKNOWN

TO: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: James M. Teague (CN=James M. Teague/OU=WHO/O=EOP [WHO])

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TO: Jason S. Goldberg (CN=Jason S. Goldberg/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Jeannetta P. Allen (CN=Jeannetta P. Allen/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Jeremy M. Gaines (CN=Jeremy M. Gaines/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Jessica L. Gibson (CN=Jessica L. Gibson/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Jon P. Jennings (CN=Jon P. Jennings/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Jonathan Murchinson (CN=Jonathan Murchinson/OU=WHO/O=EOP [WHO])
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TO: Joshua Silverman (CN=Joshua Silverman/OU=WHO/O=EOP [WHO])
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TO: Judithanne V. Scourfield (CN=Judithanne V. Scourfield/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Julia M. Payne (CN=Julia M. Payne/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Julianne B. Corbett (CN=Julianne B. Corbett/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

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READ:UNKNOWN

TO: Julie E. Mason (CN=Julie E. Mason/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: June G. Turner (CN=June G. Turner/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: June Shih (CN=June Shih/OU=WHO/O=EOP [WHO])

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TO: Karen C. Fahle (CN=Karen C. Fahle/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Karen E. Finney (CN=Karen E. Finney/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Katharine Button (CN=Katharine Button/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Kevin S. Moran (CN=Kevin S. Moran/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Kristen E. Panerali (CN=Kristen E. Panerali/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Kyle M. Baker (CN=Kyle M. Baker/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Lanny A. Breuer (CN=Lanny A. Breuer/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Laura D. Schwartz (CN=Laura D. Schwartz/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Laura S. Marcus (CN=Laura S. Marcus/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Leanne I. Johnson (CN=Leanne I. Johnson/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Lisa J. Levin (CN=Lisa J. Levin/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Lori E. Abrams (CN=Lori E. Abrams/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Lori L. Anderson (CN=Lori L. Anderson/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Lowell A. Weiss (CN=Lowell A. Weiss/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Maria E. Soto (CN=Maria E. Soto/OU=PIR/O=EOP [PIR])
READ:UNKNOWN

TO: Mark D. Neschis (CN=Mark D. Neschis/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Mark J. Bernstein (CN=Mark J. Bernstein/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Marsha E. Berry (CN=Marsha E. Berry/OU=WHO/O=EOP [WHO])

READ:UNKNOWN

TO: Maureen A. Hudson (CN=Maureen A. Hudson/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Megan C. Moloney (CN=Megan C. Moloney/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Melinda L. Dupont (CN=Melinda L. Dupont/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Melissa M. Murray (CN=Melissa M. Murray/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Michael A. OMary (CN=Michael A. O'Mary/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Michael J. Sullivan (CN=Michael J. Sullivan/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Michael V. Terrell (CN=Michael V. Terrell/OU=CEQ/O=EOP [CEQ])
READ:UNKNOWN

TO: Michael Waldman (CN=Michael Waldman/OU=WHO/O=EOP [WHO])
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TO: Michele Jolin (CN=Michele Jolin/OU=CEA/O=EOP [CEA])
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TO: Michelle Crisci (CN=Michelle Crisci/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Nanda Chitre (CN=Nanda Chitre/OU=WHO/O=EOP [WHO])
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TO: Neera Tanden (CN=Neera Tanden/OU=WHO/O=EOP [WHO])
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TO: Nelson Reyneri (CN=Nelson Reyneri/OU=WHO/O=EOP [WHO])
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TO: Nicole R. Rabner (CN=Nicole R. Rabner/OU=WHO/O=EOP [WHO])
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TO: Paul A. Tuchmann (CN=Paul A. Tuchmann/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Peter A. Weissman (CN=Peter A. Weissman/OU=OPD/O=EOP [OPD])

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TO: Phillip Caplan (CN=Phillip Caplan/OU=WHO/O=EOP [WHO])
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TO: R. Scott Michaud (CN=R. Scott Michaud/OU=WHO/O=EOP [WHO])
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TO: Rahm I. Emanuel (CN=Rahm I. Emanuel/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Richard L. Hayes (CN=Richard L. Hayes/OU=WHO/O=EOP [WHO])
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TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
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READ:UNKNOWN

TO: Ruby Shamir (CN=Ruby Shamir/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Russell W. Horwitz (CN=Russell W. Horwitz/OU=OPD/O=EOP [OPD])
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TO: Sally P. Paxton (CN=Sally P. Paxton/OU=WHO/O=EOP [WHO])
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TO: Sara M. Latham (CN=Sara M. Latham/OU=WHO/O=EOP [WHO])
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TO: Sarah S. Knight (CN=Sarah S. Knight/OU=WHO/O=EOP [WHO])
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TO: Sean P. Maloney (CN=Sean P. Maloney/OU=WHO/O=EOP [WHO])
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TO: Serena C. Torrey (CN=Serena C. Torrey/OU=WHO/O=EOP [WHO])

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TO: Sharolyn A. Rosier (CN=Sharolyn A. Rosier/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Steven A. Cohen (CN=Steven A. Cohen/OU=WHO/O=EOP [WHO])
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TO: Steven J. Naplan (CN=Steven J. Naplan/OU=NSC/O=EOP [NSC])
READ:UNKNOWN

TO: Sylvia M. Mathews (CN=Sylvia M. Mathews/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Tamara Monosoff (CN=Tamara Monosoff/OU=PIR/O=EOP [PIR])
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TO: Tanya E. Martin (CN=Tanya E. Martin/OU=OPD/O=EOP [OPD])
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TO: Thomas D. Janenda (CN=Thomas D. Janenda/OU=WHO/O=EOP [WHO])
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TO: Todd Stern (CN=Todd Stern/OU=WHO/O=EOP [WHO])
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TO: Tracy F. Sisser (CN=Tracy F. Sisser/OU=WHO/O=EOP [WHO])
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TO: Virginia N. Rustique (CN=Virginia N. Rustique/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: William R. Kincaid (CN=William R. Kincaid/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Woyneab M. Wondwossen (CN=Woyneab M. Wondwossen/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: CROWLEY_P (CROWLEY_P@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: CUTLER_L (CUTLER_L@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: DICKEY_L (DICKEY_L@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Eli_G._Attie (Eli_G._Attie@ovp.eop.gov [ovp])

READ:UNKNOWN

TO: gerhardt_k (GERHARDT_K@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: GRAY_W (GRAY_W@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: GRIBBEN_J (GRIBBEN_J@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: haas_l (HAAS_L@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: INFOMGT (INFOMGT@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Jim_Kohlenberger (Jim_Kohlenberger@ovp.eop.gov [ovp])
READ:UNKNOWN

TO: JOHNSON_WC (JOHNSON_WC@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Jonathan_H._Schnur (Jonathan_H._Schnur@ovp.eop.gov [ovp])
READ:UNKNOWN

TO: Joseph_W._Cerrell (Joseph_W._Cerrell@ovp.eop.gov [ovp])
READ:UNKNOWN

TO: julie_green (julie_green@ed.gov [UNKNOWN])
READ:UNKNOWN

TO: MALONE_M (MALONE_M@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: meglynn (meglynn@usia.gov [UNKNOWN])
READ:UNKNOWN

TO: MOFFETT_J (MOFFETT_J@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: NAPLAN_S (NAPLAN_S@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: newsdesk (newsdesk@usnewswire.com [UNKNOWN])
READ:UNKNOWN

TO: princej (princej@panet.us-state.gov [UNKNOWN])
READ:UNKNOWN

TO: RILEY_R (RILEY_R@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: SMITH_BD (SMITH_BD@a1.eop.gov [UNKNOWN])

READ:UNKNOWN

TO: SUNTUM_M (SUNTUM_M@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: TCSmith (TCSmith@dol.gov [UNKNOWN])
READ:UNKNOWN

TO: usia01 (usia01@access.digex.com [UNKNOWN])
READ:UNKNOWN

TO: usnwire (usnwire@access.digex.com [UNKNOWN])
READ:UNKNOWN

TO: WEINER_R (WEINER_R@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: wh-outbox-distr (wh-outbox-distr@clinton.ai.mit.edu [UNKNOWN])
READ:UNKNOWN

TO: WOZNIAK_N (WOZNIAK_N@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TEXT:

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 23, 1998

REMARKS BY THE PRESIDENT

AT NATIONAL GOVERNORS ASSOCIATION

ANNUAL MEETING

The East Room

10:04 A.M. EST

THE PRESIDENT: Good morning. Governor Voinovich, Governor Carper, Mr. Scheppach, and to the members of the administration that are here and all the governors, let me welcome you back to the White House. Before I begin let me say what I know is on all of our minds -- our thoughts and prayers are with the people in Central Florida where tornadoes have now killed 28 people. Governor Chiles is going to visit with our FEMA Director James Lee Witt the area today, and they will have our concerns with them.

I'd also like to say I'm sorry we're starting a little late, but I've been working on the situation in Iraq. The Vice President and I met with National Security Advisor Berger this morning. Last night just before our dinner I spoke with the Secretary General Kofi Annan, and I have called Prime Minister Blair this morning -- we had a long talk about the situation. I still have to talk to President Yeltsin and President Chirac, and I may have to leave the meeting and then come back. But that's all I have to say now, but I'm sorry we're starting a little late.

I'd like to confine my opening remarks -- and I'll try to truncate them since were starting late -- to education. For 20 years now, governors have been in the forefront of education reform in the United States. In the late '70s I was working with Governor Riley and now Senator Bob Graham and Governor Hunt and others in the south who were trying to raise the standard of living in the southern states to the national average, in part through an improvement in education.

In '83, when President Reagan was here, Secretary Bell issued the Nation at Risk report. In '89 we had the Education Summit -- some of you were there then -- which produced the national education goals. In '93, we passed Goals 2000 here and the School To Work program -- I might say both of which have been implemented without a single new federal regulation, something I'm very proud of.

Last year in my State of the Union, I outlined a 10-point program in education and asked that we leave politics at the schoolhouse door. And most of that program has now been implemented. I won't go over all of it, but I would just mention three or four issues that I think are important because they relate to many concerns that the governors have.

First of all, with the increases in Pell Grants and 300,000 work-study positions, with the education IRAs finally giving interest deductions for payments on college loans, the direct loan program, the HOPE Scholarship, named after Governor Miller's program in Georgia, and the Lifetime Learning Tax Credit, which also applies to the second, the third, and fourth years of college and graduate school, I think we can finally say for the first time in the history of the country, we've opened the doors of college to all Americans.

And that's an astonishing achievement for America. And I'm very proud of that.

Secondly, we are well on our way to hooking up all the classrooms and libraries in the country to the Internet by the year 2000. And many of you have been very active in that. Thirdly -- I'll say a little more about this in a minute -- the national standards movement is alive and well. Fourth, we had the America Reads program, which has several thousand college students in all your states going into elementary school classrooms to teach kids to read.

And finally, we funded a huge expansion in the Master Teacher program, which Governor Hunt has been so active in, and which I think is critically important to the future of education. If we can get a master teacher, a certified master teacher in every school building in America, it will change the culture and content and results of American education.

Now, in '98, in the State of the Union address, I asked the American people to focus on the fact that we could be happy that we'd opened the doors of college to everybody because everyone accepts the fact that we have the best system of higher education in the world -- everyone accepts that. No one believes America has the best system of elementary and secondary education in the world. And it seems incongruous. We know that we can have, and I think that should be our goal.

So with a view towards standards accountability and expectations all being lifted, our budget in this year makes the largest commitment to K through 12 education in the history of the country -- focused largely on reducing class size in the early grades to an average of 18 -- there are still a lot of classes with 30 kids or more in them -- on, therefore, to do that, achieving -- helping the state and helping local school districts to hire 100,000 teachers, and helping to build or remodel 5,000 schools.

It focus on more emphasis on teachers, money for teacher training and more money to develop a master teacher program. It focuses on standards and the continuation of the voluntary national test development for 8th grade math and 4th grade reading.

I know that later today -- and all of you may or may not know this -- but I know later today Secretary Riley is going to appoint Governor Engler to the NAGBY, the independent board that is supposed to develop a test and that guarantees that the states' concerns will be taken into account. I thank Governor Engler for his willingness to serve. I think it is important that we say whether we use national tests that are somehow evaluated by a national standard, or state tests that are evaluated by a national standard, that we do believe that learning the basics is the same in every state in America, and we want to raise the standards in every state in America. I think that is terribly important and I think we can do it. And I thank you, Governor, for your willingness to serve.

One other thing I'd like to say about standards. There's an interesting effort underway in America in many states and in some cities like Chicago to find a way to end the practice of social promotion in a way that lifts children up instead of putting them down. In Chicago they have mandatory summer school, for example, for children that don't perform at grade level, and it's, among other things, led to a dramatic drop in juvenile crime in the summer in Chicago, that more and more people are involved in constructive activities.

Before the next school year starts, Secretary Riley will issue guidelines on how schools can end social promotion and boost their efforts to ensure that more students learn what they need to

learn the first time around, and then to help those who don't with extra tutoring and summer school.

I also will send to Congress this year legislation to expand the Ed-Flex program. That's the program that frees the states from federal regulations so long as they set high academic standards; waive their own regulations for local schools and hold schools accountable for results. There are I think a dozen of you now who are part of the Ed-Flex program. The legislation that I will send would make every state in the country eligible to be a part of it, which would dramatically reduce the regulatory burden of the federal government on the states in the area of education.

One last thing I'd like to mention, as all of you know, we have been involved now for about eight months in a national conversation on race. This Race Initiative I think has produced a number of results both in terms of specific programs and in terms of elevating the dialogue in the country about how we can deal with our increasing diversity as one America in the 21st century. I'm delighted that this initiative is also working with the YWCA and with governors to convene statewide days of dialogue on race on April 30th. And I want to thank the YWCA -- the CEO, Dr. Prema Mathai-Davis is here today with us this morning -- for helping us to launch these dialogues.

Several of the governors have already agreed to participate in this, and I hope all the governors will support the days of dialogue. Judith Winston, who is the Executive Director of my initiative on race, is also here today and will be happy to talk with you or your representatives more about this effort.

Now, there are a lot of other issues that I know that you want to talk about, but I'll just end where I tried to begin. I think if we get education right, the rest of this will all resolve itself. As I look at where we are with the unemployment rate in the country, with the growth rate, and I ask myself how can we continue to grow, how we can lower the unemployment rate, how can we do it without inflation, the only answer, it seems to me, is to provide higher skill levels to the people in the places that have not yet fully participated in the good times America is enjoying.

I think it is a democratic obligation on us -- small "d" -- to make our democracy work, and I think it is an economic imperative. So I hope that we can focus on that, but I'm more than eager to talk about whatever else you'd like to discuss.

END 10:11 A.M. EST

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TEXT:

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 24, 1998

REMARKS BY THE PRESIDENT

TO THE NATIONAL COUNCIL OF JEWISH WOMEN

Hyatt Regency Hotel

Washington,

D.C.

11:28 A.M. EST

THE PRESIDENT: Thank you very much. Nan did such a good job I could resort to that old parliamentary device -- I can say I associate myself with the previous speaker's remarks, and sit down. (Laughter.)

I thank all of you for making me feel welcome. I'm delighted to be here with a number of members of our administration today, including my Director of Communications Ann Lewis -- (applause) -- my Director of Public Liaison Maria Echaveste and her aide, Debbie Mohile, and Lynn Cutler, who is known to many of you I know; and our HHS Assistant Secretary for Children and Families, Olivia Golden. I thank all of them for coming with me. (Applause.)

This has been a very busy week in Washington. And I think that there are a couple of issues I ought to make a remark or two about before I begin what I came here to visit with you about. First, let me say a few words about Iraq. As you know, yesterday the government of Iraq agreed to give the United Nations inspectors immediate, unrestricted and unconditional access to any site they suspect may be hiding weapons of mass destruction or the means to make or deliver them. If fully implemented this means that, finally, and for the first time in seven years, all of Iraq will be open to U.N. inspections, including many sites previously declared off limits. This would be an important step forward.

I'm proud of all of our men and women in uniform in the Gulf. Once again we have seen that diplomacy backed by resolve and strength can have positive results for humanity. We have to be watching very closely now to see not just what Iraq says, but what it does; not just stated commitments, but the actual compliance. Let there be no doubt, we remain committed to see that Saddam Hussein does not menace the world with weapons of mass destruction. (Applause.)

I think that there has been a lot of talk, pro and con, about this issue in the last several days. I would just tell you that I think that many of you are in a position to launch an effort to educate all the people of our country about the potential future dangers of chemical and biological warfare -- how such weapons can be made, how they can be delivered, how easy it is to disseminate them to irresponsible groups in small quantities that do large amounts of damage. And because you are in a position to know that, and because all of you have friends, many family members in Israel that feel vulnerable to such things, and because you understand that every civilized community in the world could be exposed to them in the 21st century, I ask you as citizens just to share what you know with your friends and neighbors back home so that we can continue as a nation to remain vigilant on this issue wherever we have to stand against it. Thank you very much. (Applause.)

I'd also like to say a word about campaign finance reform, an issue of concern to many of you. We've been working on this for years now, and finally we may have a chance to actually have a vote in the Senate. During my first term, every single year, a vote on campaign finance reform was put off in the House to see what would happen in the Senate. And then the leaders of the other party always killed it with a filibuster in the Senate. Now, this year, the McCain-Feingold bill, which has -- obviously, it's supported by Senator McCain and Republican Senator Feingold, the Democrat -- every member of the Democratic Caucus has endorsed the McCain-Feingold bill which ends soft money and imposes other limits on the present system of campaign finance.

There was a difficulty with the bill which was keeping us from generating any more Republican support. Senator Snowe of Maine and Senator Jeffords of Vermont have brokered a compromise. Just before I left to come over here, I was told that all the Democrats are going to vote for that. So we're doing our best to do our part to get campaign finance reform. If a majority will back the Snowe-Jeffords compromise, then once again you will see that it is a minority keeping the country from getting it. So when you go up to the Hill today, if you can put in a plug for a meaningful campaign finance reform bill, I would appreciate it. And we need it.

(Laughter and applause.)

I have a lot to be grateful to the National Council of Jewish Women for. Many of you have participated in White House conferences on hate crimes, on early childhood learning and the brain, on child care. You've been involved in our national initiative on race. And I'm grateful for all of that.

I was talking to Hillary late last night about my impending visit here, and she reminded me that the thing that I should be most grateful for is that in 1986 -- I can hardly remember it, it was so long ago --- (laughter) -- Nan Rich came to Arkansas to talk to Hillary and me about the HIPPY program. And we embraced it. We were the first state in the country -- there were a lot of communities that had embraced it, but we were the first state that ever tried to go statewide with the program. It was a resounding success there, and now I believe there are 28 states which have statewide efforts for the home instruction program for pre-school youngsters. It has been a wonderful thing.

And I might say I don't think I ever did anything as governor that was more moving to me than to go to those HIPPY graduation programs and talk to the mothers and see the kids. And so I want to say on behalf of the First Lady and myself again, thank you, Nan, and thanks to all of you for supporting that. If every child could be in that kind of program it would do as much to strengthen families and later success of children who are otherwise at risk as anything we could do. And I want to urge you to stick with it and keep going. (Applause.)

These are good times for America. We have almost 15 million new jobs in the last five years, the lowest unemployment rate in 24 years, the lowest inflation in 30 years, the lowest crime rate in 24 years, the lowest welfare rolls in 27 years, the highest homeownership in history. Today we learned some more good news -- first, that in spite of the growth of the last year, the inflation rate and Consumer Price Index remained absolutely stable and very low.

So we are doing something that I was told after I got elected President we could not do. They said we could not grow consistently at three percent or more a year without inflation, and that is not so. We are doing that. And I'm very grateful for everybody who is involved in that. (Applause.)

We also learned just today that the American people are upbeat about their prospects not only in the moment, but in the future. There are two major measurements of consumer confidence in America -- one put out by something called -- a group called the Conference Board; the other put out by the University of Michigan. In the figures that will be released today, the Conference Board Index is the highest it's been in 30 years, and the University of Michigan measurement, the highest ever recorded in the confidence of the consumers in the United States of America in our prospects. And that's good, too. (Applause.)

But I'd like to reiterate something I said in the State of the Union. Good times are a blessing and they should be enjoyed. But we all know in the nature of humankind and the rhythm of human affairs no condition endures forever without interruption. And, therefore, the good times impose upon us an opportunity and an obligation to prepare for the future, to create a framework within which long-term prosperity and health and well-being will be supported.

That's why I said in the State of the Union that before we spend a penny -- a penny -- of the surplus that we estimate will materialize over the next five years, we should make sure we have secured Social Security in the 21st century so that the baby boom generation does not bankrupt the system. (Applause.)

And that is why we have to tend to the health care of our people. We have to continue the work and actually finish the job of insuring 5 million more children. I hope that Congress will pass my proposal to allow people over 55 who, for one reason or other, have lost all their health insurance to buy into the Medicare system. We can do that without imposing any financial burdens on Medicare, and even though the premiums are fairly high, a lot of these folks have children who will help them pay the premiums and they're much, much cheaper than just one trip to the hospital. So I hope we can do that.

I hope that we will pass the Patient's Bill of Rights this year because we have 160 million people now in managed care programs, and even others in non-managed care situations who don't have the elemental rights and protections that I think everyone in the health care system should have. I hope that we will continue to move forward with environmental protection with the new clean water initiative and with the anti-global warming initiatives that I have recommended to help us deal with the problem of climate change, which a lot of you, depending on where you live, may have been experiencing over the last decade and even in this winter, if we can call it a winter.

I hope that we will continue to make this a safer world. I have asked the Congress to vote for the expansion of NATO, to ratify the Comprehensive Nuclear Test Ban Treaty, to strengthen the Biological Weapons Convention to give us some teeth to deal with the kind of problems we've been discussing in Iraq throughout the world. And I hope that the idea that was inspired by the First Lady of a gift to the millennium that honors our past and imagines the future will find favor in Congress where we save our precious historical documents and the Star-Spangled Banner, and also devote the largest amount of money in history to medical and other research, scientific research to the future.

But if you think about what the leading indicator -- you

know, economists, if you ever listen to any of these talk shows where these economists are talking and they always are talking about what the leading indicators are, which means they're always trying to figure out what happened. And they're kind of like me, half the time they're guessing and they don't want you to know it.
(Laughter.) So they talk gravely about leading indicators as if that will pave the way. But there are some leading indicators I think that will tell us something about our future. For me, perhaps the most important leading indicator of where we'll be 10, 20 or 30 years from now is where our children are right now in terms of educational attainment.
Now, that I think is clearly a leading indicator. (Applause.)

And I believe if we are being honest we would have to say the leading indicators are mixed. That's what an honest assessment would be. Now, we can do one of two things when we look at the bad news as well as the good news. We can say, well, what do you expect? America is a big, diverse country; we're the most ethnically, racially diverse democracy in the world, and besides that, there's so much difference in the incomes in America and so much difference in the neighborhoods, and what do you expect?

We can do that or we can do what we ought to do and just say, most of this is not rocket science. Way over 90 percent of the people are capable of learning 100 percent of what they need to know to function well in a modern society. And if our children don't do it, it's our fault, and we're going to do something about it. This is not -- and we can do better. (Applause.) Let's just look at where we are. For the last five years -- and I'll speak more about the specifics later -- but for the last five years, I have tried to bring to bear what I learned in 12 years as a governor to the work of having the United States government do what we could to help improve the educational enterprise in America -- to raise standards, to promote reforms, to increase accountability, to improve teaching, to improve quality of education.

Now, let's start with a certain premise here. I think everybody in America believes and rightly, that we are blessed with the finest system of higher education in the world. I don't think anyone in America believes that for all of our children we have the best system of education, kindergarten through 12th grade, in the world.

Therefore, it has been easier, in my judgment, to do the best things in higher education because you don't have to do so many hard things. All I tried to do in college when it came to college education was to open the doors of college to all, because college costs were the only thing that went up more than health care costs in the 1980s in percentage terms. So what have we done? We passed the HOPE Scholarship, the $1,500 tax credit, for the first two years of college, a lifetime learning tax credit for the junior and senior years in graduate schools and for adults going back for job training.

Education IRAs, interest on students loans as tax-deductible, direct college loans that cost less money and are easier to repay; 300,000 more work-study positions; a lot more Pell Grant scholarships; the biggest increase in aid to college since the G.I. Bill. We can actually say we have opened the doors of college to any American who is willing to work for a college education. That is a very important achievement of which we can be proud. (Applause.)

That child obviously doesn't understand that yet. (Laughter.) But in time.

Now, when you back up from there, the going gets harder. And let me just give you one example. And I want you to ask yourselves as I go through this list what do you think caused this. Today, our administration is announcing the results of the Third International Math and Science Study. And I talked about it last year and the year before. This is -- the TIMSS test, it's called --the Third International Math and Science Study, are tests given in math and science to 4th, 8th, and 12th graders to a relatively large and representative sample -- we believe representative sample -- of students not only in our country, but throughout the world.

Now, the past TIMSS test showed that the 4th graders in America do very well; that in the 8th grade we begin to fall back to the middle. And we believe it's in no small measure it's because as kids go through school children in other parts of the world begin to take harder courses than our kids do and undergo a more rigorous learning pattern. And a lot of the problems associated with the socioeconomic difficulties begin to manifest themselves.

Today we learn that by the 12th grade our children trail far behind in math and science. Of the 21 countries measured, our 12th graders out-performed only two. So we start near the top, we fall to the middle, and we come out at the end.

Now, let me say, first of all, there's some good news in this. The 4th graders represent the same socioeconomic diversity and indeed they are more diverse because of the changing patterns than the 12th graders. Therefore, there is something wrong with the system that we are using to teach them. I do not believe these kids cannot learn. I am tired of seeing children patronized because they happen to be poor or from different cultural backgrounds than the majority. That is not true. That is not true. (Applause.)

And let me tell you, just a couple of days ago -- I can't remember exactly what day, the days slide by up here -- but a couple of days ago I went to Baltimore and I visited something called Living Classroom. And I walked along the waterway there in downtown and I watched some kids rebuilding wetlands. And literally on the inland harbor they've got egrets now coming back to a wetland site. And I watched inner-city kids, many of whom had never focused on a harbor before, seen a waterway, measuring water quality, having very sophisticated conversations with me about the acidic content of the water and what caused it, and what the various sources of pollution in seawater are and what could be -- what that might do to various kinds of fish and other life in the water.

I watched inner-city kids working a fairly sophisticated computer program, monitoring a sailboat race, the Whitbred Race, and monitoring the American boat they were watching as it went around Cape Horn. So I don't believe all this business about how some kids are just so burdened down with their background they just can't learn all this modern stuff; that's just not true. But it is true that too many people are not learning. And so, I recommend that we take another look at this. Now, in '97 in the State of the Union address, I outlined a 10-point plan to help education and ask that politics stop at the schoolhouse door, and then in 1998 just a few weeks ago, I talked again about what I thought we ought to do about education. And I would like to briefly review the list of things that I think are important.

First of all, I still believe we have to start with the basics. We need smaller classes, better teaching, harder courses, higher standards. (Applause.) We have smaller classes, better teaching, harder courses, higher standards, greater accountability, more reform. That's basically what I think we should be focused on. Even though we do pretty well in the 4th grade international tests, I think you know as well as I do there are still too many kids that don't get off to the start they need. And I appreciate what Nan said about the child care initiative; I ask for your support.

We have substantially increased the number of kids in Head Start. We've increased our investment in federal child care supports by 70 percent in the last five years. We have doubled the Earned Income Tax Credit, and that's lifted more and more children out of poverty. But we have to do more.

The budget that I have presented on child care would double the number of low-income children receiving federal assistance subsidies -- 2 million; it would give 3 million more working families an expanded child care credit. It would actually mean that a family of four with an income of $35,000 a year or less that had high child care costs would actually not pay any federal income tax.

It would improve the safety and quality of child care. It would also provide scholarships for good providers to help to train them. And it recognizes that we need to do more on the educational component of child care. As we learned at the White House Conference on Early Learning and the Brain which the First Lady put together, an enormous amount of the development of the infrastructure of learning is done in the first three years. So I'm proposing an early learning fund that would help to reduce child-to-staff ratios and also help to educate parents more so that we could increase the learning component of the pre-school years.

I guess what I'd like to say is that I want to believe that if this plan passes, the lessons that are taught through the

HIPPY program could be taught in homes all across America and all kinds of programs. That's what I want. (Applause.)

One more thing I'd like to say about this, sort of about the out-of-school hours. Another big part of our budget contains funds through both the educational department and the Justice Department to help schools stay open after hours. An enormous percentage of the kids who get in trouble, juveniles who commit serious offenses, do so after the school day is over, but before their parents get home. Literally, if there were no juvenile offenses between like 2:00 p.m. to 3:00 p.m. and 6:00 p.m. to 7:00 p.m. in the evening, the juvenile crime rate would be cut by way over 50 percent. So I think it's important to give these children something to say yes to. And these after-school programs that we propose would help about a half a million children to say yes to soccer and computers, and no to drugs and crime. And I think that's a very important thing. (Applause.)

Now, let's talk about what I hope the Congress will do this year to help to deal with the K through 12 years and what we have to continue to build on that has been started already. First of all, we need a national commitment to reduce class size in the early grades. (Applause.) Our budget would enable local school districts to hire 100,000 more teachers and lower the class size to an average of 18 in the 1st, 2nd and 3rd grades and also to modernize or rebuild 5,000 schools so there would be classrooms for that to occur in. (Applause.) I think that's important.

Second, we would continue the America Reads program, which now has literally tens of thousands of college students and other volunteers now going into elementary schools every week to make sure that no child gets out of the 3rd grade without being able to read independently. That is very important.

Next, we would continue our movement toward national academic standards and voluntary national exams to measure how our children are doing according to high national standards. Last year we took the first steps toward a 4th grade reading and an 8th grade math test, and I hope that eventually we will have every state testing their children in these basics and measuring them by a common national standard, so that we can continue on up the ladder academically to deal with the courses and the measurement.

Next, I think it is very important that we support better teacher development. One of the problems is in a lot of these later years -- and you have to pay the teachers well, too -- in a lot of these later years in these senior-level courses is you have a lot of schools who have to offer courses that are taught by people who did not have sufficient academic background in the math or science course at issue. And I think that is very, very important.

One of the most important developments potentially over the long run in American education in the last few years and gets almost no publicity -- it's called the National Board for Professional Teacher Certification. And it basically is a national board set up to certify master teachers in a way that specialists in medicine and other professionals get certified. But the teachers are basically picked not only because of their substantive knowledge, but because of their teaching ability, and they are trained. And the idea is that we will try to have a core -- and there are just a few hundred of them now -- a core of these teachers all across America.

In my budget there's enough money to identify, train and certify 100,000 master teachers. If you put one of these people in every school building in America, I believe it can revolutionize the culture of learning and the quality of teaching has got to be a big part of what we're trying to do. (Applause.)

The next thing that I'd like to do -- I want to talk about two other things that I think would really help performance in the later grades. I think it's important that we encourage the school districts to end the process of social promotion, but to -- applause) -- but to do it in a way that lifts kids up, not puts them down. That is, if you look at what Chicago is doing now -- example, which is truly astonishing. I mean Chicago used to be known by the annual teachers' strike. We all saw a picture in the paper of the Chicago teachers' strike every year. They have adopted a policy that basically -- and it's school by school, supported by grass-roots parents groups -- if the children do not perform in grade level, they cannot go on. But they have mandatory summer school, which also, by the way, has done wonderful -- wonders for juvenile problems.

They have mandatory summer school. So nobody just gets held back for spite or because of carelessness or callousness. There's a serious discipline, comprehensive effort to give all the kids a chance to learn at grade level. I think that's very important. The Secretary of Education got a directive from me this week to come up with, basically, a plan and a program to help every school district in the country adopt a similar approach, particularly those that have a significant problem.

Now, in addition to that, we are trying to pass in Congress this year some funds that will help universities comprehensively adopt schools where there are large numbers of disadvantaged children, starting in the 6th grade. So we can go to 6th and 7th graders and not only give them college students as models and mentors, but say to them in the 6th or 7th grade, look, here's the deal: If you make your grades and you take these courses and you learn these things, we'll be able to tell them now, here is the amount of college aid you can get. You will be able to go to college, this is the aid you will get, and this is what the college that is working with you is prepared to do.

Now, this has the chance, I think, to dramatically lift learning levels in inner-city schools and other isolated schools with large numbers of poor children. And it's based on a number of different programs that have been bandied around in America over the last 20 years, and especially the work of a Congressman from Philadelphia named Chaka Fattah. So I'm very excited about it. I hope you will support it.

You just think, if every troubled school in America or every school with a lot of kids who are poor in America had a college adopting it, with kids in that school from the 6th grade on from the college, and at the same time actually contracting with the children and their parents, saying, this is the amount of college aid you're going to get if you do what you're supposed to do for the next six years, I believe you would see these scores begin to go up dramatically. And I hope that we can get a lot of support for that.

Finally, let me say, we have to continue to support the reforms that are already underway. More school choice, more charter schools, and we have to finish the job of connecting every classroom and library to the Internet by the year 2000. That will enable more stories like the one I told you about Baltimore, because once you get everybody on the Internet, we can use technology to dramatically increase the quality and quantity and sophistication of material pouring into every school in America without regard to its resources and wealth. Federal Communications Commission is helping us with an e-rate which will save the schools a couple of billion dollars a year in hook-up costs and payment for time used. So that's very, very important.

I say all these things to you again to point out that it is not inevitable that we have low scores on comparative exams, but it is a leading indicator. There's a coalition of schools in northern Illinois called the First in the World Coalition, and they take these 10 steps, they prepare for them, they work on them and they do well with them. Now, most of the schools are in upper-income neighborhoods. That's not why the kids do well. They do well because they prepare. They take hard courses, they work hard at it and they believe they're going to do well. And if we do that for every school in America, if we can give them the hard courses taught by well-qualified teachers in an environment that's supportive, and convince them that they can do well, they will do very well.

Our present levels of performance are unacceptable. They are not a good leading indicator. But we have lots of indicators that we can do what we need to do.

So I want -- I ask you again, you have to really think. You clapped when I said this before -- you have to think about whether you believe this. Do you believe all children can learn? The HIPPY program shows that's right. (Applause.) The Israeli experience of the HIPPY program shows that's right. If you believe that and if it's not happening, then there is something wrong with the systems. And it is our generation's responsibility to fix it. You cannot blame the schoolchildren. And if their parents don't have a lot of education and don't know what to do, you sure can't blame them. We have to -- this is -- this cannot be rocket science.

There is no excuse for this. So again, I say, I am hoping and praying that we can continue to put aside partisan politics when it comes to education and continue to move forward on these things, because it's so important for our future. (Applause.)

If you think about it, a lot of the challenges we're facing today are not so different than they were back in 1893 when this organization was founded. Think about it, right? (Laughter.)

We've got a new economy. And there was a new economy in 1893. And we've got to figure out how to make it work for everybody instead of just a few people.

We are overwhelmed by a big influence of immigrants from different kinds of countries, and so were we in 1893, and we have to bring everybody into the American mainstream. We are about to enter a new century with a lot of confidence, but a lot of challenges. We have to do what we've always had to do at such times as Americans. We have to make sure we deepen the meaning of our freedom, we widen the circle of opportunity, we strengthen the union of our people.

The Talmud says every blade of grass has its angel that bends over and whispers, "grow, grow." Our children are blades of grass. You must be the angels.

Thank you.

END 12:03 P.M. EST

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Lisa_J._Levin (Lisa_J._Levin@who.eop.gov@INET@LNGTWY [who])

CREATION DATE/TIME:25-FEB-1998 13:53:00.00

SUBJECT: White House Talking Points 2/25/98

TO: Janet L. Crist (Janet L. Crist@eop [UNKNOWN])
READ:UNKNOWN

TEXT:

PRESIDENT CLINTON AND VICE PRESIDENT GORE:

COLLEGE OPPORTUNITY FOR EVERYONE

February 25, 1998

?Student loans are already less expensive and easier to repay, and now you get to deduct the interest... Because of what we have done, we can make college as universal in the 21st Century as high school is today. And, that will change the face and future of America.

?

President Bill Clinton

January 27, 1998

Today, Vice President Gore announces an Administration proposal to move forward with a scheduled 10% reduction in the interest rate on student loans, while improving the program to help ensure lenders an adequate profit.

Students Will Benefit Substantially From The Interest Rate Cut. Under reforms enacted in the 1993 budget deal, the interest rate on student loans will drop by an estimated 10% on July 1, reducing the rate students are projected to pay on loans from an average 7.8% over the next five years to 7.0%. This drop will save borrowers hundreds of dollars in interest.

Lower Rates Can Be Profitable For Lenders. To eliminate unnecessary costs to lenders, the Administration is proposing that the formula for setting the interest rate be adjusted so that it more closely tracks lenders? own financing practices, eliminating inefficiencies, and making a lower rate possible for student borrowers.

The largest investment in higher education in 50 years. This announcement is part of the Administration?s efforts to identify fiscally responsible policies that help strengthen education and expand college opportunity. To expand college opportunity the President and Vice President are:

Improving Access and Opportunity for Student Loans. More than 5 million students and parents will take out $30 billion in Federally-backed student loans this year. Under this Administration, the up-front fees on those loans have been cut by as much as half, interest costs are lower, and students have more repayment options than ever before, including the pay-as-you-earn (income contingent) repayment plan.

Increasing Investment for Pell Grants. For two years, President Clinton has proposed record increases in the maximum Pell Grant award.

Nearly 4 million low-and moderate-income students will receive a Pell Grant of up to $3,000, 30% more than when President Clinton came into office.

Promoting the Hope Scholarship Credit. Families are eligible for tax credits of up to $1500 per-student for tuition in a student?s first year and another $1500 in the second year. 5.8 million students are estimated to benefit annually.

Proposing Education IRAs. For each child under age 18, families may now deposit $500 per year into an Education IRA in the child?s name. Interest on these accounts is exempt from taxation if used for higher education.

Initiating a Life Time Learning Credit. This tax credit helps offset tuition costs for college juniors, seniors, graduate and professional degree students, and adults who go back to school, change careers, or take courses to upgrade their skills.

(See attached file: tpf25.wpd)

==================== ATTACHMENT 1 ====================
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 25 Feb 1998 13:38:20 -0500 (EST)
Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)

id <01ITZYOX8XMO005O38@PMDF.EOP.GOV> for Crist_J@a1.eop.gov; Wed,
25 Feb 1998 13:38:17 -0500 (EST)
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Received: by LNGATE2.EOP.GOV(Lotus SMTP MTA SMTP v4.6 (462.2 9-3-1997))
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X-Lotus-Fromdomain: EOP
================== END ATTACHMENT 1 ==================

==================== ATTACHMENT 2 ====================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
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The following is a HEX DUMP:

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

PRESIDENT CLINTON AND VICE PRESIDENT GORE: COLLEGE OPPORTUNITY FOR EVERYONE

February 25, 1998

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RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: SUNTUM_M (SUNTUM_M@a1.eop.gov [UNKNOWN])

CREATION DATE/TIME: 2-MAR-1998 17:13:48.00

SUBJECT: 1998-03-02 POTUS Remarks to MBA

TO: Reuben_L._Musgrave_Jr. (Reuben_L._Musgrave_Jr.@oa.eop.gov [oa])
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TO: "/R=3$=/C=US/ADMD=WESTERN_UNION/O=ATT.COM/DD.ELN=62955104/"@mrx.eop.gov (
"/R=3$=/C=US/ADMD=WESTERN_UNION/O=ATT.COM/DD.ELN=62955104/"@mrx.eop.gov [UNKNOWN])
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TO: "/R=OPUS/R=MRP/PR-L=AVUOEOB/PR-U=TDIXON/FFN=Timothy_Dixon/"@mr.eop.gov (
"/R=OPUS/R=MRP/PR-L=AVUOEOB/PR-U=TDIXON/FFN=Timothy_Dixon/"@mr.eop.gov [UNKNOWN])
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READ:UNKNOWN

TO: Allison J. King (CN=Allison J. King/OU=PIR/O=EOP [PIR])
READ:UNKNOWN

TO: Amy W. Tobe (CN=Amy W. Tobe/OU=WHO/O=EOP [WHO])

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TO: Andrew J. Mayock (CN=Andrew J. Mayock/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Anna E. Cushing (CN=Anna E. Cushing/OU=WHO/O=EOP [WHO])
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TO: Anne E. McGuire (CN=Anne E. McGuire/OU=WHO/O=EOP [WHO])
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TO: Anne H. Lewis (CN=Anne H. Lewis/OU=OPD/O=EOP [OPD])
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TO: Anne M. Edwards (CN=Anne M. Edwards/OU=WHO/O=EOP [WHO])
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TO: Antony J. Blinken (CN=Antony J. Blinken/OU=NSC/O=EOP [NSC])
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TO: Aviva Steinberg (CN=Aviva Steinberg/OU=WHO/O=EOP [WHO])
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TO: Barbara D. Woolley (CN=Barbara D. Woolley/OU=WHO/O=EOP [WHO])
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TO: Ben A. Freeland (CN=Ben A. Freeland/OU=WHO/O=EOP [WHO])
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TO: Beverly J. Barnes (CN=Beverly J. Barnes/OU=WHO/O=EOP [WHO])
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TO: Bradley M. Campbell (CN=Bradley M. Campbell/OU=CEQ/O=EOP [CEQ])
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TO: Brenda M. Anders (CN=Brenda M. Anders/OU=WHO/O=EOP [WHO])
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TO: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP [OPD])
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READ:UNKNOWN

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TO: Carole A. Parmelee (CN=Carole A. Parmelee/OU=WHO/O=EOP [WHO])
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TO: Daniel W. Burkhardt (CN=Daniel W. Burkhardt/OU=WHO/O=EOP [WHO])
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TO: Diane A. Stumpf (CN=Diane A. Stumpf/OU=ONDCP/O=EOP [ONDCP])

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TO: Dorian V. Weaver (CN=Dorian V. Weaver/OU=WHO/O=EOP [WHO])
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READ:UNKNOWN

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TO: Jonathan Murchinson (CN=Jonathan Murchinson/OU=WHO/O=EOP [WHO])
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TO: June Shih (CN=June Shih/OU=WHO/O=EOP [WHO])
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TO: Kristen E. Panerali (CN=Kristen E. Panerali/OU=OPD/O=EOP [OPD])
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TO: Kyle M. Baker (CN=Kyle M. Baker/OU=WHO/O=EOP [WHO])
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TO: Lanny A. Breuer (CN=Lanny A. Breuer/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Laura D. Schwartz (CN=Laura D. Schwartz/OU=WHO/O=EOP [WHO])
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TO: Laura S. Marcus (CN=Laura S. Marcus/OU=WHO/O=EOP [WHO])
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TO: Leanne I. Johnson (CN=Leanne I. Johnson/OU=WHO/O=EOP [WHO])
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TO: Lisa J. Levin (CN=Lisa J. Levin/OU=WHO/O=EOP [WHO])
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TO: Lowell A. Weiss (CN=Lowell A. Weiss/OU=WHO/O=EOP [WHO])
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TO: Maria E. Soto (CN=Maria E. Soto/OU=PIR/O=EOP [PIR])
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TO: Mark J. Bernstein (CN=Mark J. Bernstein/OU=WHO/O=EOP [WHO])

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TO: Marsha E. Berry (CN=Marsha E. Berry/OU=WHO/O=EOP [WHO])
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TO: Maureen A. Hudson (CN=Maureen A. Hudson/OU=WHO/O=EOP [WHO])
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TO: Melinda L. Dupont (CN=Melinda L. Dupont/OU=WHO/O=EOP [WHO])
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TO: Melissa M. Murray (CN=Melissa M. Murray/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Michael A. OMary (CN=Michael A. O'Mary/OU=OPD/O=EOP [OPD])
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TO: Michael J. Sullivan (CN=Michael J. Sullivan/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Michael V. Terrell (CN=Michael V. Terrell/OU=CEQ/O=EOP [CEQ])
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TO: Peter A. Weissman (CN=Peter A. Weissman/OU=OPD/O=EOP [OPD])
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TO: Peter D. Greenberger (CN=Peter D. Greenberger/OU=WHO/O=EOP [WHO])
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TO: Phillip Caplan (CN=Phillip Caplan/OU=WHO/O=EOP [WHO])
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TO: R. Scott Michaud (CN=R. Scott Michaud/OU=WHO/O=EOP [WHO])
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TO: Rahm I. Emanuel (CN=Rahm I. Emanuel/OU=WHO/O=EOP [WHO])
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TO: Richard L. Hayes (CN=Richard L. Hayes/OU=WHO/O=EOP [WHO])
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TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
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TO: Robin J. Bachman (CN=Robin J. Bachman/OU=WHO/O=EOP [WHO])
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TO: Ruby Shamir (CN=Ruby Shamir/OU=WHO/O=EOP [WHO])
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TO: Russell W. Horwitz (CN=Russell W. Horwitz/OU=OPD/O=EOP [OPD])
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TO: Sally P. Paxton (CN=Sally P. Paxton/OU=WHO/O=EOP [WHO])
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TO: Sarah S. Knight (CN=Sarah S. Knight/OU=WHO/O=EOP [WHO])
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TO: Sean P. Maloney (CN=Sean P. Maloney/OU=WHO/O=EOP [WHO])

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TO: Serena C. Torrey (CN=Serena C. Torrey/OU=WHO/O=EOP [WHO])
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TO: Sharolyn A. Rosier (CN=Sharolyn A. Rosier/OU=WHO/O=EOP [WHO])
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TO: Steven A. Cohen (CN=Steven A. Cohen/OU=WHO/O=EOP [WHO])
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TO: Suzanne Dale (CN=Suzanne Dale/OU=WHO/O=EOP [WHO])
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TO: Virginia N. Rustique (CN=Virginia N. Rustique/OU=WHO/O=EOP [WHO])
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TO: William R. Kincaid (CN=William R. Kincaid/OU=OPD/O=EOP [OPD])
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TO: usia01 (usia01@access.digex.com [UNKNOWN])
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TEXT:

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release March 2, 1998

REMARKS BY THE PRESIDENT

TO THE NATIONAL MORTGAGE BANKERS ASSOCIATION

Hyatt Regency Hotel

Washington, D.C.

10:40 A.M. EST

THE PRESIDENT: Thank you all so much. Thank you, Marc, and Paul Reid and Mike Ferrell and all the officers and staff of the Mortgage Bankers Association; to our National Treasurer and members of the National Association of State Treasurers. I'm delighted to be here, along with Frank Raines, my OMB Director, who used to spend some time with some of you, and Gene Sperling and others on our staff.

I have looked forward to this day for a long time, just to be able to thank you for the work that all of you have done in giving America the highest homeownership rate in the history of the Republic. It means a lot to a lot of people out there in the country and I appreciate your role in this historic achievement and I thank you very much. (Applause.)

In my State of the Union address I called upon all our

people to
strengthen our country for the new century ahead. Historically, that has always
meant deepening the meaning of America's freedom, strengthening our union, and
drawing our people closer together across all the lines that divide us and,
clearly, always widening the circle of opportunity.

Now, we are seeing a remarkable increase in the circle of opportunity. In addition to reaching the highest level of homeownership in history, millions of Americans have been able to refinance their mortgages, which
has amounted to billions and billions of dollars in tax cuts for families --
putting more money in their pockets, freeing up more for investment and savings.
Access to capital has spread to minorities who for years have been locked out of
the economy. And I appreciate what Marc said about going to New York. We do see
increasing homeownership rates for minorities now and I hope it will continue.

Our capital markets are the strongest in the world, and clearly
they have played a major role in helping us to do well in this new economy. Today,

what I'd like to do is talk to you just for a few minutes about why we have to follow a consistent strategy of fiscal discipline and investment in our future, in our people. The strategy that has worked for the last five years we must continue into the next century.

I also want to talk about how all the discussions surrounding the tax system and the IRS fit into this -- what is the right way to cut taxes, what is the right way to reform the IRS, what is the wrong way to do it. I especially want to comment on what I believe strongly is a misguided scheme recently introduced in the Congress that I believe could take us back to policies which have failed us in the past.

These are good times for our country, with a new economy powered by technology, nurtured by the ingenuity of the human mind, enlarged by our newfound fiscal discipline at home and increasing trade among all nations. Over the past five years our new economy has produced now almost 15 million new jobs, with the highest percentage of those jobs in the private sector of any recovery in memory. Unemployment is the lowest in 24 years; business investment is growing at 11 percent, the fastest pace in 30 years; since 1993, family incomes are up about $2,200.

Today we have fresh new evidence that the economy continues to grow. Personal income rose six-tenths of one percent last month alone. Our social problems, from crime to welfare, are bending to our efforts. The welfare rolls are the lowest in 27 years; the crime rate the lowest in 24 years. We now have literally a system in which we have opened the doors of college education to all people in this country who are willing to work for it, with tax credits, with IRAs, with better student loans and tax deductibility for the interest on those loans, more Pell Grants, more work-study positions.

We are adding 5 million children from working families to the ranks of those with health insurance. Combined with our record levels of homeownership, the American Dream is clearly within reach for more and more American families.

This did not happen by accident, but no one alone can claim credit for it. It was the product of a remarkable concerted endeavor by tens of millions of Americans. But it also was supported by the economic policies that we have followed with discipline and consistency over the last five years. We moved beyond the sterile debate between those who said government was the problem and those who said it was the solution, to a new way, a new government for the Information Age that gives our people the tools they need to make the most of their own lives, that is unashamedly a catalyst for new ideas where the old ones don't work, that is a good partner with the private sector.

We have the smallest government here in Washington since President Kennedy was in office. But it is still more progressive, more active. It is smaller, but the nation is stronger. We put in place a three-part economic strategy, rejecting these false choices from the past. First, restoring fiscal discipline and conquering the deficits that hobbled growth, spiked interest rates, and robbed our economy of capital for investment throughout the 1980s. Second, investments in our people, in science and technology, in education and job training and health care, so that everyone has a chance to reap the rewards of growing prosperity. And, third, we responded to the global nature of the new economy by opening new markets to our goods and services.

The strategy is clearly working. There is renewed confidence in the American economy. Its stability, its strength, its steady growth are the envy of the world. More than ever we are also investing in the future. A record two-thirds of Americans almost --as Marc said, almost two-thirds -- now live in their own homes and we must finish the job. I agree with you that the most important thing we can do in this session of Congress is to support Secretary Cuomo's plan to raise the FHA loan limit. We can pass it and we must. (Applause.)

Now, last month I submitted to Congress the first balanced budget in a generation. If we are fortunate and if we can work together with our allies around the world to minimize the impact of the recent difficulties in Asia on our own economy, Mr. Raines says that we'll probably have a balanced budget this year. Instead of deficits, America can now look forward to about a trillion dollars in surpluses over the next 10 years.

Now, that is a tempting target in an election year in Washington. But, first of all, let me remind you they have not materialized yet. And we shouldn't count those chickens before they hatch. Secondly, we should remember what we did to the long-term strength of America when we quadrupled the debt of this country in the 12 years from 1981 through 1992. And we should not repeat that error again.

Finally, we shouldn't use the surplus for any new tax cuts or new spending programs until we have confronted the challenge of saving Social Security first. I think that is very important. (Applause.)

All of you are generally familiar with the problem -- it's projected that the Social Security trust fund will not cover payments starting in the year 2029. That's the year when all the baby boomers will finally be in the Social Security system; and at presently projected birth and immigration rates and labor force participation rates, it means that there will be only about two people working for every person drawing Social Security.

Now, those things could all change to some extent; but no matter what, it is clear that the generation of the baby boomers entering the Social Security system will be quite larger than the generation just following it. Indeed, the generation now in public schools, starting last year, is the first generation in American history larger than the baby boom generation. I do not know a single person my age or younger -- because I'm the oldest of the baby boomers -- I hate that but it's true -- (laughter) -- I don't know a single person who doesn't think about the problems we could create for our children if we don't make the changes now in the Social Security system we need to. No one wants to burden our children and their ability to raise our grandchildren.

On the other hand, it is important to remember that it's just since 1985 that senior citizens have been less poor than the rest of us. That is an astonishing achievement for a country that 60 years ago had 70 percent of its seniors living below the poverty line, many of them in abject poverty. Now, if we make small changes today with discipline, we can deal with this issue. And I also want to point out something all of you know, which is that hardly anybody -- even though Social Security helps people keep body and soul together -- hardly anybody in America can retire and maintain his or her standard of living on Social Security alone. So we must also do more to help Americans save for their own retirement. We've done a lot of work with the 401(k) plans and other things; we need to do more.

So we're going to work in this next year very hard in what I hope will be a completely nonpartisan way to acquaint the American people with the details of the challenge before us, to explore all the alternatives, and then to come up with a solution, which I hope the Congress will pass early next year to deal with this. You say, well if you pass it in 1999, 2029 -- that's 30 years away. First of all, those of you in the audience who are my age or older know that 30 years can pass in the flash of an eye. But, secondly, I would remind everyone that the longer we wait to deal with this, the more severe actions will be required to deal with it. If we move now, with modest but disciplined changes, we can do a great thing to ensure the financial strength of America in the 21st century and to preserve the compact that binds us together across the generations. I cannot emphasize how strongly I feel about this.

Now, there are other economic challenges we face as well, and I'll just mention two very briefly. One is, how do we extend the benefits of enterprise that have brought so much to America in the last few years to those who still have not felt the impact of the economic recovery, principally in the inner cities and isolated rural areas. We have a whole range of proposals in that regard, a lot of them coming out of Secretary Cuomo, a lot of them coming out of the Vice President's community empowerment initiative.

But I think it is very important that we recognize that these people who are still unemployed or underemployed are the great target we have for the rest of us to keep the economy growing with low inflation, so we can do what is morally right to try to expand opportunity to people who still don't have it and help the overall American economy as well.

The second point I'd like to make is that if we want to continue to see this economy grow, we have to have people who are skilled enough and well trained enough and well educated enough to take positions in tomorrow's economy, not yesterday's economy. There was a study which came out a couple of weeks ago, I can't remember the exact number, but there was something like nearly 400,000 openings in America today for people in information technology related jobs.

And when you go to some of our larger inner-city neighborhoods where the unemployment rate is still 10 percent, you say, well, what is wrong with this picture? Well, we got one indication of what is wrong with this picture last week when we saw that our 12th graders in the International Math and Science Survey scored 19th among 21 countries in their performance in math and science.

So the other big economic issue before America is how to make our system of elementary and secondary education as good as our system of higher education. No one doubts that we have the best system of colleges and universities in the world; we should not rest, and we cannot rest, until we have the best elementary and secondary education in the world. It is a major economic issue for our country. (Applause.)

Anyway, it's against this background that I think you have to see the emerging debate, or, if you will, the continuing debate, on the tax system -- what taxes should be cut and how; and the IRS, how should we go about collecting taxes. This is a hazardous discussion that it's easier for me to enter into maybe because I'm not on the ballot anymore. (Laughter.) Since there's no such thing as a positive thing anyone ever wants to say about this.

But we need to think about it. This debate can be a very healthy thing. We should always be examining, you know, whether there are changes in the tax system we could have which would either be fairer, or which would achieve our common objectives more, or which would grow the economy faster. And we should always be looking for ways that through either common sense or new technology we can ease the burden on our people of paying taxes -- always. The door should never be shut to reform and there will always be more to do, no matter what system we adopt. I think all of us know that.

But the point I want to make today is that this debate must occur within the context of our commitment to a long-term economic strategy that will work for our people. It should occur within a context of our commitment to maintain economic confidence in the future. There is a right and a wrong way to do reform. And the right way must involve our continued commitment to fiscal discipline, to investing in our people and to making the future a predictable and confident one in terms of our economic policy.

Now, within that context, over the last five years we've worked hard to reform our tax laws. We've honored our responsibilities as parents with the $500 per child tax credit. We've rewarded work by more than doubling the Earned Income Tax Credit, which basically is designed to say if you're a parent and you work 40 hours a week your child ought not to be in poverty. Over 2 million children have been lifted out of poverty because of the changes in the Earned Income Tax Credit. (Applause.)

We've recognized the importance and the cost of college education -- with the HOPE Scholarship tax credit, which is worth $1,500 a year for the first two years of college; lifetime learning credits for junior and senior years and graduate schools; the tax deductibility of student loan interest payments; and other initiatives.

We've encouraged homeownership by eliminating capital gains on almost all home sales. And we've helped Americans save for their retirement, for their education and health care costs, by expanding IRAs. At the same time, billions of dollars in tax loopholes that were more wasteful have been closed.

This year, the balanced budget proposal I presented to

Congress continues to help working families with new tax cuts to make child care more affordable, our economy stronger, and our environment cleaner by meeting the challenge of climate change.

We also had to continue our work to improve the operations of the IRS. Like every American and the majority of IRS employees, who are trying hard to do their jobs well, I get outraged when I hear about abuses in the IRS. But we are making changes, and we must continue to do so. I've already signed into law 40 tax simplification measures and a new Taxpayer Bill of Rights.

As of February the 20th, less than two weeks ago, 10.7 million Americans had filed their tax returns electronically for this year -- that's a 19 percent increase over last year; 3.8 million Americans have filed by telephone -- that's a 25 percent increase over last year. The average telephone conversation is 10 minutes. I think that's pretty good, and I hope more will continue to do that.

We are having problem resolution days, which have been widely publicized by the media, and I thank them for that, in every IRS district, at least once a month, where the IRS employees are open -- they open the offices at night or on the weekends, people come in with their tax problems, and we try to resolve them in a quick and informal way.

I think all these things are very important. We just approved new regulations to protect so-called innocent spouses, who are left with tax liabilities by their spouses, that they had no role in undertaking. Now, there's more to do, but a lot has been done. Among the new reforms proposed are new citizen advocacy panels, new systems to file taxes by phone or computer to make it even more easy and more widely used, stronger taxpayer advocates, phone lines opened 24 hours a day, further relief for innocent taxpayers.

Late last year, the House passed these reforms almost unanimously. I think there were over 400 votes for them, and only three or four against. So, again let me say, I hope that the Senate will quickly pass this legislation and send it to me for my signature. It's a good bill, and it will do a lot of good for Americans.

Now, we need to continue to do these kinds of things, and we need to be open to broader reforms of the tax system. But there are some people in Congress who have made a proposal that I think would not fit within the formula of economic discipline and confidence that I believe we have to stay with. Under the guise of reform, they have proposed what, to me, is an irresponsible scheme -- to eliminate our tax laws without any system to replace them.

Now, at first glance, this might look good. Sunset the tax code, when everybody knows there will be no more tax code that will shake everyone up, and then they will come forward with a responsible alternative. And, trust me, everything will be fine. That's the message. Once you know that the old code is gone and on a date certain it won't be there, well, everyone will surely have to come up with something, and it must be something that will be better. Don't worry about the details. That's what this proposal is, and it has a lot of appeal.

It's like saying you can't go on a diet until the refrigerator is empty. But if you think about it, it only works if you know that you can fill the refrigerator up again and what will be in there.

Now, instead of proposing reform, this proposal is really economic uncertainty. What we have done is to restore some confidence and predictability to the American economy. When you knew that we were going to stay on a path of fiscal discipline and the deficit was not going to go to $300 billion a year, was not going to go to $370 billion a year -- which was what it was predicted to be for this year when I took office -- instead of $10 billion or zero, which is what it's going to be. This is a way of going back to that era -- a total economic uncertainty.

What would it do? Think about your business. It would cripple families' and businesses' ability to plan and save for the future while the uncertainty existed. It would undermine the fiscal progress of the last five years. No one concerned about fighting crime would even think about saying, well, three years from now we're going to throw out the criminal code and we'll figure out what to put in its place. No one would do that. That is what this proposal is.

That is exactly what some people in Congress are proposing to do.

Now, think about what repealing the tax laws with no known alternative would mean. It would mean that you would know there would be no home mortgage deduction, but you wouldn't know what would be in its place. There might be no charitable contribution deduction, but you wouldn't know what would be in its place. We would repeal the Roth IRA, but you wouldn't know what would be in its place. All that would be certain about this proposal is uncertainty. And again I say, as all of you in this room well know, uncertainty is the enemy of economic growth.

We live in a world where there is a lot of change and unpredictability and uncertainty by definition in the nature of this new economy. But to do well you have to at least know what the rules are. Our economy is growing because consumer confidence and business investment are at record highs. Last week the two indexes of consumer confidence came out -- one was at a 30-year high, the other was at an all-time high. What people think is going to happen, as all of you know, in an economy, is just as important as what, in fact, is happening today.

Almost every business investment has tax consequences. With no ability to predict the consequences, businesses might decide to postpone, cancel or pare back on plans to buy new computers, build a new factory, hire new workers. How could you plan, construct or finance a new apartment complex or shopping center if you couldn't calculate the return on investment, because you couldn't determine the tax consequences. Business growth would stall in that kind of uncertainty.

And economic uncertainty is no friend to families. The scheme to abolish the tax code could threaten nearly every American family's best laid plans for the future. For example, mortgage rates are low now. People are refinancing their mortgages all the time. This has been a wonderful thing for America. What would happen to family behavior with regard to homeownership if people thought the home mortgage deduction might disappear. Would students be as serious about going to college if they thought the HOPE scholarships and the other tax credits and interest deductions wouldn't be there. Would families think twice about how much they were going to give to their church or their synagogue or their favorite charity if they thought there would be no tax deduction for it.

We were just talking about the Social Security reform and how no matter how we reform Social Security, people have to save more for their retirement. Will young families who have a hard enough time paying their bills really be setting aside money for their retirement if they think the tax incentives or pensions or 401(k)s and IRAs are about to evaporate. In other words, I just think it's wrong to shut down the old tax system and tell people it's going to be shut down by a date certain without saying, at the same time, what is going to be in its place.

None of us would say that no one on earth couldn't devise a better tax system than we have. There may be better options. But I think before we say we're going to get rid of the one we have on a date certain, we need to know what we're going to replace it with. And I would implore you, if you agree with me, to make that case to your member of Congress without regard to party.

Again, I don't see this as particularly a partisan issue. I just think it sounds great. I will vote for a bill to get rid of this cursed tax code. Thank you very much. (Laughter.) It's almost irresistible, you know, but so was the siren's song. We must continue to have predictability in the investment climate. We must continue to have predictability when it comes to savings. We must continue to have a framework, which will keep us doing what we've been doing for the last five years.

And that means, by the way, it means we have to continue to be open to changes in the tax law and in the way the IRS operates, and in all of these systematic things that we have to continue to modernize. Of course we must. But we mustn't buy a pig in a poke. We have to continue to proceed with discipline: scrapping the home mortgage deductions. Scrapping other middle class tax cuts without presenting a clear alternative is simply reckless for the economy, reckless for businesses, reckless for families' budgets. I will not permit it if I can stop it. But it shouldn't pass in the first place, and I hope you will help us on that. (Applause.)

Now, again I say, Congress should pass the IRS reforms that are before it. It should pass further tax cuts. But we should balance the budget, do nothing with the surplus until we have saved Social Security, not abolish the tax code until we know what we're going to replace it with.

We're going to change around here. This system has proved that we are capable of change. No one should stand in the way of constructive change, but we should stay with the plan that we know works. You look at where we are today in your business compared to where we were five years. Look at where we are today with the people that you work to serve compared to where we were five years ago. Imagine where you want to be 10 years from now. Imagine what you want the future to look like for your children and your grandchildren, to do those things, which will build that future.

Thank you very much. (Applause.)

END 11:10 A.M. EST

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Jason Solomon (CN=Jason Solomon/O=Department of the Treasury [UNKNOWN])

CREATION DATE/TIME:19-MAR-1998 19:19:46.00

SUBJECT: weekly

TO: Cabinet Affairs (Cabinet Affairs [UNKNOWN])
READ:UNKNOWN

TO: David S. Beaubaire (CN=David S. Beaubaire/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:
March 19, 1998

MEMORANDUM FOR ERSKINE BOWLES, THE WHITE HOUSE

FROM: Robert E. Rubin

SUBJECT: Weekly Report for the week of March 23, 1998

HOT ISSUES

IMF Funding

Financial Modernization

IRS

KEY NEWS

Thailand: On March 13, Secretary Rubin met with Prime Minister Chuan, who thanked Secretary Rubin for the statements made on March 4, indicating

U.S. support for Thailands IMF program and willingness to support Thai access to the IMF Supplemental Reserve facility, if needed. Chuan was also thankful for the U.S. Ex-Im bank program of up to $1 billion in short-term trade insurance for Thai imports. Secretary Rubin emphasized the need to maintain the momentum in their reform program, and Chuan replied that the government and the Thai people understand the need to continue to take difficult adjustment measures.

Indonesia: Under Secretary Lipton traveled to Indonesia March 12-20 to join his German and Japanese counterparts for a full round of technical talks with all of the key members of Indonesias new cabinet, including the new coordinating minister for economic policy, Ginandjar, and the new Vice President Habibie. The talks have focused on monetary and fiscal policy, banking sector reform, corporate debt restructuring, and structural reform. Under Secretary Lipton also met with the resident representatives of the IMF and the World Bank. On March 18, Under Secretary Lipton will meet with an IMF team upon their arrival in Jakarta to begin actual negotiations with the Indonesians.

Korea: On January 30, Korea completed negotiations with bankers in New York to reschedule some $24 billion of Korea's short-term external debt for Korean government-guaranteed, longer-term debt. The exchange offer ended on March 12, and the response exceeded all expectations, with 96% of eligible debt, or $21.7 billion, offered in the exchange. The debt, short term obligations which would have matured in 1998, will be transferred into 1, 2, or 3-year maturities with a Korean government guarantee. Last August, the Bank of Korea (BOK) guaranteed Korean banks foreign currency obligations coming due, so the exchange will reduce obligations on BOK reserves by an equivalent amount, at least through the next year.

G-7 Deputies: On March 12, Deputy Secretary Summers met with G-7 Finance Deputies in Paris to discuss the situation in Indonesia. The Deputies agreed that Indonesia needs to act immediately on its current IMF agreement on structural measures and reach further agreements with the IMF on monetary policy, the banking sector, corporate debt and necessities such as food and medicine. They agreed that the pace of reform demanded by the IMF was appropriate.

IRS: On March 18, Secretary Rubin joined Vice President Gore, IRS Commissioner Rossotti, Deputy Secretary Summers, and other Administration officials to release the final report of the IRS Customer Service Task Force. The report contained 200 recommendations on how to improve customer service, many of which were initially announced in October with the President.

Financial Modernization: On March 16, Secretary Rubin sent a letter to the House Republican Leadership opposing their draft financial modernization bill. So far, insurance firms and trade groups largely back the measure, while bank and thrift industry associations have had little good to say about it. Chairman Greenspan has announced that he supports the Leaderships bill. Treasury continues working to develop a strategy for responding to the House financial modernization bill, as the House GOP leadership is aiming for a floor vote by the April recess. On March 17, Under Secretary Hawke and other Treasury officials met with Rep.

LaFalce to discuss financial modernization.

Community Development: On March 19, Secretary Rubin will address the National Community Reinvestment Coalition's 1998 Conference on the progress made under CRA and the accomplishments of the CDFI Fund, as well as the importance of CDFI reauthorization. Secretary Rubin will also announce NCRCs new report on bank performance under CRA, which shows that banks and thrifts have made $397 billion in loan pledges since CRAs enactment 20 years ago; approximately $350 billion, or 87.5 percent of those pledges have been made during this Administration.

Inter-American Development Bank (IDB): On March 16-18, Deputy Secretary Summers traveled to Cartagena, Colombia for the Annual Meeting of the IDB and delivered a speech on March 16. The meetings focused on the impact of the Asia financial crisis on Latin America and the role of the multilateral development banks, particularly the IDB, in future crises.

G-7 Working Group: On March 16, Assistant Secretary Johnson led the U.S. delegation to the third meeting of the G-7 Finance Ministers Working Group on Financial Crime in London. In preparation for the Birmingham Summit, the Working Group is considering the adoption of key elements and action points relating to improved cooperation on the exchange of information between G-7 law enforcement authorities and financial regulators. The Working Groups activities are follow up to the G-7 Ministers Statement at the Denver Summit.

WORK ON PRESIDENTIAL INITIATIVES

District of Columbia: Treasury continues to work with the District of Columbia regarding investment of the D.C. pensions., particularly on procedures for handling interim benefits activity for the D.C. Judges Retirement Fund. On March 30, representatives from Treasury will meet with representatives from the New York State Comptrollers Office to discuss asset allocation and benefits administration. Recently, Standard and Poors joined Moodys in upgrading its rating on the Districts debt to the highest level of junk.

Tobacco: On March 25, Deputy Secretary Summers is scheduled to address George Washington Universitys School of Public Health on the costs of smoking in the U.S. and the case for comprehensive tobacco legislation. Treasury continues to assess the likely effect of tobacco legislation on the price and on the potential smuggling of tobacco products, and also continues work on the development of an excess profits tax for the industry and on preliminary revenue estimates of various Congressional proposals, including those of Sens. Kennedy, Hatch, McCain, and Conrad.

Student Loans: Treasury continues working with the Department of Education, NEC, and OMB, to evaluate legislative options on the student loan interest rate being developed in consultations with Congressional staff and interested parties, such as banks and student/educator groups. Treasury is particularly focusing on developing market-based alternatives for setting the rate, through auction or other mechanisms.

CONGRESSIONAL ACTIVITY

Asia/IMF: On March 18, Secretary Rubin joined Secretaries Albright and Cohen in an event on Capitol Hill to stress the importance of passing supplemental appropriations in one bill. On March 19, Secretary Rubin will meet with the Congressional Hispanic Caucus to discuss IMF funding, among other issues, and will also brief the Tuesday Group, a group of moderate Republicans, on the situation in Southeast Asia and funding for the IMF. On March 20, Deputy Secretary Summers and Agriculture Under Secretary Schumacher will speak on the Asian Financial Crisis and the International Monetary Fund to over 30 agricultural groups. On March 25, Secretary Rubin and Chairman Greenspan will brief the House International Relations Committee on the current situation in SE Asia and funding for the IMF, and on March 26, Deputy Secretary Summers will meet with Sen. Murkowski to discuss South Korean banking and the IMF.

On March 11, Secretary Rubin and Chairman Greenspan participated in a closed briefing on Asia and the IMF for the House Ways and Means Committee, and Secretary Rubin met with Motorola CEO Galvin to discuss current events in Asia. On March 12, Secretary Rubin met with Rep. Obey to discuss the IMF, and on March 18, Deputy Secretary Summers met with ARCO CEO Bowlin on Indonesia, with the Semiconductor Industry Association (SIA) Board of Directors on Asia, and spoke to the US ASEAN Business Council about the IMF and events in Asia.

IMF Legislation: On March 17, the Senate Appropriations Committee approved both the emergency supplemental appropriations bill for disaster relief and defense, and the supplemental bill to increase IMF funding by a 26-2 vote. Under the bill, the Treasury Secretary would have to certify that the fund's board had passed resolutions requiring borrowers to fulfill their international trade obligations, to avoid discriminating between domestic and foreign creditors and to end preferential lending and subsidies to favored enterprises. Prior to the mark up, Secretary Rubin sent a letter to Appropriations Chairman Stevens outlining Treasurys concerns with the bill and offering to work with the Senator to rewrite the conditions. On March 5, the House Banking Committee overwhelmingly approved legislation to authorize a new $18 billion U.S. commitment to the IMF.

IRS: On March 12, IRS Commissioner Rossotti testified before the Senate Governmental Affairs Committee on management flexibility and accountability in the IRS. Representatives from OMB, OPM and the GAO testified as well. Rossottis testimony was well received, and some Members seemed favorably inclined to improving personnel flexibilities. Prior to the hearing, the Commissioner met with Chairman Thompson and Senator Glenn, who expressed concern about flexibility. On March 16, Assistant Secretary Lubick and Deputy Assistant Secretary Talisman met with Senator Baucus to discuss the Taxpayer Bill of Rights. Treasury and the IRS continue working to respond to questions about provisions in the IRS reform legislation being drafted by Senate Finance Committee staff.

Year 2000: On March 18, Deputy Assistant Secretary Flyzik, Financial Management Service Associate Commissioner Craig, IRS CIO Gross and

Assistant Inspector General Schindel will testify before the House Government Reform Subcommittee on Government Management, Information and Technology on oversight of the federal governments efforts to solve the Year 2000 problem. On March 18, Office of Thrift Supervision Director Seidman will testify before the Senate Committee on Banking, Housing and Urban Affairs Subcommittee on Financial Services and Technology on the Year 2000 computer problem.

CDFI: On March 17, Under Secretary Hawke and CDFI Director Lazar met with Sen. Sarbanes, who raised numerous questions regarding upcoming reports and their possible impact on the reauthorization process. During the week of March 23, Treasury will formally transmit a proposed reauthorization bill to Congress and will brief staff to the House Banking Committee on March 23. On March 12, Under Secretary Hawke and Director Lazar testified on CDFI appropriations before the Senate VA/HUD Appropriations Subcommittee. Overall, the hearing went well, though Senator Bond raised questions about CDFIs measurable impact on communities.

Counterfeiting: On March 31, the House Banking Subcommittee on Domestic and International Monetary Policy will hold a hearing on counterfeiting. Secret Service, BEP and Assistant Secretary Johnson have been invited to testify. During the week of April 1, Assistant Secretary Johnson will meet with Rep. Bachus to discuss counterfeiting, and on March 18, Secret Service briefed the House Banking Committee on efforts to combat counterfeiting.

Enforcement Hearings: On March 19, the House Judiciary Subcommittee on Crime will hold a hearing on legislation to establish a National Center for Rural Law Enforcement. Representatives from Treasurys Federal Law Enforcement Training Center will testify and will oppose the legislation due to its belief that the center would duplicate existing services. On April 1, Assistant Secretary Johnson and Financial Crimes Enforcement Network (FinCEN) Deputy Director Baity will testify before the House Banking Oversight Subcommittee on GAO studies of FinCEN and the future direction of the Bureau.

PRESS ACTIVITY

On March 18, Secretary Rubin met with Clay Chandler of The Washington Post for the profile that he is writing on the Secretary. Chandler has also spoken with several other senior Treasury officials. On March 21, Secretary Rubin is scheduled to appear on CNNs Evans and Novak.

International: On March 11, Deputy Secretary Summers spoke with USA Today about current international issues, Under Secretary Lipton spoke with The Washington Post for a profile on Deputy Secretary Summers, Assistant Secretary Geithner spoke with The Wall Street Journal on Japan, and Deputy Assistant Secretary Zelikow spoke with Australian Newspaper on the financial situation in Asia. On March 12, Under Secretary Lipton spoke with Business Week, Time, and Newsweek on Indonesia, and Assistant Secretary Geithner spoke with The New York Times regarding Japan, with The Wall Street Journal on the IMF, and with Forbes magazine regarding Indonesia. On March 13, Secretary Rubin spoke with Newsweek on US/China relations, and Assistant Secretary Geithner spoke with Newsweek for the same story on March 12.

On March 13, Deputy Secretary Summers, Under Secretary of State Eizenstat and Assistant Secretary of State Roth briefed the White House press corps on the US-Thailand bilateral discussions. On March 16, Deputy Secretary Summers held a press conference following his speech in Cartagena, Colombia at the Inter-American Development Bank meeting, and also spoke with the Financial Times about the Inter-American Development Bank meetings. On March 18, Secretaries Rubin, Albright and Cohen held a press conference to emphasize the importance of acting to promote critical U.S. economic and national security interests (Bosnia, Iraq, UN Arrears and IMF) independent of the Mexico City issue.

IRS: On March 11, National Public Radio covered the IRS Problem Solving Day in Hagerstown, MD. On March 22, IRS Commissioner Rossotti is scheduled to appear on CNNs Late Edition.

Tax/Budget: On March 11, Assistant Secretary Lubick spoke with the National Journal on the new Joint Tax Committee Chief of Staff Paull and also with The Wall Street Journal on the Administrations budget proposal on corporate-owned life insurance. Also on March 11, Deputy Assistant Secretary Scholz spoke with Knight-Ridder about the complexity of the child credit. On March 12, Deputy Assistant Secretary Carrier spoke with AP about Treasurys briefing for outside organizations on the dangers of sunsetting the tax code. On March 13, Assistant Secretary Lubick spoke to the Federal Bar Association about the dangers of sunsetting the tax code and tax provisions in the Administrations budget. His speech was covered by the tax press. On March 16, Assistant Secretary Killefer spoke with Government Executive on IRS oversight. Assistant Secretary Wilcox spoke with Bridge News on March 16 and with Business Week on March 17 about economic policy and Social Security.

Domestic Finance: On March 11, Assistant Secretary Carnells testimony on credit unions was covered by the Journal of Commerce, American Banker, AP, Bloomberg and the financial trades. Also on March 11, Under Secretary Hawke spoke with CFO Alert Newsletter about the Electronic Transfer Account for federal payment recipients and also with the Seattle Times about the Treasury Departments efforts to reach the unbanked. On March 12, Under Secretary Hawke and CDFI Fund Director Lazars testimony on the CDFI Fund was covered by BNA and National Mortgage News. On March 13, Under Secretary Hawke spoke with American Banker about financial modernization legislation, the credit union review, EFT 99, new currency, and issues related to the Federal Home Loan Bank system, and also spoke with Newsweek on EFT 99.

On March 16, Under Secretary Hawke addressed the National Bankers Association/American League of Financial Institutions Joint Legislative and Regulatory Conference, and the speech was covered by Bloomberg, AP, Reuters, Bridge News, American Banker and BNA. Also on March 16, Secretary Rubin sent a letter to the Congressional leadership concerning the financial modernization legislation, which was reported by the Journal of Commerce and the wires. On March 17, Under Secretary Hawke appeared on CNBC's show "Street Signs" to discuss financial services reform. On March

18, Under Secretary Hawke will speak with Fortune magazine about the recent partnership between the National Check Cashers Association and Citibank, and on March 24, Assistant Secretary Gensler will speak with Bridge News Wire Service, the Associated Press, Reuters News Service, and Bloomberg News regarding Treasury debt management.

U.S. Treasurer: On March 11, Treasurer Withrow attended the Columbus Area Savings Bonds Kickoff at the Columbus Museum of Art and also visited Stewart Traditional Alternative Elementary School, and on March 12, attended the Fort Wayne Area Savings Bonds Kickoff and visited Bunche Elementary School in Fort Wayne, Indiana. All of the events were covered by local television and print media. On March 13, Withrow spoke to DOD Savings Bonds campaign representatives at the Military Campaign Leadership Conference. She gave an editorial board interview with The Express-News and spoke to the Randolph Air Force Base publication, The Wingspread, and the Air Force News Agency. On March 16, Treasurer Withrow and Rep. Hoyer visited Calverton Elementary School in Beltsville, Maryland, and the visit was covered by local media.

Enforcement: On March 10, Office of Foreign Assets Control Director Newcomb spoke with National Public Radio for a story on travel to Cuba. On March 11, The Washington Post ran a profile of Under Secretary Kelly on the Federal Page. Also on March 11, Under Secretary Kelly spoke with The New York Times on Treasury's multi-pronged approach to combat the increasing problem of computer-generated counterfeit currency. On March 17, Under Secretary Kelly spoke with NBC News on the smuggling of military hardware and dual use chemicals to Iran.

SECRETARYS SCHEDULE

The Week in Review

Monday, March 16

Met with John Koskinen to discuss Year 2000.

Tuesday, March 17

No external meetings.

Wednesday, March 18

Held joint press conference with Secretaries Albright and Cohen on the budget supplemental.

Participated in Vice President Gores announcement on IRS Customer Service Reform.

Interviewed by Clay Chandler, Washington Post.

Thursday, March 19

Breakfast with Chairman Greenspan.

Met with the ATuesday Group@ to discuss the IMF and SE Asia.

Met with the Congressional Hispanic Caucus to discuss the financial crisis in SE Asia and the IMF.

Hosted CEO Luncheon.

Addressed the National Community Reinvestment Coalition.

Met with Chairman Greenspan to discuss Halifax II.

Friday, March 20

Toured Treasurys Year 2000 Command Center with John Koskinen.

Saturday, March 21

Appeared on CNNs Evans and Novak.

The Week Ahead

Monday, March 23

Will meet with the USA Today Editorial Board.

Tuesday, March 24

Will meet with representatives from Unilever to discuss the Asian financial situation.

Will meet with the President of Mitsubishi on Southeast Asia.

Will address U.S. Chamber of Commerce luncheon with Rep. Gephardt on the IMF and SE Asia.

Will attend dinner hosted by Senator Chafee.

Wednesday, March 25

No external meetings.

Thursday, March 26

Breakfast with Chairman Greenspan.

Will meet with the Presidents Advisory Committee on Trade Policy and Negotiations.

Friday, March 27

No external meetings.

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Ivan Frishberg (Ivan Frishberg <ivan@PIRG.org> [UNKNOWN])

CREATION DATE/TIME:29-MAR-1998 19:20:10.00

SUBJECT: Student Aid Update: HEA and More...

TO: list server can-er (list server can-er <can-er@pencil.math.missouri.edu> [UNKNOWN])
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Ilia V. Velez (CN=Ilia V. Velez/OU=WHO/O=EOP [WHO])
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TEXT:
Student Aid Update

March 27, 1998

All The Student Aid News ThatUs Fit To Print. A Quick Guide To Recent Actions In Washington

While students struggle with mid-terms or revel in Spring Break, Federal Lawmakers are busy making decisions that will be critical for students. Below is a quick summary of major issues and their status.

Overview: For the last 14 months, Congress, students and the education community have been preparing to reauthorize the Higher Education Act. Having seen the first votes just a few weeks ago, the pace of action promises to be swift and unforgiving. Over the next 6 months, Congress will have completely decided how much it costs to take out a student loan, how much grant aid is available, and how efficiently the student aid delivery system will work. In addition to these fundamental issues, hundreds of seemingly minor but potentially significant changes will be made to the $30 billion Federal Financial Aid system.

While Congress and the White House have given positive attention to the plight of students over the last few years, we are now operating in an era of tight budget caps and competing priorities. With another big election cycle less than a year away, it is important that students and educators keep up pressure on Washington to keep the commitment to providing access for all to a quality higher education. In the issues listed below, you can see some of what is at stake.

Timeline / Process: Wednesday, April 1st, the Senate Labor Committee will introduce and vote on its HEA proposal. After that, Congress will go on a three week recess until the end of April. This will be a critical time for students and educators to prepare for the floor consideration of both the House and Senate bills. Both bills could come to the floor soon after the April recess, and will be the target of many amendments -- some good, some bad. Concurrent with this schedule will be the budget and appropriations process that will be ongoing from April until September. In general, students are doing well thus far, but need to keep our voices heard as we move in to the most important stages of the game.

_______ THE ISSUES _______

1. STUDENT LOAN INTEREST RATES

The House Committee, the White House, and most likely the Senate

Committee, will all agree on a reduction in student loan interest rates of nearly one full percentage point (.80%). This will deliver thousands of dollars of savings to millions of students at a time when student debt is continuing to escalate at alarming rates. The reduction in interest rates will bring student loans in to line with many other consumer loan interest rates now on the market.

While this is good news, there are two battles brewing that could spill over in to the promised reductions:

A) There is a significant disagreement between the White House and the Congress on how to pay for these reductions. Within the Congress there is also a significant potential for opposition to a tax payer bailout of the loan industry that is part of both the House and Senate proposals. Both the Washington Post and USA Today have editorialized against further subsidies to the loan industry. The White House has recently written to Chairman Kasich of the House Budget Committee warning that the subsidies promised by the Education committee would result in a violation of the Budget Enforcement Act, and result in across the board RSequestrationS of funds from many essential social programs; including student aid and vocational education.

Students should continue to keep pressure on legislator to maintain the interest rate reduction. This fight between lenders and the budgeteers has the potential to send either side after more student money to fix the problem.

B) The second issue still to be resolved that relates to the reduction in the interest rate is the rate for consolidation loans (those loans that turn many loans in to one loan with one repayment plan and more flexible repayment options). The House bill neglected to set the rate for consolidation loans, and this issue has thus far not been addressed by the authors of the Senate proposal. Unless, the rates on consolidation loans are reduced along with the loans in the rest of the program, it will create a huge problem for students who need to consolidate their loans after graduation. These students would see their interest rates raised significantly simply because they are trying to make their repayment more manageable. Simply put, unless this issue is fixed accordingly, we will be setting up a system that hurts the students who need it the most.

The Senate should consider the interest rate on consolidation loans to be part of any proposal on the interest rate fix. Not doing so sets up a false distinction between these two loans. Congress should continue to allow for the lowest possible interest rates for consolidation loans in the Direct Loan program, and should ensure that any reduction in FFEL consolidation loans is commensurate with the interest rate reduction as agreed to by the House of Representatives and the White House. Students should oppose any interest rate fix that doesnUt include a commensurate reduction in the interest rate for FFEL consolidation loans.

2. ORIGINATION FEES

Origination and insurance fees significantly reduce the benefits of student loans for students. In total, these fees reduce the available cash on a student loan by 4%. For a student taking out a $2,500 loan, this means that they will never see $100 of that loan. That is money that would otherwise be available to pay for books, tuition, and other costs of attendance.

These fees were created many years ago as a temporary fee to help cover the costs of government financing for student loans. The White House has proposed, and Congress should enact, a significant reduction and phase out of this tax on student borrowing.

During the House Committee consideration of the HEA Reauthorization bill, Rep. Andrews (D-NJ) offered an amendment to reduce origination fees and pay for it by reducing several of the federal subsidies to the Guaranty Agencies. This amendment was withdrawn during the full committee in the hopes that an agreement could be worked out before the bill is brought to the House floor at the end of April. Students should encourage legislators to agree to a reduction in origination fees, and support any floor amendments to that effect.

On the Senate side, it appears that no reduction in origination fees is in the bill being introduced by Chairman Jeffords. Student advocates are pushing for amendments in Committee or on the floor to cut origination fees in half for subsidized student loans. Such an amendment would increase the funds available to student borrowers when they are faced with tuition and bookstore bills.

3. PELL GRANTS

Both the House and Senate bills increase the authorized funding for the Pell Grant, but as we have seen in recent decades, this funding level frequently has little impact on annually appropriated levels of funding. The major increase in benefits for students is the increase in the Income Protection Allowance (IPA -- income that is excluded from consideration while the studentsU expected family contribution is calculated). The house bill falls just short of the levels of IPA that will not disadvantage students who work during school or during the summer. The Senate is expected to propose levels of IPA that have been proposed by student and education groups.

4. SSIG / LEAP

Both the House and Senate are backing various forms of legislation proposed by student advocates to strengthen the SSIG program, and rename it the Leveraging Education Assistance Partnership (LEAP) Grant. The Senate bill is expected to mirror S 1644, introduced by Senators Reed and Collins. Students strongly support this provision of the bill, and are urging appropriators in the House and Senate to fund this program at not less that $50 million for FY99. The White House has not yet responded to the LEAP proposal, and students are encouraged to urge both the President and the Secretary of Education to support the LEAP Grant.

5. STUDENT AID DELIVERY

Both the House and Senate are proposing student backed proposals to reform the delivery and management of the student aid system. Under these proposals, a Performance Based Organization (PBO) would be established within the Department of Education to manage student aid delivery. This PBO would have greater flexibility, resources and accountability than the existing management structure. If enacted, this provision of the HEA bill should yield significantly ease the financial aid delivery process for students and gain efficiencies that would benefit both taxpayers and students.

6. FY99 BUDGET

The Senate Budget Committee marked up the Senate Budget Resolution March 17, and will likely send the bill to the full Senate for consideration next week. The Senate Bill poses a significant threat to education funding. While the bill contains a $600 million increase in the overall education budget, proposed increases in special education budgets mean that student aid programs such as Pell Grants and Campus Based aid programs would have to be cut in order to stay within the cap. The Senate proposal is $1.6 billion under the PresidentUs budget request. The proposal also does not contain any funding to pay for the interest rate fix being proposed by the Senate Labor Committee.

When the bill comes to the full Senate, it will receive 50 hours of debate and many many amendments. This is an incredibly important stage in the budget process, and this bill must be amended to avoid almost certain cuts in critical student aid program. More information on amendments will be forthcoming.

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RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: SUNTUM_M (SUNTUM_M@a1.eop.gov [UNKNOWN])

CREATION DATE/TIME:21-APR-1998 17:39:21.00

SUBJECT: 1998-4-21 remarks on 1998 legislative agenda

TO: "/R=3$=/C=US/ADMD=WESTERN UNION/O=ATT.COM/DD.ELN=62955104/"@mrx.eop.gov ("/R=3$=/C=US/ADMD=WESTERN UNION/O=ATT.COM/DD.ELN=62955104/"@mrx.eop.gov [UNKNOWN])
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TEXT:

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release April 21, 1998

REMARKS BY THE PRESIDENT

ON THE 1998 LEGISLATIVE AGENDA

The Rose Garden

12:23 P.M. EDT

THE PRESIDENT: Good afternoon. In the coming weeks, Congress will be making an awful lot of important decisions about how to best prepare our children and our nation for the 21st century. First, we have an historic opportunity to pass bipartisan legislation to protect our children from the dangers of tobacco. The legislation would put an end to the tobacco industry's calculated, multimillion-dollar media campaign to hook our children early to the deadly habit of smoking.

For years the cartoon character, Joe Camel, was the star of their efforts to create a new generation of customers for cigarettes -- what the tobacco industry euphemistically called "replacement smokers;" what most of us call our children. Even as the executives denied they were targeting children, Joe Camel became as recognizable to them as Mickey Mouse.

Now, some in Congress say that teen smoking has nothing to do with Joe Camel. Medical science and common sense makes it plain: teen smoking has everything to do with Joe Camel -- with unscrupulous marketing campaigns that prey on the insecurities and dreams of our children. Indeed, a recent study by the American Medical Association found that over a third of our young people who try cigarettes do so because of advertising and promotion, and that Joe Camel was the overwhelming favorite among 12- to 15-year-olds.

The industry has spent hundreds of millions of dollars on such marketing campaigns -- plainly not designed to appeal to adults. It is time to end this story once and for all. So again I say to Congress, now is the time to pass strong bipartisan tobacco legislation. And again I say, I hope that both parties will work together for the benefit of our children.

Today is an extremely important day for the future of public education in America. Soon the United States Senate will be faced with a clear choice -- whether to modernize 5,000 schools and strengthen educational opportunity for all children, or offer families about a $7 tax rebate that would barely cover the cost of schools supplies and, in the process, would weaken our national commitment to education.

Above all, the Information Age is an education age. And the most important thing we can do to strengthen our country for the 21st century is to give our people the best education system in the world. In our balanced budget, I propose a plan that would help us to do that. It would help all Americans -- teachers, parents, students, principals -- bring a revolution of standards, accountability, and choice to our schools.

I am committed to seeing that our students master the basics with national standards and an exam to measure those in 4th grade reading and 8th grade math; to reduce class sizes in the early grades to an average of 18; to encouraging public school choice, charter schools, and to ending social promotion. Making sure that every child in America has an opportunity to learn in a modern, safe state of the arts school is also a centerpiece of our plan.

The need is great. With the number of school-age children at a record high and growing, schools across the country already are at or beyond capacity. One-third of our schools need to be modernized. Nearly half don't have the wiring to support basic computer equipment. The federal government helps to build roads and bridges and other infrastructure projects because they are in the national interest. But none of that will matter if we do not see that our national interest in an adequate education infrastructure is also preserved.

Today, Senator Carol Moseley Braun will offer an amendment that will help communities raise the funds to modernize 5,000 schools. If we want our children to be prepared for the 21st century, they ought to have 21st century schools. I urge Congress to adopt the amendment right away.

Today, the Senate will also vote the wrong way -- an ill-advised tax incentive for elementary and secondary expenses. The proposal is bad education policy and bad tax policy. It won't do anything to strengthen our schools, and, in fact, would weaken public education by siphoning limited federal resources away from public schools. The $1.6 billion proposal would do very little for average families, offering an average of $7 in tax relief for parents of the 90 percent of our children who are in public schools, and $37 for the parents with children in private schools. It would disproportionately benefit highest-income taxpayers -- families who are struggling to make ends meet would never see a penny of it. It would short-change our children.

The right way to fix the schools is to fix them, not walk away from them. We have 600 days left before the turn of the century. We have to prepare our children for it. We should begin with protecting their health and giving them the best schools in the world.

I'd like to ask the Vice President and Senator Daschle and Mr. Gephardt to make some remarks. Thank you.

* * * * *

Q Mr. President, do you think that other cartoon characters used to market other products that potentially are dangerous to children, like beer, should be outlawed as well -- the frogs in the Budweiser commercial, for example?

THE PRESIDENT: I think that, by an order of magnitude, what we saw with the tobacco marketing is far greater in its impact on children and in its destructive capacity. And so I don't want to be deterred by focusing on other things when the business at hand is to pass this tobacco legislation. I don't think there's any -- no other thing I could think of compares with what has been done there in terms of the destructive impact on our children and their health.

And also, I would say, based on all these documents which are coming out now and all these lawsuits, the latest one in Minnesota, it appears unambiguous that they were designed to do just what they did, which is to appeal to children.

Q Mr. President, the tobacco companies --

Q Mr. President, how do you expect to get bipartisanship when you bash the Republicans and they bash you with the kind of rhetoric that we've heard here today?

THE PRESIDENT: First of all, I haven't bashed all the Republicans. Senator McCain -- I bragged on the bill that came out of his committee 19-1. I talked -- I called Senator Lott a few days ago and said that I very much wanted to get this bill passed.

What has caused our concern here is this apparent dramatic change in the statements made by Republicans about this. I mean, it wasn't so very long ago when the Speaker said that there's no way in the world that I could ever be for a more progressive tax bill -- tobacco bill than he would be for. And I, frankly, loved hearing that. I don't mind sharing the credit for this. I don't want this to be a partisan thing, I want this to be an American thing.

Let's look what had happened here. All of us have been talking about trying to get bipartisan agreement on this; the tobacco industry says they don't like the McCain bill and they refuse to negotiate any further and they're fighting for their life and this is war. And all of a sudden we get different public statements coming out of people in important positions in the Republican Party.

I still believe and hope that there will be enough Republicans to make a genuinely bipartisan effort to pass sensible, sound, strong legislation. And that is my commitment. That is all of our commitments. We are responding to events as they have unfolded.

But I would remind you that what sparked all this was the bipartisan action of the Senate committee. That is what I have lauded and that is what I want.

Q Mr. President, regarding the education bill, sir, you seem to be unwavering over the vouchers issue. The Republicans have indicated they're going to be unwavering on the vouchers issue. Isn't the reality that there probably isn't going to be an education bill this year, over this issue perhaps?

THE PRESIDENT: Well, I hope not. This may be just the opening foray. But I think a lot of them are genuinely opposed to the concept embodied in Senator Carol Moseley Braun's bill. That is, they believe it's okay for Congress to invest money in highly specific local transportation projects, but not to give even the most general kind of support for our education infrastructure.

Now, during all the time I've been President, when we had those tough budget years, I always tried to provide enough room for there to be some increase in infrastructure for transportation. But I believe the infrastructure of the '90s will be the superhighway that carries information, and I believe the people that can travel it will be those that have a good education, not the finest vehicle. And so, to me, when we've got cities with the average school building being 65 years old, when we've got small communities like the one I visited in Florida with 17 trailers out back of the main school building where the kids are going to school -- this is a national infrastructure issue. And I think it's important.

Now, on this education IRA, I think the real thing you have to ask yourself about that is this -- does it make sense, when the federal government only spends about -- provides about 6 percent of the total education budget of the country, and when everybody recognizes we need more general investment -- does it make sense to take $1.6 billion and put it into a program that will give the average public school parent 7 bucks? Let's assume the Republicans who favor more private school education are right -- give the average public school parent 7 bucks to pay tuition to a private school? And for those that already have their kids in private school, if they're middle class families, give them an average of $37 a year?

I think the $1.6 billion would be far better spent funding charter schools, funding school standards programs, funding the master teacher program, and helping to fund this school construction program. That's what I believe. I don't think it's even close. If they believe these programs are so great, then they ought to be out there in every city and every state in the country making this case, instead of using the limited federal money we have which ought to be spent to benefit the largest number of people in the most impactful way.

Q Mr. President, the tobacco companies --

Q -- fails to lower the spending levels in the transportation bills, will you veto the bills? And if not, why not?

THE PRESIDENT: Well, first of all, the transportation bill has not yet passed; it's going into conference. I have a lot of problems with it, including the dropping of the provision for a tougher DWI standard in the House bill. But I think it is imperative that we wind up with a transportation bill which increases our investment in transportation, but does not do so at the expense of education, of research -- medical research -- the environment, all the things that are also important to our future, on the one hand, and on the other hand, that doesn't run away from our Social Security first commitment on the surplus.

And so I'm going to do my best to fashion that sort of infrastructure highway bill. And I am concerned that the bills as passed are disembodied from the budget. They don't have any relationship with all the other pieces in the budget, and at least on their surface, appear to be far in excess of anything we can afford and still continue our commitments in education and honor Social Security first.

But this is a process, and we're not there yet. We're not to the point yet where we have to make the discussion --

Q Would you veto an education bill if it included both the Coverdell accounts and the school construction money you want?

THE PRESIDENT: Yes, yes.

Q Mr. President, Speaker Gingrich yesterday said you sent the wrong signal to children by smoking a cigar when you're celebrating. How would you respond?

THE PRESIDENT: Well, first of all, I think the only time I've done that since I was President was when we got that young man out of Bosnia. And I think he's probably right about that. I think he's probably right about that. But let me say, I do not -- I think to contend that that isolated event has a bigger impact on children than these millions of dollars of deliberately calculated ads -- billions -- is just a way of avoiding taking responsibility for doing the right thing.

Now, secondly -- you know, he made another point with which I agree, which is that there is too much -- there are too many young actors and actresses in alluring movies in Hollywood making smoking look alluring again. But we've been talking about that for two or three years. The Vice President I think has already had two meetings with people in Hollywood; I have voiced the concern publicly and privately. I agree with that.

But these things get said in the context in which he said it, it was like to let them off the hook for taking responsibility for passing tobacco legislation and making cigarettes both more expensive for kids to buy and then using the money to deal with the health care consequences and to fund an anti-smoking advertising campaign that they know would be effective. And I'll tell you one -- I'll bet you anything that in addition to their previously effective advertising campaigns, we'll be treated to another big ad campaign from the tobacco industries surrounding this before you know it.

So you can say all these things, but none of us should ever be guilty of that. We can point the finger at others, but no amount of finger-pointing at others, by the President or anyone else, will ever absolve us of our own responsibility to push the public interest. And that's what I'm trying to do.

Q Mr. President, the tobacco companies say they'll go bankrupt under McCain. Do you believe they deserve that?

Q Mr. Vice President, somebody called you "cheap Al." Would you care to defend yourself, sir? Seriously. It's out there.

END 12:47 P.M. EDT