PRESIDENT CLINTON DELIVERS THE FIRST BALANCED BUDGET IN A GENERATION AND A MAINSTREAM TAX CUT

- ✔ Roughly $900 Billion in Net 10 Year Deficit Savings.
- ✔ First Balanced Budget since 1969.
- ✔ Largest Investment in Higher Education Since the G.I. Bill in 1945:
  - $1,500 HOPE Scholarship to Help Make Two Years of College Universally Available.
  - 20% Tuition Tax Credit for College Juniors, Seniors, Graduate Students and Working Americans pursuing Lifelong Learning to upgrade their skills.
- ✔ Single Largest Investment in Health Care for Children Since 1965.
- ✔ A $500 Per Child Tax Credit for Approximately 27 Million Families.
- ✔ Critical Long-Term Entitlement Reforms -- Extends Solvency of Medi Trust Fund for at Least a Decade.
- ✔ Brownfields and Empowerment Zones Tax Incentives to Revitalize O Nation's Distressed Areas.
- ✔ A $ 3 Billion Welfare-to-Work Jobs Initiative Targeted to High Povert Areas.
- ✔ Treats Legal Immigrants Fairly -- Restores Health and Disability Bene

THE FIRST BALANCED BUDGET IN A GENERATION

FIRST BALANCED BUDGET SINCE 1969

- ✔ Net savings of roughly **$900 billion** over ten years.
- ✔ 1993 Economic Plan has cut the deficit more than 75% from $290 billion

in 1992 to $67 billion or lower in 1997. **This agreement finishes the job -- balances the budget in 2002 and puts the budget in surplus at least through 2007.**

SINGLE LARGEST INVESTMENT IN HEALTH CARE FOR CHILDREN SINCE THE PASSAGE OF MEDICAID IN 1965

- ✔ **An unprecedented $24 billion for children's health care.**
- ✔ **Guarantee of meaningful health coverage including full range of benefits to as many as 5 million uninsured children.**
- ✔ Provisions to ensure that states use this investment to provide health care coverage to children who do not currently have health insurance and that there are adequate cost protections so that families are not burdened with excessive costs so that care is affordable.

CRITICAL LONG-TERM ENTITLEMENT REFORMS

- ✔ **Between $400-$450 billion in ten-year Medicare savings.**
- ✔ **Extends the life of the Medicare Trust Fund for at least a decade.**
- ✔ **Prepares Medicare for the 21st century** -- more choice, competition, improved payment systems.
- ✔ **$4 billion in preventive benefits** to fight diseases like breast cancer, diabetes & colon cancer.
- ✔ **$1.5 billion to help pay the premiums of low-income Medicare beneficiaries.**

PROTECTS THE PRESIDENT'S CRITICAL DOMESTIC PRIORITIES. The Budget Agreement, which will be enacted in the Appropriations bills in the fall, includes 99% of total amount of President's 5-year Domestic Discretionary Budget.

- ✔ **Largest education investment in 30 years.**
- ✔ **Pell Grant expansion** -- maximum grant increased to $3,000.
- ✔ **New child literacy initiative** consistent with President's America Reads.
- ✔ **Head Start expansion** -- on track to 1 million children in 2002.
- ✔ **Full funding for President's training budget,** including Job Corps.
- ✔ **President's FY 98 budget request for EPA Operating Budget**
- ✔ **National Park Service full funding** for operations budget, plus land acquisition and state assistance, and Everglades Restoration.
- ✔ **Superfund** -- clean-up of 500 toxic sites in next four years (if policies can be worked out).
- ✔ **COPS** -- funding on track to put 100,000 more police officers on streets by 2000, plus full funding for overall Violent Crime Reduction Trust Fund.

MOVES PEOPLE FROM WELFARE TO WORK & TREATS LEGAL IMMIGRANTS FAIRLY

- ✔ **$3 billion to help states and local communities move people from welfare to work.**
- ✔ **$12 billion to restore both disability and health benefits for 350,000 legal immigrants** in 2002 who are currently receiving assistance or become disabled, ensuring that they will not be turned out of their apartments or nursing homes or otherwise helpless.
- ✔ **Preserves the minimum wage and other labor protections for welfare recipients moving from welfare to work.** Does not include the House-passed provision to leave workfare participants unprotected by the Fair Labor Standards Act and other employment laws. Protects workers from displacement by those leaving the welfare rolls, and establishes a strong process for workers to raise grievances with an independent agency.

A MAINSTREAM TAX CUT

On December 15, 1994, President Clinton proposed the Middle Class Bill of Rights, which included a $500 Child Tax Credit, an expanded IRA to allow people to withdraw money tax-free and without penalty for education, and a tax deduction for post-high school education expenses. ***Each of the President's proposals is included in this budget:***

A CHILD TAX CREDIT FOR APPROXIMATELY 27 MILLION FAMILIES.

✔ **$500 Per-Child Tax Credit for approximately 27 million families with 45 million children** under 17. The credit begins to phase out for couples with incomes above $110,000.

✔ **13 million children from families with incomes below $30,000 will receive the child tax credit**
-- up to 7.5 million* more than would have under the Congressional plans. Families earning under $30,000 such as young teachers, police officers, farmers, and nurses who work hard and play by the rules will now receive the Child Tax Credit. *Comparison to House passed bill; vs. Senate bill: 5.9 million.

A VICTORY FOR MIDDLE CLASS PARENTS TRYING TO PAY FOR THEIR CHILDREN'S COLLEGE AND FOR WORKING PEOPLE TRYING TO UPGRADE THEIR SKILLS.

- ✔ **$1,500 HOPE Scholarship to make the first two years of college universally available.** The final agreement includes the President's initiative to help make the 13th and 14th grades as universal as a high school diploma is today. Students will receive a scholarship of 100% on the first

$1,000 of tuition and fees and 50% on the second $1,000.

- ✔ **20% Tuition Tax Credit for college juniors, seniors, graduate students and for working Americans pursuing lifelong learning to upgrade their skills.** The 20% credit will be applied to the first $5,000 of qualified education expenses through 2002, and to the first $10,000 thereafter. The President has long understood that the economy is changing and that people need the opportunity to enhance their skills throughout their working lives. This is why the President insisted on the 20% tuition tax credit that is in the final bill and was a major improvement over the bills passed by Congress.

TAX INCENTIVES TO REVITALIZE OUR NATION'S DISTRESSED URBAN AREAS.

A key component of the President's tax cutting agenda has been to spur economic activity in distressed areas of our nation's cities. This budget reflects the President's agenda:

- ✔ **A New Tax Cut Plan Helps to Clean Up and Redevelop Brownfields.** The 3-year Brownfields tax incentive will reduce the cost of cleaning up thousands of contaminated, abandoned sites in economically distressed areas by permitting clean-up costs to be deducted immediately for tax purposes. This will, in turn, encourage redevelopment of these areas. *The Treasury Department estimates that this $1.5 billion tax incentive would leverage more than $6 billion for private sector cleanups nationwide, allowing redevelopment of 14,000 brownfields.*

- ✔ **New Empowerment Zones (EZs).** The budget includes a second-round of EZs -- 15 urban and 5 rural EZs. The new EZs will benefit from a different blend of tax credits from the first-round communities. For example, the EZs will be eligible for the Brownfields tax incentive, special expensing of business assets, and qualification for private-activity bonds.

HELPING MOVE PEOPLE FROM WELFARE TO WORK

- ✔ **A Welfare to Work Tax Credit.** This provision will give employers an added incentive to hire long-term welfare recipients by providing a credit equal to 35% of the first $10,000 in wages in the first year of employment, and 50% of the first $10,000 in the second year, paid to new hires who have received welfare for an extended period. The credit is for two years per worker to encourage not only hiring but retention.

- ✔ **$3 Billion to Help Move 1 Million People from Welfare to Work.** Includes President's proposal to create $3 billion Welfare to Work Jobs Challenge to move long-term welfare recipients into lasting, unsubsidized jobs. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers, and other critical post-employment support services. The Labor Department will provide oversight but the dollars will be placed in the hands of the localities who are on the front lines of the welfare reform effort.

PRESIDENT CLINTON DELIVERS THE LARGEST SINGLE INVESTMENT IN CHILDREN'S HEAL CARE SINCE THE PASSAGE OF MEDICAID IN 1965

The President fought hard to ensure that the Budget Agreement includes $24 billion to provide meaningful health care coverage to as many as five million of our nation's ten million uninsured children. This investment includes a meaningful benefits package, ensures that states use this money to cover uninsured children and not replace existing public or private spending, and guarantees adequate cost-sharing protections for families.

✔ **INVESTS UNPRECEDENTED $24 BILLION FOR UNINSURED CHILDREN.** The President insisted on increasing the investment for children's health from $16 billion to $24 billion by including revenue from a new tobacco tax. Because of the President's leadership, this budget will contain the largest children's health care budget increase since the enactment of Medicaid in 1965. Including these additional revenues in the children's health initiative will not only further reduce the number of uninsured children, but it will also serve as a financial barrier to help prevent our children from starting smoking in the first place.

✔ **ENSURES MEANINGFUL HEALTH CARE COVERAGE, WHILE ALLOWING STATES TO DESIGN THEIR OWN BENEFITS PACKAGES.** The President fought hard to ensure that this investment guarantees the full range of benefits -- from checkups to surgery -- that children need to grow up strong and healthy. The President also worked to ensure that prescription drugs, vision, hearing, and mental health coverage now offered at the state level are extended to millions of uninsured children.

✔ **GIVES STATES THE FLEXIBILITY TO DESIGN BENEFITS THAT MEET THEIR NEEDS.** States will be able to choose from any of four benefits packages: (1) the FEHPB model; (2) the benefits package of the most popular state HMO; (3) the state employee plan; and (4) the actuarial equivalent of any of the three stated benefit plans as long as prescription drugs, vision, hearing, and mental health services now offered in these plans are guaranteed to equal at least 75 percent of the value of these services.

✔ **SUPPLEMENTS, NOT SUPPLANTS, CURRENT HEALTH CARE COVERAGE.** Includes provisions to ensure that states provide health care coverage to children who do not currently have health insurance. It requires that states maintain their current Medicaid eligibility levels of spending to access Federal dollars to ensure that this investment is not used to replace public or private money that already covers children.

✔ **ENSURES ADEQUATE COST-SHARING PROTECTIONS.** The President fought to ensure that families are not forced to shoulder excessive costs for their children. The Agreement guarantees that families under 150 percent of poverty will be protected against overly burdensome cost sharing.

PRESIDENT CLINTON DELIVERS A $500 CHILD TAX CRE FOR APPROXIMATELY 27 MILLION FAMILIES

MAIN FEATURES OF THE CHILD TAX CREDIT:

- ***Age.*** Covers children under 17.

- ***Amount per child.*** $400 in 1998. $500 thereafter.

- ***Income limits.*** Begins to be phased out for couples making over $110,000 and for one parent families making over $75,000.

- ***"Stacking."*** Child tax credit will be calculated or "stacked" before the EITC, and will therefore be available for the up to 7.5 million children in working families who have incomes below $30,000 and who were denied the child tax credit under the congressional bills.

- ***For families with more than two children -- Refundability to cover out-of-pocket income and payroll taxes.*** Because many large families have little income tax liability, but pay significant out-of-pocket payroll taxes, the child tax credit for these families is partially refundable. These families will receive a child credit for their income taxes plus the extent to which their out-of-pocket (employee share) payroll taxes exceed their EITC.

- ***Savings Incentive.*** Taxpayers will be given the opportunity to contribute $500 each year to an education Individual Retirement Account (IRA). Earnings would accumulate tax-free in the account, and no taxes will be due upon withdrawal for an approved purpose.

A CHILD TAX CREDIT FOR FAMILIES WHO WORK HARD AND PAY TAXES.

13 million children from families with incomes below $30,000 will receive the child tax credit
-- up to 7.5 million* more than would have under the Congressional plans. Families making under $30,000 like young teachers, police officers, farmers, nurses and others who work hard and play by the rules will now receive the Child Tax Credit.

*Comparison to House passed bill; vs. Senate bill: 5.9 million.

President Clinton worked to ensure that under any final agreement, these young parents would receive a child tax credit to make it easier for them to raise their children.

Consider a family of four with two small children: the father is a rookie police officer making $23,000, and the mother has chosen to stay at home. Both congressional bills would have denied this family, and millions of others, the child tax credit. Under the final agreement, this family will receive a child tax credit of $675.

	President Clinton's Proposal	Agreement	House Bill	Senate
Child Tax Credit for family of rookie police officer making $23,000	**$767**	**$675**	**$0**	**$0**

PRESIDENT CLINTON DELIVERS EDUCATION TAX CUT TO HELP MIDDLE CLASS FAMILIES PAY FOR COLLEGE

THE PRESIDENT'S HOPE SCHOLARSHIP AND TUITION TAX CREDIT

From the beginning, promoting expanded educational opportunity has been the centerpiece of President Clinton's budget and his middle class tax cut proposal. Promoting education is the centerpiece of this final tax cut bill:

✔ **$1,500 HOPE Scholarship to make the first two years of college universally available.** The final agreement includes the President's program to advance the goal of making the 13th and 14th grades as universally available as a high school diploma is today. Students will receive a scholarship of 100% on the first $1,000 of tuition and fees and 50% on the second $1,000.

✔ **20% Tuition Tax Credit for College Juniors, Seniors, Graduate Students and working Americans pursuing lifelong learning to upgrade their skills.** The 20% credit will be applied to the first $5,000 of tuition and fees through

2002, and to the first $10,000 thereafter.. The President has long understood that the economy is changing and that people must have the opportunity to enhance their skills throughout their working lives. This is why the President insisted on the 20% tuition tax credit that is in the final bill and is a major improvement over the Congressionally-passed bills.

A SUMMARY OF ADDITIONAL EDUCATION TAX CUTS

- ***Education and Retirement Savings Accounts.*** Allows penalty-free IRA withdrawals for undergraduate, post-secondary vocational, and graduate education expenses. Additionally, taxpayers are given the opportunity to deposit $500 into an education IRA. Earnings would accumulate tax-free and no taxes will be due upon withdrawal for an approved purpose.

- ***Employer-Provided Education Benefits.*** Extends Section 127 of the tax code for three years, which allows workers to exclude $5,250 of employer-provided undergraduate education benefits from their taxable income.

- ***Student Loan Interest Deduction.*** Allows a deduction for up to $2,500 per year of interest on education loans for expenses of students enrolled at an institution of higher education. This deduction will be available even if the taxpayer does not itemize deductions.

- ***Community Service Loan Forgiveness.*** In most circumstances, a loan that is forgiven is considered income and is therefore taxable. To encourage programs that offer loan forgiveness to borrowers who take lower-paying, community-service jobs, the agreement excludes from taxable income both loan amounts forgiven through programs run by nonprofit tax-exempt charitable or educational institutions. Currently, the exclusion generally covers only certain forgiveness arrangements between students and government entities.

- ***Repeal Cap on Tax Exempt Bond Issuance by Colleges and Universities.*** Repeals the $150 million bond cap that affects private higher education institutions and certain other charitable institutions. The repeal applies to tax-exempt bonds issued by these institutions to finance new capital expenditures.

PRESIDENT CLINTON DELIVERS A BUDGET THAT STRENGT AND PRESERVES MEDICARE

The Budget Agreement preserves and strengthens the Medicare program, saving $115 billion over five years and extending the life of the Medicare Trust Fund for at least ten years. It modernizes Medicare by including new market-oriented reforms that have proved successful in the private sector plus $4 billion in new preventive benefits. As this agreement strengthens and preserves the Medicare program, it also creates a Medicare Commission to examine the long-term needs of the program so that Medicare will be prepared for the retirement of the baby boomers.

- ✔ **SAVES APPROXIMATELY $115 BILLION OVER FIVE YEARS.** Includes about $115 billion in savings over five years and between $400-$450 billion over ten years.

- ✔ **EXTENDS THE LIFE OF THE MEDICARE TRUST FUND FOR AT LEAST TEN YEARS.** This agreement will keep Medicare solvent until at least 2007.

- ✔ **IMPLEMENTS NEW MARKET-ORIENTED REFORMS INCLUDING:**

  (1) Empowering the Secretary of Health and Human Services to implement competitive market mechanisms;
  (2) Opening up new options that offer more choice among competing health plans and have proven effective in the private sector, including Preferred Provider Organizations (PPOs) and Provider Sponsored Organizations (PSOs);
  (3) Providing Americans with meaningful choices by reforming annual Medigap enrollment; and
  (4) Building on Medicare's success in controlling hospital costs, restructuring the payment systems for home health, agencies, skilled nursing facilities and hospital outpatient departments so that rates are set in advance through a prospective payment system.

- ✔ **INCLUDES $4 BILLION OVER FIVE YEARS FOR NEW PREVENTIVE BENEFITS.** Expanding coverage for mammograms and colorectal screening and improving self-management of diseases like diabetes.

- ✔ **ENSURES NEW PREMIUM PROTECTIONS FOR LOW-INCOME MEDICARE BENEFICIARIES.** The budget agreement invests $1.5 billion over five years to pay the premiums for beneficiaries up to 135 percent of poverty. Beneficiaries over 135 percent of poverty to as high as 175 percent of poverty will get assistance as well.

✔ **TAKES STEPS TO ENSURE THAT VULNERABLE HOSPITALS ARE PROTECTED.** The Agreement reduces the Medicare Disproportionate Share Hospitals cut from $2.4 billion in the Senate-passed bill to $600 million over five years.

✔ **ESTABLISHES A MEDICARE COMMISSION.** The agreement creates a 17-member Medicare Commission which contains eight Democrats and eight Republicans and a Chair who will be selected jointly by the President and the Congressional leadership. The Commission will release a report in 1999 and require an 11 of 17 majority to ensure that its recommendations are bipartisan.

THE BUDGET AGREEMENT PROTECTED THE PRESIDENT' PRIORITY PROGRAMS, INCLUDING EDUCATION, ENVIRON AND LAW ENFORCEMENT

The Budget Agreement achieved 99% of the President's budget for non-defense discretionary spending over the next 5 years. While priority items are protected, there are $61 billion of savings in non-defense discretionary outlays over the next 5 years -- a 10% real cut by 2002. ***These priorities will be ratified in the appropriations process under the budget agreement.***

LARGEST INCREASE IN EDUCATION INVESTMENT IN 30 YEARS

The budget agreement endorsed President Clinton's overall plan for investing in education and training -- $63 billion more than the Republican plan over five years. With the tax cuts for education, this represents the largest increase in the Federal investment in education in 30 years. The agreement specifically calls for:

✔ **Increases funding for Head Start to continue on road to achieve enrollment of 1 million kids in 2002.**

✔ Largest Pell Grant increase in two decades - boosts the maximum 1998 Pell grant from $2,700 to $3,000, and expands the program to more poor independent students.

✔ Adopts the President's budget request to launch a child literacy initiative consistent with his America Reads program.

✔ Increases funding for bilingual (27% increase) and immigrant education (50% increase).

✔ Includes all of the $579 million increase in funding requested by the President in his FY 1998 budget of $5.3 billion for Training and Employment Services, including Job Corps.

BOLSTERS ENVIRONMENTAL ENFORCEMENT AND KEY PROGRAMS

✔ Provides a 9% increase for EPA's Operating program which includes research, enforcement, state grants and regulatory programs.

✔ Doubles the pace of Superfund cleanups, if policy details can be worked out.

✔ Provides a 6 percent increase for operation of the National Parks, and a more than doubles funding ($156 million) for Everglades Restoration.

PUTS MORE POLICE ON THE STREET

✔ Protects funding for the Community Oriented Policing Services (COPS) initiative, which should put 100,000 more police officers on the street by 2000.

URBAN INITIATIVES

✔ Expansion of Community Development Financial Institution Fund.

PRESIDENT CLINTON DELIVERS TAX CUTS TO CLEAN UP AND REVITALIZE URBAN AREAS...

✔ THE BROWNFIELDS TAX INCENTIVE WILL REDUCE THE COST OF

CLEANING UP THOUSANDS OF CONTAMINATED, ABANDONED SITES IN ECONOMICALLY DISTRESSED AREAS by permitting clean-up costs to be deducted immediately for tax purposes. This will, in turn, encourage redevelopment of these areas. The tax incentive will be available for three years. *The Treasury Department estimates that this $1.5 billion tax incentive would leverage more than $6 billion for private sector cleanups nationwide, allowing redevelopment of 14,000 brownfields.*

✔ **THIS PROPOSAL IS A MAJOR PRIORITY FOR MANY OF AMERICA'S MAYORS.** Chicago Mayor Richard Daley, writing recently on behalf of the U.S. Conference of Mayors, urged Ways and Means Chairman Archer to include the President's Brownfields proposal in the tax bill: "This is a high priority for communities across the nation." [Letter to Chmn. Archer, 6/11/97]

✔ **CREATES NEW EMPOWERMENT ZONES.** Under the President's 1993 Empowerment Zones and Enterprise Communities initiative, participating communities develop a strategic plan to spur economic development, and they receive Federal tax benefits, social service grants and flexibility in use of Federal funds in order to put these plans into effect. The EZs and ECs are urban or rural areas with high poverty and unemployment rates.

- ***A Strong Start since 1994.*** The 105 communities selected as EZ/ECs in 1994 amassed over $8 billion in public-private commitments. In the six urban Empowerment Zones, the private sector has made or pledged $2 billion in new investments.
- ***A Second Round to Build on Successes.*** In response, the President proposed, and the bill includes, a second round of EZs -- 15 urban and 5 rural EZs. The new EZs will benefit from a different blend of tax credits from first-round EZs. They will be eligible for the Brownfields tax incentive, special expensing of business assets, and qualification for private-activity bonds.

...AND TO MOVE PEOPLE FROM WELFARE TO WORK

✔ **A WELFARE-TO-WORK TAX CREDIT.** This provision will give employers an added incentive to hire long-term welfare recipients by providing a credit equal to 35% of the first $10,000 in wages in the first year of employment, and 50% of the first $10,000 in wages in the second year, paid to new hires who have received welfare for an extended period. The credit is for two years per worker to encourage not only hiring, but also retention.

- ✔ **$3 BILLION TO HELP MOVE 1 MILLION PEOPLE FROM WELFARE TO WORK.** Includes President's proposal to create $3 billion Welfare to Work Jobs Challenge to move long-term welfare recipients into lasting, unsubsidized jobs. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers, transportation and other critical post-employment support services. The Labor Department will provide oversight but the dollars will be placed in the hands of the localities who are on the front lines of the welfare reform effort.

- ✔ **PRESERVES THE MINIMUM WAGE AND OTHER LABOR PROTECTIONS FOR WELFARE RECIPIENTS MOVING FROM WELFARE TO WORK.** Does not include the House-passed provision to leave workfare participants unprotected by the Fair Labor Standards Act and other employment laws.

- ✔ **PROTECTS WORKERS FROM DISPLACEMENT BY THOSE LEAVING THE WELFARE ROLLS,** and establishes a strong process for workers to raise grievances with an independent agency.

PRESIDENT CLINTON FOUGHT TO PROTECT OUR MOST VULNERABLE PEOPLE

Several provisions in last year's welfare reform bill had nothing to do with the goals of welfare reform. The President said so at the time and promised to work to correct these provisions. That's why he fought to ensure that any agreement protects the most vulnerable in our society. The President fought to better protect:

CHILDREN

- ✔ **KEEPING THE MEDICAID GUARANTEE.** Preserves the Federal guarantee of Medicaid coverage for the vulnerable populations who depend on it, and contains additional investments to extend coverage to uninsured children. Also ensures that 30,000 disabled children losing SSI because of the new tighter eligibility criteria keep their Medicaid coverage.

LEGAL IMMIGRANTS

✔ **CURRENT RECIPIENTS.** Restores both SSI and Medicaid benefits for immigrants now receiving assistance, ensuring that they will not be turned out of their apartments or nursing homes or otherwise left helpless.

✔ **CURRENT RESIDENT NONRECIPIENTS.** Does not change the rules retroactively. Immigrants in the country as of August 22, 1996 but not receiving benefits at that time who subsequently become disabled will also be fully eligible for SSI and Medicaid benefits. The budget will restore benefits to over 350,000 legal immigrants in FY 2002.

✔ **REFUGEES AND ASYLEES.** Extends the SSI and Medicaid eligibility period for refugees and asylees from 5 years after entry (the limit in the welfare bill) to 7 years to give these residents more time to naturalize. Adopts Administration proposal to treat Cuban and Haitian entrants and Amerasian immigrants as refugees to preserve benefits for these groups that have endured extraordinary hardships.

POOR ELDERLY AND DISABLED, INCLUDING CITIZENS

✔ **RECIPIENTS OF STATE SSI SUPPLEMENTS.** Does not include the House-passed provision that would have repealed the maintenance-of-effort requirement applying to State supplementation of SSI benefits which would have permitted States to reduce or eliminate benefits to almost 3 million poor blind, elderly and disabled individuals.

PEOPLE WHO WANT TO WORK BUT CAN'T FIND A JOB

✔ **235,000 MORE WORK SLOTS.** Last year's welfare reform bill restricted food stamps for able-bodied childless adults to only 3 out of every 36 months, unless they were working. This move ignored the fact that finding a job often takes time. The budget bill provides nearly $1 billion for an estimated 235,000 work slots over 5 years and food stamp benefits to those who are willing to work but, through no fault of their own, have not yet found employment.

✔ **ALLOWS STATES TO EXEMPT UP TO 15 PERCENT OF THE FOOD STAMP RECIPIENTS (70,000 Individuals Monthly) WHO WOULD OTHERWISE BE DENIED BENEFITS AS A RESULT OF THE "3 IN 36" LIMIT.**

AN HISTORIC BALANCED BUDGET: BUILDING ON THE PRESIDE STRONG RECORD OF DEFICIT REDUCTION AND GROWTH

President Clinton has achieved a balanced budget agreement that includes critical investments in education, health care, and the environment while strengthening and modernizing Medicare and Medicaid -- just as he promised last year. This achievement finishes the job of balancing the budget, a key priority for the President since he took office.

ONLY FOUR YEARS AGO. In 1993, the President inherited a budget deficit of $290 billion that was expected to explode to over one-half trillion dollars in 2002. A decade of large deficits had weakened the foundation of our economy and sapped our power and prestige abroad. Unemployment was 7.5% in 1992, and job growth was sluggish.

THE PRESIDENT PASSES HIS 1993 ECONOMIC PLAN. President Clinton addressed this problem of fiscal instability immediately on a pledge to cut the deficit in half. Working with Democrats in Congress, he implemented an economic program designed to reduce the deficit and to invest in critical priorities, such as education and training. **The 1993 economic plan has exceeded all expectations:** *the deficit has fallen by more than 75%, dropping for a likely fifth year in a row to $67 billion or lower in 1997; equipment investment has been the strongest since Kennedy was President; the economy has produced over 12.5 million new jobs; and the unemployment rate this year is the lowest in 24 years.*

THE PRESIDENT ACHIEVES BIPARTISAN AGREEMENT TO FINISH THE JOB. The President began his second term determined to fulfill his goal of balancing the budget. As we head into the next century, this bipartisan agreement protects our priorities, solidifies the nation's economic foundation, restores faith in our ability to govern ourselves, and bolsters America's preeminent position in the world economy. The balanced budget agreement includes roughly $900 billion in 10 year net deficit savings and delivers the first balanced budget in a generation.

The First Balanced Budget in a Generation*

GYear1993 Deficit ProjectionCurrent Deficit Pathe

1993	$310	$255
1994	$302	$203
1995	$301	$164

1996	$298	$107
1997	$347	$67
1998	$387	$90
1999	$429	$90
2000	$475	$83
2001	$521	$53
2002	$576	$1 Surplus

BUDGET STAYS IN BALANCE. In addition to delivering a balanced budget in 2002, **the budget agreement delivers budget surpluses for each of the second five years of the budget window, 2003-2007**, putting the nation on a solid fiscal path at a critical time as the baby boom generation edges toward retirement.

Year	Surplus*
2003	$5
2004	$20
2005	$24
2006	$30
2007	$34

* Numbers from the budget agreement. Final Budget numbers from reconciliation still being tallied.

The Balanced Budget Delivers a Mainstream, Middle Class Tax Cut

How Typical American Families Will Benefit

Example #1

Consider a family of four with an income of $40,000 a year. The father is a carpenter who makes $25,000, and the mother works at a local department store and makes $15,000. They have two children, a son who is 14 and a freshman in high school and a daughter enrolled full-time in her first year at a state university. Her tuition is $5,000 a year.

This family benefits from the tax cut in at least two ways. They will receive a child tax credit of $500 for their son, plus a HOPE Scholarship of $1,500 for their daughter. In total, they will receive a $2,000 tax cut.

Tax Cut

Family of four with two children aged 14 and 18 and $40,000 income:

Child Tax Credit for 14 year old	$500
HOPE Scholarship for 18 year old	$1,500
Total tax cut:	**$2,000**

* Tax Year 1999

Example #2

Consider a family of three making $55,000 a year. The father has a degree in accounting and works for a local business in the accounting department. The mother works part-time at the local library. They have one daughter aged 7. The father would like to return to school to prepare for his CPA examination. He is going to attend the local liberal arts college. He has signed up for two courses with total tuition of $4,000.

This family will receive a $500 child tax credit for their daughter and an $800 tuition tax credit to help pay for the father's course work.

Tax Cut

Family of three with one child aged 7 and $55,000 income:

Child Tax Credit for 7 year old	$500
Tuition tax credit	$800
Total tax cut:	**$1,300**

* Tax Year 1999

Example #3

Consider a family of three making $80,000 combined. They have a daughter who is 17 years old and is trying to decide where to go to college. She is leaning towards a private liberal arts school. Her parents are staring at tuition payments in excess of $10,000 a year for four school years and wondering how they will pay for it.

This tax cut will help. Their daughter will be eligible for a $1,500 HOPE Scholarship in each of her first two years in college. During her junior and senior years, she will be eligible for a tuition tax credit of $1,000. (because four school years fall across five tax years she will be eligible for another $1,000 in the fifth year).

Year	Tuition Tax Credits
1998	$1,500 Hope Scholarship
1999	$1,500 Hope Scholarship
2000	$1,000 Tuition Tax Credit
2001	$1,000 Tuition Tax Credit
2002	$1,000 Tuition Tax Credit
Cumulative Tax Cut to Help Pay for Daughter's Education	**$6,000**

Example #4

A single mother lives with her six year old daughter in California. She's been working as a bank teller for several years and her pay is now $20,000 a year. Working towards becoming a loan officer, she is taking one course a semester towards a bachelor's degree. Her tuition is $1,000. This family will receive a $500 child tax credit for the daughter and a $200 tuition tax credit.

Tax Cut

Family of two with one child
aged 6 and $20,000 income:

Child Tax Credit for 6 year old	$500
Tuition Tax Credit	$200
Total tax cut:	**$700**

* Tax Year 1999