Budget '00 wins

PRESIDENT CLINTON, VICE PRESIDENT GORE, AND CONGRESSIONAL DEMOCRATS WIN ON THE BUDGET, BUT CONGRESS STILL NEEDS TO DO MORE WORK TO ADDRESS AMERICA'S PRIORITIES

November 18, 1999

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PROTECTING FISCAL DISCIPLINE AND PAYING DOWN THE DEBT. The budget agreement represents a victory for President Clinton's stand for fiscal discipline. Between 1981 and 1992, the debt quadrupled. In 1992 the deficit was $290 billion and projected to rise to over $400 billion in 1999. As a result of the tough and sometimes unpopular choices made by President Clinton in 1993 and 1997, we have seen seven consecutive years of fiscal improvement for the first time in America's history, bringing last year's budget to a unified surplus of $123 billion – the largest ever. Throughout the year, the Republicans have been proposing fiscally irresponsible tax cuts that would have jeopardized this record of fiscal discipline. In September, the President vetoed a Republican tax cut that would likely have drained hundreds of billions of dollars of the Social Security surplus from debt reduction. As a result of the President's stand, America will stay on course to pay off the debt held by the public by 2015 – for the first time since Andrew Jackson was President.

A VICTORY FOR AMERICA'S STUDENTS. After vetoing a Congressional budget that denied funding to priority education and training investments, President Clinton and Vice President Gore delivered on their ambitious education agenda.

- ✓ **More High-Quality Teachers With Smaller Class Sizes**: Following on a new initiative by the President last year, the budget agreement includes $1.3 billion for a bipartisan plan to help reduce class size in the early grades by hiring 100,000 quality teachers over the next six years.
- ✓ **Double Funding for After School:** $453 million for after school, providing support to 675,000 students – 375,000 more than last year.
- ✓ **GEAR UP:** A 67 percent increase to $200 million for the President's GEAR UP initiative, which helps 482,000 students aspire to and prepare for college – the second year of this new initiative.
- ✓ **Accountability for the Lowest Performing Schools:** $134 million in Title I funds to help turn around the worst-performing schools and hold them accountable for results.
- ✓ **Expanded Head Start:** A $607 million increase for Head Start to serve an additional 44,000 children. Total funding is $5.3 billion – 90 percent higher than 1993.
- ✓ **Hispanic Education Agenda:** $436 million in increases for a number of education programs that help to improve the educational achievement and high dropout rates of Latino students.
- ✓ **Largest Pell Grant Maximum Award Ever:** Increased to $3,300 – a 43 percent increase since 1993.

FIGHTING CRIME, DRUGS, AND GUNS. To keep crime coming down to record lows, President Clinton fought for important investments in the budget to build on the Administration's successful community policing initiative, including funds to put more police on the street and critical resources to strengthen law enforcement efforts to keep communities safe.

- ✓ **More Police for Our Streets**: The budget contains full funding for the first installment toward the President's goal to hire up to 50,000 more police officers for our Nation's streets by 2005. The initiative builds on the President's successful COPS program that has already funded 100,000 police officers to help keep America's streets safe.

INVESTING IN A CLEANER ENVIRONMENT. President Clinton and Vice President Gore won significant gains for the environment in the fiscal year 2000 budget, including new resources to combat water pollution, protect wildlife, address global warming, and preserve precious lands across the country. At the same time, the President and Vice President forced Congress to drop or substantially modify dozens of anti-environmental riders that would have rolled back hard-won environmental safeguards and benefited special interests at the expense of our public lands.

✓ **Preserving Our Lands Legacy:** The President and Vice President won $651 million for Lands Legacy, a 42 percent increase for this historic initiative that strengthens federal efforts to preserve natural treasures and provides communities with new resources to protect local green spaces.

MAINTAINING AMERICA'S GLOBAL LEADERSHIP. The Republican Congressional budget would have turned its back on America's leading role in the world by not providing funds for peace in the Middle East, leadership at the United Nations, economic development in the poorest countries, and efforts to halt the spread of nuclear weapons. The President fought for and secured victories to strengthen America's leading role in the world – by meeting our commitment to the Middle East peace process, paying our dues and arrears to the United Nations, making a critical investment in debt relief for impoverished countries, funding efforts to safeguard nuclear weapons and expertise from the former Soviet Union, and help raise labor standards around the world.

EMPOWERING FAMILIES AND COMMUNITIES. President Clinton and Vice President Gore are committed to tapping the potential of America's urban and rural communities. This budget moves forward on their vision to help revitalize America's communities and empower families.

✓ **Funding 60,000 New Housing Vouchers for America's Hard-Pressed Working Families.**
✓ **Additional Funding for Empowerment Zones:** The budget provides $55 million in funding for Urban Empowerment Zones and $15 million for Rural Enterprise Zones and Enterprise Communities.
✓ **Continuing To Build a Network Of Community Development Banks Across the Nation:** The final budget includes $95 million for the Community Development Financial Institutions (CDFI) Fund.

PROGRESS ON THE NEW MARKETS INITIATIVE: In his State of the Union, President Clinton proposed to bring more private investment to all areas of the United States. The President and Congressional Leaders have agreed to work together to enact bipartisan legislation to help spur economic development in urban and rural communities that have not shared fully in the benefits of the nation's strong economy. The New Markets initiative enjoys bipartisan support.

✓ **Funding America's Private Investment Companies (APICs):** Provides $20 million of funding for APICs (subject to authorization), a key element of the President's New Markets Initiative, that would leverage $800 million of new investment in underserved areas.
✓ **New Markets Venture Capital Program:** Provides, subject to authorization, $16.5 million in funding for New Market Venture Capital Firms (NMVCs) and BusinessLINC to bring equity capital and technical assistance to small businesses in low- and moderate-income neighborhoods.

ADDRESSING HEALTH CARE. The President won a $34.5 billion investment in health programs, 11.7 percent above the FY 1999 enacted level, to strengthen the public health infrastructure, provide critical prevention and treatment services to individuals with mental illness, and advance biomedical research with a historic investment of $2.3 billion.

- ✓ **Passing the landmark Work Incentives Improvement Act for people with disabilities:** Since 1998, the President has advocated for the passage of the bipartisan Jeffords-Kennedy-Roth-Moynihan Work Incentives Improvement Act. Currently, people with disabilities often become ineligible for Medicaid or Medicare if they work, forcing a choice between health care and employment. This legislation allows people with disabilities to maintain their Medicare or Medicaid coverage when they go to work. It also includes a $250 million demonstration, which the President insisted on fully funding, that allows people with disabilities who are still working and are not yet sufficiently disabled to qualify for Medicaid to buy into the program. Finally, the bill reforms the training system for people with disabilities.

RESPONDING TO THE FARM CRISIS: The Agriculture Appropriations bill included $8.6 billion in emergency funds to assist our Nation's farmers and ranchers who are suffering through the second year in a row of low commodity prices and, for many, crop and livestock losses from severe drought and flooding. The final budget includes over $550 million more to fulfil the unmet needs identified by the President, including significant funds targeted to hurricane-affected areas, increased crop loss payments for all producers, and over $2.5 billion in additional farm loans to help producers secure financing for next year's crop. The President and Vice President remain concerned that Congress did not address the underlying issues that exist in the wake of Freedom to Farm legislation and that more needs to be done.

A STRONG RESEARCH AND DEVELOPMENT AGENDA: The final budget included an unprecedented commitment to key civilian research. The final budget increases the President's "21st Century Research Fund" for civilian research programs by more than $3 billion. It also includes a five year extension of the Research and Experimentation tax credit.

- ✓ **National Science Foundation**: A 6.6 percent increase in support for science and engineering research and education.
- ✓ **National Institutes of Health**: Provides $2.3 billion, a 15 percent increase over FY 1999 funding levels, to build on the President's commitment to biomedical research.
- ✓ **Information Technology**: The final budget includes more than $80 million in funding for the Next Generation Internet and $235 million for the Administration's "Information Technology for the 21st Century" initiative.

MUCH WORK STILL LEFT TO DO In the waning days of the session, the President and Congressional Democrats prevailed in making critical investments to advance the President's comprehensive education agenda, put more police on the streets, protect the environment, and strengthen America's leading role in the world. But much work still remains to be done.

- × **Passing Common Sense Gun Legislation:** Congress must pass a bipartisan juvenile crime bill that includes strong gun measures to: close the gun show loophole; require child safety locks for handguns; ban the importation of large capacity ammunition clips; and bar violent juveniles from owning guns for life.
- × **Passing a Strong, Enforceable, Patients' Bill of Rights:** During the past two years, the President has exercised his executive authority to extend critical patient protections to over 85 million

Americans. But ultimately, the only way to ensure that all Americans in all plans have basic consumer protections is to enact a strong, enforceable Patients' Bill of Rights.

- **Strengthening Social Security:** The Republicans have proposed so-called "lockbox" legislation that would not add a single day to the life of Social Security; the President has asked them to join him in using the benefits of fiscal discipline to extend the life of Social Security from 2034 to 2050.
- **Modernizing and Strengthening Medicare:** Although members of both parties joined the President and Vice President in the effort to adjust Medicare health care provider payments, Congress failed to address the growing challenges that Medicare faces. These challenges include modernizing it with a long overdue, optional prescription drug and giving Medicare the adequate resources and tools to be as efficient as possible.
- **Reducing Youth Smoking:** President Clinton and Vice President Gore have made passage of comprehensive tobacco legislation to reduce youth smoking a top priority in order to stop kids from smoking before they start, through a significant price increase, measures to prevent tobacco companies from marketing to children, and critical public health prevention and education programs.
- **Expanding Federal Hate Crimes Laws:** The President and Vice President have called for a bill that would make it easier to prosecute crimes based on race, color, religion and national origin; and that would also include crimes based on sexual orientation, gender and disability.
- **Funding the EEOC:** Despite EEOC's success in beginning to reduce its backlog of private-sector cases in the last year, Congress failed to provide the funding which would allow EEOC to meet its goal of reducing the backlog of cases to 28,000 by the end of 2000. In addition, despite the fact that women still earn only approximately 75 percent of what men earn, Congress has failed to fund the EEOC's Equal Pay Initiative to improve compliance with equal pay laws.
- **Providing for Long-term Care Assistance for Those With Chronic Illnesses and Their Families:** Despite proposals by the President and bipartisan support from many members of Congress, the Congress has failed to respond and lost an opportunity to provide critical assistance for this population.
- **Providing Health Options for Older Americans:** Although the number of uninsured Americans aged 55 to 65 is growing faster than any other age group, Congress refused to act on the President's proposals to expand health options for older Americans
- **Encouraging Small Businesses to Offer Health Insurance:** The President has urged Congress to provide new health insurance options for vulnerable Americans employed by small businesses.
- **Continuing to Help People Move From Welfare to Work:** Although the Congress enacted eligibility changes similar to those proposed by the President to allow states, tribes and communities to more effectively serve low-income fathers and hard-to-employ welfare recipients, Congress failed to provide any new funding.
- **Raising the Minimum Wage:** The Congress has failed to pass a clean, straightforward bill to increase the minimum wage by $1 over two years – a step that would simply restore it to the 1982 inflation-adjusted level. Instead, the Senate attached the minimum wage increase to fiscally irresponsible tax giveaways for special interests.
- **Expanding Trade and Providing Opportunity for Africa and the Caribbean Basin:** Congress should complete work on the Africa Growth and Opportunity Act. This legislation would be an important milestone in America's effort to build a new economic relationship with Sub-Saharan Africa and deepen ties with our Caribbean and Central American neighbors.
- **Supporting Southeast Europe's Economic Development and Integration**: Congress should pass the Southeast Europe Trade Preference Act submitted by the President, which would authorize expansion of duty-free treatment to a broad range of imports from the region for five years as part

of an effort to strengthen stability and prevent further conflict in the Balkans by facilitating long-term economic growth.

- **Promoting Peacekeeping**: While the budget goes a long way in meeting the anticipated requirements for funding UN peacekeeping operations around the world, the Congress did not fund the full requests. To promote peace and encourage burden-sharing, Congress should fully fund UN peacekeeping efforts.
- **School Construction:** The President's school construction proposal would provide funding to help states and school districts build and modernize 6,000 schools nationwide. Congress should pass the President's plan and invest in our nation's schoolchildren.
- **Enacting Comprehensive Campaign Finance Reform:** This year, the Congress failed once again to adopt real, meaningful reform of our campaign finance system. The President will continue to fight for comprehensive campaign finance reform and believes that the Senate should act to restore the public's faith in our political process.
- **Child Care Initiative**. The Republicans refused to support the President's historic child care initiative to make child care better, safer, and more affordable for America's working families.
- **Farm Assistance**. The President and Vice President were pleased to get $8.6 billion in emergency assistance to farmers and ranchers, but they believe that Congress still needs to address the underlying issues that exist in the wake of Freedom to Farm legislation.
- **Providing Fairness to Immigrant Families**. Congress has failed to take action to provide fairness to immigrant families.
- **Continuing to Empower Communities:** The $70 million funding for EZs and ECs represents less than half of the amounts authorized. The President and Vice President are committed to seeking full funding for the remaining eight years of this program.

A VICTORY FOR AMERICA'S STUDENTS

November 18, 1999

	HOUSE GOP BUDGET*	FINAL BUDGET AGREEMENT	DIFFERENCE
Class Size Reduction	$0**	$1.3 billion	**+$1.3 billion**
After-School Programs	$300 million	$453 million	**+$153 million**
GEAR UP	$0	$200 million	**+$200 million**
Title I Grants to LEAs	$7.732 billion	$7.941 billion	**+$209 million**
Accountability Set-aside/Title I	$0	$134 million***	**+$134 million**
Head Start	$4.760 billion	$5.267 billion	**+$507 million**
Education Technology	$500 million	$769 million	**+$269 million**
Teacher Quality Enhancement	$75 million	$98 million	**+$23 million**
Safe and Drug Free Schools	$566 million	$606 million	**+$40 million**
Charter Schools	$130 million	$145 million	**+$15 million**
Reading Excellence	$200 million	$260 million	**+$60 million**
Adult Education	$ 378 million	$470 million	**+$92 million**
Work Study	$ 880 million	$934 million	**+$64 million**
Learning Anytime Anywhere	$0	$24 million	**+$24 million**
Hispanic Educ. Action Plan ******	$43 million	$436 million	**+$393 million**

*Based on the Labor/Health and Human Services and Education bill passed by the House Appropriations Committee on September 23, 1999. This bill provided $33.321 billion for all education programs, compared to $35.701 billion in the final budget agreement.

**House bill eliminated the class size program by absorbing it in a block grant that dedicated no funding specifically for class size reduction.

***The Title I set-aside for accountability is also included in the Title I grants to LEAs.

****These figures represent increase over FY 1999. HEAP figures also include increase to Title I.

PROTECTING FISCAL DISCIPLINE AND PAYING DOWN THE DEBT

The budget agreement represents a victory for President Clinton's stand for fiscal discipline. As a result of the President's commitments, America will stay on course to pay off the debt held by the public by 2015 – for the first time since Andrew Jackson was President.

- **Debt Quadrupled Between 1981 and 1992:** Between 1981 and 1992, the debt held by the public quadrupled. The budget deficit grew to $290 billion in 1992 – and was projected to grow to more than $400 billion by 1999.

- **President's Tough Choices Led to Largest Surplus Ever:** As a result of the tough and sometimes unpopular choices made by President Clinton in 1993 and 1997, we have seen seven consecutive years of fiscal improvement for the first time in America's history, bringing last year's budget to a unified surplus of $123 billion – the largest ever.

- **The President Stopped Republican Attempts to Reverse this Fiscal Discipline:** Throughout the year, the Republican Congress took steps that would have threatened our fiscal discipline. These were stopped by the President, who vetoed the Republican's fiscally irresponsible and exploding tax cut.

  - **In January, Republicans Proposed a Tax Cut that Would Have Spent the Social Security Surplus:** H.R. 3 and S. 3 called for an across-the-board 10 percent reduction in income tax rates. According to Joint Committee on Taxation Estimates, this proposal would have cost $58 billion in 2000 – *using tens of billions of dollars from the Social Security surplus this year.* In the first five years, this tax cut would have cost $360 billion – much more than could be paid for out of the non-Social Security surplus, then projected at $165 billion by the Congressional Budget Office (CBO).
  - **In August, Republicans Passed a Tax Cut that Would Likely Have Spent the Social Security Surplus:** In August, the Republican Congress passed a $792 billion tax cut that, if continued, would have used virtually all of CBO's projected surplus over the next 10 years. It would have used growing amounts of the Social Security surplus every year after 2004. This tax cut was based on a budget plan that would have required nearly 50 percent cuts in all domestic discretionary spending, assuming defense were funded at the level requested by the President. If cuts of this magnitude were not made, the likely consequence of the Republican tax cut would have been to divert hundreds of billions of dollars of the Social Security surplus from promised debt reduction.

A VICTORY FOR AMERICA'S STUDENTS

After vetoing a Congressional budget that denied funding to priority education and training investments, President Clinton and Vice President Gore delivered on their ambitious education agenda.

✓ **More High-Quality Teachers With Smaller Class Sizes:** President Clinton's budget included the second installment of his plan to help reduce class size in the early grades by hiring 100,000 quality teachers. The President vetoed a Congressional budget that reneged on last year's bipartisan agreement, did not guarantee funding for 29,000 teachers hired last year, and would have allowed Class Size dollars to be used for virtually any activity – including vouchers – rather than hiring qualified teachers. The final budget enhances last year's teacher quality and flexibility provisions and provides $1.3 billion for Class Size Reduction, enough to stay on track to hire 100,000 teachers over the next 6 years.

✓ **More than Twice as Much Federal Support for After School:** In his State of the Union address, the President called for a large investment in after school and summer school programs to give children the extra help they need to meet high standards. The final budget more than doubles the federal investment in these programs to $453 million, to provide educational support to nearly 675,000 students – 375,000 more students than last year.

✓ **Early Intervention To Help Disadvantaged Students Prepare for College:** House Republicans proposed to terminate the President's GEAR UP college preparation initiative for low-income students, a new initiative begun in 1998. The final budget increases funding for GEAR UP from $120 million in 1999 to $200 million to support State projects and partnerships of colleges, high-poverty schools, and community organizations, to help 482,000 students aspire to and prepare for college starting in the 7th grade.

✓ **Accountability for the Lowest Performing Schools:** In his State of the Union address, President Clinton insisted that "all states and school districts must turn around their worst-performing schools – or shut them down," and his Budget included funds to help states and school districts turn around their own failing schools. The final bill provides $134 million in Title I funds to help turn around the worst-performing schools and hold them accountable for results. In addition, the bill provides $7,807 million for the base program, Title I Grants to LEAs, which is an increase of $75 million over last year, in order to continue efforts to help disadvantaged students catch up with their peers.

✓ **More Education Technology for Students:** The final budget triples funding for Community Technology Centers to reach at least 120 low-income communities, provides $75 million to train new teachers in the use of technology, and provides $425 million to states and school districts to purchase computer hardware and educational software. Investment in educational technology has increased to $769 million, up from $698 million in 1999.

✓ **Making Schools Safe, Disciplined, and Drug-Free:** The budget agreement provides $606 million for school-based drug and violence prevention programs, including the President's $50 million request for the Coordinator Initiative, that would provide coordinators to plan, implement, and evaluate successful prevention programs in middle schools across the Nation. Additional resources are also provided for an expansion of the interagency Safe Schools / Healthy Students initiative, with HHS and DoJ.

✓ **Expanded Head Start:** President Clinton and Vice President Gore proposed a $607 million increase for Head Start to serve an additional 44,000 young children – and stay on track toward serving one million children by 2002. The House Republican budget did not provide the President's increase and would have denied over 40,000 children Head Start slots if enacted. The final budget includes the President's full increase for Head Start, which is funded at $5.3 billion – or 90 percent above the 1993 level.

- ✓ **Increasing Public School Choice Through Charter Schools:** The budget agreement provides $145 million for Public Charter Schools, an increase of $45 million over the FY 1999 enacted level. This will strengthen and expand public school choice by providing startup funding to as many as 2,400 charter schools next year, about 650 more schools than this year. The President has pledged to help start 3,000 charter schools across the country by early in the next century. When President Clinton and Vice President Gore were first elected in 1992, there was only one charter school operating in the country. This year, more than 1,700 charter schools are operating, serving a diverse student body in more than 30 states. This remarkable growth is in large part due to the President's leadership and support for these innovative high quality schools.

- ✓ **Hispanic Education Agenda:** President Clinton's budget included an ambitious agenda to address the disproportionately low educational achievement and high dropout rates of Latino students. The final budget includes $436 million in increases for a number of education programs that help to improve the educational outcomes of Latinos and limited English proficient students, including Title I Grants to LEAs, Adult Education, Bilingual Education, and TRIO.

- ✓ **English Language/Civics Education Initiative**: The increase to Adult Education targets $25.5 million for the President's ESL/Civics Initiative, which would provide instruction in both English literacy and critical life skills necessary for effective citizenship and civic participation.

- ✓ **Largest Maximum Pell Grant Award Ever:** The final budget provides $7.7 billion for Pell Grants, increasing the maximum Pell Grant award from $3,125 to $3,300. The maximum award has increased 43 percent since President Clinton and Vice President Gore took office in 1993.

- ✓ **Support for One Million Students To Work Their Way Through College:** The President's budget requested $934 million for Federal Work-Study to fulfill his commitment to expand work-study to one million students in FY 2000. House Republicans initially provided only $880 million. The final budget provides the President's request and will give one million students the opportunity to earn money for college through part-time work.

- ✓ **Training for Dislocated Workers:** The final budget provides a $190 million increase for a total of $1.6 billion to provide much needed training for dislocated workers. This is more than triple the funding in 1993, allowing the program to serve more than 3 times as many dislocated workers. This increase is a step toward meeting the 5-year goal of the Universal Reemployment Initiative to provide training to every dislocated worker who wants and needs training.

- ✓ **Providing for School Construction:** The final budget extends Qualified Zone Academy Bonds (QZABs) through 2001. QZABs provide no-interest loans to school districts in needy areas to fund certain expenditures on rehabilitation and repairs, educational equipment, curriculum development, and teacher training. QZABs have been used to purchase computers and develop technology-based curricula, renovate and repair a charter school, purchase computer software and hardware to develop literacy programs, and even to establish the first public secondary military academy in the nation.

- ✓ **Tax Relief to Encourage Worker Training:** The final budget extends the tax relief provided by Section 127 through 2001, which allows employers to provide educational assistance for courses at degree-granting institutions as a tax-free fringe benefit. By encouraging worker education, it helps employers expand the skills of their work force and expands the opportunities of workers to adapt to new technologies.

FIGHTING CRIME, DRUGS, AND GUNS

To keep crime coming down to record lows, President Clinton and Vice President Gore fought for important investments in the budget to build on the Administration's successful community policing initiative, including funds to put more police on the street and critical resources to strengthen law enforcement efforts to keep communities safe.

✓ **More Police on the Streets:** In 1994, President Clinton and Vice President Gore won a commitment to put 100,000 police officers on the street. In his State of the Union Address, the President proposed a 21st Century crime plan to hire up to 50,000 more police officers by 2005. The final budget contains full funding for the first installment toward meeting this goal.

✓ **Law Enforcement Technology:** The final budget provides $230 million to provide law enforcement with the latest crime-fighting and crime-solving technology.

✓ **Community Prosecutors:** Provides $10 for the Administration's initiative to extend the success of community policing to local prosecutors.

✓ **Strengthened Gun Enforcement:** An increase of $12.6 million for more ATF agents to bolster federal law enforcement efforts against gun crime.

✓ **Youth and Guns:** Over $50 million for the President's Youth Crime Gun Interdiction Initiative, to expand the initiative from 27 to 38 cities, trace more guns used in crimes, and add more ATF agents to crack down on illegal gun traffickers who supply guns to juveniles and criminals.

✓ **Youth Anti-Drug Media Campaign:** $185 million to continue the successful campaign to reach our youth with the message that drugs are wrong, dangerous and deadly.

INVESTING IN A CLEANER ENVIRONMENT

President Clinton and Vice President Gore won significant gains for the environment in the fiscal year 2000 budget, including new resources to combat water pollution, protect wildlife, address global warming, and preserve precious lands across the country. At the same time, the President and Vice President forced Congress to drop or substantially modify dozens of anti-environmental riders that would have rolled back hard-won environmental safeguards and benefited special interests at the expense of our public lands.

✓ **Preserving Our Lands Legacy:** The President and Vice President won $651 million for Lands Legacy, an historic initiative that strengthens federal efforts to preserve natural treasures and provides communities with new resources to protect local green spaces. Lands Legacy funding, a 42 percent increase over last year, includes:
- $444 million for federal agencies to acquire and protect dozens of natural and historic sites around the country and off our coasts, including:
  - The full $101 million needed to purchase New Mexico's majestic Baca Ranch, home to one of North America's largest wild elk herds;
  - $78 million to acquire lands critical to the Administration's Everglades restoration strategy;

- $36 million to manage and protect marine sanctuaries and coral reefs;
- $15 million in matching funds to protect wilderness and other lands in the California Desert.

- $206 million for states and local governments to help communities preserve their farms, urban parks, coastal areas, and working forests.

✓ **Ensuring Clean Water and Healthy Communities:** The final budget secures $1.8 billion for the President's Clean Water Action Plan, a 9 percent increase includes increased funds to reduce polluted runoff from large livestock operations. In addition, the Environmental Protection Agency budget provides $2.17 billion to help communities build or upgrade drinking water and sewage treatment plants, and $1.4 billion to continue progress toward cleaning up 900 Superfund sites by 2002.

✓ **Leading the Fight Against Global Warming:** The budget provides $1.1 billion for research and development of clean energy through the Climate Change Technology Initiative, including a 7 percent increase for energy efficiency investments to reduce pollution, create jobs, and save consumers money.

✓ **Saving Pacific Salmon:** The Administration secured $83 million to initiate two major new efforts to restore salmon in the Pacific Northwest: $58 million for states and tribes through the Administration's Pacific Coastal Salmon Recovery Fund; and $25 million to implement an historic salmon treaty with Canada.

✓ **Fighting Congestion and Dirty Air:** The budget provides $8.2 billion, a 10 percent increase, for programs that reduce air pollution while increasing transportation choices. This includes increases of $407 million for public transit, and $278 million to help communities reduce congestion while improving air quality.

✓ **Encouraging Energy Efficiency:** Extend through 2001 the tax credits for wind and biomass energy production. These tax credits encourage no- (wind) and low- (biomass) emission energy production. The biomass tax credit encourages farmers to grow certain materials that can be burned to produce energy. Producing energy from wind and biomass preserves scarce energy resources and reduces our reliance on imported oil.

✓ **Cleaning Up Brownfields:** The budget extends the tax provision that allows businesses to fully deduct the cost of cleaning up polluted "brownfields" in targeted areas through 2001. This provision encourages the redevelopment of blighted properties, which improves the environment and makes communities more livable.

✓ **Defending Our Environment Against Stealth Attacks:** In addition to securing these major new environmental investments, President Clinton and Vice President Gore stood as the last line of defense against congressional efforts to attach anti-environmental riders to budget bills. These riders would have given special deals to special interests by: allowing overcutting of our national forests and jeopardizing the President's plan to protect more than 40 million acres of roadless areas; allowing mining companies to dump more toxic waste on public lands and delaying critical mining reforms; letting major oil companies continue paying below-market royalties on oil developed on federal lands; crippling critical protections for wetlands and wildlife; and attempting to block common-sense actions to reduce greenhouse gas pollution.

MAINTAINING AMERICA'S GLOBAL LEADERSHIP

The Republican Congressional budget would have turned its back on America's leading role in the world by not providing for peace in the Middle East, leadership at the United Nations, economic development in the poorest countries, and efforts to halt the spread of nuclear weapons. The President fought for and secured victories to strengthen America's leading role in the world – by meeting our commitment to the Middle East peace process, paying our dues and arrears to the United Nations, making a critical investment in debt relief for impoverished countries, funding efforts to safeguard nuclear weapons and expertise from the former Soviet Union, and help raise labor standards around the world.

- ✓ **Promoting Peace in the Middle East:** The Congress fully funded the President's $1.8 billion request arising from the Wye River Agreement, which is essential to promoting peace in the Middle East. As Israelis and Palestinians move ahead on an ambitious agenda to rapidly conclude a peace accord, this funding sends an important message of U.S. commitment to building a lasting peace.

- ✓ **Maintaining Leadership at the United Nations:** In an agreement reached between the President and Congress, the United States will now be able to avoid losing its vote, encourage needed reforms at the UN, and repay $926 million owed to the UN. This will help meet our obligations to the UN in order to protect our national security interests and preserve American influence within the organization and around the world. The bill passed by the Congress and vetoed by the President would have caused the United States to lose its vote in the General Assembly.

- ✓ **Debt Relief for Poor Countries:** The bill provides $110 million to fund reduction of debts owed to the U.S. government by the poorest developing countries. This amount represents an increase of $90 million above the Foreign Operations conference agreement funding level for this purpose ($20 million). We now have sufficient resources to finance U.S. participation over the next year in the bilateral debt aspect of the Cologne Debt Initiative. The agreement also includes authorization for U.S. support to use a portion of International Monetary Fund (IMF) gold reserves for debt relief, and additional authorization would permit the use of the full amount of gold earnings. Together, the funding and authorizations will help to begin to provide debt relief for the world's poorest nations, and allow them to focus on providing basic needs for their own citizens instead of paying interest to international creditors. Unfortunately, the agreement omits appropriations for the U.S. contribution to the Heavily Indebted Poor Country (HIPC) Trust Fund, which will be necessary to fully finance the participation of some multilateral development institutions in this historic initiative. We will work with Congress next year to secure this crucial funding as well as authorization to use the remaining portion of IMF gold earnings.

- ✓ **Promoting International Development:** The bill provides $1.1 billion for the U.S. contribution to multilateral development banks including the World Bank and regional development banks. This amount represents an increase from the $895 million included in the Foreign Operations conference agreement; however, it remains lower than the Administration's original request of $1.4 billion. The bill also provides $1.8 billion for development assistance and child survival funding, over 96 percent of the President's request. This amount includes full funding of the President's expanded global HIV/AIDS assistance initiative.

- ✓ **Reducing the Nuclear Weapons Threat and Building Democracy in Russia and the Newly Independent States:** The final bills provide $1.5 billion across the government to fund critical efforts in the Newly Independent States (NIS) to reduce the threat of nuclear weapons, to promote democracy, private enterprise, and free speech, and to generally assist in the transition these countries are undertaking. The bulk of these funds will go to the President's Expanded Threat Reduction Initiative (ETRI) for programs to increase nuclear security in the former Soviet Union, dismantle strategic weapons, and strengthen efforts to block transfers of sensitive technology and expertise. The budget will also allow us to help remove Russian troops from Georgia and Moldova, and to expand civilian research projects with former Soviet weapons scientists.

- ✓ **Raising International Labor Standards and Protecting Workers:** The FY 2000 Budget includes $70 million for working with developing economies through the International Labor Organization (ILO), an increase of $30 million over FY 1999. These funds include $20 million to finance the creation of a new arm of the ILO to provide technical assistance to help countries implement core labor standards. The agreement also provides $10 million to fund bilateral technical assistance by the US Department of Labor to developing economies seeking to establish social safety net programs and design, implement and enforce labor market policies. In addition, Congress provided the State Department with sufficient funds to allow it to go forward with the President's initiative to support innovative efforts to eliminate sweatshops.

- ✓ **More Funding for President Clinton's Child Labor Initiative**: Last year, the President proposed a 10-fold increase in funding for the ILO's International Program for the Elimination of Child Labor (IPEC) – from $3 million to $30 million – and Congress agreed. This year, the Congress once again fully funded the President's $30 million request. In addition, Congress provided additional funds sought by the President to support enhanced customs enforcement of the ban on importation of goods made with forced or indentured child labor. Congress also provided sufficient funds to the United States Agency for International Development (USAID) to allow it to go forward with the President's new "School Works!" program, which will help developing countries provide educational alternatives to abusive child labor. Finally, to help us lead by example, the budget includes enhanced resources for domestic labor standards enforcement that should help improve compliance with U.S. child labor laws.

- ✓ **Improving Military Pay and Readiness:** The final bill fully funded the President's "trilogy" pay initiative which includes a significant pay raise, pay table reform, and a change in military retirement. The bill additionally funds fully all of our critical readiness programs (unit training, depot maintenance, recruiting, and spare purchases).

- ✓ **Modernizing the Air Force:** The final bill restores most of the funding for the F-22, allowing the program to continue.

- ✓ **Continuing Chemical Demilitarization:** The final bill approves the higher funding level passed by the Senate (the House proposed cuts of $392 million), helping to meet our treaty deadlines under the Chemical Weapons Convention for destruction of chemical weapons.

EMPOWERING FAMILIES AND COMMUNITIES

President Clinton and Vice President Gore are committed to tapping the potential of America's urban and rural communities. This budget moves forward on their vision to help revitalize America's communities and empower families.

- ✓ **Funding 60,000 New Housing Vouchers for America's Hard-Pressed Working Families:** The budget includes $347 million for 60,000 new housing vouchers for low-income families, building on last year's level of 50,000. The House and Senate-passed bills had included zero funding for this initiative. These vouchers will subsidize the rents of America's hard-pressed working families, enabling them to move closer to economic opportunities.

- ✓ **Additional Funding for Empowerment Zones:** The budget provides $70 million in funding for Rural and Urban Empowerment Zones. The President's budget requested $165 million – $150 million for urban EZs and $15 million for rural EZs/ECs. The House and Senate bills included no funding. All of the Urban and Rural EZs (20 Zones) and rural enterprise communities (20 ECs) that were designated by the Vice President in January 1999 as Round II zones will receive funding.

- ✓ **Protecting Rent Subsidies for Low-Income Families:** The final budget includes $10.8 billion for the renewal of all Section 8 contracts, an increase of $1.2 billion from FY 1999. This will ensure continuation of HUD rental subsidies for low-income tenants in privately-owned housing.

- ✓ **Housing Assistance for Elderly and Disabled:** The final budget includes expansion of funding for affordable housing for the elderly and disabled by $911 million, $57 million above FY 1999, enabling about 30,000 people to have affordable housing. Also included were core elements of a *Housing Security Plan* for older Americans that recognizes the dramatic increase in our elderly population and the changing housing needs that accompany this demographic shift.

- ✓ **Increased Funding for Homeless Assistance:** The President and Vice President proposed a major expansion of HUD's continuum of care program, designed to help homeless persons obtain temporary and permanent housing. The final budget includes $1.02 billion in funds for the homeless assistance grants – a $45 million, or 5 percent, increase over last year.

- ✓ **Extending the Work Opportunity Tax Credit:** This tax credit encourages employers to hire individuals who have traditionally had a hard time securing employment. Targeted groups include disadvantaged youth, including those living in empowerment zones and enterprise communities, welfare recipients, and qualified veterans. The maximum credit paid to the employer is as much as 40 percent of an individual's first $6,000 in wages. The President proposed to extend this credit in his FY 2000 budget and the final budget includes an extension through 2001.

- ✓ **Extending the Welfare-to-Work Tax Credit:** This tax credit encourages employers to hire and retain certain long-term assistance recipients. The maximum credit to an employer is as much as 50 percent of wages, with a maximum credit of $8,500 per qualified employee over 2 years. The President proposed to extend this credit in his FY 2000 budget and the final budget includes an extension through 2001.

- ✓ **Access to Jobs Transportation Funds:** The final budget includes $75 million to assist states and localities in developing flexible transportation alternatives, such as van services, to help former welfare recipients and other low income workers get to work.

- ✓ **Individual Development Accounts:** Since 1992, President Clinton and Vice President Gore have supported the creation of Individual Development Accounts (IDAs) to empower individuals to save for a first home, post-secondary education, or to start a new business. Last year, Congress passed legislation authorizing IDAs, and the final budget includes $10 million for a second round of demonstration grants.

- ✓ **Continuing To Build a Network Of Community Development Banks Across the Nation:** The final budget includes $95 million for the Community Development Financial Institutions (CDFI) Fund that will expand the capacity of the network of community development financial institutions across the country, spurring the flow of capital to distressed neighborhoods and low-income residents. The President's budget requested $125 million for the CDFI Fund – the House appropriated $70 million and the Senate appropriated $80 million. The added resources bring funding up to FY 1999 enacted levels.

- ✓ **More Home Delivered Meals:** President Clinton's budget included an additional $35 million for home-delivered meals, a 31 percent increase over last year's funding level. Hundreds of thousands of seniors with disabilities depend on nutritious home-delivered meals to help them remain in their homes. The final bill includes this increase to support the delivery of 146 million meals in FY 2000.

- ✓ **HUD Fair Housing.** The final budget includes $44 million for efforts to fight housing discrimination, a $4 million increase from last year's enacted level, as part of President Clinton and Vice President Gore's "One America" initiative. This amount includes $6 million to continue the audit-based fair housing enforcement initiative started last year.

- ✓ **Maintaining Community Service.** The VA/HUD bill includes $438.5 million for AmeriCorps, funding that will support nearly 50,000 AmeriCorps members in community service projects across the country.

PROGRESS ON THE NEW MARKETS INITIATIVE

In his State of the Union, President Clinton proposed to bring more private investment to all areas of the United States. The President and Congressional Leaders have agreed to work together to enact bipartisan legislation to help spur economic development in urban and rural communities that have not shared fully in the benefits of the nation's strong economy. The New Markets initiative enjoys bipartisan support.

- ✓ **Funding America's Private Investment Companies (APICs):** Provides $20 million of funding for APICs (subject to authorization), key elements of the President's New Markets Initiative to leverage $800 million of new investment in underserved areas.

- ✓ **New Markets Venture Capital Program:** $16.5 million in funding, subject to authorization, has been provided for the New Markets program at the Small Business Administration (SBA). This includes $6 million in funding for the New Markets Venture Capital program, which provides capital to untapped rural and urban new market areas; $1.5 million for BusinessLINC, which encourages large businesses to mentor small business owners; and $9 million for technical assistance to enhance the borrower's probability of success. This program exploits investment opportunities that are not presently being met by private lenders.

- ✓ **Authorization of the PRIME Program:** Congress passed new legislation that included authorization of the PRIME Act, which will provide micro-enterprise technical assistance through competitive grants to micro-enterprise development organizations that focus on low-income entrepreneurs.

ADDRESSING HEALTH CARE

The President won a $34.5 billion investment in health programs, 11.7 percent above the FY 1999 enacted level, to strengthen the public health infrastructure, provide critical prevention and treatment services to individuals with mental illness, and advance biomedical research with a historic investment of $2.3 billion.

- ✓ **Passing the Landmark Work Incentives Improvement Act for People with Disabilities:** Since 1998, the President has advocated for the passage of the bipartisan Jeffords-Kennedy-Roth-Moynihan Work Incentives Improvement Act. Currently, people with disabilities often become ineligible for Medicaid or Medicare if they work, forcing a choice between health care and employment. This legislation allows people with disabilities to maintain their Medicare or Medicaid coverage when they go to work. It also includes a $250 million demonstration, which the President insisted on fully funding, that allows people with disabilities who are still working and are not sufficiently disabled to qualify for Medicaid to buy into the program. Finally, the bill reforms the training system for people with disabilities.

- ✓ **Increasing Access to Health Care for the Uninsured:** Fully funds the President's request of $25 million, making a down payment on the President's $1 billion investment in developing integrated systems of care for the uninsured. It also provides an additional $15 million to identify the best way to deliver health care services to this population.

- ✓ **Supporting Graduate Medical Education at Children's Hospitals:** Fully funds the President's request of $40 million to support graduate medical education at freestanding children's hospitals, which play an essential role in the education of the nation's pediatricians.

- ✓ **Caring for the Nation's Elderly.** Includes a $43.5 million increase for the new Nursing Home Initiative, only $1 million below the President's request, for more rigorous inspections of nursing facilities and improved federal oversight and enforcement of nursing home quality.

- ✓ **Improving States' Capacity to Deliver Health Care Services to the Mentally Ill:** Provides an additional $67 million above the FY 1999 funding level, for the Mental Health Block Grant, a 23 percent increase over FY 1999 and the largest increase ever.

- ✓ **Preparing For and Preventing Bioterrorist Attacks:** Fully funds the President's request of $52 million to stockpile vaccines, antibiotics, and other medical supplies to deploy in the event of a chemical or biological terrorist attack.

- ✓ **Reducing Racial Disparities in Health Status:** Provides an additional $20 million, a 200 percent increase over the FY 1999 funding level for health education, prevention, and treatment services to address health disparities among minority populations.

- ✓ **Expanding AIDS Care, Prevention, and Research:** The Administration and Congress continue their strong partnership to address the AIDS epidemic with substantial increases in funding. Included in the bill are a $73 million increase in funding for HIV prevention activities to help stop the spread of this disease; an increase of $183 million in the Ryan White CARE Act, which helps provide primary care and support for those living with HIV/AIDS; and an estimated $300 million in additional funds for AIDS-related research at the NIH. Congress and the Administration also worked closely together to add $80 million in funding to the Minority AIDS Initiative, which utilizes existing programs to reach African-Americans, Latinos, and other racial and ethnic minorities that are disproportionately impacted by HIV/AIDS. Consistent with the President's request, an additional $100 million to fight AIDS internationally was funded. Finally, the Administration helped protect local authority over HIV prevention activities, successfully removing language from the District of Columbia appropriations bill that would have tied the hands of community health agencies in their ability to use needle exchange programs as part of their overall HIV prevention strategy.

- ✓ **Preventing Childhood Diseases:** Provides an additional $62 million, a 4 percent increase over FY 1999 funding levels to provide childhood immunizations nationwide and fully funds the President's request to eradicate polio worldwide.

- ✓ **Providing Critical Organ Transplants to Those Most In Need:** Permits the development of a more equitable allocation system for the over 63,000 Americans awaiting organ transplants, saving hundreds of lives a year.

- ✓ **First Time Funding For the Ricky Ray Hemophilia Relief Fund Act:** Provides $75 million for one-time payments of $100,000 to hemophiliacs who were infected with HIV by blood solids during the 1980s.

- ✓ **Controlling the Spread of Infectious Disease:** Provides $29 million to the Center for Disease Control (CDC), a 21 percent increase over the FY 1999 funding level, for programs dedicated to emerging infectious diseases and improving disease surveillance systems.

RESPONDING TO THE FARM CRISIS

The Agriculture Appropriations bill included $8.6 billion in emergency funds to assist our Nation's farmers and ranchers who are suffering through the second year in a row of low commodity prices and, for many, crop and livestock losses from severe drought and flooding. The bill doubled annual payments to farmers of major grain crops to about $11 billion. The emergency funds include $400 million to help subsidize the cost of crop insurance premiums and $325 million for livestock and dairy assistance. In addition, the Administration secured an additional $2.5 billion in farm loans in final negotiations, as well as $186 million more for nationwide crop losses – bringing total crop loss funds to nearly $1.4 billion, as well as $130 million to clear farm fields and streams of debris left by flooding. The President and Vice President remain concerned that Congress did not address the underlying issues that exist in the wake of Freedom to Farm legislation and that more needs to be done.

A STRONG RESEARCH AND DEVELOPMENT AGENDA

For six years in a row, President Clinton and Vice President Gore have proposed substantial increases in the Federal government's research and development portfolio to build a healthier, more prosperous, and productive future. The final budget increases the President's "21st Century Research Fund" for civilian research programs by more than $3 billion.

- ✓ **National Science Foundation**: A 6.6 percent increase in support for science and engineering research and education, including $126 million for the Administration's "Information Technology for the 21st century" initiative. The NSF supports nearly half of the non-medical basic research conducted at universities.

- ✓ **National Institutes of Health**: Provides $2.3 billion, a 15 percent increase over FY 1999 funding levels, to build on the President's commitment to biomedical research as a foundation for combating disease and advancing medical technologies.

- ✓ **Information Technology**: The final budget includes more than $80 million in funding for the Next Generation Internet, which is connecting more than 100 universities at speeds that are up to 1,000 times faster than today's Internet. It also includes $235 million for the Administration's "Information Technology for the 21st Century" initiative, which will strengthen America's leadership in the high-tech industries of the future, and accelerate the pace of discovery in all science and engineering disciplines. Currently, IT industries account for 1/3 of U.S. economic growth.

- ✓ **Defense Research**: Department of Defense (DOD) support for basic and applied research is up almost 8 percent. DOD is a leading supporter of basic research in computer sciences, mathematics, oceanography, and most engineering disciplines.

- ✓ **Increases in Science at Department of Energy**: Science Programs increased $117 million. DOE, the principal supporter of the Federal investment in the physical sciences, has supported research that has resulted in over 60 Nobel prizes. DOE's scientific user facilities are used by more than 15,000 scientists to conduct frontier scientific research, and provide the next generation of scientists and engineers.

- ✓ **Advanced Technology Program**: President Clinton's FY 2000 budget continues to fund ATP's research and development into cutting-edge high-technologies. While the House proposed eliminating the program, the final budget will allow ATP funding for an additional $51 million in new awards. ATP supports the development of high-risk technologies that promise significant commercial payoffs and widespread economic benefits.

- ✓ **NASA - Investing in Our Future:** The budget includes $13.65 billion for NASA, an additional $100 million. The funding levels passed by the House would have cut the NASA budget by almost $1 billion. These investments offer the potential of new scientific breakthroughs through an aggressive robotic series of exploration missions into the solar system, as well as enhancing our ability to monitor important changes in the earth's climate system, and strengthening aviation safety for the travelling public.

- ✓ **Extending the Research and Experimentation Tax Credit:** President Clinton proposed to extend the research tax credit because it provides incentives for private sector investment in research and innovation that can help increase America's economic competitiveness and enhance U.S. productivity. The final budget extends this research tax credit through 2004. This long-term extension will encourage companies to undertake new multi-year research activities, secure in the knowledge that the 20 percent tax credit will continue to be available.

OTHER HIGHLIGHTS

- ✓ **Nutrition for Women, Infants, and Children (WIC):** The final budget provides over $4 billion for nutrition assistance to 7.4 million women, infants, and children through the WIC program, an increase of $108 million over FY 1999. The additional funds will allow the program to provide a monthly package of nourishing supplemental foods, nutrition education, and health care referrals to 7.4 million low-income women, infants, and children who are at nutritional risk – a 25 percent increase in participation since 1993.

✓ **Boosting Funding for Natural Disasters Such as Hurricane Floyd:** The budget provides $2.8 billion for the Federal Emergency Management Agency's (FEMA) disaster relief fund to assist victims with repairs and recovery from natural disasters. This includes $215 million to address unmet housing needs resulting from Hurricane Floyd that could not otherwise be met by Federal disaster assistance programs.

✓ **Expanding Civil Rights Enforcement:** Funding for the Civil Rights Division of Justice was expanded from $69 million in FY 1999 to $82 million in FY 2000 – a 19 percent increase. Funding for HUD fair housing programs was increased by $4 million – a 10 percent increase.

✓ **Largest Increase In Family Planning Services Since 1993:** The President won a nearly $25 million increase for Title X family planning, the largest increase since 1993, bringing the program to almost $240 million for FY 99. These grants fund family planning clinics providing reproductive health services and clinical care to over 5 million low-income women.

✓ **President's Food Safety Initiative:** The bill provides an increase of $59 million for the President's Food Safety Initiative, which will fund enhanced domestic and imported food safety inspections; increased outbreak response and traceback work; and expanded research, risk assessment and education activities. In addition, this increase will fund enhanced Federal-State inspection partnerships, bioscience research, and Risk Assessment modeling and data collection to include the pre-harvest phase for all foods.

✓ **The Final Bill Strengthens Enforcement of Labor Protections.** The final bill provides key funding increases for worker protection programs including Occupational Safety and Health Administration (OSHA) oversight of employee pension and health plans, enforcement of wage and hour laws, and the National Labor Relations Board (NLRB). The final total of $1.3 billion is $105 million (9 percent) above the FY 1999 enacted level. As a result of these increases, OSHA will conduct approximately 3,000 more compliance inspections thereby increasing the safety and health of our Nation's workers, particularly those in high-hazard industries. In addition, the Department of Labor also will be able to implement new health care laws effectively and encourage equal pay practices that will benefit our workers.

✓ **Ensuring That American Families Continue to Benefit From Tax Credits:** The budget ensures that Americans take full advantage of their personal credits—including the child credit, the child and dependent care tax credit, and the Hope scholarship and Lifetime Learning credits—without restriction by the alternative minimum tax. The final budget extends these rules for the alternative minimum tax through 2001.

✓ **Encouraging First-Time Homeowners in the District of Columbia:** Extend through 2001 the $5,000 tax credit for low- and moderate-income first-time homebuyers who purchase homes in the District of Columbia. This tax credit encourages homeownership and strengthens neighborhoods in the Capital City.

DESPITE ALL THE PROGRESS IN THIS YEAR'S BUDGET, THERE IS STILL MORE WORK THAT NEEDS TO BE DONE

November 18, 1999

In the waning days of the session, the President and Congressional Democrats prevailed in making critical investments to advance the President's comprehensive education agenda, put more police on the streets, protect the environment, and strengthen America's leading role in the world. Much work remains for the future.

× **Passing Common Sense Gun Legislation:** While the Administration's successful strategy of keeping guns out of the hands of fugitives, felons, and children has contributed to record declines in crime, recent tragic shootings reinforce the need to protect American families from gun violence. For months, Congress has failed to enact common-sense gun legislation. Congress must pass a bipartisan juvenile crime bill that includes strong gun measures to: close the gun show loophole; require child safety locks for handguns; ban the importation of large capacity ammunition clips; and bar violent juveniles from owning guns for life.

× **Passing a Strong, Enforceable, Patients' Bill of Rights:** For over two years, the American people have been waiting for Congress to pass a strong, enforceable Patients Bill of Rights. During that time, the President has exercised his executive authority to extend critical patient protections to over 85 million Americans. The House passed such legislation earlier this year, but the Republican leadership is preventing an open debate on it in conference. The President continues to urge the Congress to recommit to passing this legislation and prevent another year from passing without action on this important issue.

× **Strengthening Social Security:** The President has put forth a specific proposal to use the benefits of fiscal discipline and debt reduction to strengthen Social Security, extending its solvency from 2034 to 2050. This would be a down payment on truly saving Social Security. The Republican so-called "lockbox" legislation would not add a single day to the life of Social Security.

× **Modernizing and Strengthening Medicare:** Although members of both parties joined the President in the effort to adjust Medicare health care provider payments, Congress failed to address the growing challenges that Medicare faces. With the number of beneficiaries expected to double over the next 30 years, Medicare needs adequate resources and the tools to be as efficient as possible. A long-overdue prescription drug benefit option is also essential for seniors and people with disabilities.

× **Reducing Youth Smoking:** President Clinton and Vice President Gore have made passage of comprehensive tobacco legislation to reduce youth smoking a top priority in order to stop kids from smoking before they start through a significant price increase, measures to prevent tobacco companies from marketing to children, and critical public health prevention and education programs. Congressional Republicans have acted as politicians instead of parents, and killed this year's effort to increase the excise tax on cigarettes by 55 cents a pack. Public health experts agree that the single most effective way to cut youth smoking is to raise the price of cigarettes.

- × **Expanding Federal Hate Crimes Laws:** At a time when our leaders should be doing all they can to bring Americans together, the Congress has refused to enact legislation to punish hate crimes. The President has called for a bill that would make it easier to prosecute crimes based on race, color, religion and national origin; and that would also include crimes based on sexual orientation, gender and disability. Congress should take a strong stand against intolerance and hatred by enacting such legislation without further delay.

- × **Funding the EEOC:** Despite EEOC's success in beginning to reduce its backlog of private-sector cases in the last year, Congress failed to provide the funding which would allow EEOC to meet its goal of reducing the backlog of cases to 28,000 by the end of 2000. In addition, despite the fact that women still earn only approximately 75 percent of what men earn, Congress has failed to fund the EEOC's Equal Pay Initiative to improve compliance with equal pay laws.

- × **Providing for Long-term Care Assistance for the Those Chronic Illnesses and Their Families:** At the beginning of this year, the President proposed a new, $6 billion initiative to address complex long-term care needs, including an unprecedented $1,000 tax credit that compensates Americans with long-term care needs of all ages or the family caregivers who support them for their formal or informal costs. The initiative also supports a new National Family Caregivers Support Program that provides a range of critical services such as respite, home care services, and information and referral. Many members of Congress, on a bipartisan basis, introduced similar proposals, but despite this, the Congress failed to respond and lost an opportunity to provide critical assistance for this population.

- × **Providing Health Options for Older Americans:** In the FY 1999 and FY 2000 budgets, the President proposed an initiative to expand health options available for older Americans by: enabling Americans aged 62 to 65 to buy into Medicare by paying a full premium; providing vulnerable displaced workers ages 55 and older access to Medicare by offering those who have involuntarily lost their jobs and their health care coverage a similar Medicare buy-in option; and providing Americans ages 55 and older whose companies reneged on their commitment to provide retiree health benefits a new health option, by extending "COBRA" continuation coverage until age 65. Despite the fact that the number of uninsured Americans aged 55 to 65 is growing faster than any other age group, Congress refused to act on this proposal.

- × **Encouraging Small Businesses to Offer Health Insurance:** In the FY 2000 budget, the President proposed an initiative to encourage small businesses to offer health insurance to their employees through: a new tax credit for small businesses who offer coverage by joining coalitions; encouraging private foundations to support coalitions by allowing their contributions towards these organizations to be tax exempt; offering technical assistance to small business coalitions from the Office of Personnel Management. The President urges Congress to provide new health insurance options for these vulnerable Americans.

- × **Continuing to Help People Move From Welfare to Work:** In January, the President proposed to invest an additional $1 billion in the Welfare-to-Work program and to reauthorize the program with several changes including helping more low-income fathers work and support their children. The Congress enacted eligibility changes similar to those proposed by the Administration to allow States, tribes and communities to more effectively serve low-income fathers and hard-to-employ welfare recipients, but failed to provide any new funding.

- **Raising the Minimum Wage:** The Congress has failed to pass a clean, straightforward bill to increase the minimum wage by $1 over two years – a step that would simply restore it to the 1982 inflation-adjusted level. Instead, the Senate attached the minimum wage increase to fiscally irresponsible tax giveaways for special interests. More than 11 million workers would benefit from a $1 increase in the minimum wage. A full-time, year-round worker at the minimum wage would get a $2,000 raise – enough for a typical family of four to buy groceries for 7 months or pay rent for 5 months.

- **Expanding Trade and Providing Opportunity for Africa and the Caribbean Basin:** Congress should complete work on the Africa Growth and Opportunity Act and the Caribbean Basin legislation -- crucial to strengthening our economic ties with Sub-Saharan Africa and our Caribbean and Central American neighbors. This legislation would help increase trade, enhance opportunity, and boost growth in America and nations in Africa, the Caribbean, and Central America. The President called for the rapid passage of the Africa legislation in the State of the Union address and has pressed the case for these bills several times since. The House passed this legislation overwhelming earlier this summer, but the legislation is now awaiting Conference action.

- **Supporting Southeast Europe's Economic Development and Integration**: Congress should pass the Southeast Europe Trade Preference Act submitted by the President, which would authorize expansion of duty-free treatment to a broad range of imports from the region for five years. This initiative is an important part of the Stability Pact launched by the President and other leaders last July, and is designed to strengthen stability and prevent further conflict in the Balkans by facilitating long-term economic growth.

- **Promoting Peacekeeping**: While the budget goes a long way in meeting the anticipated requirements for funding UN peacekeeping operations around the world, the Congress did not fund the full requests. The shortage threatens to undermine fragile peace processes around the world or to incur additional UN arrears. To promote peace and encourage burden-sharing, Congress should fully fund UN peacekeeping efforts.

- **School Construction:** Despite record student enrollment and a massive maintenance backlog in our nation's schools, Congressional Republicans again failed to enact school construction legislation. The President's school construction proposal would provide funding to help states and school districts build and modernize 6,000 schools nationwide. We can not hold students to high academic standards if we do not provide them with adequate facilities within which to learn. Congress should pass the President's plan and invest in our nation's schoolchildren.

- **Enacting Comprehensive Campaign Finance Reform:** This year, the Congress failed once again to adopt real, meaningful reform of our campaign finance system. Although the House passed a bipartisan reform plan, a minority of the Senate blocked further action and left unchecked the influence of moneyed special interests. The President will continue to fight for comprehensive campaign finance reform and believes that the Senate should act to restore the public's faith in our political process.

- **Child Care Initiative**. In his State of the Union, the President proposed an historic child care initiative to make child care better, safer, and more affordable for America's working families. The President's proposal included $7.5 billion over 5 years for child care subsidies for low-income working families, and tax credits to help millions of working families pay for child care. The Republican Majority has refused to support these critical investments.

× **Farm Assistance**. The President and Vice President were pleased to get $8.6 billion in emergency assistance to farmers and ranchers, but they believe that Congress did not address the underlying issues that exist in the wake of Freedom to Farm legislation. For example, most of the assistance is not targeted to farmers who need it most, but is available to farmers, both large and small, whether they have suffered particular difficulty this year or not.

× **Providing Fairness to Immigrant Families**. Congress has failed to take action to provide fairness to immigrant families by: restoring important disability, health, and nutrition benefits to additional categories of legal immigrants; restructuring the Immigration and Naturalization Service (INS); approving the Administration's proposal to support the process of democratization and stabilization now underway in Central America and Haiti and ensure equitable treatment for migrants from these countries; or changing the registry date to permit long-term migrants to adjust their status.

× **Continuing to Empower Communities:** Urban and Rural Empowerment Zones were funded at $70 million in 2000, $55 million for Urban Zones and $15 million for Rural Zones and Enterprise Communities. Empowerment Zones continue to be a priority for the President and Vice President and they are committed to supporting and obtaining funding for the Empowerment Zones' remaining eight years. Without the full 10 years of funding, the Round II Empowerment Zones and Enterprise Communities, designated in January 1999 by the Vice President, will have difficulty implementing their community and economic development strategies to revitalize their communities.

THE CLINTON-GORE ADMINISTRATION FY2001 BUDGET: MAINTAINING FISCAL DISCIPLINE WHILE MAKING KEY INVESTMENTS

Summary Documents

FEBRUARY 7, 2000

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I. SUMMARY

THE CLINTON-GORE ADMINISTRATION'S FY2001 BUDGET: MAINTAINING FISCAL DISCIPLINE WHILE INVESTING IN THE AMERICAN PEOPLE

When President Clinton was elected, he implemented an economic plan which consisted of restoring fiscal discipline, investing in people, and opening markets abroad. The Clinton-Gore Administration are submitting their eighth budget – and their fourth balanced budget. Like the previous budgets, this one not only maintains fiscal discipline but continues to make important investments in the American people.

FISCAL DISCIPLINE: CONTRIBUTING TO THE LONGEST EXPANSION IN U.S. HISTORY

President Clinton entered office determined to unleash the productive potential of the American people by putting the government's fiscal house back in order. As a result of fiscal discipline, interest rates have fallen and private investment has boomed, contributing to the longest expansion in U.S. history.

- **Record budget deficits have been erased.** In 1992 the deficit was a record $290 billion and CBO projected that it would grow to $455 billion by 2000. Instead we have a projected $167 billion surplus, the third one is a row. *That is $622 billion less savings drained by the government in one year alone.*
- **The largest pay-down of debt in history: $297 billion**. In 1998 and 1999, the debt held by the public was reduced by $140 billion. OMB is projecting that the government will pay down an additional $157 billion in debt held by the public this fiscal year. That will bring the total debt pay down to $297 billion – the largest three-year debt pay down in American history. In contrast, under Presidents Reagan and Bush, the debt held by the public quadrupled.
- **Smallest government in over three decades while increasing key investments in our people.** Government spending has declined from 22.2 percent of the economy in 1992 to 18.7 percent of the economy in 1999 – the lowest share since 1966. At the same time, the government has made important investments, including nearly doubling investments in education and training.
- **Tax burden for typical families is the lowest since the 1970s.** At the same time, the typical American family will shoulder the lowest Federal tax burden since 1978.
- **Investment has boomed**. The benefits of fiscal discipline for our economy have been enormous. Interest rates are lower than they would have been otherwise, helping to fuel seven consecutive years of double-digit investment growth for the first time in our Nation's history. That is a 12.1 percent real annual increase in investment in business equipment and software since 1993 – compared to 4.7 percent annual growth from 1981 to 1992.
- **Unemployment is the lowest in a generation**. The unemployment rate in January 2000 was 4.0 percent – the lowest in 30 years – and America has created 20.8 million jobs since January 1993, with 92 percent – 19.2 million – of these in the private sector. At the same time, the underlying core rate of inflation was 1.9 percent in 1999 – the lowest rate since 1965.
- **The longest economic expansion in history.** The economy is entering its 107th month of economic expansion – the longest economic expansion in U.S. history.

A BALANCED AND FISCALLY RESPONSIBLE BUDGET

The Clinton-Gore Administration's FY2001 budget provides a balanced and fiscally responsible framework to eliminate the debt by 2013, strengthen the solvency of Social Security and Medicare, and invest in key priorities like health and education. Under the President's budget:

- **The debt would be paid off by 2013.** President Clinton has proposed to use the entire Social Security surplus, $2.2 trillion over 10 years, for debt reduction. In addition, over the next 10 years he would dedicate $350 billion of the $746 billion non-Social Security surplus to debt reduction, with the vast majority of it being used to extend Medicare solvency. *That is nearly half of the non-Social Security surplus for debt reduction.* The President's budget is projected to pay off the debt held by the public by 2013, the first time America will have been debt free since 1835.
- **Discretionary spending would be kept at tight but realistic levels.** The President's Budget is Based on a realistic, fiscally conservative plan that maintains our domestic priorities, including national defense, education, law enforcement, public health, the environment, and veterans programs. The President's budget precludes the use of emergency spending except in the case of truly unforeseen emergencies, and it makes sure that all spending is accounted for in the appropriate year. The budget proposes to keep the growth of spending slightly below the rate of inflation.
- **Medicare solvency would be extended for over a decade to at least 2025.** The President's FY2001 budget dedicates $432 billion over 10 years – an amount equivalent to over half the on-budget surplus – to strengthen and modernize Medicare to prepare it for the health, demographic, and financing challenges of the 21st Century.
- **Social Security solvency would be extended to at least 2050.** The President would ensure that the benefits of the debt reduction that are due to Social Security are used to extend the life of Social Security. He would do this by devoting the entire Social Security surplus to debt reduction and then earmarking the interest savings from this debt pay-down to Social Security. These transfers would extend the life of Social Security to 2050. If a prudent portion of the transfers were invested for higher returns, solvency would be extended to 2054.
- **Health coverage would broaden**. The President's budget also invests $110 billion over 10 years in a number of policies that would efficiently expand coverage to at least 5 million uninsured Americans and expand access to millions more by building on current options. Together with the State Children's Health Initiative enacted in 1997, that would cover 10 million uninsured people.

TAX RELIEF FOR WORKING FAMILIES

President Clinton and Vice President Gore proposing significant new tax relief for America's working families as part of a budget framework that maintains our fiscal discipline, makes investments in key priorities, strengthens the solvency of Social Security and Medicare, and pays down the debt by 2013. The President proposes $351 billion of gross tax cuts over 10 years – of which $256 billion are paid for out of the surplus and $96 billion are paid for with corporate loophole closers and other measures. Highlights of the tax package include:

- **Retirement Savings Accounts (RSAs).** The President proposes a tax cut to provide generous and progressive incentives to encourage families to save and invest. (Cost: $54 billion over 10 years.)
- **Tax Incentives to Encourage Small Businesses to Offer High-Quality Pensions.** The President would propose a 50 percent tax credit for employer's contributions to high-quality pensions. (Cost: $17 billion.)

- **College Opportunity Tax Cut.** A College Opportunity Tax Cut to provide a choice between a tax deduction or a 28 percent tax credit on up to $10,000 in tuition in order to make college, graduate school, and courses taken for a job more affordable. (Cost: $30 billion.)
- **School Construction.** Tax credits for $25 billion of bonds for the construction and modernization of up to 6,000 schools. (Cost: $8 billion.)
- **Earned Income Tax Credit.** The President's budget would increase and expand the Earned Income Tax Credit to better reward work and family, reducing poverty for families with three or more children. (Cost: $23 billion.)
- **Marriage Penalty and Broad Tax Relief.** The President's proposal would reduce the marriage penalty by increasing the standard deduction by more than $2,000 for married, two-earner couples. (Cost: $45 billion.)
- **Alternative Minimum Tax Relief.** The President proposes to ensure that the Alternative Minimum Tax does not penalize large families who play by the rules. (Cost: $33 billion.)
- **Long-term Care.** A $3,000 long-term care tax credit to compensate people with long-term care needs or their caregivers for the cost of care. (Cost: $27 billion.)
- **Tax Credits for Medicare 55-65 and Americans In Between Jobs.** The President's budget would provide tax credits to help make his Medicare buy-in proposal affordable and to for people in between jobs. (Cost: $12 billion.)
- **Child Care.** The President's proposal would expand the child care tax credit to defray up to 50 percent of expenses and make it refundable in order to help working families afford child care. (Cost: $30 billion.)
- **New Markets Tax Credit.** More than double the proposed New Markets tax credit to spur $15 billion of private investment in New Markets. (Cost: $5 billion.)
- **Empowerment Zones.** The President's proposes to extend and expand Empowerment Zone tax cuts and to give all Empowerment Zones the same wage and business tax incentives. (Cost: $4.4 billion.)
- **Better America Bonds.** The President proposes to establish $10.75 billion of Better America Bonds to allow State, local, and tribal governments to borrow interest free in order to preserve green space, create or restore urban parks, protect water quality and clean up brownfields. (Cost: $3 billion.)
- **Energy Efficiency.** In order to improve energy efficiency and help the environment, the President proposes $9 billion in tax credits for energy-efficient cars, homes, and appliances. (Cost: $9 billion.)
- **Philanthropy.** Encouraging philanthropy by allowing non-itemizers to take a tax deduction for charitable giving, improving the tax treatment of foundations, and allowing larger donations of stock and assets by individuals. (Cost: $14 billion.)

MOVING FORWARD ON AN INVESTMENT AGENDA

Education and Training:

- **Largest Head Start Expansion in History.** An increase in Head Start's funding by $1 billion – the largest funding increase ever proposed for the program – to provide Head Start and Early Head Start to approximately 950,000 children.
- **Universal After-School for Students in the Most Need.** $1 billion in the 21st Century Community Learning Centers program to help ensure that every child in every failing school can have a safe place to learn during the after school and summertime hours.
- **Accountability Fund.** An increase in funding from $134 million to $250 million to turn around failing schools.

- **Class Size Reduction.** $1.75 billion – an increase of $450 million – to hire 49,000 teachers in our public schools.
- **Teaching to High Standards.** A new $1 billion teacher quality plan to recruit, train and reward good teachers.
- **School Construction and Modernization.** $24.8 billion in tax credit bonds to build or modernize up to 6,000 schools. And a new $1.3 billion initiative to provide urgent repairs for 5,000 schools each and every year.
- **College Opportunity Tax Cut.** A $29.8 billion tax cut over the next 10 years to make college, graduate school, and job training more affordable for millions of families.
- **Increasing Support for College Access.** A nearly $1 billion increase for initiatives such as the Pell Grant, SEOG, and Work Study programs.
- **Keeping Young People On Track for Success.** An increase of more than $200 million for programs such as GEAR UP, TRIO, and College Completion Challenge Grants that prepare students to take full advantage of post-secondary educational opportunities.
- **Bureau of Indian Affairs (BIA) School Construction and Repair.** $300 million, more than double last year's level, to replace and repair BIA-funded schools on reservations.

<u>Child Care:</u>

- **Tax Cuts to Enable Child Care.** A variety of measures offering tax relief so that good child care becomes affordable for working families.
- **Helping Low-Income Families Afford Child Care.** Expansion of the Child Care and Development Block Grant by $817 million in FY2001, enabling the program to provide child care subsidies to nearly 150,000 more children next year.
- **Largest Head Start Expansion in History.** An increase in Head Start's funding by $1 billion – the largest funding increase ever proposed for the program – to provide Head Start and Early Head Start to approximately 950,000 children.
- **Promoting Early Learning.** $3 billion over five years for the Early Learning Fund to help improve child care quality and early childhood education for children under five years old.

<u>Health Care:</u>

- **Addressing the Nation's Multi-Faceted Long-term Care Needs.** A $28 billion, 10-year investment in long-term care, the centerpiece of which is a $3,000 tax credit for people with long-term care needs or their caregivers – tripling the credit over last year's proposal.
- **Patients Bill of Rights and Medical Privacy.** Assuring the Quality of Health Care through a Patients' Bill of Rights and by Protecting Medical Privacy.
- **Preventing Medical Errors and Improving Quality of Care.** Funds to improve medical errors prevention, patient safety research, and reporting and information dissemination.
- **Supporting Biomedical Research.** Almost $19 billion, an increase of $1 billion over last year's funding level, for biomedical research at the National Institutes of Health.
- **Combating the Spread of HIV / AIDS and Other Diseases.** A variety of initiatives to curtail HIV/AIDS and other diseases abroad and at home.

<u>Environment:</u>

- **Protecting our Environment and Public Health:** Overall, President Clinton and Vice President Gore propose a record $42.5 billion in FY2001 – an 11 percent increase over FY2000 and a 36 percent increase over FY 1993 – to protect our natural resources, communities and families.
- **A Permanent Lands Legacy for America.** $1.4 billion, the largest one-year investment ever in helping communities protect wildlife and open space; saving natural and historic treasures; and

providing special assistance to coastal areas. In addition, the President is proposing a new, protected budget category to preserve this higher level of funding in future years.

- **Meeting the Challenge of Global Warming.** The President is proposing $2.4 billion – a 42 percent increase – to combat global climate change, and $1.7 billion for scientific research into factors influencing climate and the likely consequences of global warming.
- **Protecting Forests and Biodiversity Around the World.** $150 million for a new Greening the Globe initiative to help stem the loss of forests worldwide.
- **Building Livable Communities**. $9.3 billion, a 14 percent increase, for the Administration's Livable Communities initiative to help communities grow in ways that enhance quality and strong economies.

Working Families:

- **Helping Low-Income Families Get to Work.** The President's budget will make it easier for working families to own a reliable vehicle and receive food stamps by allowing states to conform their food stamp vehicle policy with a more generous TANF vehicle policy. The budget also proposes to double Access to Jobs transportation funding to $150 million to expand grants to communities to develop innovative public transportation solutions that help people get to work.
- **Helping Millions Move from Welfare to Work.** Since January 1993, the welfare rolls have fallen by more than half, from 14.1 million to 6.9 million. Three years after enactment of the welfare reform law, the number of Americans on welfare is at its lowest level since 1969. The President and Vice President will continue these policies and work to see that the federal government fills its job openings with former welfare recipients when appropriate.
- **Ensuring Equal Pay.** $27 million for the Equal Pay Initiative, an increase of $12 million over Fiscal Year 2000, to provide training and assistance to employers on how to comply with equal pay requirements, to launch a public service announcement campaign on wage issues, to train women in nontraditional jobs, and other measures.
- **Fathers Work/Families Win Grants.** $255 million in new competitive grants to promote responsible fatherhood and support working families, critical next steps in reforming welfare and reducing child poverty.

Community Empowerment:

- **The New Markets Initiative.** Significant new tax credits and loans guarantee incentives to stimulate $22 billion of new private capital investments in economically distressed communities and build a network of private investment institutions to funnel credit, equity and technical assistance to businesses in America's new markets. In addition, the budget proposes a new initiative, known as First Accounts, to provide low-cost bank accounts to working families.
- **Empowerment Zones.** The President's proposes to extend and expand Empowerment Zone tax cuts and to give all Empowerment Zones the same wage and business tax incentives. The Administration will also fight for the full $150 million in annual funding for the Second Round of Empowerment Zones.
- **Creation of the Delta Regional Authority.** $153 million for the creation of a new Delta Regional Authority to bring the resources of a Federal-state partnership to the fight for economic growth in the Mississippi Delta region.
- **Expanding Housing Vouchers.** $690 million for 120,000 new housing vouchers to subsidize the rents of low-income families.
- **Encouraging Philanthropy.** $14 billion over 10 years for a comprehensive package of new tax proposals to encourage philanthropy.

From Digital Divide to Digital Opportunity:

- **Private Sector Involvement in Bridging the Digital Divide:** $2 billion over 10 years in tax incentives to encourage private sector donation of computers, sponsorship of community technology centers, and technology training for workers.
- **Teacher Training:** $150 million to help train all new teachers entering the workforce to use technology effectively in the classroom.
- **Community Technology Centers:** $100 million to create up to 1,000 Community Technology Centers in low-income urban and rural communities.
- **Public-Private Partnerships for Home Access:** $50 million for a public/private partnership to expand home access to computers and the Internet for low-income families.

Research & Development:

- **Biomedical Research.** $1 billion increase in biomedical research at the National Institutes of Health.
- **Nanotechnology.** $495 million for the National Nanotechnology Initiative – an increase of 83 percent.
- **National Science Foundation.** A $675 million increase in the NSF's budget – double the largest dollar increase in its history.

Safe Communities:

- **21st Century Policing Initiative.** The initiative funds: 50,000 more police for our streets by FY2005; access for law enforcement to the latest crime-fighting technologies; collaboration between new prosecutors and local law enforcement; and public-private partnerships to prevent crime.
- **Stopping Crime by Stopping Drugs.** $215 million – doubling current funding – to move more offenders off of drugs and away from crime.
- **Safe Schools.** $250 million – a $100 million increase – for the Safe Schools/Healthy Students Initiative to help communities develop community-wide responses to school and youth violence.
- **Supervising Released Offenders: Project Reentry.** $60 million for a community supervision initiative to create "reentry partnerships" and "reentry courts" to address community safety concerns, lower recidivism rates, and promote responsible fatherhood among offenders returning to communities.
- **Reauthorization of the Violence Against Women Act.** The President's budget also includes $516 million to combat domestic violence.
- **Improving Law Enforcement in Indian Country.** $439 million, an increase of $103 million over FY2000, for the Departments of Justice and Interior for the third year of the President's Indian Country Law Enforcement Initiative.
- **Largest National Gun Enforcement Initiative in History.** $280 million for the largest national gun enforcement initiative in history, including funding for: 500 ATF agents and inspectors; 1,000 gun prosecutors; comprehensive crime gun tracing; a new national integrated ballistics information network; and local anti-gun violence media campaigns.
- **Funding Innovative Smart Gun Technology.** $10 million to fund the expansion, testing and replication of "smart" gun technologies that can limit a gun's use to its adult owner or other authorized users.
- **Strengthening Brady Background Checks.** Doubling funding to $70 million for improvements in state criminal history records and in the speed and accuracy of Brady background checks.

United States Leadership in the World:

- **Kosovo.** $175 million to bolster democracy in Kosovo and help the democratic opposition in Serbia.
- **Southeast Europe Initiative.** $428 million to promote the political and economic integration of the Balkans into Europe and into the global community and economy.
- **Middle East Peace.** $1.8 billion from the Economic Support Fund (ESF) and $3.4 billion from Foreign Military Financing (FMF) to support the next phase of negotiations between Israel and its neighbors.
- **Expanded Threat Reduction Initiative (ETRI).** $974 million to contain the spread of weapons of mass destruction (WMD) from the former Soviet Union and to promote stability.
- **Colombia Assistance.** $954 million in FY2000 emergency supplemental appropriations plus $318 million in new FY2001 for drug interdiction in Colombia.
- **Debt Forgiveness.** $600 million for a U.S. contribution to the Heavily Indebted Poor Country trust fund over three years, including a $210 million supplemental request in FY2000. The budget also includes $37 million for the Tropical Forest Initiative, to use debt relief funds in support of conservation.
- **AIDS/Vaccines.** To combat AIDS and other infectious diseases, especially in the developing world, the budget proposes $100 million for AIDS prevention, $50 million for the Global Alliance for Vaccines and Immunizations, increased funding for vaccine research, and a new tax credit that will encourage the development of vaccines.
- **Expanding the Fight Against Abusive Child Labor.** More than double combined investments in child labor from customs enforcement to helping children move out of dangerous work situations and into schools.

America's Armed Forces:

- **Increased Funding.** Discretionary funding of $292.2 billion in budget authority and $278.6 billion in outlays for 2001 to strengthen our armed forces, an increase in $11.3 billion over the proposed 2000 level and $4.8 billion over the 2001 level assumed in the 2000 budget.
- **Enhancing Military Readiness.** The current high level of readiness is the Administration's top defense priority. Increased funding will enable the Services to support unit operations and joint exercises, meet their required training standards, maintain their equipment in top condition, recruit and retain quality personnel, and procure sufficient spare parts and other equipment.
- **Modernizing Weapons Systems.** $60.3 billion for the procurement program, which is $6.1 billion more than the 2000 level, to maintain our status as the best equipped armed force in the world.
- **Developing Missile Defenses.** $1.9 billion in 2001 for an National Missile Defense system plus $2.8 billion for other missile defense technologies and systems.

Restoring Fairness to Legal Immigrants:

- Overall, $2.5 billion over five years to restore critical disability, health, and nutrition benefits to additional categories of legal immigrants.

Tobacco Policy:

- A 25 cents per pack excise beginning in FY2001 to raise further the price of tobacco products from the 45-cent increase agreed to by the states and the industry in 1998.
- $3,000 assessment charged to the tobacco industry for every smoker under age 18 starting in 2004 if youth smoking has not been cut in half and to remain in effect until the youth smoking reduction goal has been met.

Farm Safety Net:

- **Farm Safety Net for Family Farmers.** Overall, an $11 billion package to strengthen the farm safety net through 2002, when the next farm bill will be enacted to repair the weaknesses of the 1996 Farm Bill.
- **Income Assistance.** An estimated $2.5 billion for the 2000 crop and $3.1 billion for the 2001 crop on counter-cyclical farm income support payments.

Building One America:

- **Civil Rights Enforcement.** $698 million – a 13 percent increase – for civil right enforcement agencies.
- **Ensuring Equal Pay.** $27 million for the Equal Pay Initiative, an increase of $12 million, to fund a variety of measures aimed at reducing disparities of pay between men and women who perform similar jobs.
- **Hate Crimes.** $20 million to train Federal, state, and local law enforcement to prevent and respond to hate crimes and to promote police integrity.
- **Native American Initiative.** $9.4 billion – an increase of $1.2 billion – to fund school construction and repair and infrastructural upkeep on Indian reservations as well as budgetary increases for tribal colleges, the Indian Health Service, the President's Indian Country Law Enforcement Initiative, and other programs as well.

II. OVERALL FRAMEWORK FOR THE FY2001 BUDGET

- Budget Framework
- Medicare
- Social Security
- New Opportunity Agenda
- Health Insurance Coverage
- Targeted Tax Relief

BUDGET FRAMEWORK

President Clinton and Vice President Gore's propose a balanced and fiscally responsible budget that eliminates the debt, strengthens the solvency of Social Security and Medicare, and invests in key priorities like health and education. By balancing competing needs and maintaining fiscal discipline, the Clinton-Gore Administration's FY2001 budget continues the successful strategy that has fostered the longest economic expansion in the Nation's history. Over 10 years, it uses the entire $2.2 trillion Social Security surplus for debt reduction and devotes nearly half of the $746 billion non-Social Security surplus to debt reduction. Under the President's budget:

- ✓ The debt held by the public would be paid off by 2013, resulting in lower interest rates and a stronger economy.
- ✓ Medicare solvency would be secured for at least 10 years to 2025, Medicare would be reformed to make it more efficient and competitive, and its benefits modernized with a new prescription drug benefit.
- ✓ The Social Security surplus would be dedicated to paying down the debt, and Social Security solvency would be extended to at least 2050.
- ✓ The budget framework is based on realistic discretionary spending levels that include investment in key priorities like education, health care, environment, public safety, and national security, while keeping overall spending growth slightly below inflation.
- ✓ A set of fair and responsible targeted tax cuts would provide tax relief for middle-class Americans while helping them save for retirement.

The President's Balanced and Responsible Budget Will Help Keep the Economy Strong, Building on the Progress That He Has Made in Bringing America's Fiscal House Back in Order. According to the Office of Management and Budget, in 2000 the debt held by the public will be $2.4 trillion lower than it was projected to be when the President came into office. This achievement has kept interest rates down and confidence and investment up, contributing to the strongest American economy and fiscal position in generations.

- The $167 billion surplus this year will be the largest on record. In 1992 the deficit was $290 billion and projected to grow to $455 billion this year. As a result of the President's seven year record on fiscal discipline, and particularly the major deficit reduction in 1993 and 1997, and the strong economy to which it contributed, the budget surplus for this year is projected to be $167 billion, the largest dollar surplus on record. *Compared with the original projections, that is $622 billion less borrowing drained by the government in one year alone.*
- The largest pay-down of debt in history: $297 billion. In 1998 and 1999, the debt held by the public was reduced by $140 billion. OMB is projecting that the government will pay down an additional $157 billion in debt held by the public this fiscal year. That will bring the total debt pay-down to $297 billion – the largest three-year debt pay-down in American history. In contrast, under Presidents Reagan and Bush, the debt held by the public quadrupled.
- Investment has boomed. The benefits of fiscal discipline for our economy have been enormous. Interest rates are lower than they would have been otherwise, helping to fuel seven consecutive years of double-digit investment growth for the first time on record.
- Unemployment is the lowest in a generation. The unemployment rate in January 2000 was 4.0 percent – the lowest in thirty years – and America has created 20.8 million jobs since January 1993.

President Clinton's Budget Would Pay Off the National Debt by 2013. President Clinton has proposed to use the entire Social Security surplus, $2.2 trillion over 10 years, for debt reduction. In addition, over the next 10 years he would dedicate $350 billion of the $746 billion non-Social Security surplus to debt reduction. *That is nearly half of the non-Social Security surplus being used for debt reduction.* The President's budget is projected to pay off the debt held by the public by 2013, the first time America will have been debt free since 1835. Debt reduction will continue to benefit the economy and American families:

- Keeps investment and growth strong. With the government no longer draining resources from capital markets, interest rates are lower and businesses have more funds for productive investment. Paying off the debt would continue to help fuel investment and productivity growth while increasing productive capacity and restraining inflation.
- Saves money for families. Because of the deficit and debt reduction we have already done, it is estimated that a typical family with a home mortgage might expect to save roughly $2,000 per year in mortgage payments.
- Saves money for taxpayers. Currently we spend 13 cents of every Federal dollar on net interest payments. These payments, which were once projected to grow to 26 percent of all federal spending in 2013, would be completely eliminated under the President's plan.
- Prepares for the retiring baby boomers. By paying off the debt, eliminating interest payments, and dedicating the resulting benefits to extending Medicare and Social Security solvency, debt reduction will free up funds for investment and boost workers' productivity and incomes, helping the Nation prepare for the challenge of the retiring baby boomers.

The President's Budget is Based on a Realistic, Fiscally Conservative Plan That Maintains Our Domestic Priorities, Including National Defense, Education, Law Enforcement, Health, the Environment, and Veterans Programs. The President's budget precludes the use of emergency spending except in the case of truly unforeseen contingencies, and it makes sure that all spending is accounted for in the appropriate year. The budget proposes realistic, fiscally conservative levels of spending that respond to the Nation's most pressing needs.

- Smallest government as a share of the economy since 1966. The President's proposal builds on a record of fiscal discipline. President Clinton's fiscal discipline has helped bring spending down from 22.2 percent of the economy in 1992 to 18.7 percent of the economy in 1999 – the lowest share since 1966. Non-defense discretionary spending is now smaller as a share of the economy than any time on record (comparable data go back to 1962). In contrast, Federal government spending increased from 21.6 percent of GDP in 1980 to 22.2 percent in 1992.
- Spending growth slightly below inflation. The President's budget is based on spending plans that are tight but realistic, keeping overall discretionary spending growth slightly below inflation.
- Invests in expanding health insurance to working Americans. The President's budget also invests $110 billion over 10 years in a number of policies would efficiently expand coverage to at least 5 million uninsured Americans and expand access to millions more by building on current options. Together with the State Children's Health Initiative enacted in 1997, that would cover 10 million uninsured people.

President Clinton Will Strengthen and Modernize Medicare, Extending Its Solvency, While Paying Down the Debt to Prepare for Our Future Obligations. The President's FY2001 budget dedicates $432 billion over 10 years – an amount equivalent to over half the on-budget surplus – to strengthen and modernize Medicare to prepare it for the health, demographic, and financing challenges of the 21st Century.

- Making Medicare more efficient, competitive and fiscally sound. The President's plan will dedicate $299 billion of the non-Social Security surplus over 10 years to shore up Medicare's Hospital Insurance trust fund and pay-down publicly held debt. Coupled with reforms to add price competition and successful private-sector management tools to Medicare, these resources will extend Medicare solvency by at least a decade, extending its life until at least 2025.
- Modernizing benefits, including adding a prescription drug benefit. Over 3 in 5 Medicare beneficiaries lack dependable prescription drug coverage. The President's plan creates a voluntary prescription drug benefit that is accessible and affordable for *all* beneficiaries, managed competitively and efficiently, and provides high-quality, needed medications. It also creates a $35 billion reserve fund that permits the Administration to work with Congress to design protections for catastrophic drug costs. If no consensus emerges, the reserve would be used for debt reduction.

President Clinton Has a Fiscally Responsible Plan to Extend the Solvency of Social Security. The President would ensure that the benefits of the debt reduction that are due to Social Security are used to extend the life of Social Security:

- Keeping Social Security surpluses for Social Security. The President proposes to lock away all of the Social Security surplus, a step that would pay down debt and prepare the government, and the Nation, for the retirement of the baby boomers.
- Social Security solvency and debt reduction transfers. After a decade of debt reduction, the President's plan earmarks the interest savings resulting from this debt reduction to the Social Security Trust Fund. By themselves, these fiscally prudent steps will pay down the government debt, reduce interest payments in the future, and provide resources to extend the solvency of the Social Security trust fund to 2050. If a prudent portion of the transfers were invested for higher returns, solvency would be extended to 2054. In contrast, the Republican so-called lockboxes would not extend the life of Social Security by a single day.

The President Is Committed to Fair and Responsible Targeted Tax Cuts for American Families. As part of a balanced and fiscally responsible framework, the President believes that we should have targeted tax cuts for working American families.

- Providing tax relief. The President proposes $351 billion of gross tax cuts over 10 years – of which $256 billion are paid for out of the surplus and $96 billion are paid for with corporate loophole closers, elimination of tax shelters, and other measures.
- Targeted tax cuts for American families. The President's targeted tax cuts would address a variety of urgent national needs, including promoting progressive retirement savings, making higher education more affordable, increasing the reward to work and family in the Earned Income Tax Credit, helping families meet child care needs and provide long-term care for ill relatives, expanding health insurance options, helping communities build modern schools, promoting energy efficiency to mitigate global climate change, and encouraging investment in areas of our country which have not fully participated in our expansion.

MEDICARE

The Clinton-Gore Administration budget dedicates $432 billion over 10 years – the equivalent of over half of the non-Social Security surplus – to strengthen and modernize Medicare. It includes a new, multi-billion dollar reserve fund that can be used to add protections against catastrophic drug costs to the President's prescription drug benefit. This financing commitment is part of the comprehensive reform plan that the President unveiled last June which is also included in the budget. This plan makes Medicare more fiscally sound, competitive, and efficient and it modernizes Medicare's benefits, including the provision of a long-overdue prescription drug benefit. The reforms coupled with the surplus dedication would extend the life of its trust fund by at least 10 years to at least 2025.

Making Medicare More Fiscally Sound, Competitive and Efficient. Since taking office, President Clinton has worked to pass and implement Medicare reforms that, coupled with the strong economy and the Administration's aggressive anti-fraud and abuse enforcement efforts, have saved hundreds of billions of dollars and helped to extend the life of the Medicare Trust Fund from 1999 to 2015. Yet, the doubling of Medicare enrollment with the retirement of the baby boom generation, coupled with the potential return of higher health cost growth in the future, will create unavoidable financing challenges for Medicare. Because the President is committed to not passing this burden on to the next generation, he has proposed a strong plan that not only provides the needed, new financing but provides the program with new private-sector tools and injects competition into the program. Specifically, the plan:

- **Allocates Nearly Three-fourths of Medicare Investment to Trust Fund Solvency.** It would be impossible to pay for a doubling in Medicare enrollment through competition, provider payment savings or beneficiary premium increases alone. To address the future financing shortfall, the budget dedicates $299 billion of the surplus to Medicare over 10 years which not only helps to extend the financial health of the Trust Fund through 2025, but reduces publicly held debt since these funds will not be available for tax cuts or other spending.

- **Gives Traditional Medicare New Private Sector Purchasing and Quality Improvement Tools.** The President's proposal would make the traditional fee-for-service program more competitive through the use of market-oriented purchasing and quality improvement tools to improve care and constrain costs. It would provide new, broader authority for competitive pricing for current Medicare services, use of private disease management services that have demonstrated higher quality, coordinated care for beneficiaries with chronic illnesses, and other best-practice private sector tools.

- **Improves Price Competition in Medicare through the "Competitive Defined Benefit" Program.** The Competitive Defined Benefit proposal would, for the first time, inject true price and quality competition into Medicare. While keeping the same Part B premium for those remaining in the traditional program, the policy would allow beneficiaries to pay lower premiums for choosing efficient private plans. Specifically, beneficiaries would have their Part B premium reduced by 75 cents of every dollar of savings that the private plan generates. For example, if a person chose a plan that saved $10 they would get $7.50 reduced from their premiums every month. Price competition would make it easier for beneficiaries to make informed choices about their plan options and would, over time, save money for both beneficiaries and the program.

- **Constrains Out-year Medicare Spending Growth and Continues to Ensure Program Integrity.** Since President Clinton took office, the life of the trust fund has been extended from 1999 to 2015 and spending growth has been reduced by two-thirds. But as health inflation increases, experts suggest that average Medicare spending growth per beneficiary will almost double for 2003-2010 compared to 1998-2002. The FY2001 budget includes the anti-fraud and waste proposals from the FY2000 budget and moderated out-year savings proposals to protect against a return to excessive growth rates.

Savings from Medicare total $70 billion over 10 years. The budget preserves its commitment to the Balanced Budget Refinement Act, recognizing that in some cases Balanced Budget Act payment reductions were excessive. This budget's savings are about 33 percent less than the budget and reform plan savings proposed last year.

Modernizing Medicare's Benefits. Unlike virtually all private health plans, Medicare does not cover prescription drugs. Over three in five lack dependable insurance coverage for drugs. As such, those with the highest need pay the highest prices. The President's budget adds a long-overdue prescription drug benefit, and also improves preventive services and rationalizes cost sharing. Specifically, the plan:

- **Establishes a New Voluntary Medicare Prescription Drug Benefit that is Affordable to All Beneficiaries and the Program.** The drug benefit costs $160 billion over 10 years; including savings, the net cost of the President's Medicare proposals would be $98 billion over 10 years. The voluntary prescription drug benefit would be:

    - Accessible and voluntary. Optional for all beneficiaries. Provides financial incentives for employers to develop and retain their retiree health coverage

    - Affordable for beneficiaries and the program. Premiums of $26 per month in the first year with lower or no premiums for low-income beneficiaries. Provides privately-negotiated discounts, gained by pooling beneficiaries' purchasing power, for all drug expenses. Has no deductible and pays for half of each beneficiary's drug costs from the first prescription filled each year up to $5,000 in spending when fully phased in. Discounts continue after limit is reached.

    - Competitively and efficiently administered. Competitively selects private benefit manager to deliver benefit to enrollees in traditional program. No price controls, no new bureaucracy. Integrated into current eligibility and enrollment systems.

    - High-quality and provide necessary medications. Private entities that use formularies must ensure access to medications off formulary if physician deems medically necessary. Requires use of state-of-the-art quality improvement tools.

- **Creates a Medicare Reserve Fund to Add Protections for Catastrophic Drug Costs**. To build on the President's prescription drug benefit, the budget includes a reserve fund of $35 billion for 2006 through 2010, available to design protections for beneficiaries with extremely high drug spending. This reserve will permit the Administration to work in collaboration with Congress to design this enhanced prescription drug benefit. If no consensus emerges, the reserve would be used for debt reduction.

- **Improves Preventive Benefits in Medicare.** This proposal would:
  - Eliminate the existing deductible and copayments for preventive services, including colorectal cancer screening, bone mass measurements, pelvic exams, prostate cancer screening, diabetes self management benefits, and mammographies.
  - Develop and design a 3-year demonstration project on smoking cessation services.

- **Rationalizes Cost Sharing.** As proposed last year, the plan would rationalize the current cost sharing requirements for Medicare by:
  - Re-instating 20 percent coinsurance and the Part B deductible for clinical laboratory services. The modest lab copayment would help prevent overuse and reduce fraud.
  - Indexing the Part B deductible for inflation. Over time, inflation decreases the amount of the deductible in real terms. The deductible has been $100 since 1991 and has only been increased three times since Medicare was created. The deductible would keep pace with inflation under this proposal.

- **Reforms Medigap.** The plan would reform private insurance policies that supplement Medicare (Medigap) by: (1) working with the National Association of Insurance Commissioners to add a new option with low copayments and to revise existing plans to conform with the President's proposals; (2) directing the Secretary of HHS to determine the feasibility and advisability of reforms to improve supplemental cost sharing in Medicare; (3) providing easier access to Medigap if a beneficiary is in an HMO that withdraws from Medicare; and (4) including people with disabilities and end stage renal disease (ESRD) in the initial 6 month open enrollment.

SOCIAL SECURITY

The Clinton-Gore Administration FY2001 budget proposes a plan to extend the solvency of Social Security. For almost 65 years, Social Security has been an unshakable covenant among generations. It provides a bond between workers and retirees, between the disabled and the able bodied. The President's proposal would build on this historic period of prosperity and budget surpluses to strengthen Social Security. The President's plan reserves the entire Social Security surplus for Social Security and debt reduction, and earmarks the benefits of paying down the debt held by the public to extend the solvency of Social Security. According to projections by the independent Office of the Actuary at the Social Security Administration, the President's proposed transfers would extend the solvency of Social Security to 2050. If a prudent portion of the transfers were invested for higher returns, solvency would be extended to 2054. The President's plan to strengthen Social Security is a central part of his fiscally disciplined framework to pay off the debt held by the public by 2013.

Social Security is the Cornerstone of our Retirement System. Social Security is the principal source of retirement income for two-thirds of the elderly. In 1959, the poverty rate for senior citizens was 35.2 percent. In 1998, it was 10.5 percent – the lowest on record. Last year, Social Security benefits lifted roughly 15 million senior citizens out of poverty, but it must be noted that poverty remains too high for widows and other groups. And Social Security is more than just a retirement program. One in five beneficiaries is under the age of 62, receiving either disability benefits or survivors benefits.

Social Security is Projected to Become Insolvent By the End of 2034 As a Result of Demographic Pressures. Currently, Social Security takes in more payroll taxes than it pays out in benefits, and is building up its trust fund to pay future beneficiaries. But, as the baby boomers retire and life expectancies continue to rise, the number of people age 65 and over is projected to double – from 35 million in 1998 to 72 million in 2035. In 1960, there were 5.1 covered workers for every Social Security beneficiary. In 1999 there were only 3.4 workers for every beneficiary. And by 2035, there are projected to be only 2.0 workers for every beneficiary.

The President's Plan Devotes Social Security Surpluses to Debt Reduction. The President's proposal devotes the entire Social Security surplus to paying down the debt held by the public. This is projected to reduce the debt held by the public by $2.2 trillion over the next 10 years and produce interest savings.

The President Uses the Interest Savings To Extend the Solvency of Social Security. Although the so-called lockboxes proposed by Republicans would have used any interest savings to pay for an exploding tax cut, the President proposes to use the interest savings for the purpose of extending the solvency of Social Security. As an additional safeguard for fiscal responsibility, the President proposes to limit the amount of the transfers to the available on-budget surpluses that are currently projected to result from the President's fiscally disciplined framework.

The President's Plan Transfers the Interest Savings to the Social Security Trust Fund From 2011 to 2050. The Social Security actuaries project that the interest savings that would occur from the reduction in publicly held debt due to transfers alone would total $99 billion in 2011 and grow to $205 billion in 2016. Under the intermediate projections of the Social Security Trustees, these potential interest savings would be transferred in full to the Social Security trust fund. Transfers would stay at the 2016 level through 2050. The total transfers in the first 5 years (2011-2015), as projected by the Social Security actuaries, would be $690 billion.

The President's Plan Extends Solvency to at Least 2050. The Social Security trust fund is currently expected to be unable to pay benefits in full on a timely basis starting in 2034. According to projections by the Social Security actuaries, the President's proposes interest savings transfers would extend solvency to 2050. This is an extra 16 years added to the life of the trust fund. To put Social Security on an even firmer financial footing, the President also provides the option of allowing a limited and prudent portion of the transfers to be invested independently and without political interference in broad-based equity indexes. Under this plan, the Social Security actuaries project that the Social Security trust fund would hold about 3 percent of the total market value, on average, over the 30-year period 2011 through 2040. The combination of prudent investment in equities and the transfers is projected to extend the life of the trust fund to 2054.

Addressing Widow Poverty and Eliminating the Retirement Earnings Test. The President believes that, in the context of longer-term reforms, it is essential to improve the effectiveness of Social Security in combating widow poverty and to modernize it by eliminating the outdated retirement earnings test.

The President's Plan Provides a Foundation on Which to Build. The President remains committed to working together with Congress on a bipartisan basis to enact reforms that make Social Security solvent for at least 75 years. The President's proposal provides a sound starting point for such an agreement.

NEW OPPORTUNITY AGENDA

The Clinton-Gore Administration's FY2001 budget proposes a coherent program to build on the Nation's economic prosperity and expand its reach to every corner of America through an agenda rooted in three core values: community, opportunity and responsibility. It comprises a range of programs designed to ensure that working families have the tools and the opportunity to succeed.

REWARDING WORK AND HELPING FAMILIES

- **Expanding the Earned Income Tax Credit (EITC) to Reward Work and Family.** President Clinton proposes a $23 billion plan to expand the Earned Income Tax Credit to reward work and family, including more relief with families with three or more children often facing the highest poverty rates. According to estimates by the Department of the Treasury, this EITC expansion would provide tax relief for 6.8 million working families.

- **Increasing the Minimum Wage.** The President again proposes a $1 increase in the minimum wage. This proposal, which builds upon President Clinton's 1996 minimum wage increase, would help 10 million Americans – 70 percent of whom are adults and 60 percent of whom are women. For a full-time, year-round worker at the minimum wage, this would mean an additional $2,000 per year.

- **Expanding and Improving the Child Care Tax Credit for Working Families.** President Clinton will include in his FY2001 budget tax relief for families struggling to pay for child care. As part of a comprehensive child care initiative that includes subsidy assistance and new investments in child care quality, the President will propose to 1) make the Child and Dependent Care Tax Credit refundable for the first time; 2) increase the level of the credit; and 3) extend the credit to parents who stay at home to take care of their infants. The President will also propose tax incentives to encourage businesses to provide child care for employees. The child care package would benefit an estimated 8.1 million families and would cost $30 billion over 10 years.

- **Helping Families Afford Child Care.** The President's budget boosts the Child Care and Development Block Grant by $817 million in FY2001, enabling the program to provide child care subsidies to nearly 150,000 more children next year. These new funds, combined with the child care funds provided in welfare reform, will enable the program to serve over 2.2 million children in 2001, an increase of nearly one million since 1997.

- **Promoting Progressive Savings Through Retirement Savings Accounts.** Retirement Savings Accounts (RSAs) would give 76 million low- and moderate-income Americans the opportunity to build wealth and save for their retirement through a progressive tax cut. A person who participated in this savings program for 40 years could accumulate over $266,000 – enough to produce $24,000 a year of income in retirement.

- **Expanding Health Insurance Coverage to Uninsured Americans.** The President and Vice President will propose a 10-year, $110 billion initiative that would dramatically improve the affordability of and access to health insurance for people under 200 percent of the poverty line. The proposal would expand coverage to at least 5 million uninsured Americans and expand access to millions more. Together with the State Children's Health Initiative enacted in 1997, that would cover 10 million uninsured people. The Program includes a new, affordable insurance option for families through the State Children's Health Insurance Program. In addition, in order to ensure that people do not lose their health insurance coverage between jobs, the President will propose a new 25 percent tax credit for COBRA continuation coverage.

- **Expansion of Housing Vouchers and Tax Credits for Hard Pressed Working Families.** The President's budget will include $690 million for 120,000 new housing vouchers to subsidize the rents of low-income families, and increase and index the Low-Income Housing Tax Credit (LIHTC) which provides incentives to build and make available affordable housing to working families.

- **Additional Initiatives to Help Working Families.** The President's budget will contain $255 million to promote responsible fatherhood and support working families as well as provisions that will make it easier for working families to own a car without jeopardizing their food stamps eligibility. These proposals are both critical steps in reforming welfare and emphasizing work.

PROMOTING OPPORTUNITY AND RESPONSIBILITY IN EDUCATION

- **Expanding on Early Childhood and Pre-School Programs.** High quality early learning childhood programs can significantly improve educational achievement, especially among low-income children. President Clinton and Vice President Gore are proposing a number of different initiatives to support this goal including:

- **Creation of the Early Learning Fund.** The President's budget includes $3 billion over five years for the Early Learning Fund to help improve child-care quality and early childhood education for children under five years old. The Early Learning Fund will provide community grants for activities that foster cognitive development, improve childcare quality and readiness for school.

- **The Largest Head Start Expansion in History.** President Clinton and Vice President Gore have nearly doubled Head Start – expanding funding by 90 percent since 1993. The FY2001 budget boosts funding for Head Start by $1 billion – the largest funding increase the program has ever experienced – to provide Head Start and Early Head Start slots to approximately 950,000 children, nearing the President's goal of serving one million children in 2002. This builds the foundation for the long-term goal of universal pre-school. The proposed increase for Early Head Start is $144 million.

- **Fixing Failing Schools, Rewarding Success and Universal After School.** The President and Vice President are committed to a comprehensive approach to improve student achievement by investing in raising standards and increasing accountability. President Clinton's budget will more than double the support for the Universal After-School program for students most in need; increase support for the Accountability Fund to $250 million, boost funding for the Class Size Reduction program to $1.75 billion, and include $120 million for a Small Schools Initiative to reinvent high schools on a smaller and more human scale.

- **Expanding Opportunities to Make College More Affordable for Disadvantaged Youth by Nearly $1 Billion.** In FY2001, President Clinton budget will propose nearly $1 billion in increases to Pell Grants, SEOG and Work Study programs and for the creation of the College Completion Challenge Grants and Dual Degree Programs for Minority-Serving Institutions to help students have access to and stay in college.

- **Increasing Resources to Keep Youth on the Track to Success by Over $400 Million.** President Clinton and Vice President Gore are dedicated to supporting critical investments in education and will propose over $400 million in program increases to keep youth on the track to success in their FY2001 budget. These include: an expansion of GEAR UP, increased support of the TRIO Programs, expansion of Youth Opportunity Grants and Youth Training Formula Grants, additional funding for Youthbuild, expanding Job Corps, and a new $20 million initiative known as Rewarding Achievement in Youth to support comprehensive training and education services to over 9,000 high achieving, low-income youth.

OPENING NEW MARKETS AND STRENGTHENING COMMUNITY EMPOWERMENT

- **Spurring $22 Billion in New Investment in Economically Distressed Areas.** The President proposes a package of tax credits and loan guarantees to more than double the New Markets Tax Credit from last year (at a cost of $5 billion over 10 years) to spur $15 billion dollars in new investment in community development in economically distressed areas.

- **Expanding and Improving the Empowerment Zones Tax Incentives.** In addition, the budget proposes to expand the Empowerment Zone tax incentives to improve economic growth in the 31 existing Empowerment Zones, as well as create a third round of 10 new empowerment zones at a cost of $4 billion over ten years. The President will also propose creation of new investment vehicles to help leverage private equity capital as well as expand existing programs to promote investments and provide greater access to capital in these distressed areas.

- **Creating First Accounts for Low-income Americans.** The President's budget will propose $30 million to: encourage the creation of low-cost bank accounts known as First Accounts; to expand access to ATMs; and provide education low-income Americans about personal financial management.

- **Increasing Funding for Native Americans Communities.** In order to better serve Native American communities in the 21st Century, the President's budget includes an increase of $1.2 billion over Fiscal Year 2000 for key new and existing programs assisting Native Americans and Indian reservations. This initiative brings together several agencies in order to address the needs of Native American communities comprehensively.

- **Moving From Digital Divide to Digital Opportunity.** There is strong evidence of a "digital divide" – unequal access to technology by income, education level, race, and geography. To address this troubling trend, the President's budget proposes a comprehensive package to help bridge the Digital Divide and to help create more digital opportunity for all Americans. To increase private-sector involvement in bridging the digital divide, the President proposes $2 billion over 10 years in tax incentives to encourage private sector donation of computers, sponsorship of community technology centers, and technology training for workers. The President has an $150 million Teacher Training initiative to help train all new teachers entering the workforce to use technology effectively in the classroom. The Digital Divide initiative also includes $100 million to create up to 1,000 Community Technology Centers in low-income urban and rural communities and $50 million for a Public-Private Partnerships for Home Access to expand access to computers and the Internet for low-income families.

HEALTH INSURANCE COVERAGE

The Clinton-Gore Administration's FY2001 budget includes a 10-year, $110 billion initiative that would dramatically improve the affordability of and access to health insurance. Over 44 million Americans lack health insurance, and this has serious consequences. The uninsured are three times likelier than the privately insured not to receive needed medical care, and 50 to 70 percent more likely to need hospitalization for avoidable hospital conditions like pneumonia or uncontrolled diabetes. The President's proposal would expand coverage to at least 5 million uninsured Americans and expand access to millions more. Together with the State Children's Health Initiative enacted in 1997, that would cover nearly a quarter of all the uninsured people in America. It addresses the nation's multi-faceted coverage challenges by building on and complementing current private and public programs. Specifically, the initiative will: (1) provide a new, affordable health insurance option for families; (2) accelerate enrollment of uninsured children eligible for Medicaid and S-CHIP, which helps children in families with income too high to be eligible for Medicaid but too low to afford private insurance; (3) expand health insurance options for Americans facing unique barriers to coverage; and (4) strengthen programs that provide health care directly to the uninsured. In addition, the President has proposed a $28 billion initiative to address the Nation's long-term care needs which, together with the health coverage initiative, would bring the cost to $138 billion over 10 years.

Providing a New, Affordable Health Insurance Option for Families ($76 billion over 10 years, about 4 million uninsured covered). Over 80 percent of parents of uninsured children with incomes below 200 percent of poverty (about $33,000 for a family of four) are themselves uninsured. Yet, while states have aggressively expanded insurance options for children through Medicaid and the State Children's Health Insurance Program (S-CHIP), parents are often left behind. There are about 6.5 million uninsured parents with income in the Medicaid and S-CHIP eligibility range for children. These parents frequently do not have access to employer-based insurance, and when they do, cannot afford it. Recognizing that family coverage not only helps a large proportion of the nation's uninsured adults but also increases the enrollment of children, the President, Vice President, the National Governors' Association, and a wide rage of groups including Families USA and the Health Insurance Association of America have called for building on S-CHIP to cover parents. The Administration's budget adopts this approach by:

- **Creating a New "FamilyCare" Program.** Under FamilyCare, states would have the option to cover parents in the same plan as their children. States would use the same systems and follow most of the same rules as they do in Medicaid and S-CHIP today, and the program would be overseen by the same state agency. State spending for FamilyCare would be matched at the same higher matching rate as S-CHIP (up to 15 percentage points higher than the Medicaid rate). To ensure adequate funding, $50 billion over 10 years would be added to the current state S-CHIP allotments. To access this option, states would have to first cover children to 200 percent of poverty as 30 states now have done. Given states' enthusiastic response to S-CHIP and the NGA support for this option, we expect strong state response and significant expansions to parents under FamilyCare. If after 5 years, some states have not expanded coverage of parents to at least 100 percent of poverty ($16,700 for a family of 4), a fail-safe mechanism would be triggered to require states to expand coverage to that level.

- **Assisting Families in Affording Private Employer-Based Coverage.** FamilyCare would also facilitate the option to pool state funding with employer contributions toward private insurance, which can be a cost-effective way to expand coverage. Under this option, families otherwise eligible for FamilyCare coverage could get assistance in purchasing their employers' health plan if it meets FamilyCare standards, is cost effective, and their employer pays for at least half of the premium. This minimum employer contribution, along with the S-CHIP crowd-out policies, should discourage employers from reducing or dropping coverage. This option is supported by the National Governors' Association as well.

Accelerating Enrollment of Uninsured Children Eligible for Medicaid and S-CHIP ($5.5 billion over 10 years, an additional 400,000 uninsured children covered). Enrollment in S-CHIP doubled to 2 million children in 1999. Despite this encouraging trend, millions of children remain eligible but unenrolled in both S-CHIP and Medicaid. The Administration's budget includes ideas advocated by the Vice President that would give states needed tools to increase coverage by:

- **Allowing School Lunch Programs to Share Information with Medicaid ($345 million over 10 years).** Since 60 percent of uninsured children are in the school lunch program, sharing eligibility information can efficiently help outreach efforts.

- **Expanding Sites Authorized to Enroll Children in S-CHIP and Medicaid ($1.2 billion over 10 years).** This includes schools, child care resource and referral centers, homeless programs, and other sites.

- **Requiring States to Make their Medicaid and S-CHIP Enrollment Equally Simple ($4.0 billion over 10 years).** Most states have carried over their S-CHIP simplification strategies like eliminating assets tests and using mail-in applications into the Medicaid program. This proposal would have all states do so to make enrollment easier for both programs.

Expanding Health Insurance Options for Americans Facing Unique Barriers to Coverage ($28.5 billion over 10 years, about 600,000 uninsured people covered). Some vulnerable groups of Americans often lack access to employer-sponsored insurance and insurance programs like Medicare or Medicaid. These include older Americans, people in transitions (between jobs, turning 19 and entering the workforce, leaving welfare for work), and workers in small businesses. This plan addresses these specific and other problems by:

- **Establishing a Medicare Buy-In Option and Making It More Affordable Through a Tax Credit ($5.2 billion for both the buy-in and credit over 10 years).** The rate of uninsured is growing fastest among people ages 55 to 65 and is expected to increase even faster in the future. Recognizing this, the President and Vice President have called on Congress to pass legislation that allows people ages 62 through 65 and displaced workers ages 55 to 65 to pay premiums to buy into Medicare. The proposal also would require employers who drop previously-promised retiree coverage to allow early retirees with limited alternatives to have access to COBRA continuation coverage until they reach age 65 and qualify for Medicare. This year, to make this policy more affordable, the President proposes a tax credit, equal to 25 percent of the premium, for participants in the Medicare buy-in. Coupled with the tax credit for COBRA (described below), this policy will address both access to and the affordability of health insurance for this vulnerable group.

- **Making COBRA Continuation Coverage More Affordable ($10.3 billion over 10 years).** The Consolidated Omnibus Budget Reconciliation Act (COBRA), passed in 1985, allows workers in firms with greater than 20 employees to pay a full premium (102 percent of the average cost of group health insurance) to buy into their employers' health plan for up to 18 to 36 months after leaving their job. However, fewer than 25 percent of people eligible for this coverage participate, in part due to cost. The Administration's budget includes a 25 percent tax credit for COBRA premiums to reduce the number of Americans who experience a gap in coverage due to job change.

- **Improving Access to Affordable Insurance for Workers in Small Businesses ($313 million over 10 years).** Nearly half of uninsured workers are in firms with fewer than 25 employees. The President proposes to give small firms that have not previously offered health insurance a tax credit equal to 20 percent their contribution – twice the credit he proposed last year – towards health insurance obtained through purchasing coalitions. In addition, tax incentives would be given to foundations to help pay for start-up costs of these coalitions, and the Federal Employees' Health Benefits Program would make available technical assistance to purchasing coalitions.

- **Expanding State Options to Insure Children Through Age 20 ($1.9 billion over 10 years).** Nearly one in three people ages 18 to 24 are uninsured mostly because they age out of Medicaid or S-CHIP or no longer are dependents in private plans. However, they often do not have jobs that offer affordable coverage. The budget would gives states the option to cover people ages 19 and 20 through Medicaid and S-CHIP.

- **Extending Transitional Medicaid ($4.3 billion over 10 years).** Many people leaving welfare for work take first jobs that do not offer affordable health insurance. Recognizing this, Congress passed a requirement in 1988 that extends Medicaid coverage for up to a year for those losing it due to increased earnings. This provision was extended in the welfare reform law to 2001. The budget makes this provision permanent and simplifies the state and family requirements to promote enrollment.

- **Restoring State Options to Insure Legal Immigrants ($6.5 billion over 10 years).** States are prohibited from providing health insurance for certain legal immigrants who entered the U.S. after the enactment of welfare reform. The uninsured rate for people of Hispanic origin, some of whom are legal immigrants, was 35 percent in 1998 – over twice the national average of 16 percent. The proposal would give states the option to insure children and pregnant women in Medicaid and S-CHIP regardless of their date of entry. It would eliminate the 5-year ban, deeming, and affidavit of support provisions. The proposal would also provide Medicaid coverage to disabled immigrants who would be made eligible for SSI by the FY2001 budget's SSI restoration proposal.

Strengthening Programs that Provide Health Care Directly to the Uninsured (At least $1 billion over 10 years). Public hospitals, clinics, and thousands of health care providers give health care of the uninsured and receive inadequate compensation for doing so. Despite a rising need, reductions in government spending and aggressive cost cutting by private insurers has left less money in the health care system to address these needs. The President will renew his commitment to helping these providers by:

- **Increasing Funding for Increasing Access to Health Care for the Uninsured (+$100 million for FY2001, $1 billion over 5 years).** Last year, the President and Secretary Shalala proposed an historic new program to coordinate systems of care, increase the number of services delivered and establish an accountability system to assure adequate patient care for the uninsured and low-income. The Congress funded an initial $25 million investment for this program. This year, the President proposes funding this initiative at $125 million, a $100 million increase over 2000, representing a down payment on the President's proposal to invest $1 billion in this initiative. The

Administration will also aggressively pursue an authorization to ensure that the program addresses health care safety net needs.

- **Investing in Community Health Centers (+$50 million for FY2001).** The budget proposes a $50 million increase to $1.0690 billion in FY2001 to support and enhance the network of community health centers that serve millions of low-income and uninsured Americans.

TARGETED TAX RELIEF

President Clinton has worked to deliver tax relief to America's working families. In 1993, the President delivered a tax cut to 15 million working Americans through an expanded EITC. Then, in 1997, the President delivered a $500 child tax credit, $1,500 Hope Scholarships to make the first years of college universally available, and expanded IRAs. The result: the lowest Federal tax burden in more than two decades for a typical middle-income family. To build on this record of tax relief for working families, President Clinton is proposing significant new tax relief for America's working families as part of a budget framework that maintains fiscal discipline, makes investments in key priorities, strengthens the solvency of Social Security and Medicare, and pays down the debt by 2013. The President proposes $351 billion of gross tax cuts over 10 years – of which $256 billion are paid for out of the surplus and $96 billion are paid for with corporate loophole closers and other measures.

MAKING RETIREMENT MORE SECURE BY ENCOURAGING SAVINGS

- **Retirement Savings Accounts (RSAs) To Help Families Save and Invest And Expand Pension Coverage for Small Businesses.** The President's Retirement Savings Accounts (RSAs) proposal will give 76 million Americans the opportunity to build wealth and save for their retirement through a progressive tax cut. This proposal builds on the successful model of Individual Development Accounts (IDAs), extending generous matches to all low- and moderate-income families to encourage them to develop savings and assets. A person who participated for 40 years in this savings program could accumulate over $266,000 – enough to produce $24,000 a year of income in retirement. This proposal would cost $54 billion over 10 years.

- **Tax Incentives For Small Businesses To Offer High-Quality Pension Coverage.** In an effort to encourage more small businesses to offer pensions for their employees, the budget provides for a 50 percent tax credit for three years of qualified contributions to employees' pensions. This provision would cost $17 billion over 10 years.

REWARDING WORK AND FAMILY

- **Expanding the Earned Income Tax Credit (EITC):** The President is proposing a $23 billion plan to expand the EITC. According to estimates by the Department of the Treasury, the President's proposed EITC expansion would deliver tax relief for 6.8 million families, providing up to $1,155 in additional tax relief. The President's proposal builds on the 1993 expansion signed into law by the President, which provided a tax cut for 15 million families.

- **Reducing the Marriage Penalty for Married, Two-Earner Couples By Increasing the Standard Deduction by More Than $2,000.** The President will propose to increase the standard deduction for two-income married couples to twice that of single filers, providing substantial tax relief for 9.1 million married couples. When fully phased in, this change would result in a $2,150 increase in the standard deduction. The President's proposal would also increase the standard deduction by $500 for single-earner married couples and by $250 for single filers. Both elements of the President's plan would cost $45 billion over 10 years and benefit 42.1 million families.

- **Alternative Minimum Tax Relief**: The President will propose in his budget a $33 billion proposal over 10 years to correct serious design flaws in the individual Alternative Minimum Tax

(AMT) that increasingly hurt middle-income families with children who play by the rules. It complicates their tax preparation and raises their tax bills. The President's proposal will take over 9 million families per year off the AMT when fully phased in.

EXPANDING EDUCATION INCENTIVES

- **College Opportunity Tax Cut:** The President will propose a College Opportunity Tax Cut costing $30 billion over 10 years to, for the first time, make tax deductible up to $10,000 of tuition and fees for any post-secondary education (includes training and graduate school). Families would also have the option to take a 28 percent credit, which would be worth almost twice as much as a deduction for families in the 15 percent tax bracket. In general, the proposal would provide up to $2,800 annually in tax relief per family.

- **Tax Credits For School Construction and Modernization:** To address this critical need, President Clinton is renewing his commitment to provide $24.8 billion in tax credit School Modernization Bonds and Qualified Zone Academy Bonds over two years to modernize up to 6,000 schools. The cost would be $8 billion over ten years.

MAKING HEALTH CARE MORE AFFORDABLE

- **Long-term Care Credit:** As part of a 10-year initiative that helps address the nation's multifaceted long-term care challenge, the President proposes a $3,000 tax credit to compensate people with long-term care needs or their caregivers for the cost of care. The cost is $27 billion over 10 years.

- **Expanding Health Coverage Through Targeted Tax Credits:** As part of his initiative to dramatically improve the affordability of and access to health insurance for at least 5 million uninsured Americans, the President will propose $12 billion in targeted tax cuts to expand health insurance options for Americans facing unique barriers to coverage.

HELPING FAMILIES AFFORD CHILD CARE

- **Child Care Tax Credit.** President Clinton will include in his FY2001 budget tax relief for families struggling to pay for child care. As part of a comprehensive child care initiative that includes subsidy assistance and new investments in child care quality, the President will propose to 1) make the Child and Dependent Care Tax Credit refundable for the first time; 2) increase the level of the credit; and 3) extend the credit to parents who stay at home to take care of their infants. The President will also propose tax incentives to encourage businesses to provide child care for employees. The child care package would benefit an estimated 8.1 million families and would cost $30 billion over 10 years.

OPENING NEW MARKETS & EMPOWERING COMMUNITIES

- **A Major Expansion of the New Markets and Empowerment Zone Tax Credits:** As part of the President's New Markets initiative, which will spur at least $22 billion in new capital investment in businesses in economically-distressed areas, the President has proposed to more than double the proposed New Markets tax credit at a cost of about $5 billion over 10 years and expand Empowerment Zone Tax Incentives at a cost of $4.4 billion.

- **New Markets Tax Credit. The budget more than doubles the proposed New Markets tax credit to spur $15 billion in new private investment.** An entity making new equity investments in a selected community development projects would be eligible for a tax credit worth up to 25% of the cost of the investment. A variety of vehicles providing equity and credit to businesses in underserved areas would also be eligible.

- **Empowerment Zone Tax Incentives.** The President is proposing to expand the Empowerment Zones tax incentives to promote economic growth in underserved areas through expanding business investment incentives, ensuring that all Empowerment Zones get the wage tax credit, and the creation of a Third Round of 10 new Empowerment Zones.

- **Better America Bonds.** The President is proposing Federal tax credits to pay the interest on $10.75 billion in bonds over 5 years for investments by State, local, and tribal governments. The bonds can be used to preserve green space, create or restore urban parks, protect water quality and clean up brownfields (abandoned industrial sites). The cost is $3.1 billion over 10 years.

- **Increase the Low-Income Housing Tax Credit.** To expand and improve the supply of available low-income housing, the budget raises the allocation of low-income housing tax credits to States. The President proposes to raise the State per capita cap from $1.25 to $1.75 beginning in 2001 and index it for inflation thereafter at a cost of $5.7 billion over 10 years. This proposal would provide additional incentives to build and make an additional 180,000 units of affordable housing available to working families over the next five years.

INCREASING ENERGY EFFICIENCY & IMPROVING THE ENVIRONMENT

- **Tax Credits For Energy-Efficient Cars, Homes, and Appliances.** Cars and light trucks currently account for 20 percent of U.S. greenhouse gas emissions. The budget provides for tax incentives to help curb these emissions by moving advanced technologies for the purchase of qualifying hybrid vehicles from the laboratory to the highway. Tax credits would be offered for the purchase of qualifying hybrid vehicles from 2003 through 2006; and the current tax credit for electric vehicles and fuel cell vehicles would be extended through 2006. The President is also proposing tax credits for the purchase of energy-efficient homes; for solar energy systems, for the purchase of energy-efficient heating and cooling equipment; and for wind and biomass power. The cost of these proposals would be $9 billion over 10 years.

ENCOURAGING CHARITABLE GIVING

- **Encouraging Philanthropy.** President Clinton will unveil a package of new tax proposals to encourage philanthropy. First, he will propose allowing non-itemizers to take a tax deduction for charitable giving. Second, he will propose new rules to make it easier for charitable foundations to make gifts in times of need. And third, he will propose to raise the limit for individual donations of appreciated assets like securities and real property. These proposals would cost $14 billion over 10 years.

CURBING CORPORATE SHELTERS AND REDUCING UNWARRANTED TAX SUBSIDIES

The President also proposes sound tax policies, including proposals to curb corporate tax shelters and reductions in unwarranted tax subsidies, which pay for $96 billion of the targeted tax cuts over 10 years. Tax shelters require taxes for everyone else to be higher and create perceptions of unfairness and disrespect for the system. The budget increases disincentives for entering into abusive transactions and attacks specific tax shelter transactions. The Department of the Treasury will continue to study additional remedies for corporate tax shelters and will work with Congress to address this issue.

III. THE CLINTON-GORE ECONOMIC RECORD

- The Economy Then and Now
- Paying Off the Debt
- A Smaller, But More Progressive Government

THE CLINTON-GORE ECONOMIC RECORD: WHAT A DIFFERENCE SEVEN YEARS MAKES

After seven years, the results of President Clinton and Vice President Gore's economic leadership for the American people are clear. In 1992, when Bill Clinton was elected President, the American economy was barely creating jobs and wages were stagnant. His bold, three-part economic strategy focused on establishing fiscal discipline; investing in education, health care, science and technology; and opening foreign markets so that American workers have a fair chance to compete abroad. Seven years later the results of this strategy are clear:

Deficits Replace By Surpluses: Keeping Us On Track to Be Debt Free by 2013

- **1992.** The deficit was $290 billion – the highest dollar level in history. When President Clinton took office, the Congressional Budget Office projected the deficit would grow to $404 billion in 1999 and $455 billion in 2000.
- **Today.** In 1999, we had a budget surplus of $124 billion – the largest dollar surplus on record (even after adjusting for inflation) and the largest as a share of our economy since 1951. This year the Administration forecasts a surplus of $167 billion. With the President's plan, we are now on track to eliminate the nation's publicly held debt by 2013.

Government Spending: Lowest in Over Three Decades

- **1981-92.** Under Presidents Reagan and Bush, Federal government spending as a share of the economy increased from 21.6 percent in 1980 to 22.2 percent in 1992.
- **Today.** Under President Clinton, Federal government spending as a share of the economy has been cut from 22.2 percent in 1992 to 18.7 percent in 1999 – its lowest level since 1966.

Taxes for Typical Families: Lowest in Over Two Decades

- **1981-92.** The total Federal tax rate rises for middle-income families from 23.7 percent in 1980 to 24.5 percent in 1992. (Total tax rates include both the employer and employee portion of the Social Security and Medicare payroll taxes.)
- **Today.** Under President Clinton, the total Federal tax rate for middle-income families has dropped from 24.5 percent in 1992 to 22.8 percent in 1999 – that's the lowest tax rate since 1978. For families at one-half the median income, the effective Federal tax rate has been slashed from 19.8 percent in 1992 to 14.1 percent in 1999 – that's the lowest tax rate since 1968.

Jobs Are Up: Nearly 21 Million Created Since January 1993

- **1981-1992.** In their three terms combined, Presidents Reagan and Bush created only 18.5 million new jobs despite the growth of the labor force from the maturation of the baby boom. Only 2.5 million jobs were created under President Bush, with nearly half of them in the public sector.
- **Today.** The economy has created 20.8 million new jobs since January 1993. This is the most jobs ever created under a single President. There have been an average of 248,000 jobs created per month – a faster rate than any President. And 19.2 million – 92 percent – of the new jobs were created in the private sector, the highest share since Harry Truman was President.

Faster Economic Growth: 3.9 Percent Per Year

- **1981-1992.** The economy grew an average 1.7 percent per year under President Bush and 2.8 percent per year during the Reagan-Bush years.
- **Today**. Since President Clinton took office, growth has averaged 3.9 percent per year.

Private-Sector Growth Is Up: 4.4 Percent Per Year

- **1981-1992.** The private sector of the economy grew 2.9 percent annually from 1981-1992.
- **Today.** The private sector of the economy has grown 4.4 percent annually since 1993.

Equipment and Software Investment Is Growing Faster Than Ever

- **1981-1992.** Real equipment and software investment rose just 3.8 percent annually during the previous Administration and only 4.7 percent annually for the entire Reagan-Bush period.
- **Today.** Real equipment and software investment is up 12.1 percent per year under President Clinton – faster than any Administration on record. We have seen seven consecutive years of double digit growth in equipment and software investment, for the first time on record.

Homeownership Is Up: The Highest in American History

- **1981-1992.** The homeownership rate *fell* from 65.4 percent in 1981 to 64.2 percent in 1992.
- **Today.** In 1999, the homeownership rate was 66.8 percent – the highest ever recorded.

Inflation is Down: The Lowest Core Rate In 35 Years

- **1981-1992.** The underlying core rate of inflation averaged 4.7 percent annually.
- **Today.** In 1999, the underlying core rate of inflation was 1.9 percent – the lowest since 1965.

Welfare Rolls Dropped Dramatically: Lowest Since 1969

- **1981-1992.** The number of welfare recipients increased by almost 2.5 million (a 22 percent increase) to 13.6 million people.
- **Today.** Between January 1993 and June 1999, the number of welfare recipients dropped by 7.2 million (a 51 percent decline) to 6.9 million – the lowest level since 1969.

Unemployment Is Down: The Lowest Rate in 30 Years

- **1981-1992.** The unemployment rate averaged 7.1 percent and rose to more than 10 percent in 1982 and 1983.
- **Today.** In January 2000, the unemployment rate was 4.0 percent – the lowest rate in 30 years. The unemployment rate has been below 5 percent for 31 consecutive months.

Unemployment for African Americans the Lowest on Record

- **1981-1992:** African American unemployment reached 21.2 percent in January 1983– a record high, and never dropped below 10 percent.
- **Today.** The African-American unemployment rate has fallen from 14.2 percent in 1992 to 8.0 percent in 1999 – the lowest rate on record.

Unemployment for Hispanics Recovered From Record Highs to Achieve Record Lows

- **1981-1992.** Hispanic unemployment hit a record high of 15.7 percent in December 1982.
- **Today.** The Hispanic unemployment rate has dropped from 11.6 percent in 1992 to 6.4 percent in 1999 – the lowest rate on record.

Real Wages Rising Again: Fastest Growth in Two Decades

- **1981-1992.** Real average hourly earnings *fell* 4.3 percent under Presidents Reagan and Bush.
- **Today.** Real wages have grown 6.6 percent under President Clinton. Real wages have grown for five consecutive years – for the first time since the 1960s.

Poverty For African-Americans Dropped to Lowest On Record
- **1981-1992.** Between 1980 and 1992, the poverty rate for African American remained at 30 percent or more.
- **Today.** Since 1993, the African-American poverty rate has dropped from 33.1 percent to 26.1 percent in 1998 – the lowest level recorded, and the largest five-year drop in African-American poverty since 1967-1972.

Poverty For Hispanics Dropped to Lowest Since 1979
- **1981-1992.** Between 1980 and 1992, the poverty rate for Hispanics increased from 25.7 percent to 29.6 percent.
- **Today.** Since 1993, the Hispanic poverty has dropped to 25.6 percent—the lowest since 1979.

Poverty For Single Mothers is the Lowest On Record
- **1981-1992.** Between 1980 and 1992, an additional 2.1 million families with single mothers were pushed into poverty.
- **Today.** Under President Clinton, the poverty rate for families with single mothers has fallen from 46.1 percent in 1993 to 38.7 percent in 1998 – the lowest level on record.

Family Income Up More Than $5,000 Since 1993
- **1988-1992.** Median family income, adjusted for inflation, *fell* by $1,864, dropping from $44,354 in 1988 to $42,490 in 1992.
- **Today.** Since 1993, real median family income has increased by $5,046, rising to $46,737 in 1998.

THE CLINTON-GORE ADMINISTRATION:
PAYING OFF THE DEBT BY 2013

The Clinton-Gore Administrations' FY2001 budget proposes a plan to keep America on track to pay off the debt by 2013. An era of deficits has given way to an era of surpluses, with the unified budget surplus projected to rise to $167 billion this year – the largest surplus ever and the third unified surplus in a row. The budget also projects the on-budget surplus, which excludes Social Security, to be $19 billion in FY2000 – the second consecutive on-budget surplus. The President's budget builds on this historic fiscal strength with a plan to invest in key priorities like education and health, strengthen Social Security and Medicare, and pay down the debt by 2013.

LARGEST UNIFIED SURPLUS EVER

- **Instead of a $455 billion deficit, a $167 billion surplus this year – the largest ever.** In 1992, the deficit was $290 billion – the largest dollar deficit in American history. In January 1993, the Congressional Budget Office projected that the deficit would grow to $455 billion by 2000. Today, the Office of Management and Budget (OMB) is projecting a $167 billion surplus – the third consecutive surplus and the largest surplus ever, even after adjusting for inflation. *Compared with original projections, that is $622 billion less in government drain on the economy and $622 billion more available for private investment in one year alone.*

- **Largest surplus as a share of the economy since 1951**. The 2000 surplus is projected to be 1.7 percent of GDP – the largest surplus as a share of GDP since 1951.

- **Three surpluses in a row – for the first time in over 50 years.** The $167 billion projected surplus in FY2000 follows a surplus of $124 billion in FY 1999 and $69 billion in FY 1998. The last time America had three surpluses in a row was over fifty years ago in 1947-49. *The FY2000 surplus marks the eight consecutive year of fiscal improvement, for the first time in American history – surpassing the pre-Clinton best of five straight years.*

- **A projected on-budget surplus of $19 billion in 2000 – the second consecutive on-budget surplus.** OMB projects that the on-budget surplus, which excludes Social Security, will be $19 billion in 2000. This follows an on-budget surplus of $0.7 billion in 1999. The last time America balanced the budget without using Social Security funds was in 1960. The President is committed to continuing to ensure that the entire Social Security surplus is protected for debt reduction.

LARGEST DEBT REDUCTION EVER

- **The President's plan would eliminate the debt by 2013 – 2 years earlier than planned.** The President's plan to use the entire Social Security surplus for debt reduction, to devote the interest savings from this debt reduction to extend the life of Social Security to at least 2050. The President's plan also uses nearly half of the non-Social Security surplus over the next decade for debt reduction and to extend the life of Medicare by shoring up the Hospital Insurance trust fund, would put America on the path to eliminate the debt in 2013. This is two years earlier than projected in the President's June 1999 plan.

- **Interest payments would be eliminated**. Currently we spend 13 cents of every Federal dollar on interest payments. These payments, which were once projected to grow to 26 percent of all federal spending in 2013, would be eliminated under the President's plan.

- **On track to pay down $297 billion in debt held by the public over three years.** In 1998 and 1999, the debt held by the public was reduced by a combined $140 billion. OMB is projecting that the United States will pay down an additional $157 billion in debt held by the public this fiscal year. That will bring the total debt pay down to $297 billion – the largest three-year debt pay down in American history.

- **The debt held by the public is on track to be $2.4 trillion lower in 2000 than was projected when the President took office**. In 1993, the debt held by the public was projected by the Office of Management and Budget to balloon to $5.9 trillion by 2000. Instead, shrinking deficits and surpluses in the last three years are projected to bring the debt down to $3.5 trillion in 2000 – $2.4 trillion better than expected. In 1993, the debt held by the public was 49.5 percent of GDP and projected to rise to 64.7 percent of GDP in 2000. Instead, it has been slashed to a projected 36.3 percent of GDP.

- **As a result, interest payments on the debt in 2000 are $128 billion lower than projected.** In 1993, the net interest payments on the debt held by the public were projected to grow to $348 billion in 2000. Fiscal discipline has slashed this figure to a projected $220 billion – a $128 billion improvement *for one year alone.*

REDUCING SPENDING WHILE CUTTING TAXES FOR MIDDLE-INCOME FAMILIES

- **Federal spending as a share of the economy is the lowest since 1966.** The spending restraint under President Clinton has brought spending down from 22.2 percent of GDP in 1992 to 18.7 percent of GDP in 1999 – the lowest in over thirty years. At the same time, President Clinton has increased investments in education, technology and other areas that are vital to growth.

- **While balancing the budget and paying down the debt, President Clinton has provided tax relief for working families.** The tax cuts signed into law by the President in 1993 and 1997 – for example, the expanded Earned Income Tax Credit, the $500 child tax credit, the $1,500 HOPE Scholarship Tax Credit, and the expanded IRAs have reduced taxes for American families. The total Federal tax rate for middle-income families has dropped from 24.5 percent in 1992 to 22.8 percent in 1999 – that's the lowest tax rate since 1978. For families at one-half the median income, the effective Federal tax rate has been slashed from 19.8 percent in 1992 to 14.1 percent in 1999 – that's the lowest tax rate since 1968.

WHAT FISCAL DISCIPLINE MEANS FOR AMERICA

- **Lower interest rates have already cut mortgage payments by $2,000 for families with a $100,000 mortgage**. Because of the policy of deficit and debt reduction, it is estimated that a family taking out a home mortgage of $100,000 expects to save roughly $2,000 per year in mortgage payments. *This has helped raise the homeownership rate to 66.8 percent in 1999 – the highest rate on record.*
  - Lower interest rates cut car payments by $200 annually for families taking out a typical car loan.

  - Lower interest rates cut student loan payments by $200 annually for a person with a typical student loan.

- **Lower debt will help maintain strong economic growth**. With the government no longer draining resources out of capital markets, businesses have more funds for productive investment. This has helped to fuel a 12.1 percent real annual increase in productive equipment and software investment since 1993 – the seventh consecutive year of double digit growth, the strongest period of growth on record. This compares to 4.7 percent annual growth from 1981-92, a period that saw the debt held by the public quadruple.

- **Rising investment has contributed to a pickup in productivity growth**. Non-farm business productivity has grown at a 2.7 percent average annual rate for the last four years. This compares to 1.5 percent growth from the 1970s through the early 1990s.

WHAT THE EXPERTS SAY

Experts agree that President Clinton's 1993 economic plan helped reduce the deficit, lower interest rates, spur business investment, and strengthen the economy. The economy and the budget are now working in a virtuous circle – lower deficits have led to lower interest rates which have led to faster business investment which led to faster growth which led to even lower deficits. Experts agree that the President's 1993 Economic Plan helped create this virtuous circle:

- **Alan Greenspan, Federal Reserve Board Chairman, 1/04/00 with President Clinton at Chairman Greenspan's re-nomination announcement**: "My colleagues and I have been very appreciative of your [President Clinton's] support of the Fed over the years, and your commitment to fiscal discipline… has been instrumental in achieving what in a few weeks… will be the longest economic expansion in the nation's history."

- **Paul Volcker, Federal Reserve Board Chairman (1979-1987), in *Audacity,* Fall 1994:** "The deficit has come down, and I give the Clinton Administration and President Clinton himself a lot of credit for that. [He] did something about it, fast. And I think we are seeing some benefits."

- ***Business Week,* 5/19/97:** "Clinton's 1993 budget cuts, which reduced projected red ink by more than $400 billion over five years, sparked a major drop in interest rates that helped boost investment in all the equipment and systems that brought forth the New Age economy of technological innovation and rising productivity."

- **Goldman Sachs, March 1998:** One of the reasons Goldman Sachs cites for the "best economy ever" is that "on the policy side, trade, fiscal, and monetary policies have been excellent, working in ways that have facilitated growth without inflation. The Clinton Administration has worked to liberalize trade and has used any revenue windfalls to reduce the federal budget deficit."

- **Lehman Brothers, 1/10/94:** "Lower deficits, lower long-term rates and higher real growth was the overall promise. With the data now rolling in for December 1993, it seems clear that President Clinton delivered on all three counts..."

A SMALLER BUT MORE PROGRESSIVE GOVERNMENT

President Clinton and Vice President Gore have cut Federal spending and cut the Federal workforce, reversing twelve years when the Republicans exploded the deficit and more than quadrupled the debt. At the same time, the Clinton-Gore Administration has made investments in everything from education to science and technology to health care to tax relief for working families.

PAYING OFF THE DEBT BY 2013

- **The debt quadrupled under President's Reagan and Bush.** The debt held by the public increased from $712 billion in 1980 to $3.0 trillion in 1992. In early 1993, the debt was projected to rise to $5.9 trillion in 2000. The President's fiscal discipline has slashed that to a projected $3.5 trillion in 2000. *That is $2.4 trillion less in debt than was projected seven years ago.*

- **On track to pay-down $297 billion in debt held by the public over three years.** In 1998 and 1999, the debt held by the public was reduced by $140 billion. The Office of Management and Budget (OMB) is projecting that the United States will pay-down an additional $157 billion in debt held by the public this fiscal year. That will bring the total debt pay-down to $297 billion – the largest three-year debt pay down in American history. *This keeps us on track to pay off the debt held by the public by 2013 – two years ahead of the President's previous projection.*

LOWEST GOVERNMENT SPENDING IN OVER THREE DECADES

- **Federal spending as a share of the economy is the lowest since 1966.** The fiscal restraint under President Clinton has brought spending down from 22.2 percent of GDP in 1992 to 18.7 percent of GDP in 1999 – the lowest since 1966. At the same time, President Clinton has increased investments that are vital for future growth, including nearly doubling education and training. Under Presidents Reagan and Bush, Federal government spending as a share of the economy increased from 21.6 percent in 1980 to 22.2 percent in 1992.

- **Non-defense discretionary Federal spending as a share of the economy is the lowest on record.** Since President Clinton took office, non-defense discretionary spending has fallen from 3.7 percent of GDP in 1992 to 3.3 percent of GDP in 1999 – the lowest as a share of the economy on record. Over this period, total discretionary spending fell from 8.6 percent of GDP to 6.3 percent of GDP, also the lowest on record. (Comparable data for these categories goes back to 1962.)

- **Discretionary spending down under President Clinton and up under the previous two Administrations.** Real discretionary spending has *fallen* by 1.1 percent per year under President Clinton; from 1980 to 1992, real discretionary spending *increased* 1.0 percent per year.

- **Lower general government spending – as a share of GDP – than any major economy in the world.** According to the OECD, the U.S. has lower total government spending – Federal, state, and local – as a share of GDP than any major economy in the world.

SMALLEST FEDERAL WORKFORCE IN 40 YEARS

- **The smallest Federal civilian workforce in 40 years.** The Federal civilian workforce increased from when President Reagan took office to when President Bush left office. Since President Clinton took office, the Federal workforce has been cut by 377,000 – nearly a fifth – and is now lower than any time since 1960.

LOWEST TAXES FOR MIDDLE-INCOME FAMILIES IN OVER TWO DECADES

- **While balancing the budget and paying down the debt, President Clinton has provided tax relief for working families.** The tax cuts signed into law by the President in 1993 and 1997 – for example, the expanded Earned Income Tax Credit, the $500 child tax credit, the $1,500 HOPE Scholarship Tax Credit, and expanded IRAs, have reduced taxes for American families. The total Federal tax rate for middle-income families has dropped from 24.5 percent in 1992 to 22.8 percent in 1999 – that's the lowest tax rate since 1978. For families at one-half the median income, the effective Federal tax rate has been slashed from 19.8 percent in 1992 to 14.1 percent in 1999 – that's the lowest tax rate since 1968.