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Divider Title: 16

THE PRESIDENT TRIPLES HIS LONG-TERM CARE TAX CREDIT AND URGES CONGRESS TO PASS A LONG-TERM CARE INITIATIVE IN 2000
January 19, 2000

Today, the Clinton Administration confirmed that the President's budget will include a $3,000 tax credit for people with long-term care needs or their caregivers -- tripling the credit over last year's proposal and increasing the total investment in long-term care to $28 billion over 10 years. This credit is the centerpiece of the President's historic long-term care initiative that has won praise from senior groups and health policy experts. The initiative tackles the complex problem of long-term care that affects millions of elderly, people with disabilities and families who care people in need. In addition to the (1) tax credit, the initiative will (2) provide funding for services which support family caregivers of older persons; (3) improve equity in Medicaid eligibility for people in home- and community-based settings; (4) encourage partnerships between low-income housing for the elderly and Medicaid; and (5) encourage the purchase of quality private long-term care insurance by Federal employees. This initiative complements the Administration's effort, spearheaded by the Vice President, to improve the quality of care in nursing homes. The President will commend Congress on giving this initiative serious consideration in the last session and urged it to finish the job this year.

MILLIONS OF AMERICANS HAVE LONG-TERM CARE NEEDS

- **An increasing number of Americans have a range of long-term care needs.** Over five million Americans have significant limitations due to illness or disability and thus require long-term care. Approximately, two-thirds are older Americans. Also, millions of adults and a growing number of children have long-term care needs because of health condition from birth or a chronic illness developed later in life.

- **The aging of Americans will only increase the need for quality long-term care options.** The number of Americans age 65 years or older will double by 2030 (from 34.3 to 69.4 million), so that one in five Americans will be elderly. The number of people 85 years or older, nearly half of whom need assistance with everyday activities, will grow even faster.

FINANCIAL AS WELL AS SUPPORT SERVICES ARE NEEDED

- **Families, who are the primary caregivers for people with long-term care needs, pay a big price for this care.** Although it is difficult to quantify, one study found that the economic value of care giving for families ranges from $4,800 to $10,400 per caregiver. As such, this new $3,000 tax credit could cover up to 60 percent of families' costs.

- **Many family caregivers need supportive services to ensure that they do not place themselves at risk.** Families and friends caring for people with long term care needs often need information and assistance in getting to supportive resources. Most of those who are the primary caregivers of older persons who have limitations in their level of functioning are elderly themselves. Frequently, these caregivers are providing physically demanding and psychologically exhausting care which places their own health and mental health at risk. These stresses tend to be even more severe for families of persons with Alzheimer's Disease, who generally have greater demands placed on their personal time, experience family conflicts, lack adequate sleep, and are faced with financial hardships because of jobs sacrificed or employment curtailed or compromised.

- **Private insurance is an important but relative new and untested option.** Only about 4 million Americans -- 1.5 percent of all Americans -- have private long-term care insurance. Employers are only beginning to learn how to provide these benefits to their workers.

PRESIDENT'S LONG-TERM CARE INITIATIVE. The Clinton Administration's long-term care initiative, which invests $10 billion over 5 years and $28 billion over 10 years, includes:

- **Supporting families with long-term care needs through a $3,000 tax credit.** This initiative acknowledges and supports millions of Americans with long-term care needs or the family members who care for and house their ill or disabled relatives through a $3,000 tax credit. This credit would be phased in beginning with $1,000 in 2001 and rising in $500 increments, so eligible people would receive $3,000 in 2005 and thereafter. The credit would be phased out beginning at $110,000 for couples and $75,000 for unmarried taxpayers. This new tax credit supports the diverse needs of families by compensating a wide range of formal or informal long-term care for people of all ages with three or more limitations in activities of daily living (ADLs) or a comparable cognitive impairment. It would provide needed financial support to about 2 million Americans, including 1.2 million older Americans, over 500,000 non-elderly adults, and approximately 250,000 children per year. It costs about $8.8 billion over five years and $26.6 billion over 10 years.

- **Establishing a commitment to provide services to assist family caregivers of older persons.** Recent studies have found that services like respite care can relieve caregiver stress and delay nursing home entry, and that support for families of Alzheimer's patients can delay institutionalization for up to a year. This nationwide program would support families who care for elderly relatives with chronic illnesses or disabilities by enabling states to utilize a visible, reliable network to provide: quality respite care and other support services; critical information about community-based long-term services that best meet a families' needs; and counseling and support, such as teaching model approaches for caregivers that are coping with new responsibilities and offering training for complex care needs, such as techniques to manage wandering and agitated behavior in late-stage Alzheimer's Disease. This program, which costs more than $1.25 billion over 10 years, would assist approximately 250,000 families nationwide.

- **Improving Equity in Medicaid eligibility for people in home- and community-based care settings.** Historically, Medicaid policy and practice has inadvertently discriminated against people with long-term care needs who want to live in the community by making it much easier to provide coverage in nursing homes than in the community. This proposal would enable states to provide services to nursing-home qualified beneficiaries at 300 percent of the Supplemental Security Income (SSI) limit (about $15,000) without requiring a complicated and frequently time-consuming Federal waiver. This proposal contributes towards this goal of giving people with long-term care needs the choice of remaining in their homes and communities. It costs $140 million over 5 years, $370 million over 10 years.

- **Encouraging partnerships between low-income housing for the elderly and Medicaid.** This proposal would provide $100 million in competitive grants to qualified low-income elderly housing projects (Section 202 projects) to convert some or all units into assisted living, so long as Medicaid home and community-based services and services for non-Medicaid residents are readily available. As people living in these housing facilities age, their need for long-term care services rises, often leaving them with no choice but to move to a nursing home. This proposal fund the conversion of their units or the buildings that they live in into assisted living facilities. Only sites that agree to bring Medicaid home and community-based services into their converted assisted living facilities would qualify for grants, to ensure that low-income elderly have access to this opportunity.

- **Having the Federal government serve as a model employer by offering quality private long-term care insurance to Federal employees.** The Office of Personnel Management (OPM) to use its market leverage and set a national example by offering non-subsidized, quality private long-term care insurance to all federal employees, retirees, and their families at group rates. This proposal will provide employers a nationwide model for offering quality long-term care insurance. OPM anticipates that approximately 300,000 Federal employees would participate in this program.

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Divider Title: 17

CLINTON-GORE ADMINISTRATION UNVEILS MAJOR NEW HEALTH INSURANCE INITIATIVE

January 19, 2000

Today, President Clinton will unveil a 10-year, $110 billion initiative that would dramatically improve the affordability of and access to health insurance. The proposal would expand coverage to at least 5 million uninsured Americans and expand access to millions more. 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; (3) expand health insurance options for Americans facing unique barriers to coverage; and (4) strengthen programs that provide health care directly to the uninsured.

The Challenge of the Uninsured and Its Implications. Over 44 million Americans lack health insurance. Although there are many causes of this problem, it generally results from lack of affordability and/or access to coverage. Family health insurance premiums cost on average $5,700 -- which represents a large share of income for a family trying to make ends meet. Purchasing affordable, accessible insurance is a particular challenge for many older people, workers in transitions between jobs, and small businesses and their employees. Lacking health insurance has serious consequences. The uninsured are three times as likely not to receive needed medical care, 50 to 70 percent more likely to need hospitalization for avoidable hospital conditions like pneumonia or uncontrolled diabetes, and four times more likely to rely on an emergency room or have no regular source of care than the privately insured.

The President's four-pronged initiative significantly expands coverage and improves access by:

I. 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 increases the enrollment of children, the Vice President, the National Governors' Association, and a wide range 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.** This proposal, which has been advocated by Vice President Gore, would provide higher Federal matching payments for state coverage of parents of children eligible for Medicaid or S-CHIP. Under FamilyCare, parents would be covered 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 these higher allotments, 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 expansion 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 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.

II. Accelerating enrollment of uninsured children eligible for Medicaid and S-CHIP ($5.5 billion over 10 years, an additional 400,000 uninsured children covered). The State Children's Health Insurance Program (S-CHIP) helps children in families with income too high to be eligible for Medicaid but too low to afford private insurance. Enrollment in S-CHIP doubled to 2 million children in 1999. However, 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.

III. Expanding health insurance options for Americans facing unique barriers to coverage ($28.7 billion over 10 years, about 600,000 million uninsured people covered). Some vulnerable groups of Americans lack access to employer-sponsored insurance and insurance programs like Medicare or Medicaid. These include older Americans, people in transition (between jobs, turning 19 and entering the workforce, leaving welfare for work), and workers in small businesses. This plan addresses these and other problems by:

- **Establishing a Medicare Buy-In Option and Making It More Affordable Through a Tax Credit ($5.4 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 are calling 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 access to and the affordability of health insurance for this vulnerable group.

- **Making COBRA Continuation Coverage More Affordable ($10.3 billion over 10 years).** 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. This policy is intended to improve the continuity of health coverage as workers change jobs. 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 additional, 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 FamilyCare.

- **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 President's 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 require states to provide Medicaid coverage to disabled immigrants who would be made eligible for SSI by the FY 2001 budget's SSI restoration proposal.

IV. Strengthening Programs that Provide Health Care Directly to the Uninsured (At least $1 billion over 10 years). In the absence of a universal health insurance system, 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 FY 2001, $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 over 5 years. The Administration will also aggressively pursue an authorization to ensure that the program becomes a core element of the health care safety net.

- **Investing in Community Health Centers (+$50 million for FY 2001).** The budget proposes an increase of $50 million to support and enhance the network of community health centers that serve millions of low-income and uninsured Americans -- for total funding of over $1.069 billion in FY 2001.

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Divider Title: ______________________________

PRESIDENT CLINTON RELEASES REPORT ON SUCCESS OF FIGHT AGAINST MEDICARE FRAUD, ANNOUNCES NEW ANTI-FRAUD FUNDING
January 22, 2000

In his radio address today, President Clinton will highlight the success of the Administration's efforts to combat Medicare fraud and will announce a new initiative to fortify those efforts. In the wake of this week's landmark recovery of over $480 million by the Justice Department in the criminal fraud case against a national Medicare provider, the White House today will release two reports documenting the success of the Administration's current anti-fraud efforts. The reports find that because of the Administration's work: (1) nearly $500 million was returned to the federal government during FY 1999, a 65 percent increase over the previous year, and (2) the inappropriate payment of approximately $5.3 billion in claims was prevented over the past year. The President today will also unveil a new $48 million investment to ensure a swift and coordinated response to suspected fraud, waste or abuse by Medicare contractors.

MAJOR VICTORY THIS WEEK AGAINST FRAUDULENT MEDICARE PROVIDER. On Wednesday, the Department of Justice, together with the Department of Health and Human Services, announced that it had achieved a $486 million settlement with a national health provider that had been bilking the Medicare program. The company at fault had used Medicare and other government health insurance programs to pay for hundreds of needless tests and unnecessary nutritional therapies for patients. In addition, company customers received financial rewards, such as trips to Canada and lavish dinners, for sending patients to certain lab facilities for tests – a violation of anti-kickback statutes. The total settlement amount will be returned to the Federal government over two years.

NEW REPORTS DOCUMENT SUCCESS OF ADMINISTRATION'S ANTI-FRAUD EFFORTS. Today, President Clinton will release a report, prepared jointly by the Departments of HHS and Justice, that documents the success of the Administration's current anti-fraud effort. He also will release a new report by HCFA documenting how program integrity activities have prevented inappropriate payments. Major findings of the reports include:

- **Anti-fraud activities returned almost $500 million to the federal government in 1999.** In 1999, the federal government collected $490 million as a result of health care fraud prosecutions. Of that amount, almost $369 million – more than 75 percent of the total – was returned to the Medicare trust fund.

- **Cases are being closed successfully.** The number of cases filed and defendants charged in criminal health care fraud cases during 1999 increased 16 percent from the previous year, and the number of defendants convicted during that time period increased by 21 percent.

- **Fraud prevention and program integrity activities are working.** HCFA announced today that program integrity efforts prevented an estimated $5.3 billion from being inappropriately paid to providers in the last part of 1998 and the first part of 1999. In addition, a review of Medicare payment error rates showed a 45 percent drop in improper fee-for-service payments, totaling $10.6 billion over the last two years.

- **Fraudulent providers are being locked out of the system.** During 1999, HHS barred 2,976 individuals and companies from participating in Medicare, Medicaid, or other federal health programs. These providers had been convicted of health care offenses (such as patient neglect and abuse, kickback offenses and fraudulent billing), or had lost a license to practice, or had committed some other form of professional misconduct.

- **Beneficiaries are protecting Medicare against fraud.** In February of 1999, the Administration joined with the AARP to launch an initiative called "Who Pays? You Pay" to educate Medicare beneficiaries about how to identify and prevent Medicare fraud. Since the campaign kick-off, there have been over 300,000 calls to the HHS Hotline (1-800-HHS-TIPS), up from 76,000 calls in 1998.

NEW BUDGET INITIATIVE TO FORTIFY EFFORTS AGAINST FRAUD BY MEDICARE CONTRACTORS. Although these reports demonstrate that the Administration's fraud, waste, and abuse prevention efforts are more effective than ever, more still needs to be done. While Medicare contractors serve as HCFA's front line of defense against fraud, waste, and abuse, too many contractors do not protect the program as they are required to, and this results in payment of billions in inappropriate claims. To address this problem, President Clinton today will unveil a new initiative to fight fraud, waste, and abuse in the Medicare program as part of his FY2001 budget, which includes new legislative authority and invests $48 million to:

- **Improve the consistency and accuracy of Medicare payments.** This new initiative will create a team of over 100 financial management specialists, one in the office of every Medicare contractor nationwide. These "fraud-fighters" will ensure a swift and coordinated response to suspected instances of fraud.

- **Implement new financial management computer systems.** The FY 2001 budget will invest new funds to develop new financial management computer systems to accurately track payments and prevent claims processors and auditors from defrauding the program.

- **Ensure that Medicare receives the best value for its investments.** The budget includes new authority for HCFA to bid competitively for contracting services, to ensure that the most qualified entity, with the most experience auditing and evaluating financial management systems, is hired to manage the flow of Medicare claims and prevent fraud. The budget will also include a new competitive pricing initiative designed to give Medicare more ability to use market-oriented purchasing techniques to buy services.

LONGSTANDING COMMITMENT TO FIGHTING FRAUD, WASTE, AND ABUSE. The new steps the President will take today build on the Clinton-Gore Administration's longstanding commitment to crack down on fraud, waste, and abuse. Since 1993, the Administration's efforts have saved taxpayers more than $50 billion, with the number of individuals convicted of health care fraud increasing by more than 410 percent. The Administration has assigned more federal prosecutors and FBI agents to fight health care fraud than ever before. Since the passage of HIPAA -- which created a stable funding source for anti-fraud efforts -- nearly $1.6 billion has been returned to the Medicare Trust Fund.

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Divider Title: **19**

PRESIDENT CLINTON UNVEILS LARGEST EVER NATIONAL GUN ENFORCEMENT INITIATIVE, HAILS NEW PROSECUTIONS DATA
January 18, 2000

At an event today in Boston, where federal and local partnerships have helped dramatically reduce gun crime, President Clinton will unveil the largest national firearms enforcement initiative in history. He will also announce new figures from the Department of Justice showing increased federal prosecutions of dangerous gun criminals. The Administration's initiative provides a record $280 million investment in the FY 2001 budget to: 1) add 500 new Bureau of Alcohol, Tobacco and Firearms (ATF) agents and inspectors to target violent gun criminals and illegal gun traffickers; 2) fund over 1,000 new federal, state, and local gun prosecutors to take dangerous gun offenders off the streets; 3) create the first nationally-integrated ballistics testing system and expand crime gun tracing to help catch more gun criminals; 4) fund local media campaigns to discourage gun violence and send a tough message on penalties for breaking gun laws; and 5) expand development of "smart gun" technologies. The President today will also unveil new data from the Justice Department indicating that federal firearms prosecutions rose 25 percent from 1998 to 1999. Finally, he will call again on Congress to enact common sense gun measures that will keep guns out of the wrong hands and make our communities safer.

SWEEPING INITIATIVE TO CRACK DOWN ON GUN CRIMINALS. President Clinton today will unveil budget plans for an unprecedented initiative on gun enforcement. The plan includes funding for:

- **500 New ATF Agents and Inspectors.** The President's initiative includes the largest-ever increase to the ATF for firearms enforcement, including 500 new ATF agents and inspectors. The agents will crack down on violent gun criminals and illegal gun traffickers at gun shows, gun stores and on the street. The firearms inspectors, whose numbers are doubled by this funding, will target unscrupulous gun dealers that supply guns to criminals and juveniles.

- **Over 1,000 Federal, State, and Local Gun Prosecutors.** The President's initiative will fund more than 1,000 new federal, state and local prosecutors to incarcerate gun criminals:

  - 1,000 state and local gun prosecutors. The initiative provides $150 million to hire 1,000 more state and local gun prosecutors. The new prosecutors will work closely with the community, law enforcement, and federal prosecutors on gun-related crimes.

  - Over 100 additional federal gun prosecutors and new enforcement teams. The initiative will fund nearly 1000 more federal gun prosecutors in the offices of U.S. Attorneys. The initiative also funds 20 gun enforcement teams in high gun crime areas, enabling 20 cities to replicate Boston's comprehensive anti-crime strategy, "Operation Ceasefire." These teams will coordinate enforcement efforts and maximize tough federal sentencing laws against armed career criminals and illegal gun traffickers.

- **Comprehensive Crime Gun Tracing.** Boston's "Operation Ceasefire" and the Boston Gun Project have brought federal, state and local law enforcement together to trace crime guns and identify and arrest illegal gun traffickers. The Administration's Youth Crime Gun Interdiction Initiative was launched to replicate the Boston model, and today the President will announce that his budget expands the YCGII from 38 cities to 50 cities. Today's initiative will also help more cities crack down on illegal traffickers by providing funds for tracing equipment and training to 250 state and local law enforcement agencies.

- **New Initiative on Ballistics Testing.** The Administration's FY 2001 budget request will triple current ballistics testing funding by investing $30 million to create the first ever National Integrated Ballistics Information Network (NIBIN). This system will help law enforcement use the unique "fingerprints" of bullets or shell casings left at the scene of a crime to identify criminals and illegal gun traffickers – even in the absence of a firearm. Ballistics testing programs at the Federal Bureau of Investigation (FBI) and ATF have already advanced over 16,000 criminal investigations of gun crimes in over 40 states. This initiative will link these two systems for the first time, and within two years will triple the number of law enforcement jurisdictions with access to nearly one million ballistics images.

- **Local Anti-Gun Violence Media Campaigns.** The President's initiative will provide $10 million in Justice Department matching grants to support local media campaigns on gun violence and gun safety. Campaigns would be linked to local gun violence strategies to publicize gun penalties and to maximize deterrence, as well as to highlight proper storage of guns and child access prevention. Targeted campaigns have been used successfully in Richmond's "Project Exile" to emphasize lengthy federal sentences, and in Boston to make clear the consequences of breaking gun laws.

- **Innovative "Smart" Gun Technologies.** The President will also propose $10 million – more than double last year's request – for the expansion, testing and replication of "smart" gun technologies. These state-of-the-art safety innovations could limit a gun's use to its owner or other authorized users – and could therefore prevent accidental shooting deaths of children, deter gun theft, and stop criminals from seizing and using the guns of police officers against them.

NEW DATA SHOW THAT FEDERAL FIREARMS PROSECUTIONS ARE UP. Today, the President will also highlight new data from the Justice Department showing the results of bolstered efforts by federal prosecutors to put serious gun criminals behind bars. From 1998 to 1999, the number of federal firearms cases prosecuted by U.S. Attorneys increased 25 percent, from 4,391 cases in 1998 to 5,500 cases in 1999. Tough prosecutions, strategic efforts to deter and prevent gun crime, and the passage of strong new gun laws such as the Brady Act, have together led to a more than 35 percent drop in gun-related crime since 1992 and a 57 percent decrease in juvenile gun homicide offenders since 1993.

COMMON-SENSE GUN MEASURES ARE STILL NEEDED AND LONG OVERDUE. In addition to pursuing an aggressive enforcement budget, the President will continue to call for much-needed reforms to our nation's gun laws to keep guns out of the wrong hands. Among the common-sense measures he will call on Congress to enact: requiring background checks at gun shows, mandating child safety locks for handguns, banning the importation of large capacity ammunition clips, and banning violent juveniles from owning guns for life.

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Divider Title: **20**

PRESIDENT CLINTON PROPOSES STATE LICENSES FOR HANDGUN PURCHASES
January 27, 2000

In the State of the Union address tonight, President Clinton will propose a system of state-based licenses for handgun purchases. Under the proposal, every purchaser of a handgun must first have a valid state-issued photo license, showing that the buyer has passed a Brady background check and a gun safety training requirement. The President's proposal is part of a comprehensive strategy to keep guns out of the wrong hands and reduce gun violence and accidental shootings. The President also will highlight recent proposals to launch the largest gun enforcement initiative ever and fund the development of "smart gun" technology that can limit a gun's use to its authorized owner. Finally, he will call again on Congress to pass common-sense gun measures.

A STATE-BASED LICENSING SYSTEM FOR HANDGUN PURCHASES. President Clinton tonight will propose a state-based licensing system that would apply to all handgun purchases. Individuals seeking to buy a handgun would be required to obtain a photo license from their state of residence, and to present the license when they purchase a handgun. States would issue a license only if the applicant has: (1) passed a Brady background check; and (2) shown proof of having completed a certified safety course or exam. Under the President's proposal, state participation would be optional, not mandated. For states that choose not to participate, federally-approved gun dealers or a federal entity would be authorized to issue licenses, in an arrangement comparable to the current Brady check system.

KEEPING CRIMINALS, FUGITIVES, AND OTHER PROHIBITED PERSONS FROM BUYING HANDGUNS. Under the President's proposal, each state licensing authority would regularly cross-check criminal history and other available records to identify license holders who, since obtaining a license, have become prohibited from possessing firearms. Prohibited persons (felons, for instance) would then lose their licenses and their firearms.

PREVENTING ACCIDENTAL SHOOTINGS AND UNAUTHORIZED GUN USE. A recent survey has shown that a third of all handgun owners leave their guns loaded and unlocked. Moreover, the accidental gun death rate of children under 15 in the United States is nine times higher than in 25 other industrialized nations combined. Under the President's plan, applicants for a handgun license would be required to complete a certified firearms safety course or exam. States or certified private entities would administer these safety courses.

HIGHLIGHTING OTHER INITIATIVES ON FIREARMS ENFORCEMENT AND SMART GUN TECHNOLOGY. The President tonight will also describe his proposal for the largest gun enforcement initiative in history. This $280 million initiative includes: 1) 500 new ATF agents and inspectors; 2) over 1,000 new federal, state and local gun prosecutors; 3) comprehensive crime gun tracing; 4) funding increases for ballistics testing; and 5) local media campaigns. President Clinton will also call on Congress to support research in "smart gun" technologies that can limit a gun's use to its authorized owner. The President's budget provides $10 million to fund such research. Finally, the President will emphasize again that it is long past time for Congress to pass common-sense gun measures to close the gun show loophole, ban the importation of high-capacity ammunition clips and require child safety locks.

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Divider Title: **21**

PRESIDENT CLINTON'S NEXT BUDGET WILL INCLUDE 120,000 NEW HOUSING VOUCHERS FOR AMERICA'S WORKING FAMILIES
December 29, 1999

Today, President Clinton will announce that his FY 2001 budget will include $690 million for 120,000 new housing vouchers to help America's hard-pressed working families. These housing vouchers subsidize the rents of low-income Americans, enabling them to move closer to job opportunities. Last year, the President secured 50,000 housing vouchers, the first in four years. This November, thanks to the President's leadership, 60,000 additional vouchers were included in the final FY 2000 budget agreement -- after having been eliminated in both the House and Senate bills. Now, as the President prepares to unveil his budget for the next fiscal year, he will urge Congress to fund this initiative and help make housing more affordable for more working Americans.

NEW VOUCHERS WILL HELP FAMILIES MOVE CLOSER TO JOBS. In today's booming economy, about two-thirds of new jobs are being created in the suburbs -- far from where many low-income families live. The new housing vouchers that are part of the President's new budget will help families move closer to a new job, reduce a long commute, or secure more stable housing that will help them get or keep a job. Families with housing vouchers pay about a third of their income in rent, with the vouchers paying the remainder of the cost (up to a maximum rent for a modest apartment in that locality).

Of the 120,000 new housing vouchers proposed by the President, 32,000 will be targeted to families moving from welfare to work, 18,000 vouchers will help homeless individuals and families who would otherwise have the most difficult time securing permanent housing, and 10,000 vouchers will be used to help low-income families move to new housing constructed through the Low Income Housing Tax Credit. The remaining 60,000 vouchers will be allocated to local areas to help address the large unmet need for affordable housing.

HOUSING VOUCHER PROPOSAL BUILDS ON RECORD OF HELPING HARD-PRESSED WORKING FAMILIES. Housing vouchers are an integral part of the Administration's efforts to reform welfare, reward work, support working families, and provide affordable housing for low-income families.

<u>110,000 Housing Vouchers Over Past Two Years.</u> In FY 1999, the President proposed and Congress approved $283 million for 50,000 new welfare to work housing vouchers, which are now available to help 50,000 current or former welfare recipients in 35 states and two tribes to get or keep a job. Thanks to the President's leadership, the final FY 2000 budget included $347 million for an additional 60,000 housing vouchers for hard-pressed working families, as well as $10.8 billion for the renewal of all Section 8 rent subsidy contracts.

<u>EITC Puts Money Back in Working Families' Pockets.</u> In President Clinton's 1993 Economic Plan, EITC was expanded to make work pay for 15 million working families, and in 1998, the EITC lifted 4.3 million Americans out of poverty.

Health Care for Low-Income Working Families. The President has successfully fought to increase low-income families' access to health care. The President, with bipartisan support from the Congress, created the Children's Health Insurance Program (CHIP). The Balanced Budget Act of 1997 allocated $24 billion dollars over the next five years to extend health care coverage to uninsured children through State-designed programs. States will cover up to 5 million children through a combination of Medicaid and CHIP outreach.

Job Access Transportation Grants to help those on Welfare get to Work. The Transportation Equity Act for the 21st Century (TEA-21) authorized $750 million over five years for the President's Job Access initiative and reverse commute grants. The Job Access competitive grants assist states and localities to develop flexible transportation alternatives, such as van services, for welfare recipients and other low-income workers. This program was funded at $75 million in FY 1999 and FY 2000. Last May, Vice President Gore awarded $71 million in FY 1999 funds to 179 communities in 42 states around the country.

Millions Moving from Welfare to Work. In 1992, President Clinton promised to end welfare as we know it, and three years after the enactment of the welfare reform law, welfare reform is working. We've seen revolutionary changes to promote work and responsibility: welfare rolls are down by half to their lowest level in 30 years, nearly four times more of those on welfare are working, and the employment rate of people receiving welfare in the previous year has increased by 70 percent. All fifty states are meeting the law's overall work requirement, and numerous independent studies confirm that people are moving in record numbers from welfare to work.

Child Care for Working Families. Under the Clinton-Gore Administration, federal funding for child care has increased by 80 percent, helping parents pay for the care of about 1.25 million children. Last year, the President proposed an historic child care initiative, but Congress failed to include these critical investments in the final FY 2000 budget.

Divider Title: **22**

WHITE HOUSE UNVEILS NEW RESPONSIBLE FATHERHOOD INITIATIVE TO PROMOTE WORK AND BOOST CHILD SUPPORT PAYMENTS

January 26, 2000

Today, the White House will unveil a major new initiative to promote work, child support, and responsible fatherhood. The responsible fatherhood initiative, part of the Administration's FY 2001 budget, will include new measures to 1) collect child support from parents who can afford to pay; 2) ensure that more child support goes directly to families, and 3) provide funds to help more "deadbroke" fathers who owe child support go to work. These responsible fatherhood proposals are a critical next step in welfare reform, and will build upon the Administration's efforts to help low-income families succeed in the workforce and help even more long-term welfare recipients go to work. The White House today will also announce new data showing that thanks to the Administration's child support crackdown, collections have nearly doubled since President Clinton and Vice President Gore took office.

COLLECTING MORE CHILD SUPPORT FROM FATHERS WHO CAN PAY. The Administration's budget will include new initiatives to crack down further on parents who owe child support. These initiatives will collect nearly $2 billion for children over the next five years by:

- Booting the Cars of Deadbeat Parents. This will take nationwide a policy adopted in Virginia that immobilizes vehicles owned by deadbeat parents until they begin to pay what they owe. During the pilot phase, this initiative collected an average of $5,000 from each deadbeat parent. This new tool will enable every state to collect more child support; there will be safeguards to ensure that those legitimately trying to pay are not targeted.

- Intercepting Gambling Winnings to Collect Past-Due Child Support. Gambling winnings are a form of income, which until now has been out of reach to families who are owed child support. Under this initiative, gambling establishments will check whether individuals with large winnings owe child support as they complete existing procedures for withholding federal income taxes. Gamblers owing child support will have their winnings seized.

- Denying Passports to Parents Who Owe $2,500 or More in Child Support. This proposal will deny passports to parents owing more than $2,500 in child support. This expands the current passport denial program, which rejects passport applications or renewal requests if child support arrearages exceed $5,000, and currently results in 30-40 denied passports per day. Rejected parents often pay child support immediately in order to obtain their passports.

- Prohibiting Medicare Participation by Providers Owing Child Support. This bars doctors and other health providers who owe child support from becoming Medicare providers.

- Requiring More Frequent Updating of Child Support Orders. This proposal will require states to review support orders every three years for families receiving TANF and adjust them accordingly. New orders reflecting parents' updated salary information will bring more child support to children who need it.

STREAMLINING CHILD SUPPORT RULES SO MOTHERS GET MORE RELIABLE CHILD SUPPORT INCOME. The Administration's budget will contain a proposal that will ensure that more child support goes directly to families. Current child support distribution rules are complicated, and often result in government, not families, keeping child support monies paid by the father. Today's proposals will enable states to simplify distribution rules and provide incentives to states that pass through more child support payments directly to families. In states that adopt the new options, families that have left welfare will be able to keep all the child support paid by the noncustodial parent; families still working their way off welfare will be able to keep up to $100 a month. These proposals will create a clearer connection between what a father pays and what his family gets, giving parents more reason to cooperate with the child support system.

HELPING LOW-INCOME FATHERS AND WORKING FAMILIES SUPPORT THEIR CHILDREN. The Administration's budget also proposes $255 million for the first year of a new "Fathers Work/Families Win" initiative to help low-income non-custodial parents and low-income working families work and support their children.

- Fathers Work. To ensure that low-income fathers who are not living with their children provide the financial and emotional support their children deserve, the Administration's budget will include $125 million for new "Fathers Work" grants. These grants will help approximately 40,000 low income non-custodial parents (mainly fathers) work, pay child support, and reconnect with their children. As part of this effort, states will need to put procedures in place allowing them to require more parents who owe child support to pay or go to work, expanding to include parents of children not on welfare. This initiative builds on over $350 million in responsible fatherhood initiatives funded through the Labor Department Welfare-to-Work program.

- Families Win. To reward work and responsibility and ensure that all families benefit from the booming economy, the Administration's budget will include $130 million in new grants to help hard-pressed working families get the supports and skills they need to succeed on the job and avoid welfare. These funds will leverage existing resources to help families retain jobs and upgrade skills, and get connected to critical work supports, such as child care, child support, health care, food stamps, housing, and transportation. Families Win grants will serve approximately 40,000 low-income families, including mothers and fathers, former welfare recipients, and people with disabilities. Within these funds, $10 million will be set aside for applicants from Native American workforce agencies.

CHILD SUPPORT COLLECTIONS SET NEW RECORD, NEARLY DOUBLING SINCE 1992. The White House today will also announce new data showing that the Administration's child support campaign nearly doubled collections to $15.5 billion in FY 1999, up from $8 billion in 1992. A record $1.3 billion of these collections came from withholding federal tax returns from deadbeat parents, with the balance coming from a variety of stronger enforcement tools put in place since 1992, allowing garnishing of wages, seizing of bank accounts, and taking of drivers and other licenses. The new data show that efforts to track deadbeat parents across state lines are working – 2.8 million parents were located in the first two years of operation of the National Directory of New Hires, which matches child support orders to employment records. These statistics confirm promising trends, showing that paternity establishment – often the first step in collecting child support – tripled to nearly 1.5 million in 1998, and the number of child support cases with collections rose from 2.8 million in 1992 to 4.5 million in 1998.

EXTENDING WELFARE-TO-WORK GRANTS. To help more long-term welfare recipients and low-income fathers go to work and support their families, the Administration's budget will give state, local, tribal, and community- and faith-based grantees an additional two years to spend Welfare-to-Work funds, ensuring that roughly $2 billion in existing resources continues to help those most in need. This will give grantees an opportunity to fully implement the $3 billion Welfare-to-Work initiative the Administration fought to include in the 1997 Balanced Budget Act, as well as the program eligibility improvements enacted last year with the Administration's support.

NEW INITIATIVES ARE IMPORTANT NEXT STEP IN WELFARE REFORM. The initiative to be announced today is an important next step in welfare reform, which has moved millions of single parents (mainly mothers) into the workforce, and it is a logical extension of the existing Welfare-to-Work funds, which are helping long-term welfare recipients and low-income fathers work and support their families.

Three years after the enactment of the welfare reform law, we've seen revolutionary changes to promote work and responsibility. Numerous independent studies confirm that people are moving in record numbers from welfare to work, and welfare rolls are down by more than half since 1992 to their lowest level in 30 years. The 12,000 companies in the Welfare to Work Partnership launched by the Administration in 1997 have hired nearly 650,000 former welfare recipients. More than 1.3 million welfare recipients nationwide went to work in 1998 alone; the percentage of adults still on welfare who were working nearly quadrupled between 1992 and 1998, with all fifty states meeting the welfare reform law's overall work requirement. Today, there are 2.2 million fewer children living in poverty than in 1993, and the child poverty rate declined from 22.7 percent to 18.9 percent – the largest five year drop in nearly 30 years. The overall poverty rate fell to 12.7 percent in 1998, with 4.8 million fewer people in poverty than in 1993.

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Divider Title: **23**

THE CLINTON-GORE ADMINISTRATION
MAKING CHILD CARE BETTER, SAFER, AND MORE AFFORDABLE FOR AMERICA'S WORKING FAMILIES

January 27, 2000

President Clinton's FY 2001 budget includes a comprehensive child care initiative to address the struggles our nation's working parents face in finding child care they can afford, trust and rely on. Through unprecedented tax relief and subsidy support, the President's balanced budget includes a package of proposals to help working families pay for child care, improve the safety and quality of care, expand after-school programs and promote early learning.

Today More Than Ever, Working Families Struggle with Child Care. The number of children with parents who work outside of the home is higher than ever before. In 1996, three out of four mothers with young children worked outside of the home, compared to one in four in 1965. Additionally, studies have shown that that child care expenses are often the second or third largest item in a low-income working family's household budget. During the Clinton-Gore Administration, funding for child care has more than doubled. Still, many eligible children do not receive assistance. In FY 1999, states provided child care assistance to approximately 1.75 million children, or only 12 percent of the roughly 15 million low-income children eligible for assistance under federal law.

The President's Initiative Significantly Expands Access to Quality, Affordable Child Care and Early Learning Programs by:

Proposing the Largest Head Start Expansion in History. The President's budget boosts funding for Head Start by $1 billion – the largest funding increase ever proposed for the program -- 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. Head Start is our nation's premier early childhood development program preparing low-income children for a lifetime of learning and development by providing early, continuous and comprehensive child development and family support services. Early Head Start, created by the Clinton-Gore Administration in 1994, brings Head Start's successful comprehensive services to families with children ages zero to three and to pregnant women, and works to enhance children's overall development and enable parents to be better caregivers of and teachers to their children. Since 1993, this Administration has already boosted funding for Head Start by 90 percent.

Helping Low-Income Families Afford Child Care. The President's budget boosts the Child Care and Development Block Grant by $817 million in FY 2001, 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. The block grant is part of the Child Care and Development Fund, the primary federal subsidy program that helps families pay for child care, thereby enabling low-income parents to work. Today, millions of families who are eligible for assistance with their child care costs do not receive any help; in 1999, only about 12 percent of the 15 million low-income children eligible for assistance under federal law received subsidies.

Helping Over 8 Million Families Pay Child Care Expenses. The Child and Dependent Care Tax Credit (CDCTC) provides tax relief to those who, in order to work, pay for the care of a child under 13 or for a disabled dependent or spouse. The President's proposals, which cost $30 billion over 10 years, broaden this tax relief and will help over 8 million families pay their child care expenses by 1) making the Child and Dependent Care Tax Credit refundable for the first time; 2) increasing the level of the credit; and 3) extending the credit to parents who stay at home with their children.

- **Making the Credit Refundable for Nearly Two Million Working Parents.** Under current law, a typical family of four with an income under $25,000 has no tax liability and therefore is ineligible for relief from their often significant child care costs. Many such families earn too little to claim the credit but too much to get the full benefit of child care subsidies. To help these families, the President proposes to make the CDCTC refundable for the first time -- so that families with no tax liability can receive up to $2,400 to help offset the cost of child care. For example, a single mother who has one child, earns an annual salary of $15,000, and spends about $2,400 per year on child care, will receive a tax credit of $1,200, an increase of $817 over current law. This proposal will assist nearly two million families.

- **Increasing the Child Care Tax Credit for 4.4 Million Working Families.** For families earning up to $60,000, the President proposes to increase the maximum level of the CDCTC from 30 percent to 50 percent and boost the amount of allowable child care expenses a family can claim. This will provide an average additional tax cut of $249 for these families and eliminate tax liability for nearly all families with incomes below 200 percent of poverty that claim the maximum allowable child care expenses. Under this proposal, a family of four with an annual salary of $35,000, and child care expenses of $3,100, would receive a tax credit of $1,395 -- an increase of $775 over current law. This expansion proposal will help over four million working families pay for child care.

- **Providing Tax Relief to Nearly 2 Million Parents Who Stay at Home.** The President will also propose enabling parents who stay at home with children under age one to take advantage of the Child and Dependent Care Tax Credit by claiming assumed child care expenses of $500. This proposal will provide an average tax cut of $154, benefiting almost two million parents.

Creating New Child Care Tax Incentives for Businesses. In his budget, President Clinton will also propose a new tax credit for businesses that provide child care services for their employees. These services could include: building or expanding child care facilities, operating existing facilities, training child care workers, or providing child care resource and referral services. The credit covers 25 percent of qualified costs (and 10 percent of resource and referral service expenses), but may not exceed $150,000 per year per business. This tax credit costs $1.4 billion over 10 years.

Doubling After-School to Help Every Child in Every Failing School Meet High Standards. The President's budget includes $1 billion to expand after-school and summer school for students across the nation – more than doubling the $453 million enacted last year, and representing the largest expansion ever proposed. With this increase, the program can provide every child in every failing school with the chance to participate in quality extended learning programs and work toward higher academic standards. Studies have shown that extended learning programs such as after-school and summer school help improve student achievement in reading and math, as well as increase student safety and reduce juvenile crime. Under the President's proposal, the number of children served will nearly triple, from 850,000 to 2.5 million children.

Promoting Early Learning. To ensure that children have access to early childhood programs that promote their cognitive development, 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 child care quality and promote readiness for school. Resources could be used to help child care providers get training or certification, facilitate licensing or accreditation of child care centers, and reduce child-to-staff ratios -- factors associated with positive developmental outcomes for young children.

Supporting High-Quality Early Childhood Educators. The President's budget includes $30 million to ensure that well-trained professionals are teaching our young children. We know that the training and education of early childhood educators and caregivers are directly related to the quality of the early education they provide, and the quality of their service, in turn, is directly related to children's readiness for school. As a result, early childhood educators with more education and training provide the higher-quality language stimulation and literacy experiences that are critical for children's success in schools. The Early Childhood Professional Development initiative will provide competitive grants to local partnerships that provide professional development for teachers such as universities, local school districts that provide pre-school, and child care providers such as Head Start. The initiative would focus on equipping early childhood educators with the tools they need to help children develop the language and literacy skills that are the foundations for academic success.

Encouraging the Pursuit of Higher Education by Offering College Campus Based Child Care. To enable low-income parents to pursue higher education, the President's budget includes $15 million – a $10 million increase over last year's funding level – to provide an additional 150 college campuses with grants to support the establishment or expansion of child care services. States may also use a share of the Child Care and Development Block Grant for this purpose.

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Divider Title: **24**

PRESIDENT CLINTON ANNOUNCES MAJOR FUNDING INCREASE FOR CIVIL RIGHTS ENFORCEMENT, CALLS FOR IMMEDIATE PASSAGE OF HATE CRIMES LEGISLATION
January 15, 2000

Today, in his weekly radio address, President Clinton will announce that his Fiscal Year 2001 budget proposes a significant increase for civil rights enforcement to help ensure equal opportunity for all Americans. The President's budget request of $695 million for civil rights enforcement agencies represents a 13 percent increase over last year's funding levels. The President today, citing the need to do all we can to build One America, also will call for immediate passage of the Hate Crime Prevention Act.

BOOSTING CIVIL RIGHTS ENFORCEMENT EFFORTS. The FY 2001 budget request of $695 million for civil rights enforcement agencies represents a 13 percent increase over last year's funding levels. Highlights of the President's proposal include:

- **Department of Justice's Civil Rights Division.** The President's budget includes $98 million for the Civil Rights Division at the Justice Department -- an increase of 86 percent over the 1993 funding level. The proposed funding will permit the Justice Department to expand significantly investigations and prosecutions of criminal civil rights cases (including hate crimes and police misconduct), as well as fair housing and lending cases. Funds are also included to fund the Division's enforcement of the Americans with Disabilities Act.

- **Equal Employment Opportunity Commission (EEOC).** The President's FY 2001 budget provides $322 million for the EEOC, 14 percent more than the enacted FY 2000 budget. Funds will go to several purposes, including the agency's effort to reduce the backlog of private sector cases through a combination of regulatory reforms, the use of alternative dispute resolution, increased staffing, and investments in information technology.

- **Department of Labor's Office of Federal Contract Compliance Programs (OFCCP).** The Administration's budget also provides $76 million for OFCCP. The request includes funds to encourage Federal contractor compliance through increased outreach, education, and technical assistance, including providing contractors with the necessary tools to evaluate their equal employment practices.

- **Department of Housing and Urban Development's (HUD) Fair Housing Initiatives.** The Administration's budget proposes $50 million, a 14 percent increase above last year, for HUD's efforts to reduce housing discrimination. Included in the request is $29 million, a 16 percent increase, for the Fair Housing Initiatives Program (FHIP) for funding private fair housing groups that seek to eliminate and prevent housing discrimination. The proposal includes $7.5 million for the final year of a three-year audit-based enforcement initiative that exposes both blatant and subtle forms of housing discrimination and $2.5 million to fund training for housing providers to ensure that individuals with disabilities have access to housing. Also, the Administration seeks $21 million, a 5 percent increase, for the Fair Housing Assistance Program (FHAP) to support the creation of additional state and local fair housing organizations that would jointly work on behalf of underserved populations.

- **Department of Agriculture's Office of Civil Rights.** The President's budget increases funding for United States Department of Agriculture's (USDA) civil rights programs from $18 million to $21 million. The USDA's civil rights programs will emphasize outreach to disadvantaged farmers, involve small and disadvantaged businesses in USDA programs, increase conflict resolution activities and more effectively process complaints.

- **Department of Education's Office for Civil Rights.** The President's budget proposal of $76 million provides an increase of $5 million over the 2000 enacted budget to fund staff training and technological improvements to speed the resolution of civil rights issues.

URGING PASSAGE OF EXPANDED FEDERAL HATE CRIMES LAW. The President today will also urge Congress to enact the bipartisan Hate Crimes Prevention Act, as one of the first pieces of legislation it passes in the new millennium. The current federal hate crimes statute prohibits acts of violence that are based on a person's race, color, religion, or national origin and that are intended to interfere with certain federally protected activities. The proposed legislation would allow prosecutions to be brought even if the acts of violence did not interfere with federally protected activities. In addition, the legislation would authorize the Department of Justice to prosecute individuals who commit violent crimes against others because of the victim's sexual orientation, gender, or disability. Current federal law does not cover these cases. Finally, the President today will announce that his budget includes $20 million to promote police integrity and for hate crimes training for federal, state, and local law enforcement.

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Divider Title: **25**

PRESIDENT CLINTON ANNOUNCES NEW EQUAL PAY INITIATIVE AND URGES PASSAGE OF PAYCHECK FAIRNESS ACT
January 24, 2000

The President today will unveil a $27 million Equal Pay Initiative in his FY 2001 budget and urge prompt passage of the Paycheck Fairness Act in order to combat unfair pay practices against women. The Initiative includes $10 million to 1) bolster the ability of the Equal Employment Opportunity Commission to identify and respond to wage discrimination; 2) teach businesses how to meet legal requirements; and 3) launch an equal pay public service announcement campaign to inform employers and employees alike of their rights and responsibilities. The Initiative also dedicates $10 million for the Labor Department to train women in nontraditional jobs, and provides $7 million for the Labor Department to help employers improve their pay policies, provide non-traditional apprenticeships, and implement industry partnerships. The President today will also call on Congress to pass the Paycheck Fairness Act.

PRESIDENT UNVEILS NEW INITIATIVE. The President's budget includes a $27 million initiative to help the EEOC and Labor Department fight wage discrimination. The Initiative includes $10 million for the EEOC to:

- provide, for the first time, training and technical assistance to about 3,000 employers on how to comply with equal pay requirements under the law;
- develop public service announcements to educate employees and employers on their rights and responsibilities under equal pay laws; and
- train over 1,000 EEOC staff in identifying and responding to wage discrimination, the first such training since EEOC assumed responsibility for the Equal Pay Act in 1978.

The Initiative also provides $17 million for DOL to:

- train women in nontraditional jobs -- for instance, in the high technology industry;
- expand access to high-quality employment-related information and career guidance through the One-Stop Career Center delivery system;
- fund projects to increase women's participation in non-traditional apprenticeships;
- provide employers with the necessary assistance to assess and improve their pay policies; and continue to educate the public on the importance of equal pay; and
- strengthen industry partnerships to help women retain jobs and progress in the workforce.

PRESIDENT ALSO CALLS FOR PASSAGE OF LONG-OVERDUE LEGISLATION. The President again will urge Congress to pass the "The Paycheck Fairness Act," introduced by

Senator Tom Daschle and Congresswoman Rosa DeLauro, to strengthen laws prohibiting wage discrimination. The highlights of this legislation include a new data collection provision; increased penalties under the Equal Pay Act (EPA); a non-retaliation provision; and a provision for increased training, research, and pay equity award.

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Divider Title: **26**

CLINTON ADMINISTRATION ANNOUNCES NEW BUDGET INITIATIVES TO ENCOURAGE COMMUNITY SERVICE
January 11, 2000

Today, the White House will announce an investment of over $850 million in President Clinton's FY 2001 budget to support community service and to empower more Americans to renew our civic life. This increase of nearly $120 million for the Corporation for National Service keeps AmeriCorps on track for the President's goal of 100,000 members each year by the year 2004. The budget will also include a new "AmeriCorps Reserves" program, modeled after the military reserves, and designed to engage former Corpsmembers in times of need. Finally, the Administration will also announce $15.5 million in new initiatives that reward innovations in youth service, as well as additional resources to encourage service by senior citizens, and to engage students in learning through community service.

EXPANDING AMERICORPS AND CREATING A NEW "RESERVES" PROGRAM TO ENGAGE AMERICORPS ALUMS IN COMMUNITY SERVICE.

- **Keeping AmeriCorps on Track for 100,000 Members a Year.** With a $73 million increase, AmeriCorps will be able to grow to 100,000 new members a year over the next four years. Since the launch of AmeriCorps five years ago, more than 150,000 Americans have served on the front lines in hard-pressed neighborhoods—tutoring in schools, responding to natural disasters, helping to make our streets safer, building homes, and more. In fact, more Americans have served in AmeriCorps in the last five years than have served in the entire history of the Peace Corps.

- **"AmeriCorps Reserves" to Engage Former Corpsmembers in Service.** The President's budget includes $5 million to create a new AmeriCorps reserves program that will enable former Corpsmembers to re-engage in service to their communities, particularly in times of crisis. This pilot program would be modeled on the military reserves: former AmeriCorps members would serve in the Reserve Corps on weekends and/or after work, and would address national crises, including natural disasters. The Reserves will build on the AmeriCorps Continuing Service initiative, which connects AmeriCorps alums to community service projects through a partnership with national non-profit organizations such as the American Red Cross, the Boys and Girls Club, Big Brothers/Big Sisters, Habitat for Humanity, the National Mentoring Partnership and the YMCA.

"COMMUNITY COACHES" AND OTHER INNOVATIVE INVESTMENTS IN YOUTH-DRIVEN SOLUTIONS.

- **Community Coaches.** For the first time, the Corporation for National Service will award $5 million in grants to place a "community coach" in nearly 1,000 schools. Community Coaches – AmeriCorps members, teachers, and counselors – can help students make the most of their community service and can act as a vital link between the school, the business sector, and the local community. This initiative is modeled after the Community Coaches program pioneered by the national youth leadership non-profit organization Do Something. Do Something is already supporting community coaches in more than 100 schools in 75 communities across the country.

- **Youth Empowerment Grants.** The budget also includes $3 million for new Youth Empowerment Grants, competitive fellowships that reward young social entrepreneurs dedicated to solving problems in their communities. The Corporation for National Service will award the grants to community-based organizations that sponsor young people who have designed and developed their own projects. These will include efforts to prevent youth violence, programs to improve civic participation, and initiatives that engage older students in tutoring and mentoring.

- **America's Promise: The Alliance for Youth.** The budget will include $7.5 million for this national crusade to help all children grow into healthy, strong, and productive adults. America's Promise focuses on five promises for every child: (1) an ongoing relationship with a caring adult -- parent, mentor, tutor or coach; (2) a safe place with structured activities during non-school hours; (3) a healthy start; (4) a marketable skill through effective education; and (5) an opportunity to give back through service.

SUPPORTING SENIOR CITIZENS IN SERVICE TO THEIR COMMUNITIES.

- The President's budget expands funds for senior service by $9.7 million. These funds will provide additional opportunities for thousands of older Americans to serve their communities.

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Divider Title: **27**

TALKING POINTS:

The President's "New Opportunity Agenda" & Upcoming State Of The Union Address

January 12, 1999

- **In a speech to the Democratic Leadership Council today, the President will begin outlining a central part of his State of the Union agenda, his "New Opportunity Agenda."**

- **Specifically, the President will outline his plan to expand the Earned Income Tax Credit, providing millions of working Americans and their families the opportunity to move out of poverty and into the middle class.**

- The President will continue to outline his "New Opportunity Agenda" in the lead up to his State of the Union address on January 27th.

- This agenda will include specific policies to deal with issues ranging from education, health care and childcare to closing the digital divide and implementing the President's New Markets Initiative.

- The "New Opportunity Agenda" demonstrates the President's commitment to build and expand on our current prosperity until it reaches every corner of America.

- The President's "New Opportunity Agenda" also demonstrates his commitment to **three core values** that have guided his Administration for seven years: community, opportunity and responsibility.

  → *Building a community of all Americans. Creating opportunity for all Americans. And demanding responsibility from all Americans.*

- Pursuing policies based on these three principles has resulted in tremendous progress for our nation, including:

  - 20.4 Million New Jobs
  - The Longest Peacetime Economic Expansion in History
  - The Highest Homeownership Rate in History
  - The Largest Expansion of College Opportunity Since the GI Bill
  - The Lowest Child Poverty Rate in Twenty Years
  - The Lowest Welfare Rolls in 32 Years

- Those results are a result of working hard every day to make progress for the American people. That is what the President has done for seven years. That is what the President will do in his State of the Union address. And that is what he will do everyday this year.

PRESIDENT CLINTON PROPOSES TO EXPAND THE EARNED INCOME TAX CREDIT IN ORDER TO INCREASE THE REWARD FOR WORK AND FAMILY

January 12, 2000

Today President Clinton Will Announce His $21 Billion Plan to Expand the Earned Income Tax Credit – A Key Part of His "New Opportunity Agenda." The President's proposal would expand the Earned Income Tax Credit (EITC) to provide tax relief for 6.4 million hard-pressed working families. The expansion will cost about $21 billion over 10 years.

Building on the Successes of the 1993 EITC Expansion. In 1993, the President signed into law the largest EITC expansion ever to provide a tax cut for 15 million working families while rewarding work and family. Today, the success of the EITC in reducing poverty and encouraging work is clear:

- **4.3 Million People *Directly* Lifted Out of Poverty by the EITC in 1998** – more than double the number lifted out of poverty in 1993.
- **2.3 Million Children *Directly* Lifted Out of Poverty by the EITC in 1998.** This includes 600,000 African-American children and 600,000 Hispanic children.
- **Largest Drop in Poverty and Child Poverty in Over Three Decades.** The poverty rate has fallen from 15.1 percent in 1993 to 12.7 percent in 1998 – the lowest since 1979. At the same time, the child poverty rate fell from 22.7 percent to 18.9 percent – the lowest child poverty rate since 1980.
- **More Single Mom's Are Working Than Ever Before.** The percentage of single mothers who work and receive no welfare has risen from 60.9 percent in 1992 to 75.0 percent in 1998.

The President's Proposal Increases the Reward to Work and Family in Four Ways:

1. **Expand the Maximum Credit for Working Families with Three or More Children By $500.** This would provide a tax break for 2.1 million low- and moderate-income working families. This expansion is targeted at the highest concentration of child poverty: in 1998 the poverty rate for children in families with three or more related children was 28.5 percent – more than twice the 11.9 percent poverty rate for children in families with one or two related children.
2. **Expand the Credit for Married, Two-Earner Couples.** This would benefit over 1.3 million married filers. For married, two-earner couples, this provision by itself would provide an average tax break of $250.
3. **Increase the Reward to Work While Expanding the Credit for Families with Two or More Children.** This would provide an additional tax break, and an additional incentive to work, for families with two or more children by lowering the phaseout rate to give more rewards to families struggling to work their way into the middle class.
4. **Encouraging Savings Through Simplification.** Currently, when a working family contributes to a 401(k) they may see their EITC reduced. This proposal encourages savings and simplifies the calculation of earned income for the purposes of the EITC.

Here is How These Changes Would Increase the Reward to Work for American Families:

THE PRESIDENT'S PROPOSED INCREASE IN THE EARNED INCOME TAX CREDIT				
	Pre-1993 Law	**Current Law**	**Proposal**	**Increase**
Married*; 2 children; $20,000 earnings	$1,438	$2,524	$2,940	+$416
Individual; 3 children; $15,000 earnings	$2,331	$3,577	$4,116	+$538
Married*; 3 children; $23,000 earnings	$902	$1,892	$2,867	+$975

*Both spouses must earn at least $725 to qualify for the additional credit for a married couple.

DETAILS OF THE PRESIDENT'S PROPOSAL

The President's Proposal Would Expand the Earned Income Tax Credit to Provide Tax Relief for 6.4 Million Hard-pressed Working Families. The average increase for families with three or more children is $544 and some married couples with three or more children could see as much as an additional $1,155 tax credit. The expansion will cost about $21 billion over 10 years. The four major provisions of President's EITC expansion are:

1. **Expand the Maximum Credit for Working Families with Three or More Children By $500.** The President's proposal would add a "third tier" to the EITC to expand benefits for families with three or more children. Very low-income families will get 45 cents for every additional dollar they earn – compared to 40 cents under current law. This higher credit rate will increase the maximum credit for a family with three children in 2001 from $3,992 to $4,491 – a roughly $500 increase. This proposed new "tier" of the EITC is motivated by the fact that 60 percent of all poor children – 7.7 million children – are in families with three or more children. Adding a third tier to the EITC would provide a tax break for 2.1 million low- and moderate-income working families.

2. **Expand the Credit for Married, Two-Earner Couples.** The President's proposal would allow married couples to earn an additional $1,450 more before beginning to have their EITC phased out. For example, in 2001 a married, two-earner couple with children would be able to earn up to $14,480 and still receive the maximum EITC, as compared to the $13,030 threshold under current law. The result of this provision would be to provide an additional $250, on average, for married, two-earner couples. This provision would benefit over 1.3 million married filers.

3. **Increase the Reward to Work While Expanding the Credit for Families with Two or More Children.** The third provision of the President's proposal would provide an additional tax break, and an additional incentive to work, for families with two or more children. Under current law the EITC for these families is reduced by 21.06 percent for each dollar they earn above the maximum threshold. The President's proposal would lower this phase-out rate to 19.06 percent – a tax break for 5.4 million of America's hard-pressed working families.

4. **Encouraging Savings Through Simplification.** Under current law, 401(k) contributions and other forms of nontaxable earned income are counted as income in computing the EITC. For many families this means that if they increase their contributions to a 401(k) then they will see their EITC reduced. The President proposes to encourage savings for poor people by eliminating nontaxable earned income from the calculation of the EITC. In addition to encouraging savings, this step will simplify the EITC, and continue to increase compliance.

THE PRESIDENT'S 1993 EITC EXPANSION HAS CONTRIBUTED TO THE LARGEST REDUCTION IN POVERTY IN OVER THREE DECADES

- **In 1993, the President Signed Into Law the Largest EITC Expansion Ever.** The President's policy provided a tax cut for 15 million working families. For every dollar a very low-income working parent with one child earns, the EITC was increased from 23 cents to 34 cents (25 cents to 40 cents for two plus children). The maximum credit was increased by over $1,500. The income limit on eligibility was increased by about $3,700.

- **Nearly 19 Million Families Claim the EITC.** In FY 1999, the cost of the program was $30.5 billion. In 2001, the average credit for all claimants will be $1,680 and for claimants with children it will be $1,990. [Source: U.S. Department of the Treasury]

- **In 1998, the EITC Was *Directly* Responsible for Lifting 4.3 Million People Out of Poverty – Twice the Number Lifted Out in 1993.** Census Department statistics show that the EITC was *directly* responsible for lifting 4.3 million people out of poverty in 1998 – more than twice the number lifted out of poverty in 1993. The *indirect* contribution of the EITC to poverty reduction may be even greater given the evidence that the EITC provides a powerful incentive to work. [Source: Calculations using data from the U.S. Census Bureau.]

- **In 1998, the EITC Was *Directly* Responsible for Lifting 2.3 Million Children Out of Poverty.** The 2.3 million children lifted out of poverty by the EITC include 600,000 African-American children and 600,000 Hispanic children. [Source: Calculations using data from the U.S. Census Bureau.]

- **Expanded EITC and Higher Minimum Wage Has Led to Large Real Income Growth For Hard-pressed Families.** A working parent with two children earning the minimum wage in 1993 made $10,559 with the EITC (in 1998 inflation-adjusted dollars) – well below the poverty line. With the 1993 increase in the EITC and the 90 cent increase in the minimum wage in 1996 and 1997, a similarly situated family in 1998 was above the poverty line – making $13,268 – a 26 percent inflation-adjusted increase in their standard of living.

- **Poverty Rate Fell To 12.7 Percent in 1998 -- Its Lowest Level Since 1979.** The poverty rate has declined from 15.1 percent in 1993 to 12.7 percent in 1998 – that's the largest five-year drop in poverty in nearly 30 years (1965-1970). There are now 4.8 million fewer people in poverty than in 1993. (In 1998, the poverty threshold was $16,660 for a family of four.) [Source: U.S. Census Bureau]

- **The Largest Five-year Drop in Child Poverty in More than Three Decades.** While the child poverty rate remains too high, between 1993 and 1998, the child poverty rate has declined from 22.7 percent to 18.9 percent – that is the lowest child poverty rate since 1980 and the largest five-year drop in nearly 30 years (1965-1970). [Source: U.S. Census Bureau]

- **The Poverty Rate for Children in Families with Three or More Children is More than Double the Poverty Rate for Children in One or Two-Children Families.** Although the poverty rate for children in families with three or more related children has fallen from 32.3 percent in 1993 to 28.5 percent in 1998, this is still more than twice the 11.9 percent poverty rate for children in families with one or two related children. 7.7 million children in families with three or more children were growing up in poverty in 1998. [Source: Calculations by the Department of the Treasury using data from the U.S. Census Bureau.]

THE EVIDENCE IS OVERWHELMING THAT THE EITC ENCOURAGES WORK

- **More Single Mothers With Children Are Working Than Ever Before.** After staying essentially constant in the 1980s and early 1990s, the percentage of singe mothers aged 16 to 45 who work and receive no welfare has risen from 60.9 percent in 1992 to 75.0 percent in 1998. The percentage of single mothers who worked rose from 73.7 percent in 1992 to 86.6 percent in 1998. [Source: Calculations by Professor Jeffrey Liebman using data from the Bureau of Labor Statistics' March Current Population Surveys.]

- **According to One Study, More Than 60 Percent of the Increase In the Employment of Single Mothers Has Been Due to Expansions of the EITC.** Bruce Meyer and Dan Rosenbaum find that 63 percent of the change in the employment of single mothers between 1984 and 1996 can be explained by the expansions of the EITC. [Source: "Welfare, the Earned Income Tax Credit, and the Labor Supply of Single Mothers." National Bureau of Economic Research Working Paper No. 7363. September 1999.]

- **Another Study Predicted That the 1993 EITC Expansion Would Induce 516,000 Families To Move From Welfare to Work.** Stacy Dickert, Scott Houser, and John Karl Scholz found that the 1993 EITC expansion would induce 516,000 families to move from welfare to work. [Source: "The Earned Income Tax Credit and Transfer Programs: A Study of Labor Market and Program Participation." *Tax Policy and the Economy* No. 9, MIT Press: Cambridge, 1995.]

- **Another Study Shows that Increasing the Reward to Work, Increases Labor Force Participation.** Nada Eissa and Jeffrey Liebman found that the EITC significantly increases labor force participation among single mothers, especially less educated women. [Source: "Labor Supply Response and the Earned Income Tax Credit." *Quarterly Journal of Economics* 111(2), 1996.]

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Divider Title: **28**

PRESIDENT CLINTON UNVEILS "FIRST ACCOUNTS": BRINGING THE "UNBANKED" INTO THE FINANCIAL MAINSTREAM

January 13, 1999

President Clinton today announced a new initiative -- *First Accounts* -- to bring the "unbanked" into the financial mainstream. The President said that his FY 2001 budget for the Treasury Department will include $30 million to pilot strategies to help low- and moderate-income Americans benefit from basic financial services that most of us take for granted - like bank accounts and ATMs. The initiative involves three components:

- **First Accounts:** The Treasury Department will work with financial institutions to encourage the creation of low-cost bank accounts.

- **ATMs:** The Treasury Department will work with financial institutions to expand access to automatic teller machines in safe, secure, and convenient locations, including U.S. Post Offices, in low-income neighborhoods that often lack even these basic services. These ATMs will give low-income residents the ability to deposit earnings and pay bills, safely, securely, and at low cost. This program will build on a small pilot recently begun with a financial institution placing ATMs in post offices in neighborhoods in Baltimore, MD and Tallahassee, FL.

- **Financial Education:** The Treasury Department will work with community-based partners and other organizations to educate low-income Americans about the benefits of having a bank account, managing household finances, and building assets.

Too Many Americans Are Without Banking Services. It is estimated that 11 million low-income American families do not have bank accounts. The Federal Reserve estimated that 25 percent of all low-to-moderate income families in 1995 (those earning less than $24,000) had no bank account - about 11 million families. Other studies put the number higher and lower. For low income Americans, the costs of a traditional savings or checking account may seem too high for the small sums they have; branches and ATMs may not be convenient to their neighborhoods; and the benefits of savings may be poorly understood.

Families without Bank Accounts are at an Economic Disadvantage. A 1998 survey found that among Earned Income Tax Credit claimants who used volunteer tax preparation services in Chicago, 44 percent used a check cashing service to cash their EITC refund check. Some estimate that low-income families could pay more than $15,000 in fees for paying bills and cashing checks in this way.

Bank Accounts Can Help Families to Save and Manage Their Money. Even controlling for income and other factors, low-income individuals with bank accounts are 43% more likely to have positive net assets than those without. Banks may learn that First Account holders are good customers for other banking products. The

Federal Reserve found that, in 1995, of families earning less that $24,000 annually who had bank accounts, 45% owned a credit card, 18% had a first mortgage, 19% had an automobile loan, and 13% had a certificate of deposit.

Reaching the Unbanked that Other Initiatives Cannot Reach. The *First Accounts* initiative complements Treasury's Electronic Transfer Accounts (ETAs) -- a low-cost, electronic banking account for "unbanked" federal benefit recipients. Since the ETA was launched in July 1999, over 400 financial institutions with over 2500 locations have committed to offer the ETA. The ETA offers the unbanked a basic transactional account at a price that is viable for banks and that low-income federal benefit recipients can afford. Many of the estimated 11 million low-income "unbanked" families could benefit from increased access to banking services, but will not be eligible to participate in the ETA program because they are not federal benefit recipients.

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Divider Title: ______________________________

PRESIDENT CLINTON VISITS BROOKLYN, NEW YORK AND THE WALL STREET PROJECT TO ANNOUNCE HIS FY2001 NEW OPPORTUNITY AGENDA
January 13, 2000

TODAY, PRESIDENT CLINTON WILL VISIT BROOKLYN, NEW YORK AND THE WALL STREET PROJECT TO ANNOUNCE FURTHER ELEMENTS OF HIS NEW OPPORTUNITY AGENDA. Today, President Clinton will announce his FY2001 New Markets agenda and highlight the need for continued efforts by the private sector to invest in distressed areas. This agenda includes:

- A major expansion of his New Markets and Empowerment Zone Tax Credits.
- A new initiative known as *First Accounts,* to bring the "unbanked" into the financial mainstream.
- An invitation to corporate leaders to participate in a roundtable at the White House to discuss how the business community can build upon the success of the Community Reinvestment Act (CRA).

President Clinton will kick off the day with Congresswoman Nydia Velazquez who will be the lead sponsor in the House of Representatives of the New Markets Venture Capital legislation, a key component of the President's New Markets initiative. This legislation was introduced last year in the Senate (S.1594) by Senator John Kerry. The event will take place at Brooklyn's Boricua College where they will announce the opening of a new Small Business Development Center (SBDC) and the creation of an innovative new lending cooperative, that will focus on Brooklyn's Hispanic business community.

President Clinton will then speak to the Wall Street Project, founded by the Reverend Jesse Jackson, where he will address 2,000 corporate leaders to discuss the importance of corporate involvement and investment in underserved areas. At each stop, the President will emphasize his strong commitment to developing and passing in to law a bi-partisan legislative initiative based on the agreement that he and Speaker Hastert announced last November.

PRESIDENT CLINTON WILL BE JOINED TODAY BY CONGRESSWOMAN NYDIA VELAZQUEZ AND OTHER CORPORATE AND COMMUNITY DEVELOPMENT LEADERS. These include: Victor Alicea (President and Founder, Boricua College), Marjorie Magner (CEO of the Consumer Bank, Citigroup), Francis Byrd, (Assistant Vice President, Bank Popular), Woodrow C. McCutchen (President, National Association of Small Business Development Centers), James King (Director, New York State Small Business Development Centers), Steve Kravitz (President and Chairman of Loan Source), Terry Ludwig (Executive Director, Accion New York), and Andrew Murstein (President, Medallion Financial Corporation).

IN BROOKLYN, CORPORATE AND COMMUNITY DEVELOPMENT LEADERS JOINED THE PRESIDENT AND CONGRESSWOMAN VELAZQUEZ TO ANNOUNCE THE FOLLOWING COMMITMENTS FOR BROOKLYN, NEW YORK:

- The Opening of a New Small Business Development Center (SBDC) at Boricua College. This Small Business Development Center which is housed in Brooklyn's Boricua College will focus on the area's Hispanic business community by providing assistance in an effective, culturally-conscious environment. The program will deliver business counseling, training and technical assistance in all aspects of small development business management. The following commitments have been made to the Center:

- **SBDC program**: $250,000
- **Citigroup:** $100,000 per year for next three years
- **Boricua College:** $22,000 plus donation of space
- **Banco Popular:** $7,500
- **Bell Atlantic:** $35,000. Bell Atlantic has provided prime office space at the Metroplex facility in the heart of Brooklyn's business district as an SBDC outreach location. They have also provided free internet access to the SBDC.

- Creation of a New Lending Co-operative Affiliated with Small Business Development Center. The New Markets Lending Cooperative is an innovative program that will bring together several levels of capital funding to Brooklyn. The Cooperative will be a first-of-its kind effort in Brooklyn, a much-needed vehicle to bring debt and equity capital to business owners in this predominantly Hispanic neighborhood. The Cooperative is a pool of resources that will be available to small business owners and has obtained commitments totaling over $13 million in loans and venture capital for the Brooklyn community. The program will offer assistance for loans and venture capital through three participating partners – Accion New York, a Community Development Financial Institution and microlender that will provide $5 million in microloans over the next two years to Brooklyn, the Loan Source, a Small Business Lending Company that will provide $3-5 million in SBA-guaranteed loans, and the Medallion Financial Corporation, a Specialized Small Business Investment Company that will provide $5 million in loans and venture capital.

THE PRESIDENT WILL ALSO ADDRESS THE WALL STREET PROJECT LUNCHEON ON HIS FY2001 NEW MARKETS AGENDA AND DISCUSS THE IMPORTANCE OF PRIVATE SECTOR INVESTMENT IN DISTRESSED COMMUNITIES.

In the afternoon, the President will travel to Reverend Jesse Jackson's Wall Street Project to address a luncheon of 2,000 of the country's corporate leaders. During his remarks, the President will highlight his new opportunity agenda and emphasize the importance of Corporate America 's participation in the economic development of underserved communities around the country. He will extend an invitation to corporate leaders to participate in a roundtable discussion at the White House to explore how the business community can build on success of CRA. In addition, the National Academy Foundation is signing two formal Memoranda of Understanding with two federal agencies: the Department of Commerce and the Small Business Administration.

- Sanford Weill, on Behalf of the National Academy Foundation (NAF), signed two Memoranda of Understanding with SBA and Department of Commerce to Increase Opportunities to Youth. Today, Sanford I. Weill, Chairman of the National Academy Foundation by and Co-CEO of Citigroup signed two MOUs, one with SBA and one with Department of Commerce which raise awareness of opportunities to support the development of youth. These newly formed alliances will help provide opportunities for mentoring and internships; to advise NAF on curriculum development and public service opportunities for high school students.

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PRESIDENT CLINTON'S TAX AGENDA FOR COMMUNITY, OPPORTUNITY, AND RESPONSIBILITY

SUMMARY DOCUMENTS

January 27, 2000

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Overview

President Clinton's Plan to Provide Fiscally Responsible Targeted Tax Cuts to Promote Savings, Child Care, Family, and Philanthropy

Overview

Today in His State of the Union Address, President Clinton Will Announce Four Major Elements of His Targeted Tax Package Aimed At Promoting Savings, Child Care, Family, and Philanthropy. These targeted tax cuts are part of a budget framework that maintains our fiscal discipline, makes investments in key priorities, strengthens Social Security and Medicare, and pays down the debt by 2013.

- **Retirement Savings Accounts 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. The President's 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.
    - In an effort to encourage more small businesses to offer pensions for their employees, the President will also announce a proposal to provide a 50 percent tax credit for qualified contributions to employees' pensions. This provision would cost $17 billion over 10 years.

- **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.

- **Helping Families Afford Child Care.** President Clinton will include in his FY 2001 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 with their children. 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.

- **Encouraging Philanthropy.** President Clinton today 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 making it easier for individuals to donate appreciated assets like securities and real property. These proposals would cost $14 billion over 10 years.

The President Has Previously Announced Several Other New Proposals to Expand Opportunity For Americans Through Tax Relief. The Previously Announced Tax Cuts Include:

- **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 grad school). Families would also have the option to take a 28 percent credit. In general, the proposal would provide up to $2,800 annually in tax relief per family.

- **Expanding the Earned Income Tax Credit (EITC):** The President will propose a $21 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 6.4 million families, providing up to $1,200 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.

- **Long-Term Care Credit:** As part of a 10-year, $27 billion initiative that helps address the nation's multifaceted long-term care challenge, the President will propose a $3,000 tax credit to compensate people with long-term care needs or their caregivers for the cost of care (tax credit costs $26.6 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.

- **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 Bond bonds over two years to modernize up to 6,000 schools. The cost would be $8 billion over ten years.

- **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 $20 billion in new capital investment in businesses in economically-distressed areas, the President has proposed more than double his proposed the New Markets tax credit at a cost of about $5 billion over 10 years and Expanding Empowerment Zone Tax Incentives at a cost of $4 billion.

- **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 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.

Retirement

Retirement Savings Accounts:
President Clinton's Plan to Create a Nation of Savers

Summary

Today in His State of the Union Address, President Clinton Will Announce His Plan to Establish Retirement Savings Accounts for American Families and to Expand Pension Coverage. Retirement Savings Accounts (RSAs) will give 76 million Americans the opportunity to build wealth and save for their retirement through a progressive tax cut. The President's 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 in this savings program for 40 years could accumulate over $266,000 – enough to produce $24,000 a year of income in retirement. The 10-year cost of this proposal is $54 billion. The President will also announce a plan to expand pension coverage for small businesses costing $17 billion over 10 years.

Too Few Americans Are Saving for Retirement. Over two-thirds of Americans rely on Social Security as their principal source of retirement income, and 18 percent rely on Social Security as their only source of income. Seventy-three million American workers and their spouses are not covered by any employer-sponsored retirement plan. Existing tax incentives to save do little for hard-pressed working American families – Americans with incomes in the bottom sixty percent get only 12 percent of the tax benefits for pensions.

Retirement Savings Accounts Are Designed To Encourage and Reward Savings, Bring New People Into the Culture of Saving. Here's how they would work:

- **Married Couples Could Contribute $2,000 to an RSA.** When fully phased in after 2004, a single filer could contribute up to $1,000 into an RSA. For married couples, both spouses could make a $1,000 contribution – for a total of $2,000. These could be held in employer-sponsored retirement plans or placed in private financial institutions. Individuals would have a broad range of investment options.
- **Hard-pressed Working Families Would Get a 2:1 Match on the First $200 Invested.** To encourage working families to start saving for retirement, the President's plan would provide a two-to-one match for the first $100 contributed by each person. For a couple, they could contribute $200 to their RSAs and the government would match with another $400, bringing the total account to $600. The match rate would phase out for incomes between $25,000 and $80,000. Single filers earning up to $12,500 would be eligible for a two-to-one match on up to $100, with the match rate phasing out from $12,500 to $40,000.
- **Additional Incentives for the Next $1,800 Invested.** For the next $1,800 contributed by a couple to an RSA, the government would provide a one-to-one match for families earning up to $25,000. This match phases down for families earning between $25,000 and $80,000. Individuals would qualify for a match on the next $900 invested.
- **Withdrawal Rules.** Certain withdrawals would be allowed, but only after 5 years and only for qualified purposes like paying for medical care, buying a house, or paying for college.

- **Government Match.** Families that do not have tax liability, like a typical family of four earning $25,000, do not benefit from any of the tax incentives to promote savings. In order to ensure that these families also have an incentive to save, the government match will come in the form of a tax credit to the employer or the financial institution for 100 percent of the matching contribution. This ensures that low- and moderate-income families will benefit from the match.
- **Contributing Refunds – and EITC Refunds.** The President will ask the Department of the Treasury to study feasible options that would potentially simplify saving for millions of families by allowing them to have their tax refund, including EITC refunds, deposited directly into their RSA.

What RSAs Would Mean for Families:

- *A couple earning $25,000.* If the couple contributed $200 to their RSA, they would get a $400 match for a total account of $600. The couple could contribute up to $2,000 to the account and be eligible for a government match of $2,200, bringing their total savings to $4,400.
- *A single person earning $35,000.* If the person invested $1,000 in their RSA, then the government would provide a match of $200. This could more than double the tax benefits that this person would get from making contributions to deductible IRAs.
- *A couple earning $40,000.* If the couple contributed $2,000 to their RSA, they would get a government match of $1,120. As a result, they would have $3,120 in their savings account.
- *A couple earning $60,000.* If the couple invested $2,000 in their RSA, then the government would provide a match of $400. This could more than double the tax benefits these employees currently get from making contributions to deductible IRAs.

Accumulating Savings Over a Lifetime. Contributions to RSAs would accumulate tax-free. If a family consistently took advantage of RSAs, they could accumulate substantial assets to help maintain a healthy income in retirement. For example:

- A 25-year-old worker making $1,000 annual voluntary contributions and eligible for the maximum match every year would be saving $2,100 per year. As a result, he or she could accumulate over $266,000 by age 65 – *over a quarter of a million dollars in retirement savings.*
- This accumulation could be enough to provide an annuity of over *$24,000 per year* – an *extra $2,000 per month* in retirement income.
- A married couple fitting this description could accumulate *over half a million dollars* in retirement savings.

The President Will Also Propose $17 Billion in Tax Incentives to Encourage Small Businesses to Offer Pensions to Their Employees. Currently only 18 percent of workers employed at organizations employing fewer than 25 workers have access to pensions through their current job. In an effort to expand pension coverage, the President will offer businesses with up to 100 employees a tax credit that will pay for 50 percent of the qualified contributions made by small businesses to the pension plans – 401(k)-type or defined benefit – of non highly-compensated employees for three years. Those plan would have to provide pension benefits equivalent at least 1 percent of pay for non-highly compensated employees who work at least halftime. Small employers would receive an additional credit for the administrative costs of starting a *new* plan and educating employees about retirement.

Retirement Savings Accounts

Need

Currently, Too Few Americans Have Enough Savings for a Secure Retirement. Because Americans are living longer it is more important than ever for them to build the wealth necessary for a secure retirement. But there are gaps in the system that leave too many American families behind.

- **Social Security Provides a Core Foundation For Retirement, but It is Only One Leg of the Retirement Stool.** While providing economic security for older Americans, Social Security was never meant to provide enough to maintain the standard of living individuals enjoyed during their working years. Social Security replaces just one-half of pre-retirement income for an individual who earned $17,000, and less than one-quarter of the income of an individual who earned $72,600. Yet Social Security is the only source of income for 18 percent of elderly Americans, and the principal source of income for 66 percent of elderly Americans.

- **Pension Coverage Provides Additional Support, But Many American Workers Are Not Covered.**

  - Half of all American workers have no pension coverage at all through their current job. The situation is worse for lower and moderate-income workers and for workers in small businesses, where only 18 percent of people who work for organizations employing fewer than 25 workers have access to pensions through their current job.
  - Fewer than 20 percent of workers have their own IRAs, and many do not contribute regularly.
  - Fewer than one half of all workers are covered by 401(k) plans in their current job. While two-thirds of people with earnings of $75,000 and over participate in 401(k)s, just 43 percent of those with earnings between $35,000 and $39,000 save for retirement through 401(k)s. (Data if from 1993.)
  - While 91 percent of all families have some financial holdings, the median value of these holdings is just $13,000. The median value of financial assets of families headed by someone over age 65 is just $20,000.

The Tax Incentives For Retirement Savings Help Many American Families, But the Tax Benefits are Skewed to the Better Off.

- Two-thirds of existing pension tax subsidies go to families with incomes in the top quintile, while just 12 percent go to families with incomes in the bottom sixty percent of the income distribution.

Individual Development Accounts (IDAs) Have Been a Successful Model to Encourage Low-Income People to Save for Retirement.

- In 1992, Bill Clinton proposed establishing Individual Development Accounts (IDAs) to help low-income Americans save. President Clinton included IDAs in his 1994 Welfare Reform proposal. The 1996 welfare reform allowed states to use their block grants to set up IDAs and the FY 1998 budget established a five-year, $125 million demonstration program to create Individual Development Accounts for more than 50,000 people.
- For each $1 a low-income family deposits into an IDA, the administering agency provides a match of between $1 and $8. Households that are eligible either for Temporary Assistance for Needy Families (TANF) or the EITC are eligible to participate in IDA demonstration projects.

<u>Retirement Savings Accounts Proposal</u>

Background

Who is Eligible for Retirement Savings Accounts? Workers between the ages of 25 and 60 with family earnings of at least $5,000 are eligible to receive matching contributions. When fully phased in, eligibility for matching contributions extends to couples with incomes of up to $80,000 and single filers with incomes up to $40,000.

How Does the Government Match Workers' Contributions? The match rate on the first $100 contributed begins at 200 percent and phases down to 20 percent for married taxpayers with incomes of $50,000 ($25,000 for single filers). Married couples with incomes between $50,000 and $80,000 ($25,000 to $40,000 for single filers) would receive the 20 percent match. The match rate on the next $900 begins at 100 percent and phases down to 20 percent over the same range.

How Are the Accounts Invested? RSAs would be held in employer plans like 401(k)s or by individuals in private financial institutions, similar to IRAs. Individuals would have a similarly broad choice of investments.

What is the Tax Treatment of the Accounts? Similar to traditional IRAs and 401(k)-type plans, voluntary RSA contributions would be tax deductible, accounts would grow tax-free, and withdrawals would be taxable.

When Could the Funds be Withdrawn? Certain withdrawals would be allowed, but only after 5 years and only for qualified purposes like paying for medical care, buying a house, or paying for college.

How Would Spouses Be Treated? The design of RSAs recognizes that women are more likely to spend time out of the labor force than men and have lower average earnings than men. First, it ensures that spouses are eligible to make contributions to RSAs with full government matches. Second, the progressive credit formula targets the tax benefits to low- and moderate-income working families.

Who Would Benefit? When the program is fully phased in after 2004, about 76 million workers will be eligible for matching contributions.

Marriage Penalty

President Clinton's Proposal to Provide Marriage Penalty Relief by Increasing the Standard Deduction For Married, Two-Income Couples by Over $2, 000

Summary

Today as Part of His State of the Union Address, President Clinton Will Announce His Plan To Reduce the Marriage Penalty for Married, Two-Income 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. The President's proposal would also provide an additional $500 increase in the standard deduction for single-income married couples that do not face a marriage penalty. He would also increase the standard deduction for single filers by $250. The President's plan would cost $45 billion over 10 years and benefit 42.1 million families.

- **Raise the Standard Deduction By More Than $2,000 to Provide Tax Relief for 9.1 Million Married, Two-Income Couples.** The President's proposal would increase the standard deduction for two-income couples to double the amount of the standard deduction for single filers. The increase would be phased in evenly over five years. In 2005, when it is fully phased in and in combination with the President's other proposals, this change would increase the standard deduction for married, two-income couples by $2,150. As a result, when two working people get married they would no longer see their combined standard deduction go down.

- **Raise the Standard Deduction by $500 For Couples Not Facing Marriage Penalties.** In order to ensure that his middle-class tax relief is spread as broadly as possible, the President's proposal would increase the standard deduction by $500 for married, single-income couples (these couples do not face a marriage penalty under the tax code). The President's proposal would also increase the standard deduction for single filers by $250. These changes would take effect in 2005.

WHAT THE PRESIDENT'S PLAN WOULD MEAN FOR AMERICANS	
✂ Cut taxes for 42.1 million families.	✓ Simplify tax returns for 4.3 million families by reducing tax itemization requirements.
✂ Cut taxes for 9.1 million married, two-income families.	✓ Remove 873, 000 people from the tax rolls entirely

Child Care

Clinton-Gore's Child Care Tax Relief for America's Families

Summary

Today, in His State of the Union, President Clinton will Include Tax Relief for Families Struggling to Pay for Child Care. These expenses are often the second or third largest item in a low-income working family's household budget. 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 with their children. The President will also unveil tax incentives to encourage businesses to provide child care for employees.

Helping Over 8 Million Families Pay Child Care Expenses. The Child and Dependent Care Tax Credit (CDCTC) provides tax relief to those who, in order to work, pay for the care of a child under 13 or for a disabled dependent or spouse. The President's proposal, which costs $30 billion over 10 years, broadens this tax relief and will help over 8 million families pay their child care expenses:

- **Making the Credit Refundable for Nearly Two Million Working Parents.** Under current law, a typical family of four with an income under $25,000 is ineligible for credits for child care expenses because it has no income tax liability. Many such families earn too little to claim the credit but too much to get the full benefit of child care subsidies. To help these families, the President proposes to make the CDCTC refundable for the first time -- so that families with no tax liability can receive up to $2,400 to help offset the cost of child care. This proposal will assist nearly two million families.

- **Increasing the Child Care Tax Credit.** For families earning up to $60,000, the President proposes to increase the maximum level of the CDCTC from 30 percent to 50 percent. This will provide an average additional tax cut of $249 for these families and eliminate tax liability for nearly all families with incomes below 200 percent of poverty that claim the maximum allowable child care expenses. Under this proposal, a family of four with an annual salary of $35,000, and child care expenses of $3,100, would receive a tax credit of $1,395 -- an increase of $775 over current law. This expansion proposal will help over four million working families pay for child care.

- **Providing Tax Relief to Parents Who Stay at Home.** The President will also propose enabling parents who stay at home with children under age one to take advantage of the Child and Dependent Care Tax Credit by claiming assumed child care expenses of $500. This proposal will provide an average tax cut of $154, benefiting almost two million parents.

Creating New Child Care Tax Incentives for Businesses. In his budget, President Clinton will also propose a new tax credit for businesses that provide child care services for their employees. These services could include: building or expanding child care facilities, operating existing facilities, training child care workers, or providing child care resource and referral services. The credit covers 25 percent of qualified costs (and 10 percent of resource and referral service expenses), but may not exceed $150,000 per year per business. This tax credit would cost $1.4 billion over 10 years.

President Clinton's New Tax Incentives To Promote Philanthropy for All Americans

Summary

Today, in His State of the Union Address, President Clinton Will Unveil a Package of New Tax Proposals to Encourage Philanthropy. First, he will propose allowing nonitemizers 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. Third, he will propose making it easier for individuals to donate appreciated assets like securities and real property. Last October, the President and First Lady convened the first-ever White House Conference on Philanthropy. The conference highlighted the unique American tradition of charitable giving, and emphasized that at a moment of great prosperity, we must preserve and expand this tradition. Today's proposals, which cost $14 billion over 10 years, will help do just that.

Enabling Nonitemizers to Take a Tax Deduction for Charitable Contributions. Currently, 70 percent of taxpayers do not itemize and as a result, they cannot get the tax incentive for charitable giving that higher-income itemizers can claim. The President's budget will allow these taxpayers to claim a 50 percent deduction for charitable contributions above $500 a year when fully phased in. This proposal will boost contributions to charitable organizations, particularly community and faith-based groups, and improve tax fairness by giving nonitemizers the same opportunity to deduct contributions as itemizers.

Making it Easier for Foundations to Give in Times of Need. The President's budget will allow more funds to reach those in need by simplifying and reducing the excise tax on foundations. Foundations currently face a two-tier excise tax: first, a 1 percent tax on investment income; second, an additional 1 percent tax for foundations that do not maintain their rate of giving over a five-year average. This mechanism is unduly complicated and can reduce giving in certain cases, since boosting gifts in times of need exposes foundations to higher taxes if, after the need has passed, their rate of giving drops back to earlier levels. The President's new proposal will eliminate the two-tier system and set the excise tax rate at 1.25 percent. The result of this simplification will be to remove a disincentive to foundation giving and to make available more gifts to community organizations in times of need.

Allow Greater Contributions of Appreciated Property to Charities. The President's budget will also make it easier for individuals to donate appreciated assets like stocks, art and real estate. Under existing law, individuals donating appreciated assets can take a tax deduction that is limited to 30 percent of adjusted gross income (AGI); for gifts made to private foundations, the deduction is capped at an even more stringent 20 percent AGI. These multiple limitations are complex and can place burdens on individuals who choose to give substantial portions of their incomes to charity. The President's budget simplifies and eases these limitations by increasing the AGI limit on appreciated property from 30 to 50 percent, and the limit for donations of appreciated property to private foundations from 20 to 30 percent. This change will create greater incentives for such gifts.

Philanthropy

Clinton Presidential Records
Digital Records Marker

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This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Divider Title: **31**

BUILDING ON RECORD OF FISCAL DISCIPLINE, PRESIDENT CLINTON ANNOUNCES 2001 BUDGET WILL PAY DOWN DEBT BY 2013 -- TWO YEARS EARLIER THAN PLANNED

January 27, 2000

President Clinton has announced that his budget for 2001 would put America in a position to pay off the $3.6 trillion debt by 2013 -- 2 years earlier than planned. The President emphasized that this debt reduction would be accomplished by protecting Social Security funds -- and dedicating the interest savings to Social Security, allowing the Social Security solvency to be extended past 2050. In contrast, the Republican lockbox plans in Congress fail to extend the life of Social Security by even one day. The President also announced that his budget will make Medicare secure through at least 2025.

This Plan Builds on Largest Budget Surplus In History and the Largest Pay Down of Debt in History. In 1993, President Clinton put in place a three-part economic strategy of fiscal discipline, investing in people, and opening markets abroad. The latest data provides even more evidence that this strategy is working:

- ✔ Last year's unified budget surplus was $124 billion, the largest surplus ever – the latest numbers from the Department of the Treasury indicate that the numbers for this year will be even higher.
- ✔ America has paid down $140 billion in debt held by the public over the last two years, the largest debt pay down ever.
- ✔ The debt at the end of FY 1999 was $1.7 trillion lower than it was projected to be when the President took office.

<u>**Largest UNIFIED Surplus Ever**</u>

- **Largest dollar surplus ever, even after adjusting for inflation.** The $124 billion surplus in 1999 was the largest dollar surplus in American history, breaking the record $69 billion surplus in 1998. Even after adjusting for inflation, it is still the largest surplus in American history.

- **Largest surplus as a share of the economy since 1951.** The 1999 surplus was 1.4 percent of GDP – the largest surplus as a share of GDP since 1951.

- **The first back-to-back surpluses since 1956-57.** The 1999 surplus of $124 billion was the second year in a row of surplus, following a $69 billion surplus in 1998. The last time the Nation had budget surpluses in two consecutive years was in 1956-57.

- **Seven years in a row of fiscal improvement -- the first time in U.S. history.** The achievement a larger surplus in 1999 than in 1998 marked the seventh consecutive year of improved fiscal balance – extending what was already the longest period of sustained fiscal improvement in American history.

LARGEST DEBT REDUCTION EVER

- **Paying down $140 billion of debt held by the public over the last two years.** In 1999, debt held by the public was reduced by $88 billion, which follows the $51 billion debt reduction in 1998, and brings the two-year total up to $140 billion.

- **In 1992 the deficit was $290 billion and projected to rise to more than $400 billion this year.** In 1993, the deficit was projected to reach $429 billion in 1999. Instead, the budget was actually in *surplus* by $124 billion. *This is a $552 billion improvement in 1999 alone.*

- **The debt held by the public is $1.7 trillion lower than was projected when the President took office.** In 1993, the debt held by the public was projected to balloon to $5.4 trillion by 1999. Instead, shrinking deficits and surpluses in the last two years have brought the debt down to $3.6 trillion.

- **As a result, interest payments on the debt were $91 billion lower than projected.** In 1993, the net interest payments on the debt held by the public were projected to grow to $321 billion in 1999. Fiscal discipline has slashed this figure by $91 billion.

Spending Restraint Helped Usher in an Era of Surpluses

- **Federal spending as a share of the economy has not been lower 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 a quarter century. *In fact, Federal spending as a percentage of the economy has been lower in every year for which President Clinton submitted a budget than it was for any year under either of the two preceding Administrations.* At the same time, President Clinton has increased investments in education, technology and other areas that are vital to growth.

- **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 1981 to 1993, real discretionary spending *increased* by 1.0 percent per year.

What Fiscal Discipline Means For America

- **Lower interest rates 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 with a home mortgage of $100,000 might expect to save roughly $2,000 per year in mortgage payments – effectively a large tax cut.

- **Lower interest rates cut car payments by $200 for families with a car loan.**

- **Lower interest rates cut student loan payments by $200 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 percent real annual increase in producers durable equipment investment since 1993 – the seven consecutive years in a row of double digit growth. This compares to 5 percent annual growth from 1981-92, a period that saw the debt held by the public quadruple.

- **Rising investment has contributed to an increase in productivity**. 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.

Under the President's Framework to Strengthen Social Security and Medicare, the Debt Held by the Public is Projected to be Eliminated by 2013.

- **Interest payments would be eliminated**. Currently we spend almost 14 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.

- **Prepare for the retiring baby boomers**. Paying off the debt will create room in the budget for the increased Social Security and Medicare costs of the baby boomers. It will also free up funds for investment, help keep interest rates low, and boost workers' productivity and incomes. This fiscal discipline is the best way to prepare the government, and the Nation, to meet the challenge of the retirement of the baby boom generation.

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