

family aggregation rules, families who work together in small businesses could save as individuals. Larger businesses and tax-exempt organizations could also offer simpler plans, so more money could go to workers' retirement and less to accountants, lawyers and other consultants. These proposals are all part of the President's budget offer of January 18. Similar reforms have been passed by the Congress. This is an area where agreement to benefit all Americans is both possible and close to fruition.

Safeguarding Your Retirement Savings

No corporation should be able to raid your hard-earned savings. The Clinton Administration has taken important actions to make certain that pension savings are there when people need them. From the Retirement Protection Act, enacted in 1994, which protects more than 8 million workers and retirees in traditional pension funds, to reducing pension underfunding for the first time in a decade -- from \$71 billion to \$31 billion, to the Department of Labor's enforcement program and proposed legislation and regulations to ensure that employee's savings are actually contributed to their retirement plan and invested, this Administration has demonstrated its commitment to safety and security in the pension system. And we've fought cynical Republican efforts to fund tax cuts by allowing corporations to raid their pension funds -- the same kind of raids that cost workers about \$20 billion in the 1980s to fund corporate mergers and leveraged buyouts.

Saving Medicare and Medicaid: Reform that Protects and Strengthens the Programs

The President's proposal preserves and enhances Medicare. In so doing, he rejects proposals that structurally undermine the program through excessive cuts and unwise programmatic changes that unnecessarily harm beneficiaries and providers. Instead, the President proposes reforms that achieve savings that limit the per person growth of the program to just below the private sector growth rate, extends the life of the Medicare Trust Fund through at least 2010, adds new cost-effective preventive benefits, and provides for a new respite benefit for families of beneficiaries with Alzheimer's disease. In addition, the President proposal expands plan choices for beneficiaries to include HMOs with a point-of-service option, Preferred Provider Organizations (PPOs), and Provider Service Networks. These options work to promote competition on the basis of cost and quality, rather than to "cherry-pick" at the expense of the sick and the elderly.

Like the Medicare program, the President calls on the nation to maintain its commitment to a strong, but more flexible and cost-conscious Medicaid program. He rejects proposals that block grant the program and provide for harmful and excessive cuts that could deny health benefits to 3-6 million Americans in 2002, including more than 1 million children. Instead, he advocates making the program more flexible by removing unnecessary Federal health care delivery and reimbursement strings that tie the Governor's hands in administering an efficient and responsive program. In so doing, however, he maintains the Federal guarantee to a set of meaningful benefits, retains financial and quality protections for the states (through his per capita cap, which provides more dollars during economic downturns), and continues protections of recipients and their families (through retention of nursing home quality, spousal impoverishment, and family financial resources protections).

Health Insurance Reform -- Portability Protections

The President has called on the Congress to pass meaningful health insurance reforms that would guarantee that insurers no longer apply pre-existing condition exclusions to previously insured workers. Providing for this portability protection and eliminating "job-lock" for all Americans has

always been one of President Clinton's top priorities. His proposal would also require plans to renew coverage without regard to health status.

Insurance reform bills similar to the President's have received broad, bipartisan support in the Congress. Over 35 insurance market reform bills have been introduced since 1990, including legislation cosponsored by Republican Senator Kassebaum and Democratic Senator Kennedy that was unanimously reported out of the Labor Committee last year.

Health Insurance Reform -- Making Insurance More Accessible and Affordable for Small Business and their Employees

In addition to the insurance reforms outlined above, the President's proposal would require plans to make coverage available to all groups of businesses, regardless of the health status of any of the group's members ("guaranteed issue"). Insurers would be required to provide an open enrollment period of at least 30 days for all new employees (whether or not they had been previously insured). Moreover, insurers could not individually underwrite new enrollees, i.e., their premiums would have to be the same as other enrollees with similar demographic characteristics. These provisions also have broad, bipartisan support.

To address the issue of affordability, the President's insurance reforms would also limit premium variations for small businesses by phasing out the use of claims experience, duration of coverage, and health status in determining rates. To put the self-employed on a more equal footing with other businesses, the President proposes to gradually increase the self-employed tax deduction from 25 to 50 percent. And finally, to help provide small businesses with the type of purchasing clout larger businesses have, technical assistance and funding (\$25 million a year in grants) would be provided to states to set up voluntary purchasing cooperatives. (Purchasing cooperatives are also included in the Kassebaum/Kennedy plan.) Under the President's plan, the State could request that commercial insurers providing Federal Employee Health Benefit Plans (FEHBP) also offer insurance products to small businesses in a voluntary purchasing cooperative. To assure cost control within the Federal program, the Federal employee and private sector "pools" would be kept separate.

Health Insurance Reform -- Building on Portability Protections: Health Insurance for the Temporarily Unemployed

This program would help working families who today are coping with a changing job market that creates periodic breaks in employment for many Americans. Under the President's proposal, lower income individuals who lose their health insurance when they lose their job would be eligible for premium subsidies to pay for private insurance coverage for up to six months. The program which would be designed by states, costs about \$1.5 billion a year and would provide coverage for 3.8 million Americans a year.

Cracking Down on Fraud and Abuse

In the last three years alone, the Administration has saved an unprecedented \$15 billion by cracking down on fraud and abuse in the Medicare and Medicaid programs. The President's balanced budget plan continues these aggressive policies. It strengthens the fraud and abuse laws so that we can better prosecute health care fraud in all government programs and private plans, makes it easier to restore money to Medicare and Medicaid and to American taxpayers, and increases penalties so that wrongdoers are punished severely. It expands "Operation Restore Trust"

nationwide -- a program currently operating in five states that coordinates anti-fraud activities and uses new technology to fight fraud and abuse. Finally, it guarantees funding to investigate and prosecute those who have defrauded the Medicare and Medicaid programs and the taxpayers who support them.

THE THIRD CHALLENGE: TO TAKE BACK OUR STREETS FROM CRIME AND GANGS AND DRUGS

America has begun to find the way to stop crime. In New York City murders are down 25%, in St. Louis 18%, and in Seattle 32%. The President's Crime Bill is putting more police on the streets -- 31,000 just this last year, the Brady Bill has stopped 44,000 felons and over 20,000 fugitives, stalkers, and others from buying handguns, the Assault Weapons Ban is keeping UZIs out of the hands of drug runners, and the Violence Against Women Act has cracked down on abusers of women while improving services for victims, so that they have somewhere to turn. The President's anti-crime strategy is working. The President reiterated tonight that he will veto any attempt to repeal the Brady Bill, the Assault Weapons Ban, and the COPS program -- which will put an additional 25,000 cops on the streets of America in 1996. In addition, the President announced several new initiatives to build on his Administration's successful efforts to win the war on crime and drugs.

Truth-in-Sentencing

State and local prison populations continue to grow. Unfortunately, some correctional systems faced with rising prison populations have released offenders when their institutions reach a certain population level. The result is that prisoners are released before they finish serving their full sentence. This is a hoax being played on the American public. The Federal criminal justice system resolved this problem some time ago by adopting truth-in-sentencing. Federal prisoners serve at least 85% of the sentence imposed and are not eligible for parole. Now is the time for the States to get on board and stop releasing criminals back into the general public before they serve their time. That is why the President is challenging the States to ensure that by the year 2000 State prisoners serve 85% of their sentence.

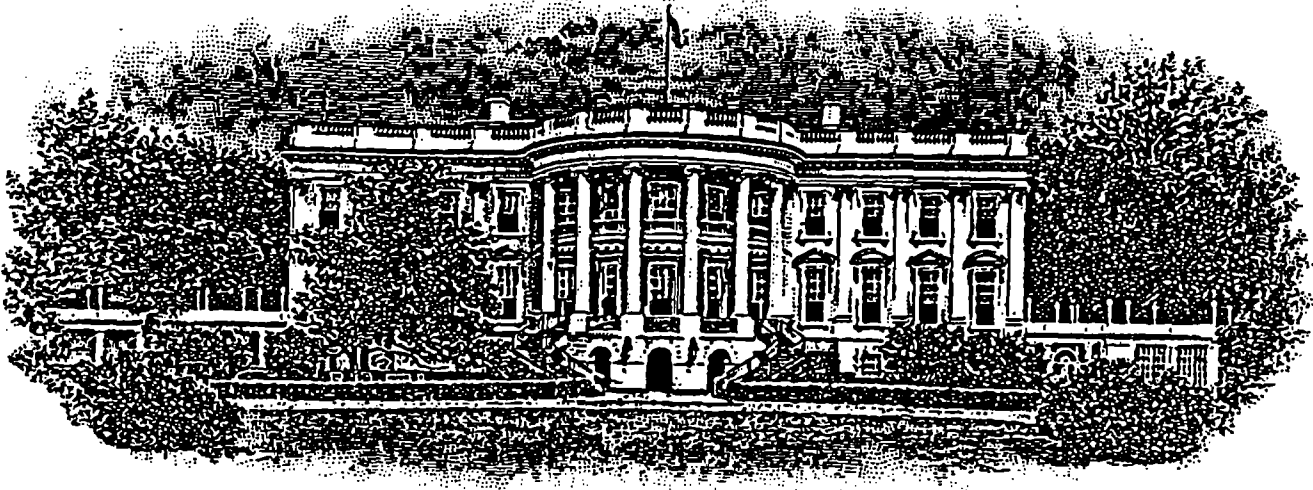
One Strike And You're Out -- A Directive to HUD to Remove Criminals From Public Housing

The Federal Government is doing its part by cracking down on gangs and drugs in public housing. Large, violent street gangs have controlled entire projects in some of our cities, recruiting children as young as 7 years old to sell drugs. President Clinton tonight is challenging HUD, local governments and the public housing residents to link arms in ousting drug dealers and violent crime from public housing. In city after city, the count for abusive residents involved in drugs and crime will now be "one strike and you're out." Under this plan, the President will direct the Secretary of HUD to implement a one strike program for public housing. We will no longer tolerate these drug dealers and violent offenders terrorizing residents in their homes. Based on the President's "Three Strikes and You're Out" policy for violent criminals, the message will be clear -- break the rules and you are out.

Anti-Gang Initiatives

Over the past decade, street gangs have become the major force in the distribution of narcotics and the commission of violent crimes. Gangs are a significant problem affecting not only our inner cities but also suburban and rural communities throughout the country. Over the last year, the Justice Department's Anti-Violent Crime Strategy -- in which Federal prosecutors work in tandem with

The White House



DOMESTIC POLICY

FACSIMILE TRANSMISSION COVER SHEET

TO: Jer Klein

FAX NUMBER: 6-2878

TELEPHONE NUMBER: _____

FROM: [Signature]

TELEPHONE NUMBER: _____

PAGES (INCLUDING COVER): _____

COMMENTS: Pl. review and make whatever
edits. Also, please call me re any
info you have on latest state of U.
I'll do same if I have any more than
I told you in my message to you (CJ)

Health Insurance Reform

Portability Protections

The President has called on the Congress to pass meaningful health insurance reforms that would guarantee that insurers no longer apply pre-existing condition exclusions to previously insured workers. Providing for this portability protection and eliminating "job-lock" for all Americans has always been one of President Clinton's top priorities. His proposal would also require plans to renew coverage without regard to health status.

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to six months. The program which would be designed by states, costs about \$1.5 billion a year and would provide coverage for 3.8 million Americans a year.

Protecting Medicare and Medicaid

CHRIS TO ADD HERE

Cracking Down on Fraud and Abuse

In the last three years alone, the Administration has saved an unprecedented \$15 billion by cracking down on fraud and abuse in the Medicare and Medicaid programs. The President's balanced budget plan continues these aggressive policies. It strengthens the fraud and abuse laws so that we can better prosecute health care fraud in all government programs and private plans, makes it easier to restore money to Medicare and Medicaid and to American taxpayers, and increases penalties so that wrongdoers are punished severely. It expands "Operation Restore Trust" nationwide -- a program currently operating in five states that coordinates anti-fraud activities and uses new technology to fight fraud and abuse. Finally, it guarantees funding to investigate and prosecute those who have defrauded the Medicare and Medicaid programs and the taxpayers who support them.

Preventive Care and a Downpayment on Long-Term Care

President Clinton's proposal strengthens Medicare by expanding coverage of cost-effective preventive services -- by waiving cost-sharing for mammograms and covering them on an annual basis, and providing colorectal screening to detect colon cancer, coverage for diabetes self-management, and preventive immunizations. His plan also provides for a new respite care benefit for families of Medicare beneficiaries who are afflicted with Alzheimer's Disease.

SORRY - REVISED

6 - 7028

My edited language on Cracking Down on Fraud and Abuse

In the last three years along, the Administration has saved an unprecedented \$15 billion, from bad apples who defraud Medicare and Medicaid programs and the taxpayers who support them. The President's plan continues aggressive policies to stamp out Medicare and Medicaid fraud and abuse. ^{the} It expands "Operation Restore Trust" -- the Administration's fraud and abuse program -- making it nationwide in scope. It strengthens fraud and abuse laws so that we can better prosecute health care fraud in all government programs and private plans; makes it easier to restore money to Medicare and Medicaid, and to the American taxpayers, and increases penalties so that wrongdoers are punished severely. Finally we guarantee funding to investigate and prosecute those who have defrauded the Medicare and Medicaid programs, and the taxpayers who support them.

Explanation of Edits:

1. DOJ has no basis to assess whether \$15 billion has been saved -- how much or in what manner - however, we have not "recovered" this much from providers.
2. Some of the savings presumably stem from charges in reimbursement practices which are not "recoveries" from providers.
3. Do you want to acknowledge fraud in other health care programs - federal and private (e.g., Federal employees Health Benefits Plan, CHAMPUS) (some legislation don't change Medicare laws by saying "easier to prosecute all health care fraud cases government programs and private plans."
4. I would delete "Operation Restore Trust" sentence - "Operation Restore Trust" is not meaningful to average Americans; and it is only a portion of our anti-fraud and abuse program. At minimum, add "and abuse" since most of Operation Restore Trust is administrative - doesn't involve criminal or civil fraud.



U. S. Department of Justice
Office of the Deputy Attorney General

Special Counsel to the Deputy Attorney General

Washington, D.C. 20530

FACSIMILE COVERSHEET

DATE: January 22, 1996

TO: Jennifer Klein
White House

Telephone No. () - Fax No. () 456 - 2878

FROM: Debra L.W. Cohn
Special Counsel to the Deputy Attorney General

Telephone No. (202) 514 - 3052 Fax No. (202) 307 - 0097

TRANSMISSION CONTAINS 3 SHEETS INCLUDING THIS COVERSHEET

Problems with this transmission should be directed to Katrina Weaver, (202) 514-6771

SPECIAL NOTE(S) _____

WARNING: Many fax machines produce copies on thermal paper. The image produced is highly unstable and will deteriorate significantly in a few years. It should be copied on a plain paper copier prior to filing as a record.

01/22/96 12:57

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Cracking Down on Fraud and Abuse

In the last three years alone, the Administration has ~~recovered~~ an unprecedented \$15 billion from bad apple ~~providers~~ who have defrauded Medicare and Medicaid and the taxpayers who support them. The President's plan continues aggressive policies to stamp out Medicare and Medicaid fraud and abuse. [It expands "Operation Restore Trust" -- the Administration's anti-fraud program -- making it nationwide in scope.] It also ~~increases~~ ~~possibilities~~, strengthens the fraud and abuse laws to make it easier to prosecute ~~cases~~ and guarantees funding to investigate, prosecute and punish those who have defrauded the Medicare and Medicaid programs, and the taxpayers who support them.

~~return~~ money to Medicaid, Medicare and the American taxpayers, increases penalties and

④ I would delete: "Operation Restore Trust" is not meaningful to average Americans; and it is only a portion of an anti fraud + abuse program. At minimum, add "and since most of Operation Restore Trust is administrative + doesn't include criminal + civil fraud"

① DOS has no basis to assess whether \$15 has ~~been saved~~ or what basis - however, we have not "recovered" this much from providers.

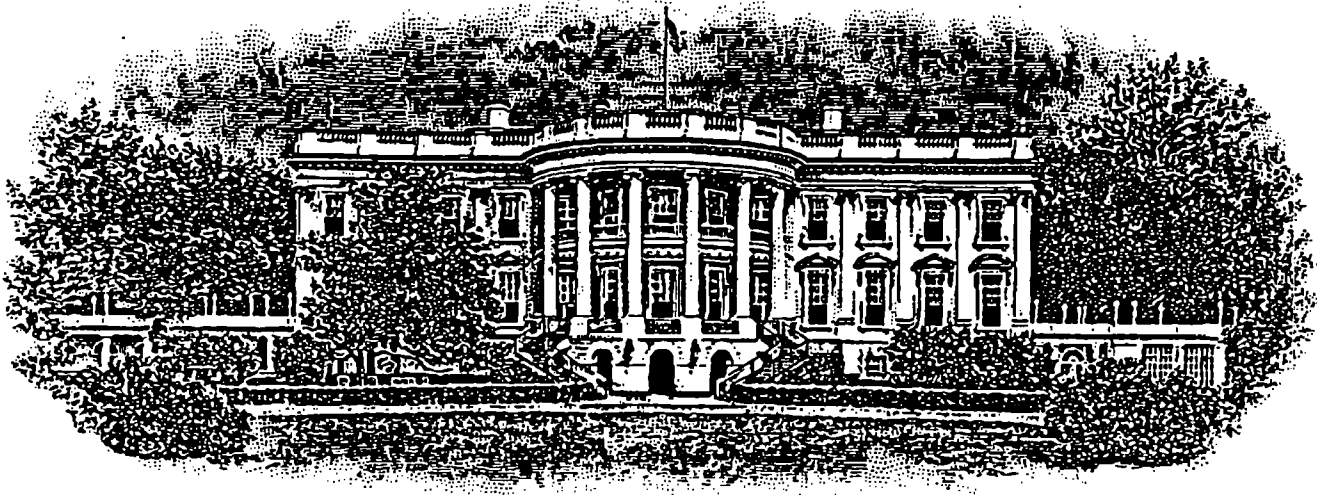
② some of the savings presumably ~~do~~ stem from changes in reimbursement practices which are not "recoveries" from providers

③ Do you want to acknowledge fraud in other health care programs - federal and private

(e.g. Federal employees Health benefits plan,

Champus)
(some ~~leg.~~ don't change Medicare laws.
by saying - easier to prosecute all health care fraud case
in ~~the~~ ~~Medicare~~ ~~admission~~ ~~plans~~ and private plans

The White House



DOMESTIC POLICY

FACSIMILE TRANSMISSION COVER SHEET

TO: Jen Klein

FAX NUMBER: _____

TELEPHONE NUMBER: _____

FROM: Cris Jennings

TELEPHONE NUMBER: _____

PAGES (INCLUDING COVER): _____

COMMENTS: Here is my attempt at this.

What do you think?

Cracking Down on Fraud and Abuse

In the last three years alone, the Administration has recovered an unprecedented \$15 billion from bad apple providers who have defrauded Medicare and Medicaid and the taxpayers who support them. The President's plan continues aggressive policies to stamp out Medicare and Medicaid fraud and abuse. It expands "Operation Restore Trust" -- the Administration's anti-fraud program -- making it nationwide in scope. It also increases penalties, strengthens the fraud and abuse laws to make it easier to prosecute cases, and guarantees funding to investigate, prosecute and punish those who have defrauded the Medicare and Medicaid programs and the taxpayers who support them.

Insurance Reform and Portability Protections

The President has called on the Congress to pass meaningful health insurance reforms that would guarantee that insurers ^{can} no longer ^{exclude deny coverage} apply pre-existing conditions to previously insured workers. Providing for this portability protection and eliminating "job-lock" for all Americans has always been one of President Clinton's top priorities. His proposal would also require plans to renew coverage without regard to health status.

because of a pre-existing condition.

The insurance reforms advocated by the President closely mirror those that have received broad, bipartisan support in the Congress. Over 35 insurance market reform bills, largely seeking to achieve the same goals as the President, have been introduced since 1990. Similar legislation, cosponsored by Senator Kassebaum and Senator Kennedy, was unanimously reported out of the Labor Committee last year. In addition, the House Ways and Means Committee has held hearings on largely parallel insurance reform legislation that was introduced by Congresswoman Nancy Johnson (R-CT).

Making Insurance More Accessible and Affordable for Small Business and their Employees

In addition to the insurance reforms outlined above, the President's proposal addresses one of the most difficult insurance markets in today's health care system -- the small group market. His plan would require plans to make coverage available to all groups, regardless of the health status of any of the group's members ("guaranteed issue"). Insurers would be required to provide an open enrollment period of at least 30 days for all new employees (whether or not they had been previously insured). Moreover, insurers could not individually underwrite new enrollees, i.e., their premiums would have to be the same as other enrollees with similar demographic characteristics. These provisions also have broad, bipartisan support.

To address the issue of affordability, the President's insurance reforms would also limit premium variations for small businesses by phasing out the use of claims experience, duration of coverage, and health status in determining rates. To end the discriminatory practice of providing a lower health care tax deduction for the self-employed than every other business, the President proposes to phase-up the self-employed tax deduction to 50 percent.

And finally, to further improve access for small businesses and their employees, and to help provide small businesses with the type of purchasing clout larger businesses have, technical assistance and funding (\$25 million dollars a year in grants) would be provided to states to set up voluntary purchasing cooperatives. The cooperatives would pool small businesses and empower them to have much better access to insurance. (Purchasing cooperatives are also included in the Kassebaum/Kennedy plan.)

Under the President's plan, the State could require that insurers providing Federal Employee Health Benefit Plans (FEHBP) offer insurance products to small businesses in the cooperative. The FEHBP name could also be used as a marketing tool. To assure cost control within the Federal program, the Federal employee and private sector "pools" would be kept separate. This option would assure that a wider range of plans could be made available to employers in the voluntary cooperative and, if our experience with this option is positive, could be expanded further.

*Or do you not need to be previously insured?
or refuse to renew?*

①

Building on Portability Protections: Health Insurance for the Temporarily Unemployed

The program would help working families who today are coping with a volatile job market that creates periodic breaks in employment for many Americans. Under the President's proposal, individuals who lose their health insurance when they lose their job would be eligible for premium subsidies to pay for private insurance coverage for up to six months. The program would be designed by states, costs about \$2 billion a year, and would provide coverage for 3.8 million Americans a year.

Medicare Reforms:

Cracking Down on Fraud and Abuse

New #
In the last three years alone, the Administration has recovered an unprecedented \$15 billion from bad apple providers who have defrauded Medicare and Medicaid and the taxpayers who support them. The President's plan continues aggressive policies to stamp out Medicare and Medicaid fraud and abuse. It expands "Operation Restore Trust" -- the Administration's anti-fraud program -- making it nationwide in scope.

New Plan Choices That Work

①
Placeholder for insert about the President's Medicare structural reforms that provide expanded plan choices for beneficiaries: HMOs with a point of service option, Preferred Provider Organizations (PPOs), Provider Service Network, etc. (Cite how these, unlike the Republicans, work to promote competition on cost and quality, not by avoiding risk and cherry picking -- like the Republicans do.)

Preventive Care and a Downpayment on Long-Term Care

President Clinton's proposal strengthens Medicare by expanding coverage of cost-effective preventive services -- by waiving cost-sharing for mammograms and covering them on an annual basis, providing for colorectal screening to detect colon cancer, adding screening for diabetes, and reimbursing for preventive immunizations. His plan also provides for a new respite care benefit for families of Medicare beneficiaries who are afflicted with Alzheimer's Disease.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 1-21 ACTION/CONCURRENCE/COMMENT DUE BY: ASAPSUBJECT: STATE OF UNION JANUARY 21 DRAFT

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	McCURRY	☒	☐
PANETTA	☒	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
ICKES	☒	☐	QUINN	☐	☐
LIEBERMAN	☒	☐	RASCO	☒	☐
RIVLIN	☒	☐	SOSNIK	☐	☐
BAER	☐	☐	STEPHANOPOULOS	☒	☐
CURRY	☐	☐	STIGLITZ	☐	☐
EMANUEL	☐	☐	STREETT	☐	☐
GIBBONS	☐	☐	TYSON	☒	☐
GRIFFIN	☐	☐	WALLEY	☐	☐
HALE	☐	☐	WILLIAMS	☒	☐
HERMAN	☐	☐	_____	☐	☐
HIGGINS	☐	☐	_____	☐	☐
KLAIN	☒	☐	_____	☐	☐
LAKE	☒	☐	_____	☐	☐
LINDSEY	☐	☐	_____	☐	☐

REMARKS: Comments to Waldman / Baer

RESPONSE: _____

Draft 1/21/96 4 a.m.

**PRESIDENT WILLIAM J. CLINTON
STATE-OF-THE-UNION ADDRESS
U.S. CAPITOL
JANUARY 23, 1996**

Mr. Speaker, Mr. Vice President, Members of Congress, distinguished guests.

Tonight, I want to begin by saying to our men and women in uniform around the world, and especially those helping peace take root in Bosnia, to these warriors for peace, I say: we are proud of you.

My duty tonight is to report on the State of our Union. Not on the state of our government, or even the state of individuals alone, but the state of our national community . . . of our efforts together, after nearly 220 years, to form a more perfect union.

The State of our Union is strong, as strong as it has ever been.

Our economy is strong, with the lowest rate of unemployment and inflation in three decades. Our leadership in the world is strong, bringing new hope for peace across the world. Our efforts to find common ground are strong, as we unite again around our most fundamental values.

This is an age of possibility. A time of challenge and change. A hundred years ago we moved from farm to factory. Now we move to an age of technology, information, global competition. Our people are facing deep concerns and new demands, in our families, our schools, on our streets. And we must answer core questions: How do we keep the American dream of opportunity and our values of responsibility alive for our children? How do we bring our old values into our new economy? How do we promote peace? And how do we come together as a people?

We know that we cannot look to big government for all the answers. We know that there is not a program for every problem. We know we should not ask government to do for people what they ought to be doing for themselves.

But we know that government has fundamental responsibilities -- to lead, to act, to move forward. Government in the new century must be a constant challenge to our people to seize opportunities and assume responsibilities. Above all, we must help Americans make the most of their own lives, liberating the creative energies of millions and millions of Americans in their homes, their businesses, their schools and their communities.

We must ask more of ourselves, and we must expect more of one another. That is how we will provide better educational opportunities . . . access to affordable health care and a secure retirement . . . protection against gangs and drugs . . . a clean environment . . . and a strong America.

The era of big government is over. The era of every man for himself is over. The era of all of us working together -- as a community, as a team -- is upon us.

In Washington, we need to work together to balance the budget. Many of you are impatient for us to reach agreement -- and so am I. But I want the American people to know two things.

First, this budget debate is more, much more, than politics-as-usual. We are engaged in a serious and long-overdue discussion about how best to protect and advance our values as a nation and what government's role will be. Whether we will balance the budget, have less government, and cut taxes. Or whether we will balance the budget, have less government, and cut taxes -- but also provide more economic opportunity, access to health care and secure pensions.

Second, there is now broad, bipartisan and unshakable agreement that years of permanent deficit spending will come to an end. I compliment the Republicans for their determination and ideas. And I thank the Democrats -- first, for cutting the deficit nearly in half this past three years, and for working to eliminate it completely, while protecting our obligations to our parents, our children, our families.

I have agreed on enough cuts in government spending to balance the budget in seven years. The Congressional Budget Office -- your own economists -- agrees that these savings are enough to wipe out the deficit. So I call on Congress to enact these savings. And save education, the environment, Medicaid -- and Medicare.

Tonight let me affirm my commitment: no matter what happens, we will balance the budget, and do it in seven years. The budget deficit is yesterday's legacy, and soon it will be history.

Tonight, it is time for us to talk about the future.

America was built on challenges, not promises. So tonight I want to speak honestly of the challenges we face as a people.

The First Challenge is to renew our schools for a new century and open wide the doors of college.

The vast amounts that our children must learn to get good jobs and keep them dwarfs what my generation had to learn. If they succeed, we will succeed.

Tonight, I challenge businesses, parents and educators to join with government in a massive national effort to make every student technologically literate by the Year 2000. Help connect our classrooms to the world by providing a cutting-edge computer, accessible to each student, and help us give teachers the skills and the software to make our classrooms as exciting as any video arcade. That's what we have done already in California, where my administration has brought together industry leaders to wire 20% of

the schools by this Spring, and all of them within [xxxxxxx] Tonight, I am announcing a new Technology Matching Fund to help communities and businesses equip their schools.

And to those who have chosen to apply their creativity to designing video games, I say: let learning be the leading computer game in America, not Mortal Kombat.

To local school districts: I challenge you to set up schools based on merit where every teacher meets high competency standards, where every student meets high levels of achievement. Give degrees only to those who pass the standards. Promote them only when they earn it.

To state governments: Pass laws giving every parent the right to choose which public school his or her child will attend. If parents are not satisfied, let them shop around and find the best public school and reward that school with your state funds. And let parents and teachers come together to form new schools, jointly run charter schools, so that innovation is rewarded and all schools are held accountable for results.

To teachers: keep up the progress. Test scores are up, dropout rates are down, more children go to college. Upgrade your skills, bear down, teach values as well as skills. Don't trap our students with low expectations.

To parents: Insist that your schools set up courses to teach ethics and values -- and make sure those lessons begin at home. Make your children do their homework. Learn the assignments, talk to the teachers, help your children learn. Their education is your responsibility.

Today, higher levels of education are more important than ever before. I am deeply committed to take every step I can to open the doors of college to all who deserve it. We have created a new college loan program and made it easier and cheaper to borrow for college and the default rate is at a record low. Through our national service program, this year 20,000 students will earn their way by serving their community. This program is a bipartisan success story; it is the right thing for America -- let's not turn these young people away.

Tonight I want to open the doors of college even wider -- and create a new gateway to our destiny. I challenge Congress to expand work study so that one million young Americans can work their way through college by the year 2000. I challenge Congress to adopt a \$1,000 merit scholarship for the top five percent of all high school graduates. And I challenge Congress: there is no better way to cut taxes than to make \$10,000 of college tuition tax deductible for every family.

Our second challenge is to help every American achieve economic security.

We have much to be grateful for in our economy. Home ownership is at its highest rate in 15 years. Business has created over 7 million American jobs. Detroit is winning the competition against Japan for the first time since the 1970s.

But our people are working harder than ever, and they deserve what it takes to get ahead in the new economy: Education and training for a lifetime, retirement security, and access to health care.

We must start with the stark fact that one education, received while we are young, simply does not last a lifetime. I challenge Congress to consolidate 70 overlapping job training programs into one simple voucher, a job training voucher, we would give to every American worker to pay for tuition at a community college or to use for training for new jobs. Let the worker choose the school, let us give him or her the money.

Members of Congress made more during the government shutdown than a minimum wage worker earns in an entire year. I challenge Congress to show that work pays by raising the minimum wage.

And we should preserve the full Earned Income Tax Credit that helps 20 million hard pressed working families. No one who works full time should have to raise their children in poverty.

We should help working families hold onto more of the hard-earned dollars they need to raise children. The balanced budget plan I have submitted makes possible a \$500 tax credit for each and every child under the age of 13. I challenge Congress: Let's stop fighting over all the other details of a tax cut. Let's at least balance the budget and give every family a \$500 tax credit for each child right now, this year, before another year passes.

I challenge the business community to provide pensions for workers. Seventy five million Americans work for small businesses which provide no retirement plans. I ask Congress to pass a law to cut through red tape with a single one-page form for small businesses to start pensions. That was the number one recommendation of the White House Conference on Small Business; it's something Democrats and Republicans can agree on.

And we should agree on something else. We have seen the damage that can come when we don't have strong rules to protect our workers' pensions. Two years ago, we passed a law that protected the pensions of 8 million working people and stabilized the pensions of 40 million more. If Congress passes a law that would encourage companies to raid their worker's pensions, I will veto it.

And if we are going to succeed in the new economy, we must make it easier for the best workers on Earth to afford the finest health care system on earth.

I challenge insurance companies to stop dropping people when they switch jobs and to stop denying coverage because of pre-existing conditions. And if they won't do it, I challenge Congress to pass the bill offered by Republican Senator Nancy Kassebaum and by Senator Ted Kennedy to require insurance companies to provide this basic protection.

Democratic

And, I challenge the American people to stand firm in their commitment to Medicare and Medicaid. We have to honor our most basic values of doing our duty to one another. In the past three years, we have saved \$15 billion by fighting fraud in these programs, but we must never abandon the basic right of Medicare for the elderly and the right, through Medicaid, of guaranteed medical care for pregnant women, the disabled, and poor children, and those needing nursing home care. These guarantees make America stronger. They are about the duty we owe one another.

and abuse

people
with
disabilities

We know that what government can do is only part of how we prepare our workers. Businesses and labor unions have to take responsibility -- to do what's right for the country, and put long-term prosperity ahead of short-term gain. Business leaders need to see the talents of their workers as their greatest resource and make sure they get the skills they need for the new economy. Union leaders need to abandon rigid work rules and outdated job classifications. When American companies and workers look to the long-term, they do better. And so do we.

Our third great challenge is to take back our streets from crime, gangs, and drugs.

We have begun to find the way to stop crime. It starts with a challenge to every community in America -- to come together and work with your local police force to spot crime, to uncloak drug dealers, to look out for one another. This strategy of community based policing has begun to work in a way no anti-crime effort has ever worked before.

In New York City, murders are down 25%, in St. Louis 18%, and in Seattle 32%.

Our Crime Bill -- a bipartisan effort, passed after years of delay -- is putting more police on the street to work with communities. We have hired about a third of the 100,000 new police officers I pledged to put on the streets of America. The strategy is working. If Congress tries to stop us, I will not let it happen.

The Brady Bill has already stopped 45,000 people with criminal records from buying guns. The assault weapons ban is keeping AK-47s out of the hands of drug runners. I say to Congress: leave these laws on the books, no matter what the NRA says.

But the strategy involves more. It calls for prompt and effective prosecution and long imprisonment of career criminals. I challenge every state government to match what we have already done with federal crimes: to assure that every criminal serves at least 85% of his sentence. Use the money from our Crime Bill to close the revolving door.

We cannot just jail our way out of this crisis. We have to give our young people a better future to keep them out of trouble. We passed the Crime Bill to help communities do more to prevent crime -- and it is working. Houston has the lowest murder rate in 20 years and declining juvenile crime because it expanded community policing and got

thousands of young people involved in sports leagues and other positive projects where they get good values and see good role models. I challenge all communities, and all adults, to reach into these children's lives and give them futures to say Yes to.

But if we want our children to have the chance they deserve and our neighborhoods to be safe we have to agree, tonight, that it is time we take on the gangs the way we took on the mob. I am directing the FBI and other investigative agencies to wage a coordinated war on gangs that involve juveniles in violent crime. And I challenge local housing authorities and tenant associations: Gang members and drug dealers have no right to live in public housing. They are destroying the lives of decent people. From now on, the rule for residents who get involved in drugs and crime should be: One strike and you're out.

And I challenge Congress to pass my bill to give prosecutors more authority to prosecute violent juveniles as adults. When young people become so hardened they kill and maim like adults, we should punish them as adults.

We will never solve the crime problem until we also solve the drug problem. I challenge Congress not to cut our anti-drug funds, which school boards could use to put an anti-drug officer in every high school in America. All over America, anti-drug efforts in our schools are changing the lives of our kids. I know, because my own daughter talked about her D.A.R.E. officer in the fifth grade for years afterwards. We should not stop now.

Tonight I am appointing a hero of the Persian Gulf, General Barry McCaffrey, as my drug czar to command a campaign against drugs on our streets. For years, people have said there was no way to cut off the flow of drugs to our borders. Barry McCaffrey proved them wrong. It was General McCaffrey whose troops stormed the Cali Carter headquarters in Columbia and who locked up the leaders of that vicious group <ck> We have slowed the influx of drugs into this country -- and that man did it.

He has won three purple hearts in his distinguished career and tonight I ask that he give his heart and his soul and his integrity and his example to leading the war against our nation's drugs. Thank you, General McCaffrey, for agreeing to serve your country one more time.

Our fourth challenge is to leave our environment safe and clean for the next generation.

Because of bipartisan support, we have made great progress in protecting the environment for a generation. We have cleaner, safer air and water. Lead levels in children's blood has been cut by 70 percent and toxic emissions from factories are cut in half. Lake Erie was dead. Now it is a thriving resource.

This is a time to go forward.

Tonight I am announcing a new initiative that says to business: if you will develop abandoned sites in the inner city, we will cut through the red tape and call off the lawyers to help you do it.

To businesses, we also say: If you can find a cheaper, more efficient way to meet our tough pollution standards, then do it your way, as long as you do it right.

I challenge Congress to expand right-to-know laws requiring polluters to disclose their emissions. I challenge community groups to use the information to work with businesses to cut pollution.

At the very least, our challenge is this: Do no harm.

Some in this Congress want to let polluters off the hook, and make taxpayers pick up the tab for toxic waste if it was dumped before 1987. I say: the polluters should pay.

This Congress has allowed lobbyists for the polluters to walk in these doors like they owned the place and write loopholes in the laws that protect the health and safety of our children. Congress wants to cut environmental enforcement by 25% -- more toxic chemicals in our water, more smog choking our air, more pesticides in our food. I ask you one question: How can we do that and look our children straight in the eye?

I challenge the United States to meet our responsibility to lead the fight for freedom and peace.

In the American century, because our country led, more people than ever before live free, more nations enjoy peace -- and Americans have known 50 years of prosperity and security.

All over the world, people look to us not only because of our power, but because of what we stand for -- and what we stand against. And they trust us to help them seek the blessings of peace and freedom.

But as the Cold War fades, voices of isolation say America should retreat from its responsibilities. I say they are wrong. The threats we face respect no borders -- ethnic and religious hatred... aggression by rogue states... the spread of weapons of mass destruction... terrorism... organized crime... drug trafficking. In the old struggle against chaos and evil, America must never be neutral.

The isolationists are wrong. But so are those who would have us be the world's policeman. Our reach and resources are limited. We can't be everywhere. We can't do everything. But where our values and interests demand it -- and where we can make a difference -- America must lead.

America is leading. Not as an isolationist, not as a global policeman who responds with force each time the law is broken -- but as a peacemaker. By keeping our military strong... by using diplomacy where we can and force when we must... by building coalitions to share the risk and the cost of our efforts -- America is making a difference for our own people and for people around the world.

Sometimes we succeed by applying patient pressure, as in North Korea, which has now frozen its dangerous nuclear weapons program. Sometimes America the peacemaker stays engaged, as with Russia. I want everyone here who grew up in the shadow of a nuclear nightmare to think about the result; tonight there are no Russian missiles pointed at any American cities, or any American citizens. Sometimes the peacemaker has to use the threat of force, as in Haiti. Now, the dictators are gone, democracy is back, and the flow of desperate refugees clinging to flimsy boats has ended.

Sometimes America the peacemaker stands shoulder to shoulder with those taking risks for peace. The sound of car bombs in Northern Ireland has given way to the quiet sounds of children living out normal lives. And in the Middle East, Arabs and Jews, who once seemed destined to fight forever share knowledge, resources and dreams. We lost a great friend in the cause of peace when Yitzak Rabin was taken from us. But let us now be proud that his memory and our values have been forged into an iron determination to advance peace in this troubled region.

And, sometimes we must stand up with force, and then with other peacekeepers, as we are doing in Bosnia -- so that the sniper's killing fields become the child's playing fields once more. Remember what we saw over there: skeletal prisoners caged behind barbed wire fences... young men shot down into mass graves... systematic campaigns of rape and torture... endless lines of refugees marching toward a future of despair. And all this in the very heart of Europe. Today, horror has given way to hope.

Zlata Filipovic [Zla-ta Fill-euh-PO-vitch], the young Bosnian girl whose diary touched the hearts of people around the world, sent me a letter, but she was really writing to America. "Thank you for helping . . . civilization not die over there," she wrote, "because ordinary people and children truly don't deserve it. Thank you for opening the door of the future for the children . . ." [Two weeks ago, I visited with America's warriors for peace who are giving Bosnia's children the chance for a better future. *Quote from soldier to POTUS.*]

There is more a peacemaker must do. We must work to cut the world's nuclear stockpiles by another 25 percent; I urge Congress to ratify the Start II treaty with Russia -- now. We must stop an entire generation of new nuclear weapons by signing a truly comprehensive nuclear test ban treaty -- this year. We can outlaw poison gas forever, if Congress approves the Chemical Weapons Convention -- this year. We can help more people move from hatred to hope . . . if Congress gives us the resources to remain leaders for peace.

And, as peacemakers -- at home as well as abroad -- we must take the fight to terrorists and organized criminals; Congress should finally pass legislation I proposed after the Oklahoma City bombing to give American law enforcement an even stronger arsenal.

If we reject the call of isolation and the role of policeman, we can remain a peacemaker -- a force for freedom and progress around the world and for real security and prosperity at home. And the next century will be an American century, too.

America's final, and most important challenge, is live up to the duty we owe one another, and take personal responsibility for the future of our country.

In every walk of life, we must pull together, and do our part.

I challenge the entertainment industry: your programs have the power to change the world. Create movies and TV shows as if your own children were watching. And tonight, I invite the leaders of major media corporations and the entertainment industry to come to the White House next month to work with us on concrete ways to improve what our children see on television. I am ready to work with you.

I challenge those who produce and market cigarettes: a thousand children get hooked on a smoking habit that will kill them. Sell your products to adults, if you wish -- but draw the line on children. Our dear friend Mike Synar led the fight to make it against the law to sell cigarettes to children; let's honor his memory by stopping tobacco companies from trying to hook them.

I challenge businesses of all kinds: obey the law and only hire legal workers. In the last three years, we have increased border patrols by _____. Tonight, I announce an executive order to cut off federal contracts for any business that hires illegal immigrants.

Individuals need to take responsibility, too.

Congress and I are near agreement on sweeping welfare reforms to require every American welfare recipient who can work to go to work, require teen mothers to live at home and stay in school, and impose time limits on welfare.

But welfare reform is only the first step. The next step is to make it work.

So I challenge every American business: open offices or factories in poor areas, and make room to hire people getting off welfare. I challenge America's banks to steer much-needed capital to the inner city, so people who live there can build homes and start new businesses.

I challenge all Americans to help keep the teen pregnancy rate going down. Last year, from this podium, I issued a call for a new national effort to come to grips with this

problem. Tonight I am pleased to announce that a group of prominent national leaders -- people like Warren Rudman, Hugh Price, C. Everett Koop, and MTV President _____ -- is answering that call with an organization that will enlist the grass roots in a national campaign against teen pregnancy. I urge every American to join in their efforts.

It is wrong to make women take the whole fall for this problem.

I challenge fathers to love and care for their children. Unless a man has died, there is no such thing as a fatherless child, there is simply a father not doing his most basic human duty.

We are collecting record amounts of child support payments, and Congress has adopted my recommendation to deny drivers licenses to anyone who fails to pay the money he owes his children.

But a check is no substitute for your love, your nurturing, your guidance, your caring. Please, as President, as a father, I implore you: go back home.

Finally, I call on American men and women to respect one another and end the deadly scourge of domestic violence. I ask every American man to swear, tonight, never, never, to lift his hand against a woman.

To the people in this chamber, I issue this challenge: before we can ask more of the American people, we have to take personal responsibility ourselves. We are the stewards of democracy. This government must again become one of the people, by the people, and for the people.

In the past year, we have made a good start -- applying to Congress the laws that apply to America, banning gifts and meals from lobbyists to lawmakers, forcing the lobbyists to disclose who is paying them and what legislation they are trying to pass or kill.

But we have a responsibility to do more to make America work for the people who sent us here. Let's curb special interest influence in politics by passing the first truly bipartisan campaign finance reform bill in a generation, introduced by Republican Senators McCain and Thompson and Democratic Senator Feingold. Let's show the American people we can limit spending and open up the airwaves to all candidates.

I have directed that the top officials who I have appointed may not act as foreign lobbyists when they leave government. I challenge Congress to enact my order into law for future administrations.

We have a responsibility not to waste Americans' hard-earned tax dollars. If you're serious about cutting wasteful spending, don't keep the country waiting any longer -- send me the line-item veto without further delay.

The American people deserve a government that works better and costs less. Thanks in no small measure to the work of Vice-President Gore, that is what we are giving them. We are eliminating 16,000 pages of unnecessary rules and regulations, shifting responsibility out of Washington back to states and communities, and letting individuals and the private sector do more. Today, the federal workforce is 205,000 employees smaller than the day I took office -- the smallest in 30 years, and getting smaller every day.

And the federal workers who remain are working harder and delivering more service to their fellow citizens at lower costs. We should thank them for their public service and work even harder to give more value for less tax money. But we here in Washington have a responsibility to do more than just cut government; we have a duty to behave responsibly, in a way that befits a great power. I want to make this very clear: No public servant should ever threaten the full faith and credit of the United States. And no public servant should ever -- ever -- again shut down the government of the United States.

Better education. Access to health care. Secure retirement. A clean environment. Safer streets. A stronger America. I have asked a lot of America this evening. But I am confident. When Americans gather in their homes, their schools, their churches, or at work, they have far greater power to shape our nation's destiny than do any of us in this august chamber.

I say again: The era of big government is over. The era of every person for himself is over. The era of all of us working together -- as a community, as a team -- to solve our problems is upon us.

I want you to meet three people tonight who show us what this all means.
[Mississippi man/schools; Los Angeles man/gangs; Oklahoma City woman/police]

They are special people. I have the honor tonight to announce that they are the first of several thousand Americans chosen to carry the Olympic torch on its long journey from Los Angeles to the centennial of the modern Olympics in Atlanta this summer. They are not star athletes; they are star citizens -- selected because they are community heroes meeting America's challenges -- America's real champions.

Like them, each of us must hold high the torch in our own lives. But none of us can finish the race alone. We must, as we have from our beginnings, be bound by a faith more powerful than any doctrine which might divide us. Our faith is in our ideals, timeless and shared: The belief in progress. The love of liberty. The eternal search for common ground. Now, at the dawn of a new century, we are called to fit our values to new demands. We must recall the duty we have always owed to one another and make our faith as strong as ever. That is the gateway to our age of possibility.

We must not wait passively for the future. Everywhere we turn, the future waits for us. We must seize it. That is America's challenge. Thank you and God bless America.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Melissa T. Skolfield

Assistant Secretary for Public Affairs

Phone: (202) 690-7850

Fax: (202) 690-5673

To: Jen KleinFax: 456-2878 Phone: 456-2599Date: 1/22 Total number of pages sent: _____

Comments:

Turns out \$15 B is just HHS - Revenue
or DOS are best sources to tell you if the
number is bigger and/or if DOS has more.
I've attached what we sent Chris Fie.

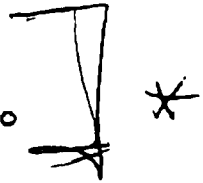
M.

N-19-96 FRI 12:14

P.05

Page 2 - Jennifer O'Connor

Savings

- o In fiscal years 1993 through 1995, our Office of Inspector General accounted for \$14.71 billion in Medicare and Medicaid program savings, compared to \$7.72 billion during the period fiscal years 1989 through 1991 for a 90% increase. 
- o In fiscal years 1993 through 1995, our Office of Inspector General accounted for \$11.09 billion in Medicare program savings, compared to \$7.3 billion during the period fiscal years 1989 through 1991 for a 52% increase.
- o In fiscal years 1993 through 1995, our Office of Inspector General accounted for \$3.617 billion in Medicaid program savings, compared to \$419 million during the period fiscal years 1989 through 1991 for a 763% increase.

Sanctions

- o The office excluded (ie. sanctioned) 3,728 providers who had defrauded or abused our programs from continued participation in the Medicare and Medicaid programs, compared with 2,751 in the last Administration, for a 36% increase.

The attached charts display these comparisons in a graphic format.

If you have any questions, please call me at 619-3146.



Michael M. Mangano
Principal Deputy Inspector General

DRAFT
For the 1996 State of the Union

As we work together to balance the federal budget and preserve the Medicare and Medicaid programs, we must make sure that the reforms we enact protect the people we serve and enhance the quality of these vital programs.

I am very proud of my Administration's accomplishments in fighting fraud in the health care system. In the last three years, our anti-fraud and abuse efforts have saved almost \$15 billion under Medicare and Medicaid. We can and we must do more.

No American, especially our senior citizens, should have any doubt about whether the care they are receiving is medically necessary. Last year, the Department of Health and Human Services launched Operation Restore Trust. Now operating in five key states, this program has already had some impressive results, including an agreement with the Los Alamos National Laboratories, home of our nation's leading scientists, to use our country's most powerful computer systems to root out fraudulent Medicare claims.

I am convinced that despite our differences we can make real progress on preserving and improving Americans' access to health care.

Senators Kassebaum and Kennedy and Congresswoman Johnson have worked hard to put together a bipartisan package of health insurance reforms that would eliminate many of the unfair impediments to insurance.

We all agree that preexisting medical conditions should not be used as an excuse to deny a person health coverage. We all want to provide American workers with greater portability of medical coverage. And we all agree that small businesses should have the opportunity to join together to get the best price for insurance for their employees. So let's work together to pass this important legislation.

I'd also like to see us come together on a plan to help those Americans who find themselves -- at no fault of their own -- in transition between jobs so that their health care coverage does not lapse.

"Accomplishments" Insert

Efforts to Combat Fraud and Abuse: In 1995, the Administration launched "Operation Restore Trust," a new effort to combat health care fraud, waste and abuse in the five states with the highest Medicare and Medicaid expenditures. In partnership with the Department of Justice and state governments, HHS is coordinating an interdisciplinary strategy to stem fraud in California, Florida, New York, Texas and Florida. These interdisciplinary teams are focusing on three of the fastest growing areas of health expenditures -- home health care, nursing home care and durable medical equipment. The program has already had impressive results, including an agreement with the Los Alamos National Laboratories to use our nation's most powerful computer systems to root out fraudulent claims.

Over the last two years, the Department's Office of Inspector General has also recorded significant savings beyond those attributable to "Operation Restore Trust." In FY 1995, the Department recovered over \$10 billion in fines, settlements and other savings, compared with approximately \$6 billion in FY 1993. In December, the Administration secured what appears to be the biggest Medicare settlement by a single health care provider. The University of Pennsylvania's health system agreed to pay \$30 million to settle charges that it filed improper Medicare charges.

News 89 -
FRI - packet
sent to C. Jennings



DEPARTMENT OF HEALTH & HUMAN SERVICES

fraud - medical fraud

Amy

Melissa T. Skolfield

Assistant Secretary for Public Affairs

Phone: (202) 690-7850

Fax: (202) 690-5673

To: Chris JenningsFax: 456-7028 Phone: _____Date: 1/19 Total number of pages sent: 27

Comments:

Attached is a slightly revised version of the fraud + abuse insert. ASMB does not feel comfortable using CBO's #s for our savings under the budget plan - while the ratio starts out at \$7 to \$1, the savings diminish considerably. ASMB is currently working with CBO to revise their estimates - there's no written CBO report - these figures come from verbal discussions.

Ten Klein has also asked Lavigne for the total lost through waste, fraud, and abuse - GAO calculates 10% of health care spending is lost but HCFA disagrees with this figure. Please call if you need anything else.

Melissa
200 Independence Avenue, S.W., Bldg. HHH, Room 647-D, Washington, D.C. 20201

The Medicare-Los Alamos Project

Last September, the Health Care Financing Administration (HCFA) signed a two-year, interagency agreement with the Los Alamos National Laboratories (LANL) to develop analytic and computer support to help improve our abilities to root out fraud, waste and abuse in the Medicare program. This agreement grew out of Operation Restore Trust, this Administration's initiative to decrease substantially fraud and abuse in the Medicare program. Los Alamos will provide the Medicare program with high-powered computing facilities and software to detect patterns of fraud and abuse among Medicare's 800 million yearly claims. Los Alamos will also assist HCFA as it moves to its new single claims processing system, the Medicare Transaction System.

LANL Monthly Update #1

In September, the Health Care Financing Administration signed an interagency agreement with the Los Alamos National Laboratories (LANL). The agreement is for the two-year period, Fiscal Year (FY) 1996 through FY 1997. Its purpose is to provide analytical and computer support to develop improved approaches to operating the Medicare program. The ultimate goal is the development of prepayment software to detect and deter fraudulent and improper claims. The agreement grew out of Operation Restore Trust and is a substantial expansion of HCFA's initiatives to control fraud and abuse in the Medicare program.

LANL has agreed to develop analytical tools to identify patterns of fraud and abuse in Medicare claims and to design prepayment edit systems for the existing claims processing systems and the Medicare Transaction System (MTS). Besides fraud and abuse, LANL will help evaluate MTS design alternatives by simulating the claims volumes for different data network configurations. LANL will also help evaluate transition scenarios and review the MTS security plans.

In early October, 1995, held a pictel conference call to establish the basic structure for operation and management of the agreement. We agreed that we will have weekly conference calls and a written report of progress at least every two months. LANL identified a large number of documents that they need.

To start the agreement, HCFA and LANL held a conference at the end of October here in Baltimore. During the conference, BPO and BDMS staff gave presentations to provide an overview of Part A and B payment procedures, medical review, fraud and abuse, appeals, Medicare secondary payor, CWF, MTS and NCH data. HCFA and LANL also discussed plans for training LANL staff, task scheduling, and data transfer. The conference was extremely successful. LANL expressed great enthusiasm for the project and brought with them a fresh perspective for tackling the fraud and MTS initiatives. LANL and HCFA staff worked very well together and all felt very positive about the challenges ahead.

The first part of the project will involve an intense training program to expose LANL to the intricacies of the Medicare Program. In order for the LANL team to develop the prepayment edits and pattern recognition approaches called for in the agreement, they must develop a working knowledge of contractor fraud detection practices, focused medical review procedures, edit development, and the integration of these functions into the overall claims processing system. Between now and the end of January, LANL will be visiting a variety of contractor sites (i.e. fiscal intermediary, carrier, and DMERC contractors, contractors using different standard systems, contractors that are doing a

"good" job of detecting fraud and abuse, and contractors that are having problems). LANL will also be visiting a regional office, interviewing criminals and meeting with fraud and abuse experts.

After the initial phase of training, i.e., the end of November, HCFA and LANL staff discussed progress. At that time, LANL indicated a number of areas in which they felt they could assist Medicare contractors. Those areas included more efficient processing of large amounts of data and testing the effectiveness of their fraud and abuse efforts. They also proposed getting around some difficulties HCFA has encountered in building mathematical models by using models that are simpler than the ones HCFA has tried to date.

In November, BDMS sent a tape containing a 0.1% sample of Medicare claims for 1994 to LANL. LANL will use this database to design and test approaches to data storage and processing.

To facilitate the project, HCFA has created a team structure, made up of representatives from the Office of Analysis and Systems, Fraud and Abuse, Medical Review, BDMS, MTS and Regional Offices. This group will work closely with LANL to coordinate the project by providing resources, guidance, and technical support. At different phases of the project, other components will be asked to participate and to provide additional expertise and knowledge to fulfill the objectives of the agreement. We plan to continually share information about the project and provide updates as they develop.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
ASSISTANT SECRETARY FOR PLANNING AND EVALUATION



PHONE: (202)690-8794 FAX: (202)690-6518

Date: _____

From: Jeanne

To: Jennifer

Division: _____

Division: _____

City & State: _____

City & State: _____

Office Number: _____

Office Number: _____

Fax Number: _____

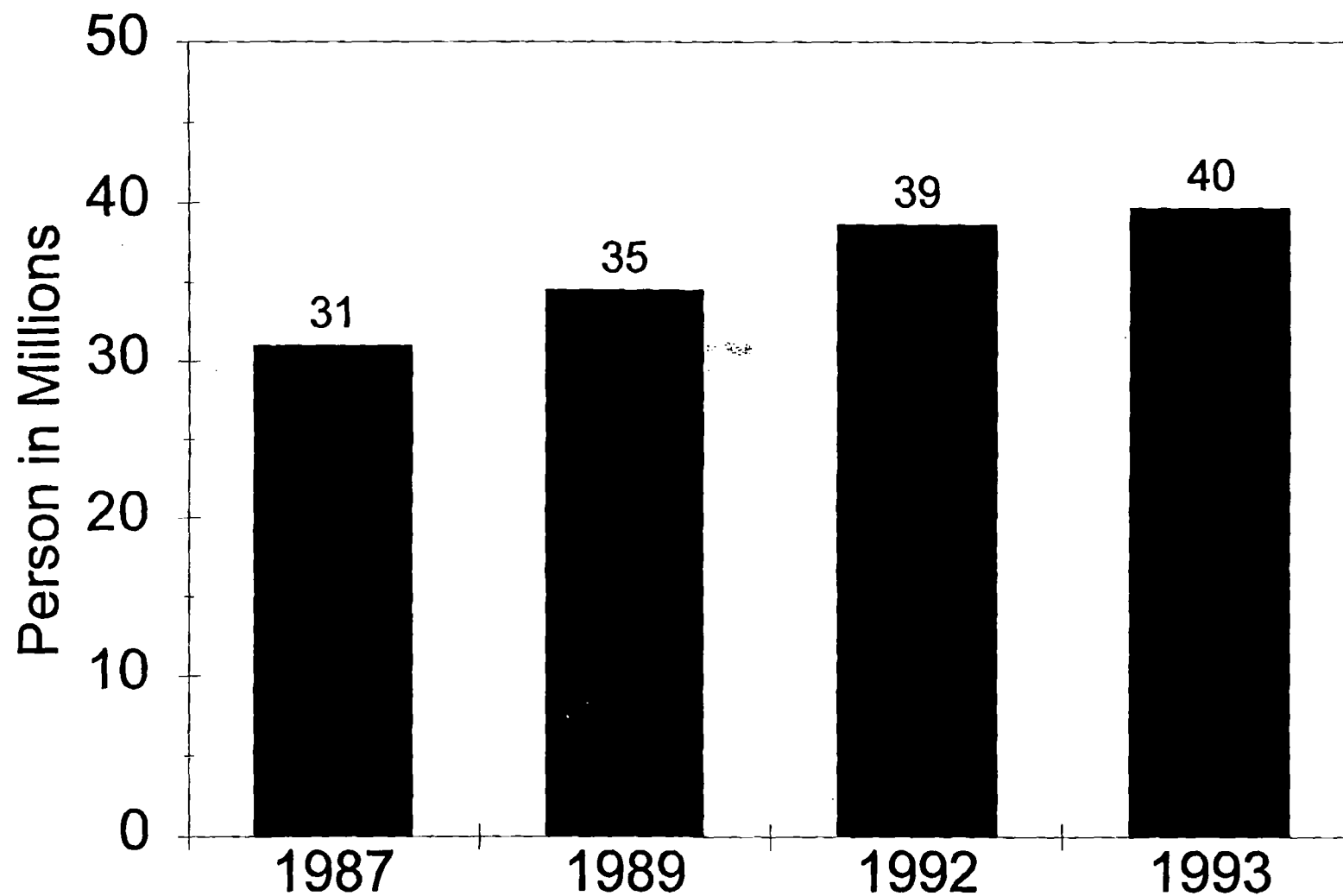
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Number of Pages + cover _____

REMARKS: _____

Remember that 93 is
the OLD Benchmark - Not
comparable to 94 or Revised 93.

Trends in the Number of Uninsured



SOURCE: Current Population Survey

TO: Michael Waldman
Gene Sperling
FROM: Chris Jennings
Jennifer Klein /u.
DATE: 1/18/96
RE: State of the Union

Assuming you want them, attached please find a few comments on the health care section of yesterday's draft of the State of the Union.

If you need language about what should be done to prevent fraud and abuse, how about: "I challenge the Congress to pass tough legislation to give our law enforcement agents more tools and guaranteed funding to investigate and prosecute fraud and abuse in Medicare and Medicaid." (Keep in mind that there is bipartisan agreement on the new guaranteed funding to fight fraud and abuse. However, the Republicans create exceptions to anti-kickback rules, limit prohibitions on physician referrals to laboratories in which they have a financial interest, and put new obstacles in the way of enforcing fraud and abuse.) The President can also talk about creative ways the Administration is fighting fraud. For example, we are about to begin a demonstration project that will reprogram the Los Alamos nuclear detection computer to detect fraud in Medicare. (If you are interested, we are getting the specifics.)

In addition, I have a few general thoughts. The health care section seems out of context. I think it's worth referring to the budget fight again for two reasons. First, because all of the things you talk about in the section after insurance reform have nothing to do with the challenge. If you start with a nod to the budget, the discussion of fraud and abuse and protecting the guarantee under Medicaid make more sense. Second, because it helps explain why the President is taking only a few small steps toward reform (albeit things that people really care about, like portability). You can remind people that the President is still committed to reform but that this year we are fighting hard to make sure we don't take steps backward -- so that people don't lose the critical services they get today from Medicare and Medicaid.

Please feel free to call if you need anything.

America. Second, a dramatic expansion of college work-study. I want to make it possible for 1 million young Americans to be working their way through college by the Year 2000.

And tonight I ask colleges and universities to make a promise to those hard-working students -- don't let the cost of college rise faster than Americans' incomes.

We owe our children something else as well. We must stand up together as adults to protect our children from the glorification of violence and degradation of values that assault them every day.

We must say to those in the entertainment industry: create TV shows as if your own children were going to watch them. And parents, if you don't like what your children are watching, turn the thing off.

To those who produce and market cigarettes, we must say: take responsibility for your actions. Sell your products to adults, if you wish. But draw the line on children.

We must challenge our schools to teach ethics and values. And if it will stop children from shooting children for designer shoes, then schools should be able to require student uniforms.

We must challenge our young people not to get pregnant or father a child until they are married. Tonight, I am pleased to say that a group of prominent media, business and civic leaders have answered my call for a new national campaign against teen pregnancy.

Higher standards. Technology in the classroom. An aggressive strategy to open wider the doors of college. Teaching our children right from wrong. That is the duty we owe our children.

America's third challenge is this: we must change the rules so people can take health insurance from job to job.

It is wrong that insurance companies compete by cutting off coverage to sick people.

It is wrong that Congress has not passed a law to change that. We should enact reforms to stop insurance companies from denying you coverage or raising rates when you are changing jobs, because you or a member of your family have a preexisting condition. Republican Senator Nancy Kassebaum and Democratic Senator Ted Kennedy have introduced a bill to make the rules fair. It is bipartisan, and it is strong. Send it to me, and I will sign it.

We should help give small businesses the same purchasing power to buy health care as big businesses, and find a way to ensure that if you lose your job, you don't lose your health care.

between jobs

and Medicaid

We need to crack down on Medicare fraud, which costs [x billion] every year. But

5

I'm checking.

[NOTE: Our proposal and Kennedy-Kassebaum do allow insurance companies to impose pre-existing condition exclusions for a period of time.]

None of the proposals being discussed would prevent this.

Might add that it was passed out of committee with unanimous support and that Nene Johnson has introduced similar legislation in the House.

bipartisan

can afford to keep

or lose a job

or

government should not have to do it alone. I challenge the American Medical Association to stop standing in the way of tougher prosecutions, and take responsibility for policing your own.

People with disabilities

And I challenge Congress: It is one of the great strengths of our country that poor children, and the disabled, have a guarantee of quality health care. It is a good thing that older Americans know they will receive quality care, so they can live out their lives in dignity. As long as I am President, I will stand up for these basic values.

have a guarantee that

My fourth challenge is this: government and businesses must join to give our people the tools they need to become winners of economic change.

America's economy is growing, steady and strong. Over the last three years, we have had the strongest growth of any major economy. The combined rate of inflation and unemployment is the lowest in 27 years. Home ownership is at its highest rate in 15 years. Businesses have created over 7 million American jobs. Businesses owned by women employ more people than the Fortune 500 combined. Three years ago, we were losing jobs in construction; today, we have gained nearly 800,000. A decade ago, the auto industry was on its back. Today, Detroit is beating Japan for the first time since the 1970s.

Thanks in no small measure to the work of Vice-President Gore, the federal workforce is the smallest in 30 years, and getting smaller every day. We have cut 16,000 pages of unnecessary rules and regulations. Government works better, costs less, and produces results, not red tape.

Today's economy offers real opportunity for our people; our challenge is to ensure that all Americans reap the rewards.

That is why I challenge Congress to pass my GI Bill for workers. It would consolidate 70 overlapping job training programs, and give the money directly to American workers to pay for tuition at a community college or training at their next job. People who need new skills shouldn't have to waste their time waiting in line at a government office.

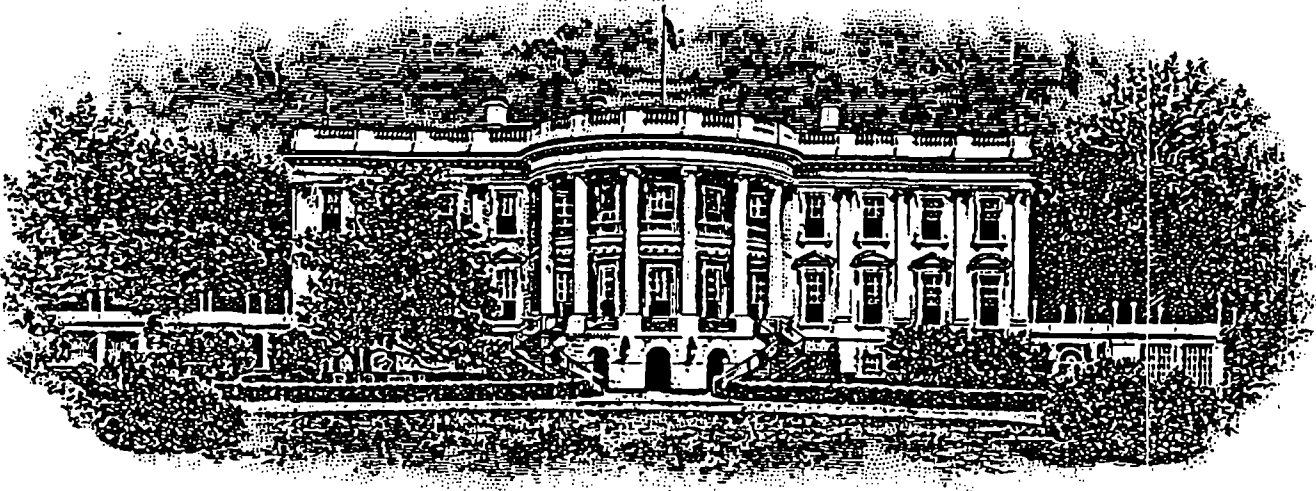
We should make it easier for small businesses to start pension plans, and easier for Americans to save for their retirement.

And businesses have a responsibility to make sure that pensions are secure. If Congress sends me legislation that lets big companies raid their workers' pensions, I will veto it.

And we all have a responsibility to honor work and make work pay. Millions of Americans -- many of them women with children -- earn the minimum wage, now at a 40 year low. A year ago, I called on Congress to raise the minimum wage. Since then, its value has dropped \$250 -- while Congress' pay has gone up [x]. That's wrong.

This is really unfair. They have never stood in the way. And the vast majority of doctors are honest. They don't need to be "police."

The White House



DOMESTIC POLICY

FACSIMILE TRANSMISSION COVER SHEET

TO: Jennifer Klein

FAX NUMBER: 6-2878

TELEPHONE NUMBER: _____

FROM: Chris

TELEPHONE NUMBER: _____

PAGES (INCLUDING COVER): _____

COMMENTS: _____

The Medicare-Los Alamos Project

Last September, the Health Care Financing Administration (HCFA) signed a two-year, interagency agreement with the Los Alamos National Laboratories (LANL) to develop analytic and computer support to help improve our abilities to root out fraud, waste and abuse in the Medicare program. This agreement grew out of Operation Restore Trust, this Administration's initiative to decrease substantially fraud and abuse in the Medicare program. Los Alamos will provide the Medicare program with high-powered computing facilities and software to detect patterns of fraud and abuse among Medicare's 800 million yearly claims. Los Alamos will also assist HCFA as it moves to its new single claims processing system, the Medicare Transaction System.

"good" job of detecting fraud and abuse, and contractors that are having problems).

LANL will also be visiting a regional office, interviewing criminals and meeting with fraud and abuse experts.

After the initial phase of training, i.e., the end of November, HCFA and LANL staff discussed progress. At that time, LANL indicated a number of areas in which they felt they could assist Medicare contractors. Those areas included more efficient processing of large amounts of data and testing the effectiveness of their fraud and abuse efforts. They also proposed getting around some difficulties HCFA has encountered in building mathematical models by using models that are simpler than the ones HCFA has tried to date.

In November, BDMS sent a tape containing a 0.1% sample of Medicare claims for 1994 to LANL. LANL will use this database to design and test approaches to data storage and processing.

To facilitate the project, HCFA has created a team structure, made up of representatives from the Office of Analysis and Systems, Fraud and Abuse, Medical Review, BDMS, MTS and Regional Offices. This group will work closely with LANL to coordinate the project by providing resources, guidance, and technical support. At different phases of the project, other components will be asked to participate and to provide additional expertise and knowledge to fulfill the objectives of the agreement. We plan to continually share information about the project and provide updates as they develop.



DEPARTMENT OF HEALTH & HUMAN SERVICES

MELISSA SKOLFIELD

Assistant Secretary for Public Affairs

Phone: (202) 690-7850 Fax: (202) 690-5673

TO:

Jennifer Klein

Fax:

456-2878

Phone:

456-2599

Date:

1/19/96

Total Number of Pages:

3

Comments:

1/19

456-7431

NOTE TO CHRIS JENNINGS ---

I've attached the possible State of the Union insert you wanted -- Richard Sorian drafted it and Jack Ebeler and others have reviewed.

If you need anything further, please feel free to call me, or Richard Sorian directly at 632-1204.

Thanks --

Melissa

cc: Richard Sorian
Jennifer Klein

DRAFT
For the 1996 State of the Union

As we work together to balance the federal budget and preserve the Medicare and Medicaid programs, we must make sure that the reforms we enact protect the people we serve and enhance the quality of these vital programs.

I am very proud of my Administration's accomplishments in fighting fraud in the health care system. In the last three years, we have achieved the largest anti-fraud settlements in the history of Medicare and Medicaid -- more than \$24 billion. We can and we must do more.

No American, especially our senior citizens, should have any doubt about whether the care they are receiving is medically necessary. Last year, the Department of Health and Human Services launched Operation Restore Trust. Limited to only five states, this program has already had some impressive results, including an agreement with the Los Alamos National Laboratories to use our nation's most powerful computer systems to root out fraudulent Medicare claims.

I am convinced that despite our differences we can make real progress on preserving and improving Americans' access to health care.

Senators Kassebaum and Kennedy and Congresswoman Johnson have worked hard to put together a bipartisan package of health insurance reforms that would eliminate many of the unfair impediments to insurance.

We all agree that preexisting medical conditions should not be used as an excuse to deny a person health coverage. We all want to provide American workers with greater portability of medical coverage. And we all agree that small businesses should have the opportunity to join together to get the best price for insurance for their employees. So let's work together to pass this important legislation.

I'd also like to see us come together on a plan to help those Americans who find themselves -- at no fault of their own -- in transition between jobs so that their health care coverage does not lapse.

Draft January 18, 1996 4pm

PRESIDENT WILLIAM J. CLINTON

"AMERICA'S CHALLENGE" 96 JAN 18 P 4: 52
STATE OF THE UNION ADDRESS
U.S. CAPITOL
JANUARY 23, 1996

Mr. Speaker, Mr. Vice-President, Members of the 104th Congress, distinguished guests:

Tonight, I speak not only to all of you, and to those listening across America. I speak also to our men and women in uniform around the world, especially to those helping peace take root in Bosnia. To our warriors for peace, I say: we are proud of you.

The Constitution requires me to address the state of our union. Not what government alone can accomplish. Nor what individuals alone can do. But what we as a nation -- communities, businesses, churches, schools -- must do together.

The State of our Union is strong -- strong as it has ever been. Our economy is the strongest in three decades. Our fundamental values are coming back. America remains the world's strongest force for peace and freedom.

We in Washington must build on this progress. It is time, once and for all, to come to agreement on a balanced budget in a way that reflects our values.

In months of negotiation, Democrats and Republicans have come very close to finding common ground. We can balance the budget, cut spending using conservative assumptions from Congress' economists, reform welfare, and reduce taxes. A balanced budget is within our grasp. I believe we can and must seize this moment . . . without devastating Medicare and Medicaid, without hurting education and the environment. In the weeks to come, I look forward to working with the Congress, to resolve our disagreements, and balance the budget.

Let me be clear: If Congress will not join me, I will act alone to give the American people the change they demand.

We have already given 35 states freedom to overhaul their welfare systems. If we cannot agree on bipartisan welfare reform legislation, I will challenge all 50 states to go further -- to impose time limits and require welfare recipients to work. On my watch, we will end welfare as we know it.

Every year as President, I will submit to the Congress budgets that cut spending enough so that we move toward a balanced budget in seven years. On my watch, we will

balance the budget.

America is the greatest nation on earth. We are its leaders, and we must behave responsibly. No public servant should ever threaten the full faith and credit of the United States. And no public servant should ever -- ever -- shut down the government again.

Tonight, it is time for us to talk about the future.

This is a moment of great change -- and great opportunity. Throughout our history, we have come together around three great ideals: First, our belief in progress -- that every American can dream of a better future, and that hard work can make those dreams come true. Second, our love of liberty. And third, our constant struggle to find common ground.

Tonight, our challenge -- America's Challenge -- is to preserve these old American ideals for a new time.

For America was built on challenges, not promises. We don't need another program for every problem. We must ask more of ourselves, and expect more from one another. That means challenging every citizen to stand guard in the war on crime and drugs . . . challenging parents and teachers to renew our schools . . . challenging government and business to give workers health care they can carry with them throughout a career . . . and challenging fathers to take responsibility for their children.

We will only rise to our challenges by speaking honestly about the duties we owe one another and the possibilities of what we as a nation can do together. So tonight, I want to talk about seven great challenges that America must meet as we move into the next century.

The first challenge is for every one of us to join together to take back our streets from crime and gangs and drugs.

We here in this chamber must do our part.

That means keeping guns out of the hands of criminals. Under the Brady Bill, 45,000 criminals have been stopped from buying guns. If anyone tries to repeal the Brady Bill and the assault weapons ban, I will veto it.

That means putting more police on the street through community policing. Across America, we are making good on our promise to put 100,000 new police on our streets. And if Congress passes a bill to stop us from putting 100,000 police on the street, I will veto it.

And I challenge Congress to honor the men and women who protect us every day by passing my bill to ban cop-killer bullets.

We made three-strikes-and-you're-out the law of the land, and said if you kill a law

enforcement officer, you should get the death penalty. Tonight, I challenge judges, prosecutors, and legislators in every state to meet a new national goal: by the year 2000, every violent criminal must be required to serve at least 85% of his sentence.

But we could hire a million more police and build a million new prison cells, and we would not win this war on crime and drugs unless we all step out from behind closed doors and shuttered windows to work with the police and with each other.

All over America, citizens are taking responsibility, spotting trouble, watching out for their neighbors, blowing the whistle on crack houses. In city after city, the crime rate has dropped three years in a row for the first time in decades. In New York, murders are down 25%; St. Louis, 18%; Seattle, 32%. Two years ago, the people of Jefferson Parish, Louisiana, were under siege -- literally sleeping in their hallways to avoid stray bullets. Then police began working with the neighbors to drive drug dealers off the street. The crime rate in Jefferson Parish has dropped 60%. That is what can happen when law-abiding Americans rise to the challenge of fighting crime together.

And that is how we will address the one type of crime that continues to rise: violence by juveniles.

A few years ago, I spoke to grade school children in South Central Los Angeles. They told me their biggest fear was getting shot on the way to school -- and their second biggest fear was being forced to join a gang when they turn 12. That is no way for any American child to grow up.

Government will do its part: Tonight I am directing our nation's prosecutors to step up prosecutions of violent juveniles as adults. And I am directing the FBI and other investigative agencies to target gangs that involve juveniles in violent crime. It is time to break the gangs the way we broke the mob.

Communities must do their part. I challenge local housing authorities, and public housing residents, to link arms to evict the gangs and the drug dealers. From now on, for public housing residents who get involved in drugs and crime, the rule should be: One strike and you're out.

And to every teacher and preacher and to every parent in this chamber and around this country, I say: teach our children right from wrong, and help them see through the false glamour of drugs and crime.

Tonight we have someone who by his very example can do just that. Brian McCaffrey is a four star General, an architect of our victory in the Persian Gulf. Today, he commands our military's campaign against drug kingpins in Latin America. Tomorrow, I will nominate him as my "drug czar" to command a campaign against drugs on our streets. Thank you, General McCaffrey. [*In the balcony with the First Lady.*]

The second challenge is to work together to cherish our children and renew our schools for a new century.

Washington alone will not achieve this vital national mission. The job must be done in our classrooms and living rooms.

First, we must raise our sights by demanding high standards. We should insist that every teacher meet basic competency standards . . . that every student meet national standards of excellence . . . that every parent take responsibility for their children . . . and that every school be held accountable for results.

I challenge every state to give parents the right to choose their child's public school. And if the idea of choice in public schools is to be real, we must give parents and teachers the right to start better public schools -- charter schools -- if the current ones do not work.

Second, we must mount a massive national effort -- as ambitious as any this nation has ever undertaken -- to bring our schools into the 21st century. In the age of the microchip, technological literacy is now as important as learning to read, write, and do math. When we walk into any school in the 21st century -- five years from now -- we should see every classroom connected to the outside world . . . a cutting-edge computer accessible to every student . . . and teachers with the skills and the software to make technology as exciting in the classroom as it is in the video arcade. Tens of millions of parents have watched their children play every video game from Mortal Kombat to Killer Instinct. From now on, the most important computer game in America must be learning.

Educators, scientists and business leaders must join in connecting the schools and preparing our students for the future. And what is our part here? If a company or community is willing to donate money to put new computers in the schools, we will match that donation dollar for dollar.

Third, we know that the GI Bill after World War II created an explosion of opportunity that built the middle class. That is why every year of my presidency, I have taken every step possible to open wide the doors of college for anyone who is willing to work hard and seek excellence.

We created a new college loan program that makes it easier and cheaper to borrow and repay the money for college. We have given scholarships to a record number of deserving students, and enabled 50,000 of them to earn their way through college by serving their community. And last year, I asked the Congress to make \$10,000 of college tuition costs tax deductible. If businesses can deduct the cost of their equipment, then families should be able to deduct the cost of a college education.

Tonight, I propose two more steps to inspire excellence and reward hard work. First, a \$1000 merit scholarship for the top 5% of graduating students in every secondary school in

America. Second, a dramatic expansion of college work-study. I want to make it possible for 1 million young Americans to be working their way through college by the Year 2000.

And tonight I ask colleges and universities to make a promise to those hard-working students -- don't let the cost of college rise faster than Americans' incomes.

We owe our children something else as well. We must stand up together as adults to protect our children from the glorification of violence and degradation of values that assault them every day.

We must say to those in the entertainment industry: create TV shows as if your own children were going to watch them. And parents, if you don't like what your children are watching, turn the thing off.

To those who produce and market cigarettes, we must say: take responsibility for your actions. Sell your products to adults, if you wish. But draw the line on children.

We must challenge our schools to teach ethics and values. And if it will stop children from shooting children for designer shoes, then schools should be able to require student uniforms.

We must challenge our young people not to get pregnant or father a child until they are married. Tonight, I am pleased to say that a group of prominent media, business and civic leaders have answered my call for a new national campaign against teen pregnancy.

Higher standards. Technology in the classroom. An aggressive strategy to open wider the doors of college. Teaching our children right from wrong. That is the duty we owe our children.

America's third challenge is this: we must change the rules so people can take health insurance from job to job.

It is wrong that insurance companies compete by cutting off coverage to sick people. It is wrong that Congress has not passed a law to change that. We should enact reforms to stop insurance companies from denying you coverage or raising rates when you are changing jobs, because you or a member of your family have a preexisting condition. Republican Senator Nancy Kassebaum and Democratic Senator Ted Kennedy have introduced a bill to make the rules fair. It is bipartisan, and it is strong. Send it to me, and I will sign it.

We should help give small businesses the same purchasing power to buy health care as big businesses, and find a way to ensure that if you lose your job, you don't lose your health care.

We need to crack down on Medicare fraud, which costs [x billion] every year. But

government should not have to do it alone. I challenge the American Medical Association to stop standing in the way of tougher prosecutions, and take responsibility for policing your own.

And I challenge Congress: It is one of the great strengths of our country that poor children and the disabled have a guarantee of quality health care. It is a good thing that older Americans know they will receive quality care, so they can live out their lives in dignity. As long as I am President, I will stand up for these basic values.

My fourth challenge is this: government and businesses must join to give our people the tools they need to become winners of economic change.

America's economy is growing, steady and strong. Over the last three years, we have had the strongest growth of any major economy. The combined rate of inflation and unemployment is the lowest in 27 years. Home ownership is at its highest rate in 15 years. Businesses have created over 7 million American jobs. Businesses owned by women employ more people than the Fortune 500 combined. Three years ago, we were losing jobs in construction; today, we have gained nearly 800,000. A decade ago, the auto industry was on its back. Today, Detroit is beating Japan for the first time since the 1970s.

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Today's economy offers real opportunity for our people; our challenge is to ensure that all Americans reap the rewards.

That is why I challenge Congress to pass my GI Bill for workers. It would consolidate 70 overlapping job training programs, and give the money directly to American workers to pay for tuition at a community college or training at their next job. People who need new skills shouldn't have to waste their time waiting in line at a government office.

We should make it easier for small businesses to start pension plans, and easier for Americans to save for their retirement.

And businesses have a responsibility to make sure that pensions are secure. If Congress sends me legislation that lets big companies raid their workers' pensions, I will veto it.

And we all have a responsibility to honor work and make work pay. Millions of Americans -- many of them women with children -- earn the minimum wage, now at a 40 year low. A year ago, I called on Congress to raise the minimum wage. Since then, its value has dropped \$250 -- while Congress' pay has gone up [x]. That's wrong.

In the new economy, we recognize that a clean environment is good for business. We will challenge business: if you can meet tough pollution goals, we will let you find the cheapest and most efficient way to do it.

We will challenge businesses to clean up polluted sites in the inner city, and we will cut the red tape and call off the lawyers when they do.

We will draw on the expertise of thousands of backyard community environmental groups, by expanding the right-to-know laws that make companies disclose the toxic chemicals they release into their neighborhood.

Make no mistake: these reforms will make it easier to protect the environment, not easier to pollute it. We will see to it that the air we breathe and the water we drink are safe - and that our natural heritage is preserved for generations to come.

Our fifth challenge is this: All of us have a duty to rebuild the American family.

Bringing a child into the world is the most extraordinary responsibility any man or woman can have. No job is more important than loving your child, reading to your child, teaching your child to play and to pray. As parents, as grandparents, we all need to do our part to give our children strong and loving families.

For too long, too many government policies -- however well-intentioned -- have undermined the family, not made it stronger. That is why I have spent my entire career working to reform our welfare system, which penalizes work, discourages responsibility, and breaks up families.

We have made real progress toward enacting sweeping welfare reform that will end welfare as a way of life. We agree on the need for time limits, tough work requirements, and the toughest possible child support enforcement. But let's not fool ourselves. We must provide more child care so mothers will go to work, not stay at home and stay on welfare. Send me a bipartisan welfare reform bill that will move people from welfare to work, and I'll sign it in a heartbeat.

But that is only the beginning of welfare reform. We must require people to take jobs, but we must all commit ourselves to creating new jobs for them to take. I challenge businesses across America to hire people who want to work their way off welfare.

And I challenge all of us here, across party lines, to reward work over welfare by uniting behind the Earned Income Tax Credit, which President Reagan called the best anti-poverty, the best pro-family, the best job-creation program on the books.

But I also believe it's time to stop making women take the fall for this problem. As a father, I challenge America's fathers: step forward and accept more responsibility for your

children. If you owe child support, pay it. It is not enough to send your children a check. You have to give them your time.

One of the proudest things we have done was to pass family leave, which lets people take time off to care for a new child or a sick parent. But it should not take a law for corporations to take responsibility. Don't force your workers to choose between their job and their family.

Finally, let us remember that we can only build strong families when men and women respect each other. We must work together to end domestic violence. So to men all over this country -- I ask you to pledge never -- never -- raise a hand in violence to a woman.

Our sixth great challenge is to meet our responsibility to lead the world.

In the American century, we have led the fight for freedom and peace -- and won. More people than ever before live free, more nations enjoy peace -- and Americans have known half a century of prosperity and security.

Today, all over the world, people look up to us not only because of our power, but because of what we stand for -- and what we stand against. And they trust us to help them seek the blessings of peace and freedom.

But as the Cold War fades, voices of isolation say America should retreat from the responsibilities of leadership. I say they are wrong. We face a host of threats that are equal opportunity destroyers with no respect for borders -- ethnic and religious hatred... aggression by rogue states... the spread of weapons of mass destruction... terrorism... organized crime... drug trafficking. In the enduring struggle against chaos and evil, America must never be neutral.

The isolationists are wrong. But so are those who would have us be the world's policeman. Our reach and resources are limited. We can't be everywhere. We can't do everything. But where we can make a difference -- and where our values and interests demand it -- America must lead. And we are.

By keeping our military strong... by using diplomacy where we can and force when we must... by building coalitions to share the risk and the cost of our efforts.... and by being a peacemaker -- America is making a difference for our own people and for people around the world.

We stayed engaged with Russia. Tonight, there are no Russian missiles pointed at our cities or citizens.

We applied patient pressure to North Korea. Now, it is dismantling its dangerous nuclear weapons program.

We used the threat of force in Haiti. Now, the dictators are gone, democracy is back and the flow of refugees to our shores has ended.

We negotiated a better deal for America and opened markets abroad. Now, exports are up and more Americans are working.

We have stood with those who take risks for peace. Now, in Northern Ireland the sound of car bombs has given way to the quiet blessings of normal life... and in the Middle East, Arabs and Jews who once seemed destined to fight forever share knowledge, resources and dreams. [We lost a great friend when Yitzhak Rabin was taken from us. But we can be proud that the people of the Middle East are finding the strength to go forward, in part because they know America will stand with them, now and forever.]

We stood down aggression and stood up for peace in Bosnia. Now, its playgrounds are no longer killing fields.

We must go forward. We can cut the world's nuclear stockpiles by another XX percent... if Congress ratifies the START II Treaty -- this year. We can stop an entire new generation of nuclear weapons... if we sign a truly Comprehensive Test Ban Treaty -- this year. We can control chemical and biological weapons... if Congress approves the Chemical Weapons Convention -- this year. We can take the fight to terrorists and organized criminals . . . if Congress finally passes legislation I proposed after Oklahoma City to give American law enforcement an even stronger arsenal. We can help more people move from hatred to hope . . . if Congress gives us the resources we need to remain leaders for peace.

If we reject the call of isolation and the role of policeman, we can remain a peacemaker -- a force for freedom and progress around the world and for real security and prosperity at home. And the next century will be an American century, too.

America's seventh and perhaps most important, challenge is this: to live up to our values, and restore a sense of right and wrong, in our daily lives -- and especially, a new sense of personal responsibility for the future of our country.

We more than any people on earth should recognize the truth of the Gospel: "To whom much is given, from them much is required."

We can start right here in this chamber. In the past year, we have passed many important political reforms, applying to Congress the laws that apply to America, banning gifts and meals from lobbyists to lawmakers, and forcing the lobbyists to fully disclose who they are working for, what they are spending, and what bills they are trying to pass or kill.

But we all know that special interests give too much money to political campaigns. And we must all take personal responsibility for changing it. A strong, bipartisan campaign finance reform bill is waiting for your action. Let's pass it without delay.

[Today, Members of Congress spend taxpayer money to flood your districts with unsolicited mailings. Give up the frank, and give it to the American people to make their voices heard. And let's pass a law that makes former trade officials live by the same rules I have imposed on my top trade officials not to become foreign lobbyists. If you've represented this country in trade talks, you should not be allowed to switch sides and sell your knowledge and access to the highest foreign bidder.]

I believe in a woman's right to choose an abortion. Some people disagree. But I challenge people on both sides of the abortion divide to find common ground. Let us do what we can to encourage adoption, and unite the thousands of eligible parents who want a child with the thousands of babies who need a loving home.

I am proud of the 25,000 young AmeriCorps members, working in communities -- raising reading scores, pulling garbage out of rivers, immunizing children. But we shouldn't stop there. Those of us who want government to get smaller but don't want the schools to decline, the drinking water to get dirty, or crime to worsen -- we have an obligation to actually do something about these problems ourselves. I challenge every citizen to give something back to their country -- from volunteering at an AIDS clinic to adopting a child.

Two decades ago, the average American lived only five years after retirement; today, they live twenty years. (ck) So let me issue a special summons to our nation's seniors, who have the time and the wisdom to teach us all: let your retirement years be a season of service. We can all gain from your lifetime of experience.

Every one of us must seek common ground with our fellow Americans -- to reach out beyond our differences, across the lines of race, class, and beliefs, to open our hearts and minds. When we can meet each other, we will meet any challenge we face as we approach a new century.

Conclusion

These challenges -- from renewing our schools to winning the war against crime -- are linked not by government spending or individual ambition, but by a single important idea that built this country: the duty we owe to one another. From the moment our founders pledged to each other their "lives, their fortune, and their sacred honor," Americans have been bound to one another not by blood, not even by geography, but by common ideals and a sense of common purpose. Let us never forget: When Americans gather in their homes, their schools, their churches, or at work, they have far greater power to shape our nation's destiny than do any of us in this august chamber.

I have asked a lot of America this evening. But I have no doubts. For I know that the more we ask of ourselves as Americans, the more we can achieve.

This summer, we will see a special light shine all across America -- the torch that will

be carried from Los Angeles to Atlanta for the centennial modern Olympic games. That torch will not be carried by star athletes, but by a breed of heroes who are meeting the very challenges we have talked about here tonight. The bearers of the Olympic torch are Americans who get up every day and use their energy to make this country better -- brighter -
- one neighborhood, one school, one community at a time.

Most of these heroes will be announced next month. But I am proud that the first three are here with us tonight [*description to come*]

My fellow Americans, like them, each of us must hold high the torch in our own lives. But none of us can finish the race alone.

The belief in progress, the love of liberty, the eternal struggle for common ground. Those are the ideals that have lighted our way for 200 years. If we keep them burning bright and we do it together, then we will keep the American Dream alive in the century ahead. That is America's Challenge.

Thank you, and God bless America.

CLOSE HOLD

Document No. _____

WHITE HOUSE STAFFING MEMORANDUM

DATE: 01/16/96 ACTION/CONCURRENCE/COMMENT DUE BY: ASAP on Wednes.
A.M.

SUBJECT: PRESIDENTIAL REMARKS: STATE OF THE UNION

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	McCURRY	☒	☐
PANETTA	☒	☐	McGINTY	☒	☐
McLARTY	☒	☐	NASH	☐	☐
ICKES	☒	☐	QUINN	☒	☐
LIEBERMAN	☒	☐	RASCO	☒	☐
RIVLIN	☒	☐	SOSNIK	☒	☐
BAER	☐	☐	STEPHANOPOULOS	☒	☐
CURRY	☒	☐	STIGLITZ	☒	☐
EMANUEL	☒	☐	STREETT	☐	☐
GIBBONS	☐	☐	TYSON	☒	☐
GRIFFIN	☒	☐	WALLEY	☐	☐
HALE	☒	☐	WILLIAMS	☒	☐
HERMAN	☒	☐	TOIV	☐	☐
HIGGINS	☒	☐	HAAS	☐	☐
KLAIN	☒	☐	SPERLING	☐	☐
LAKE	☒	☐	REED	☐	☐
LINDSEY	☐	☐	KAMARCK	☐	☐
			WALDMAN	☐	☒
				☐	☐

REMARKS: Please forward any comments directly to Michael Waldman
ASAP on Wednesday morning. Thanks.

RESPONSE:

CLOSE HOLD

Staff Secretary
Ext. 6-2702

Draft January 16, 1996 9pm

PRESIDENT WILLIAM J. CLINTON

"AMERICA'S CHALLENGE"

STATE OF THE UNION ADDRESS JAN 16 06:22

U.S. CAPITOL

JANUARY 23, 1996

Mr. Speaker, Mr. Vice-President, Members of the 104th Congress, distinguished guests:

Tonight, I speak not only to you gathered here in this chamber and those across America, but also to the men and women of our armed forces who stand sentry around the world -- and particularly those who are helping peace to take root in Bosnia. To these warriors for peace, I say: we are proud of you.

My duty tonight under the Constitution is to report on the State of the Union. Not on the state of our government, or even on the state of individual Americans, but of our union -- how we as Americans together are building our national community and creating a more perfect union.

The State of our Union is strong -- as strong as it has ever been.

Through the hard work of the American people, our economy is the strongest it has been in three decades. The combined rate of unemployment and inflation is the lowest in 27 years. We are keeping the American dream alive.

Through the hard work of the American people, there is new hope for peace tonight -- from the cobblestone streets of Northern Ireland to the sands of the Middle East to the snows of Bosnia. We are keeping America the world's strongest force for peace and freedom.

And through the hard work of the American people, the crime rate is down, teen pregnancy is down, even divorce is down. We are coming together as a nation.

Exactly 200 years ago, President George Washington stood before the 4th Congress of the United States to deliver his annual message. America faced great uncertainty about a new century, a new economy and competing visions for how best to move into the future. President Washington could have spoken to the young nation about what divided it. But instead, he chose to talk about all that held us together -- in his words, of our mission to "unite our efforts to preserve, prolong and improve our immense advantages."

Much more unites us than divides us. That vision has rescued our nation every time we have been seriously tested. Throughout our history, we have come together around three

great ideals: First, our belief in progress -- that every American can dream of a better future, and that hard work can make those dreams come true. Second, our love of liberty. And third, our constant struggle to find common ground.

Now, at another moment of great change, our challenge -- America's Challenge -- is to find a way to preserve these old American ideals in new times. America's Challenge is to call on citizens in all walks of life to join together ... to win the war on crime, to renew our public schools for a new century, to give Americans health care and economic independence so they can be the winners of change.

The answers will not come from here in Washington alone, or from individuals acting alone. They will come from all of us, acting together -- in our communities, our churches, our businesses, our homes, our neighborhoods, and, when necessary, through our government. We must ask more of ourselves, and expect more from one another.

We will only rise to our challenges by speaking honestly about the duties we owe one another and the possibilities of what we as a nation can do together. So tonight, I want to speak directly about eight great challenges that America must meet as we move into the next century. For America was built on challenges, not promises.

America's first great challenge lies with all of us here tonight: to put our partisan differences aside and balance the budget.

It is wrong to leave our children a legacy of debt. I am proud that my administration cut the deficit nearly in half in 3 years. The federal government is now the smallest it has been since 1965. Now we must finish the job.

Earlier this month, I presented to the Congress a balanced budget with tough cuts in wasteful spending. According to the Congress own economists -- the Congressional Budget Office -- my plan makes real cuts and balances the budget in seven years.

And it balances the budget in a way that reflects our values.

We have a duty to honor our parents. And we can balance the budget without devastating Medicare or Medicaid. To anyone who would undercut Medicare, let me make myself clear: I will not let it happen.

We have a duty to our children, and to future generations. And we can balance the budget without cutting education or the gutting the environment.

We believe in work and responsibility. And we can balance the budget while ending welfare as we know it.

We believe in helping families who are trying to raise their children. We can balance

the budget while still providing a modest tax cut. And certainly without raising taxes on working families.

That's the right way to balance the budget. And if this Congress gives me the line-item veto, as you have pledged to do, I pledge tonight that I will balance the budget.

In recent weeks, I have spent many hours negotiating in good faith with the Republican and Democratic leaders of Congress. Already, we have agreed to more than enough spending cuts to balance the budget, with enough left over for a modest tax cut.

In his 1862 State of the Union message, President Lincoln said to another Congress: "We cannot escape history. We of this Congress and this administration will be remembered -- in spite of ourselves." We, too, will be remembered. So I say tonight to you, Mr. Speaker, to you Mr. Majority Leader, to all the leaders of this Congress: Let us not be remembered for partisan bickering. Let us be remembered for seizing this moment of national unity. For the sake of our children, for the sake of the country, let us balance the budget -- and do it now.

And finally, let me say this: America is the greatest nation on earth -- we are its leaders, and we must behave responsibly. No public servant should ever threaten the full faith and credit of the United States. And no public servant should ever -- ever -- shut down the government again.

Balancing the budget is the beginning of our challenges, not the end. Our second great challenge is to make sure that America faces up to our responsibility to lead the way to peace in the world.

This century -- the American century -- our country has led the fight for freedom and peace -- and won. Because we did, more people than ever before live free, more nations enjoy peace -- and our own people have had half a century of prosperity and security.

But as the Cold War fades, the voices of indifference and fear grow louder. They say America should retreat from the hard work of leadership. I say they are wrong. All over the world, people look up to America not only because we are strong -- but because of what we stand for -- and what we stand against. And though it imposes extra burdens on us, they trust us to help them seek the blessings of peace and freedom.

Because of our leadership, tonight, there are no Russian missiles pointed at our cities or citizens. More Americans have jobs here at home because we're working to open markets abroad. In Haiti, the dictators are gone, the democrats are back and the flow of refugees to our shores has ended. In Northern Ireland, girls and boys can now dream of the simple blessings of a normal life.

In the Middle East, Arabs and Jews are learning to live side-by-side. The American

people -- and I -- lost a great friend and partner when Yitzhak Rabin was taken from us. We can be proud, though, that the people of the Middle East have found the strength to go forward, in part because they know that America will stand with them, now and forever.

And, in Bosnia, the most terrible conflict in Europe since World War II is over -- because America stared down aggression and stood up for peace.

We have been able to do all of this because we kept our military strong... we invested in diplomacy and foreign assistance... we built alliances to share the risk and the cost of fulfilling our responsibility. We know we can't be everywhere. We can't do everything. But where we can make a difference -- and where our values and interests are at stake -- America must lead.

Our leadership is more important now than ever. Old threats have assumed new and dangerous dimensions -- ethnic and religious hatreds and aggression by rogue states. New threats are equal opportunity destroyers with no respect for borders -- the spread of weapons of mass destruction, terrorism, organized crime and drug trafficking. We must confront them.

If we do, we can cut the world's nuclear stockpiles by another XX percent -- and we will if Congress ratifies the START II treaty -- this year.

We can stop the development of an entire new generation of nuclear weapons -- and we will by signing a truly Comprehensive Test Ban Treaty -- this year.

We can better control chemical and biological weapons -- and we will if Congress heeds my call to ratify the Chemical Weapons Convention -- this year.

We can enact stronger laws to fight terrorism and organized crime -- and we will if Congress finally passes legislation I proposed after Oklahoma City to give our law enforcement even stronger tools to fight terrorists.

We can help more people move from hatred to hope -- and we will, if Congress gives our diplomats the resources they need to remain leaders for peace.

We can do all of these things -- but only if we continue to lead. It has never been -- and it must never be -- the American way to hide behind the curtain of our fears. If we hold to that truth now, the next century will be an American Century too.

If we are to be strong abroad, we must remain strong at home. So America's third challenge is to crack down on violent crime, and turn our young people away from drugs and gangs.

For 3 years in a row, crime has gone down in this country. In New York, the murder rate dropped 25% in one year; in St. Louis, 18%; in Seattle, 32%. Government is living up

to its first responsibility, to keep its citizens safe . . . and citizens are living up to their responsibility, by coming out from behind closed doors and shuttered windows to help one another. Tonight, for the first time in decades, we can say that America is winning the battle against crime.

But we have not yet won the war. We still face the challenge to make the defense of our streets as important as the defense of our shores.

That means keeping guns out of the hands of criminals. Under the Brady Bill, already 45,000 criminals have been stopped from buying guns. And that is why, if anyone tries to repeal the Brady Bill and the assault weapons ban, I will veto it.

That means putting more police on the street through community policing -- walking the beat, working with neighbors, catching criminals and stopping crime before it happens. And if Congress tries to gut the law that will put 100,000 more police on the street, I will veto it.

In the days after the Oklahoma City bombing, Americans wore T-shirts with a simple slogan: "A society that makes war against its police officers had better learn to make friends with its criminals." Those officers put their lives on the line to protect us, every day. We owe them our help, our support, our gratitude, and most of all, our undying respect.

We can cheer the drop in crime. We cannot begin to meet our other challenges until we break the culture of crime that engulfs our young people. Crime among juveniles is the one kind of crime that continues to rise. A few years ago, I spoke to grade school children in South Central Los Angeles. They told me that their biggest fear was getting shot on the way to school -- and their second biggest fear was being forced to join a gang when they turn 12.

We need more efforts like the boys and girls clubs in Chicago to steer young people away from drugs and crime.

People who live in public housing should live decent lives without being terrorized by gangs. Tonight I am asking every housing authority to take all steps necessary to drive gangs from public housing. From now on, for public housing residents involved in drugs and crime, the rule will be: One strike and you're out. I am directing our nation's prosecutors to prosecute violent juveniles as adults. And I am directing the FBI and other enforcement agencies to target gangs that involve juveniles in violent crime. It is time to break the gangs the way we broke the mob.

We must slam shut the revolving door that lets violent criminals go free. I am proud that we passed the Violence Against Women Act, made three-strikes-and-you're-out the law of the land, and said that if you kill a law enforcement officer, you will get the death penalty. Tonight, I challenge judges, prosecutors, and legislators in every state to meet a new national goal that, by the year 2000, every violent criminal will serve out at least 85% of his sentence.

All of this will make a difference. But, my friends, we could put a million new police on the streets and build a million new prison cells, and we would not win this war on crime and drugs unless we all join together -- every one of us -- to fight this fight.

America's fourth challenge is to give our people the tools they need to make the most of their God-given potential and become the winners of economic change.

These are good times for America. For three straight years, we have had the strongest growth of any major economy. Businesses have created nearly 8 million American jobs. Three years ago, our auto industry was losing jobs. Today, it has gained over 700,000 jobs, and Detroit is beating Japan for the first time since the 1970s. Three years ago, we were losing jobs in construction; today, we have gained over 700,000. Small businesses started by women now employ more people than the Fortune 500. Home ownership is expanding more rapidly than ever before. (ck) Thanks in no small measure to the work of Vice-President Gore, we have cut 16,000 page of unnecessary rules and regulations -- so government costs less and works better to build our economy. And from coast to coast, remarkable new industries like biotechnology and telecommunications are leading the world into the 21st century.

In the industrial economy dominated by big companies, people got their health care, their pensions and their training where they worked. Today, in the information age, more and more people work in small businesses or at home. More than ever, we need to help people carry with them the fruits of their work -- their training, their health care, their retirement benefits -- so they can thrive in the new economy. We must not fear economic change. We must conquer it.

We can do this, if Congress passes my GI Bill for workers, which will give people a training voucher they can take to a community college or their next job.

We can do it, if we enact reforms so that insurance companies cannot deny you coverage or raise rates when you are changing jobs, because you or a member of your family have a preexisting condition. We should help give small businesses the same purchasing power to buy health care as big businesses, make it easier for women to get mammograms every year, and find a way to ensure that if you lose your job, you don't lose your health care.

We can do this, if we cut through red tape to make it easier for small business to

provide pensions for their employees, so that every American can share the responsibility of saving for retirement. I propose that every American be allowed to join the federal workers retirement system. If it is good enough for federal workers, it should be good enough for employees of small businesses across the country.

Economic growth and environmental protection go hand in hand. We should say to business: if you can meet tough pollution goals, we will let you figure out how to do it in the cheapest, most efficient way. We will give communities the right-to-know what toxic chemicals are being released into their neighborhood, by expanding our pollution disclosure order. And we will launch a "brownfields initiative" to waive the rules and call off the lawyers for businesses that develop abandoned industrial sites.

And if we honor work, then work must pay. Two and a half million Americans -- many of them women with children -- earn the minimum wage, and it is at a 40 year low. A year ago, I called on Congress to raise the minimum wage. Since then, the value of the minimum wage has dropped \$250 -- while Congress' pay has gone up [x]. That's wrong. Congress should increase the minimum wage.

We will all be stronger the more our companies invest in the long term and treat their workers like their most valuable asset. Last month, the Malden Mills factory in Massachusetts burned to the ground, taking 2400 jobs with it. The mill's owner could have cut his losses and left his workers behind. That's not what he did. Here's what he said at the time -- quote: "I don't consider the workers an expense that can be cut. I know in the long run that what I'm doing today will come back tenfold." His name is Aaron Fuerstein, and he is with us tonight. We salute him; and pledge to learn from his example. [*Mr Fuerstein will be in the First Lady's box.*]

Fifth, to renew the American dream of opportunity for all, I challenge parents, teachers and students -- and business and community leaders -- to join a national mission to renew our public schools for the challenges of the 21st century.

Our best economic strategy is also our best opportunity strategy.

America was the first nation to believe that every child deserves an education. For two hundred years, the public schools raised up generation after generation, and taught us what it meant to be an American. They have opened the world of math and science and poetry and history to the sons of farmers and the daughters of factory workers. Next year there will be more young Americans in school than ever before. Yet today, our schools are not ready for the new era. Our schools have low standards, dilapidated and crowded classrooms, and only chalkboards in the age of the microchip.

To make our school succeed at this moment of change, tonight I propose a four part challenge to renew every level of education in America for the new century.

We must raise our sights. We should insist that every teacher meet basic competency standards . . . that every student meet national standards of excellence . . . that every parent take responsibility for their children . . . and that every school be held accountable for results.

Every state should give parents the right to choose their child's public school. And if the idea of choice in public schools is to be real, we must give parents and teachers the right to start better public schools -- charter schools -- if the current ones do not work.

We must recognize that technological literacy is now as important as learning to read, write, and do math. Our goal is clear: when we walk into any school in the 21st century -- five years from now -- we should see every classroom connected to the outside world . . . a cutting-edge computer accessible to every student . . . and teachers with the skills and the software to make technology as exciting in the classroom as it is in the video arcade. Tens of millions of parents have watched their children play every video game from Mortal Kombat to Killer Instinct. From now on, the most important computer game in America must be learning.

Tonight I challenge educators, scientists and business leaders to join in connecting the schools and prepare our people for the future. If a company or community is willing to donate money to put new computers in the schools, we will match that donation dollar for dollar. (*policy decision needs to be made*)

It is not enough to make our public schools the best in the world. We must make it easier for deserving Americans to go to college. We have already made it easier for people to pay back their college loans.

And last year, I asked the Congress to make \$10,000 of college tuition costs tax deductible. If businesses can deduct the cost of their equipment, then families should be able to deduct the cost of a college education.

Tonight, I propose two more steps to open the doors of college for people who are willing to work hard and excel. First, a \$2000 merit scholarship for the top 2% of graduating students in every secondary school in America. Second, a dramatic expansion of college work-study, so that 1 million young Americans will be working their way through college by the Year 2000. (ck)

Higher standards. Public school choice. Technology in the classroom. And an aggressive strategy to open wider the doors of college. That is my education challenge. Because when our schools succeed, America succeeds.

America's eighth and perhaps most important, challenge is this: to live up to our values, and restore a sense of right and wrong, in our daily lives. I challenge Americans in all walks of life to reach within themselves and find a new sense of personal responsibility.

As Americans, we more than any people on earth should recognize the truth of the Gospel: "To whom much is given, from them much is required." We need a rebirth of ethics, of values, of the moral code that this country was built on. Only if we share a community of values, can we value community.

Throughout our history, Americans have always joined together as neighbors and citizens to build strong communities and a strong country. We need that spirit more than ever today.

That means:

- We in this chamber should give the government back to the people. In the past year, we have already applied to Congress the laws that apply to America, banned gifts and meals from lobbyists to lawmakers, and forced the lobbyists to fully disclose who they are working for, what they are spending, and what bills they are trying to pass or kill. But we all know that special interests give too much money in political campaigns. And we should all take personal responsibility for changing it. There is a strong, bipartisan campaign finance reform bill, waiting for action. Let's pass it without delay.
- We must challenge our young people not to get pregnant or father a child until they are ready. Tonight, I am pleased to announce that a group of prominent Americans have answered this call, and are forming a new national organization to enlist the media, business and communities to help our young people do the right thing.
- I believe in a woman's right to choose an abortion. Some people deeply disagree. But I challenge people on both sides of the abortion divide to find common ground. At the very least, let us do what we can to encourage adoption, and unite the hundreds of thousands of eligible parents who want a child with the thousands (ck) of babies who need a loving home.
- We must challenge every father to take responsibility for his children. Spend time with your child, love your child, and take an interest in your child's daily life. And if you owe child support, pay it. Your child needs you. You cannot walk away.
- We must challenge those who produce and market cigarettes to take responsibility for your actions. Sell your products to adults, if you wish. But draw the line on children.
- All of us working together must find a way to do something about violence and sex on TV. We must challenge the media to put more education and less sex and violence on TV. And challenge parents to turn off the set if they don't.
- We must challenge every citizen to give something back to their community through service. I am proud of what the national service program, AmeriCorps, has done to put 25,000 young people to work in communities -- raising reading scores, pulling

garbage out of rivers, helping police shut down crack houses. But we shouldn't stop there. Every American has something to contribute -- from volunteering at an AIDS clinic to adopting a child. And let me issue a special summons to our nation's seniors, who have the time and the wisdom to teach us all: let your retirement years be a season of service.

And let me say this above all: Every one of us faces a challenge to seek common ground with our fellow Americans -- to reach out beyond our differences, both because it is the right thing to do, and because it is the way we will meet every one of our other challenges as we enter a new century.

Conclusion/Olympic torchbearers

That is what we will see this summer in Atlanta, when we are hosts to the centennial of the modern Olympics. I am not just talking of our athletes, who show us all how to work hard to make our dreams come true. I also mean the shared effort of the entire community of Atlanta -- the City Too Busy to Hate. One community, pulling together. That is what's right with America.

But there is another group of Americans I want to call your attention to tonight. They are the ones who will hold high the Olympic torch and carry it on its path across America, from Los Angeles, across mountains, concrete canyons, unbroken desert and lush farmland. They will even carry the torch across the White House lawn, and I'll be there to greet them.

These are not celebrities or heroic athletes, but they are heroes nonetheless. Thousands of them are being selected because they are community heroes -- Americans who have used their energies to make our world better, one community at a time. Most of these people will be announced next month. But I am proud to say that the first three of them have been chosen so they can be here with us tonight. [insert on two or three heroes]

Let us strive to be like these everyday champions. They show us a different kind of strength and endurance and a lot of heart. They show us that if we each do our part, we are sure to reach our destination. Together. And when we do, we will know the joy of a special victory -- where every American has a chance to win.

We are going to show the world this summer what happens when America pulls together. And I believe, my fellow Americans, we are going to show it time and time again in the century that lies ahead. That is, and forever will be, America's challenge.