Schumer

Exp First Lady

→ a huge advocate of this plan
a. time we get together she's talk abt
this + I can't thank her enough

PCNS lobbied me relentlessly for the better part
of a year

Been wkg on this bill for 7 years

Made the compelling argument
No benefit we cd find
that would benefit
m class more -

A New Opportunity Agenda for Higher Education:
Making Critical Investments in Education and Training
January 20, 2000

Today, the President will announce that his FY2001 budget will include new critical investments in higher education, training, and youth opportunities as part of his New Opportunity Agenda. These initiatives include:

I. A $30 Billion College Opportunity Tax Cut to provide Tax Relief for Millions of Families Struggling to Make College More Affordable.

II. Nearly $1 Billion for College Completion Challenge Grants, Pell Grants, and Other Initiatives to Help Students Afford and Be Able to Stay in School.

III. Over $400 Million in Increases in Initiatives to Keep Young People on the Track to Success.

I. COLLEGE OPPORTUNITY TAX CUT TO MAKE COLLEGE MORE AFFORDABLE FOR MORE AMERICANS

First time ever a tax credit for college tuition

- The President will propose a College Opportunity Tax Cut costing $30 billion over 10 years to provide tax relief for millions of families struggling to make college more affordable. When fully phased in, the President's proposal would give families the option to claim a tax deduction or a tax credit on up to $10,000 of tuition and fees for any post-secondary education including college, graduate study, or training courses. In general, the proposal would provide up to $2,800 annually in tax relief per family. In order to expand this tax cut to more families, the College Opportunity Tax Cut would phase out for married filers with incomes between $100,000 and $120,000. The College Opportunity Tax Cut builds on the Lifetime Learning tax credit that the President signed into law in 1997. In addition, the President's FY2001 budget contains other education tax incentives that were originally proposed in the FY2000 budget, including $1 billion over 10 years to provide tax-free treatment for employer-provided graduate education and increased deductibility of student loan interest.

II. NEARLY $1 BILLION IN INCREASES TO PELL GRANTS, SEOG, WORK STUDY, AND THE NEW COLLEGE COMPLETION AND DUAL DEGREE INITIATIVES:

- **College Completion Challenge Grants.** The FY2001 budget creates a new initiative within the TRIO program called College Completion Challenge Grants (CCCG). Although college enrollment rates have risen, 37 percent of students that go on to post-secondary school drop out before they get a certificate or a degree [Source: U.S. Department of Education, *The Condition of Education: 1999*]. The problem is especially acute for minorities: 29 percent of African Americans and 31 percent of Hispanics drop out of college after less than one year, compared to 18 percent of whites. The CCCG program is designed to address this problem with a comprehensive approach including pre-freshman summer programs, support services and increased grant aid to students. This $35 million initiative will improve the chances of success for nearly 18,000 students.

- **Dual Degree Programs for Minority-Serving Institutions.** The FY 2001 budget proposes a new program to increase opportunities for students at minority-serving institutions that offer four-year degrees. Students would receive two degrees within five years: one from a minority-serving institution, and one from a partner institution in a field in which minorities are underrepresented. This new $40 million program will serve an estimated 3,000 students.

- **Pell Grants.** The Pell Grant program provides grants to economically disadvantaged young people to help pay the cost of a postsecondary education. The maximum Pell Grant in FY2000 is $3,300. The President's FY2001 budget increases the maximum to $3,500, more than 50 percent larger than the maximum grant in 1993, to make a college education more affordable for the nearly 4 million Pell Grant recipients. Funding for the Pell Grant program is increased by over $716 million, bringing the total Pell Grant appropriation to $8.356 billion.

- **SEOG.** SEOG, the Federal Supplemental Educational Opportunity Grant program, provides campus-based grant assistance to needy undergraduate students. Generally, this program supplements the aid students receive from other sources, and leverages institutional aid by at least one dollar for every three federal dollars. The FY2001 budget provides $691 million for SEOG, a $60 million increase, the largest increase in 10 years. An estimated 1.2 million students (over 60,000 more than in 2000) will receive awards in 2001.

- **Work Study.** Work Study provides students the opportunity to work their way through college. The FY 2000 budget achieved the goal of giving one million students the opportunity to participate in Work Study. The FY2001 budget includes $1.011 billion for Work Study, an increase of $77 million to continue this commitment to serve one million students.

III. OVER $400 MILLION IN INCREASES TO KEEP YOUNG PEOPLE ON THE TRACK TO SUCCESS

- **GEAR UP.** GEAR UP is a nationwide initiative to encourage more disadvantaged young people to have high expectations, stay in school, study hard, and take the right courses to go to and succeed in college. GEAR UP is funded at $200 million in FY 2000, enough to provide services to over 750,000 students. The FY 2001 budget provides a 62.5% increase to $325 million, enough to provide services to 1.4 million students.

- **TRIO.** The TRIO programs seek to motivate and prepare students to go to and stay in college. The FY 2001 budget provides $725 million for TRIO, an increase of $80 million to help provide assistance to over 760,000 students, 37,000 more than in 2000.

- **Youth Opportunity Grants and Youth Training Formula Grants.** Youth Opportunity Grants are an initiative to provide comprehensive employment and training assistance to all out-of-school young people in high poverty areas. The program was passed as part of the bipartisan Workforce Investment Act and is a critical component of the New Markets Initiative. Funded at $250 million in FY 2000, this program would serve up to 50,000 of the most disadvantaged young people in central cities and rural communities across America. The President's FY2001 budget provides a 50 percent increase in funding to $375 million, enough to serve an additional 25,000 youth in high poverty areas. In addition, the FY2001 budget provides a $25 million increase (from $1.001 billion to $1.022), to the Youth Training Formula Grants, enough to provide job training and summer job opportunities to nearly 600,000 disadvantaged young people.

- **Youthbuild.** The Youthbuild program, is targeted to 16-24 year old high school dropouts, and provides disadvantaged young adults with education and employment skills through rehabilitating and building housing for low-income and homeless people. The program also helps to expand the supply of housing in these categories. Funded at $42.5 million, the Youthbuild programs will provides opportunities for approximately 2,000 trainees in 2000. The FY2001 increases funding by 76% to $75 million, enough to serve approximately 3,330 trainees.

- **Job Corps.** Job Corps is the nation's largest and most comprehensive residential education and job training program targeted at impoverished young people. The FY2001 budget increases Job Corps funding by $33 million, bringing the total Job Corps budget to $1.392 billion.

COLLEGE OPPORTUNITY TAX CUT:
PROVIDING TAX INCENTIVES TO MAKE HIGHER EDUCATION MORE AFFORDABLE
January 20, 2000

Investing $30 Billion in a College Opportunity Tax Cut. Since 1993 the President has taken numerous steps to make college more affordable and accessible, including direct student loans, Pell Grant increases, and the Hope Scholarship and the Lifetime Learning tax credits producing the biggest expansion in college support since the GI bill. But tuition costs continue to rise and many students and their families are still struggling to make ends meet. That is why today the President will propose the College Opportunity Tax Cut that will, when fully phased in, provide up to $2,800 in tax relief for students or their families. The President's proposal would cost $30 billion over 10 years.

How the College Opportunity Tax Cut Works. The President's proposal would help make college, graduate school, and job training more affordable for millions of families – including expanding the tax cut and making it available to more families. In general, the proposal would provide up to $2,800 annually in tax relief per family.

- **Providing a Deduction or 28 Percent Tax Credit for Higher Education.** The President's proposal would give families the option of taking a tax deduction or claiming a 28 percent credit for tuition and fees to pay for college and other higher education. The proposal would cover up to $5,000 of educational expenses in 2001 and 2002 and rise to $10,000 of educational expenses from 2003 forward. When fully phased in, this proposal would provide up to $2,800 in tax relief annually to help American families pay for college.
- **The College Opportunity Tax Cut Would Cover College, Graduate Work, or Job Training.** Students or families could use the College Opportunity Tax Cut to help pay for college, graduate work, or courses taken to enhance job skills. There is no limit to the number of years that a taxpayer could take this credit, although when fully phased in it is limited to $10,000 in educational expenses per family per year. A family could choose between the Hope Scholarship or the College Opportunity Tax Cut, but could not take both for the same student.
- **Expanding the Tax Cut to More Families.** The College Opportunity Tax Cut would phase out for individuals with incomes between $50,000 and $60,000 and married filers with incomes between $100,000 and $120,000. This are higher than the income thresholds for any of the education tax cuts currently available.

What the College Opportunity Tax Cut Would Mean for Typical Families

- **A Family Sends a Child to College.** A family sends a child to a four-year college. The tuition costs the family $11,000 after financial aid. The College Opportunity Tax Cut would generally provide a tax break of $2,800 annually to offset the cost of tuition. (This example is based on the fully phased in proposal.)
- **An Automobile Mechanic Takes Night Classes in Computers at a Local Technical College.** She will pay tuition of $1,200. The College Opportunity Tax Cut would generally provide a tax break of $336 to offset the cost of tuition.
- **A Homemaker Joins a Graduate Teacher Training Program.** After being out of college for 20

years, a homemaker enters a graduate teacher training program with tuition of $4,000. The College Opportunity Tax Cut would generally provide a tax break of $1,120 to offset the cost of tuition.

- **A Family Plans for Its Education.** The combination of the existing Hope Scholarship and the proposed College Opportunity Tax Cut provides a powerful way for a family to plan for its education. Each member of a family of four is pursuing higher education. The father is working on a masters degree part-time; the mother, a computer technician, is attending a two-year program at a local community college; the daughter is a senior in high school who eventually hopes to go on to medical school; and the son is a freshman at a small private college and plans to earn a master's degree to become a teacher. Based on typical tuition expenses incurred for these programs, a combination of Hope Scholarships and the new College Opportunity Tax Cut would generally reduce this family's Federal income taxes by $28,000 over the nine years its members attend school, or an average of over $3,000 per year.

The President's New Proposal Builds on His Previous Steps to Make College More Affordable. Since 1993, President Clinton has been dedicated to expanding access to education and training beyond high school. New and expanded programs provide over $50 billion in student aid annually – compared to $22 billion when he took office.

- **Hope Scholarship and Lifetime Learning Tax Credit.** In 1997, the President signed the Hope Scholarship and Lifetime Learning Tax Credit into law. In 1999, these two measures provided an estimated $3.5 billion in tax relief for 4.8 million families.
    - **Hope Scholarship.** The Hope Scholarship is part of the President's goal to make the first two years of college as universal as high school. It provides a tax credit worth up to $1,500 *per student* against educational expenses for the first 2 years of college. (The credit provides a tax break of 100 percent of the first $1,000 of tuition and 50 percent of the next $1,000.) Both the Hope Scholarship and the Lifetime Learning tax credit phase out for individuals with incomes between $40,000 and $50,000 and married filers with incomes between $80,000 and $10,000.
    - **Lifetime Learning Tax Credit.** The President's proposed College Opportunity Tax Cut builds on the Lifetime Learning tax credit. Under current law, the Lifetime Learning tax credit provides a 20 percent credit on educational expenses for college, graduate study, or job training. The credit covers up to $5,000 of expenses *per family* through 2002 and then up to $10,000 thereafter.

- **More Affordable Student Loans.** The President's Direct Lending Program and improvements to the student loan program have saved students an estimated $8.7 billion on their loans over the last five years while taxpayers have saved over $5 billion through student loan reform.
    - **$8.7 Billion in Savings for Students.** Students who borrowed student loans since 1993 will save $100 annually for each $10,000 in outstanding loans – and a total of $5 billion – due to the lower interest rate formula. Also, in 1993, the Administration reduced loan origination fees, saving students nearly $3.7 billion to date. In 1999, in recognition of widespread discounts available on guaranteed student loans, the Administration reduced direct loan fees even further.
    - **More Repayment Options.** Since 1993, borrowers have more flexibility in managing their student loan debt. The income-contingent repayment plan allows direct loan borrowers to

repay their loans based upon their income; after 25 years, any remaining loan balance is discharged.

- **Creating the Direct Loan Program.** Under the Direct Loan program, students receive loans directly from the Education Department rather than through government-guaranteed lenders. Because the Direct Loan program is substantially less expensive for taxpayers than the guaranteed loan program, taxpayers have saved over $4 billion over the past five years. The program has pioneered the use of new technology, streamlined loan processing and disbursement, and improved customer service in both programs through competition.
- **Strengthening the Guaranteed Loan Program.** Federal subsidies for banks and guaranty agencies have been pared down, saving taxpayers $1.6 billion over the past five years.
- **Reducing Loan Defaults.** The national cohort default rate has been reduced from 22.4 percent seven years ago to a record-low 8.8 percent. At the same time, collections on defaulted loans have more than doubled, from $1 billion in FY1993 to $2.2 billion in FY1998.

- **Expanded Student Aid Opportunities.**
  - **Larger Pell Grant Awards For Needy Students**. When President Clinton took office in 1993, the Pell Grant maximum award was $2,300, the same as it was in 1989. The maximum award has since increased by 43 percent to $3,300 in 2001. The FY 2001 budget proposes increase in the maximum to $3,500, a 52 percent increase over the 1993 level.
  - **Early Intervention to Help Low-income Students Prepare for College.** Based on an Administration proposal, the new GEAR UP program funds partnerships between colleges and high-poverty middle schools. It was funded at $200 million in FY2000. The President's FY2001 budget proposes to increase GEAR UP funding by 62.5 percent, bringing the total to $325 million to fund mentoring, tutoring, and college scholarships for an estimated 1.4 million low-income students.
  - **College Outreach and Support for Disadvantaged Students.** The Department's TRIO programs helps low-income, first-generation students succeed in college. Since 1993, funding for the program has increased from $388 million to $645 million; it now serves 730,000 students. The President's FY2001 budget proposes to expand TRIO by $80 million, to serve an additional 37,000 students.
  - **More Work-study Opportunities.** Spending for Federal Work-Study increased by 41 percent from 1993 to 2000. The President has requested a $77 million increase in FY2001 to continue to allow one million students to work their way through college.
  - **AmeriCorps education awards.** Since 1994, over 150,000 AmeriCorps volunteers have earned up to $4,725 for college while serving local communities.

- **Enrollment Rates Have Risen Under President Clinton.** The percentage of students who completed high school and went directly to college rose from 61.9 percent in 1992 to 67.0 percent in 1997 – an 8 percent increase in the enrollment rate. Proportionately, enrollment rates increased even more for African Americans and Hispanics over this period. For African Americans, enrollment rates increased from 48.2 percent to 58.5 percent – a 21 percent increase. Over this period Hispanics enrollment rates increased from 55.0 percent to 65.6 percent – a 19 percent increase. [Source: U.S. Department of Education, *The Condition of Education 1999*]

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release January 20, 2000

REMARKS BY THE PRESIDENT
AND THE FIRST LADY
AT COLLEGE AFFORDABILITY EVENT

Presidential Hall
Eisenhower Executive Office Building

1:55 P.M. EST

MRS. CLINTON: Welcome to the White House. And we are really a white White House today with all of the snow. And we thank all of you for the considerable effort that you went to to be here -- no one more than Senator Schumer, who had to take the train and there was a lot of delay in that. So we are delighted to have you all here with us.

It's an honor to be joined by so many people who have worked so hard on behalf of improving access to education in our country. I'm pleased that, in addition to Senator Schumer, we are joined also by Congressman Rush Holt, who has been a leader on behalf of college access. As a former college professor that's an especially appropriate role for him to assume. Secretary Slater, we're glad you could be with us. And you'll hear in a moment from Secretary Riley.

The idea that we can transform lives in America through education is one that is especially rooted in our own experience, because each of us have seen over and over again what a difference it can make. By opening the doors of college to more and more Americans, we will be extending the possibility of the American Dream to countless young, and not so young, Americans into the 21st century.

From the moment a child is born in our country, many of us have the same question lurking in the back of our minds, how am I going to pay for college? It's a vague concern at first, when we worry more about toddlers bruising their knees and pre-schoolers getting ready to go to school. But as the years progress and as our children begin high school, as they sign up for SATs and the college brochures start coming in the mail, our pride in our children's future and our hopes for them is certainly mixed with some anxiety -- because we start looking at the numbers under the section on the application marked "tuition." And then we look at the numbers in our bank statements and wonder again, how am I going to pay for college?

The challenge of paying for college is one that has gotten even more acute in the last 20 years, because the average tuition has doubled, while median family incomes and financial aid have not kept pace. And this challenge touches Americans in all incomes and from all walks of life. Not just lower-income parents, but parents who, by most standards, are doing well, have told me about sleepless nights worrying about how they will pay the tuition bills without going broke or shortchanging their younger children. Mothers and fathers have talked about taking second jobs or second mortgages, scrambling to make sure their children are not denied this essential tool for their future. And young people themselves, like those on the stage here with us, are graduating and incurring thousands of dollars of debt.

I wonder how many worthy, but less lucrative professions, from teaching to social work to public service, are losing many young people because they are too burdened by debt to afford to take such jobs.

At the turn of the century, we are seeing not just how college education can open a path to a better and brighter future, but how in many ways it has become the principal, the most important path, that any of us can take in the information age. In the coming years, the number of new jobs requiring a bachelor's degree will grow almost twice as fast as the average for all jobs. The three fastest-growing occupations, all of them in the field of technology, require at least a bachelor's degree, and pay much higher than average for all full-time workers.

That's why it's more important than ever that we as a nation continue to make college more affordable for more Americans. For the past seven years, with the President's leadership and the help of so many of you in this room, we've worked very hard to make the dream of a college education a reality for millions of Americans -- with new HOPE scholarships and Lifetime Learning tax credits, more work-study opportunities, higher Pell grants, and more affordable student loans. But we know that even with this progress, our work is not yet done.

Growing up in the 1950s, I saw how the G.I. Bill opened the doors of college for millions of Americans who had never dreamed that they could go to college, and it really did fuel the American middle class and the expansion that so many of us have enjoyed and taken for granted. Today, the challenge of paying for college, though, has become a daunting one for that very same middle class that was really created by the G.I. Bill.

In this era of unprecedented prosperity, at a time when higher education is not just an advantage, but essential to individual and national progress, no one who wants to improve his or her prospects through education should have to risk poverty to gain that education. That's why, as we balanced the budget, we must also support targeted tax cuts to help middle class Americans afford college. We cannot afford to keep college out of the reach of any American.

We'll hear in a moment from a young woman who can speak firsthand about the importance of college in her life, Nina McLaughlin. And she is speaking for not only the young people here behind me and in this audience, but young people throughout America.

Over the past seven years, I've certainly spoken at or attended my share of college commencements, and it always is one that brings tears to my eyes as I see the graduates walking across the stage and proud parents and grandparents sitting in the audience, whether it's a small private college or a great public land grant university or a community college. So I think we're here today to recommit ourselves to making that experience truly available to every American. I'm particularly grateful to Senator Schumer for his hard work and leadership on this issue, and so pleased he could join us.

And it's now my great privilege to introduce someone who has been a champion for education at all levels and really understands the importance of what we're doing today -- the Secretary of Education, Richard Riley. (Applause.)

* * * * *

THE PRESIDENT: Thank you very much, Nina, for being exhibit A for the announcement that we're here for today. Thank you, Secretary Riley, for your leadership in every aspect of education, and especially in this one.

I thank Secretary Slater for coming. I expect he's here for two reasons. One is, Rodney Slater grew up in a county that, when I was governor, was one of the 10 poorest counties in America. And he happened to be a good football player, and was able to go to college in Michigan and play football. And he, later in his career, became an officer at a university in our home state. So he also is exhibit A for why every child should be able to go to college.

I want to thank Representative Rush Holt for being here. He is not only a former distinguished professor at Princeton, but he has a task force on access to higher education in his congressional district. And the people who live in his district actually are among those who will be most benefitted if this entire proposal passes, as we hope it will.

In their absence, I want to thank Congressman Ford and Senator Olympia Snowe, who have been very, very strong on this issue. And the two people I want to thank most, obviously, are Senator Schumer and the First Lady, who lobbied me relentlessly on this for the better part of a year. If you've ever been lobbied by either one of them, you know -- (laughter) -- it's sort of like, are you going to say yes now, or put yourself through all this misery and say yes later? But it's been very interesting. I'll say more about it in a moment. (Laughter.)

We know when we open the doors to college, we open the doors to opportunity. When we make college more affordable, we make the American Dream more achievable. That's why we're all here today. I'm glad there are so many young people here today. They're probably sorry that they're not really getting out of school; they could have gotten out of school anyway -- (laughter) -- but I'm glad you all came and waited.

Some in Congress, I note, are saying that because this is an election year, we really shouldn't try to do anything for the American people. We're here today to give perhaps the most powerful example for why we should reject that view. Nothing -- not a national election or a Washington snowstorm -- should get in the way of making a college education more affordable for all Americans. (Applause.) Students can't put off their growing up for a year; families can't put off going to work for a year -- and neither should we.

Today is a happy day for me. This is my 7th anniversary as President of the United States. (Applause.) I am profoundly grateful for the long way we have come as a nation in these last seven years; that today we have the lowest poverty rate in 20 years, the lowest unemployment and welfare rates in 30 years, the first back-to-back budget surpluses in over 40 years. I am grateful that we are coming together; that we have the lowest African American and Hispanic unemployment rates we have ever recorded; that we have the lowest female unemployment rate in 40 years; the lowest single-parent household poverty rate in 46 years; and that in the last couple of years we have finally begun to see a reversal in the increase in inequality of incomes of working people, which was going on for nearly three decades.

So the family of America is growing stronger, and that is fundamentally a tribute to the hard work and adaptability of the American people. It has also been helped along the way by our hard-won economic strategy of increasing trade, getting rid of the deficit, and investing in the education of our people and in the economy in which they will live.

More than ever, with globalization and the information-based economy, investing in the minds of our people is the most important thing we can do to assure our continued success as a nation. But that has been the American policy for quite a long time now. The land grant college system was established under Abraham Lincoln; the G.I. Bill after World War II; the Pell grants in the 1970s; and the HOPE Scholarship in 1997. We have made education and access to higher education a bipartisan, national priority for quite a long while.

You heard the other stories that were told. I was sitting here thinking, I was the first person in my family to go to college. And I remember when I was accepted to Georgetown -- rather late, I might add, in the year. (Laughter.) And they gave me a $500 scholarship, for which I was very grateful. And I think the tuition back then was about $6,000, which 37 years ago, -6 years ago, seemed like all the money in the world to me. And I was literally guilt-ridden when I went off to college to think of the burden I was imposing on my family.

And I remember we had a family meeting about it. I remember my high school guidance counselor called me in the office and said I was nuts, that I'd pay it back many times over in the future. But it bothered me a lot. And then later, as I stayed in school and went on to law school, I was able to do it all because I had the help of scholarships and loans and jobs. And if I hadn't had that help, there's no way in the world I would be standing here today. I know that.

And because of the changes in the financial costs of higher education that Senator Schumer talked about, and because of the changes in the economy, it's even more important that we do more today, not only for individual students, but for the health and well-being of the American system.

So that's why we're here. You have already heard that we have been working on this hard for seven years. We've more than doubled college aid in those seven years, increasing Pell grants by more than 50 percent, rewriting the student loan program to make it easier and cheaper to get student loans, and then importantly, to let students pay off their loans as a percentage of their income, so there would never be an incentive for people who had those loans to drop out of school for fear that they could never repay them anyway.

We established AmeriCorps, which now has allowed 150,000 of our fellow citizens to serve in their communities and earn some money to go to college. We've expanded the work-study program from 700,000 to 1 million work-study slots. We've allowed families to save more in their IRAs and then to withdraw the money tax-free if it's being used to pay for a college education.

And, of course, as Secretary Riley said, we created the $1,500 HOPE Scholarship tax credit to make two years of high school after education through a community college just as universal as a high school education is today. That HOPE Scholarship tax credit and the Lifetime Learning tax credit, which helps families pay for the last two years of college, graduate schools, or going back to school or to a training program, were designed to open the doors of college to all, and to recognize that in this economy, learning must go on for a lifetime.

And it's working. Today -- listen to this -- today, 67 percent of high school graduates will be enrolling in college next fall. That's an increase of 10 percent just since 1993. But we know we haven't truly succeeded in opening the doors of college to all if you mean everybody who wants to should be able to go to a four-year school and stay -- and stay -- until they finish.

Parents all across the country are genuinely stretched. And parents in a surprisingly wide range of income groups are stretched because of the loan eligibility, the Pell Grant eligibility limits and other things. So today what we're attempting to do is to launch an agenda for higher education and lifetime learning for the 21st century that will make college more affordable for more families and, in the process, genuinely open the doors of college to everybody.

But we also want to encourage more people to stay in college once they go. And we want to do more to guide young people, starting in their middle school years, to be thinking about college so that if they can't afford it, they'll be able to get in and go.

First, the centerpiece of this budget for the coming year will be a landmark $30-billion college opportunity tax cut, to help millions of middle-class families pay for college. It will give families a tax deduction of up to $10,000 in tuition costs, providing as much as $2,800 in much-needed tax relief. And as Senator Schumer said, this has never been done before.

Now, let me tell you how this works. I am for this, and I believe it's the right thing to do. But all of you need to know that we think there's a pretty strict limit on what the total aggregate tax cuts I can propose and sign into law is. I had to veto one last year, because I thought it was too big. Why? Because the main thing that's brought us all along is the strength of our economy, and that requires us, in my judgment, to keep this budget balanced, to keep running surpluses, and to get this country out of debt over the next 15 years for the first time since 1835.

So as you might imagine, one of the things that we have to do, we have these huge, fascinating debates at this time every year about what does or doesn't go in the administration's budget. And that's where the arm-twisting from Senator Schumer and the First Lady came in.

And they made the compelling argument -- and you heard Chuck say he and Olympia had this bill in the Senate -- that there was no benefit we could give to middle-class people that would benefit more families more than this one, and no benefit we could give to families that would benefit America more than this one.

So again, I say we know this idea has bipartisan support, even in Washington. And I'll bet you would have to take a magnifying glass to find anybody out in the country who is against it, once I can explain that it won't affect our ability to balance the budget and pay off the debt.

So this is the core -- this has never been done before by our country. And when you take this, plus what we've done with the HOPE Scholarships, with the other lifetime tax credits, with the Pell grants, with the work-study slots and with the changes in the student loan program, we will really be able to say, everybody who wants to go to college can go. It is important that it pass, and I want to ask all of you to help me to pass it in this session of Congress. (Applause.)

Nina talked a little about her situation, but she was too modest to tell you that she's on the Dean's List, so that helps her qualify for additional scholarship aid. But her father works overtime when he can, her mother works two jobs. Now, what does all this mean to her? For her family in their income group, with the HOPE Scholarship, the new college opportunity tax cut would translate into a $4,300 tax break for her family by the time her brother, George, enters college. That's real money. That will make a difference to her family and it will make a difference to America.

This plan, I say again, is important for families, but it's also important for the state of our economy. We give tax relief today for businesses that invest in new plants and equipment; in an economy that runs on brain power we ought to give tax credits and tax cuts for people that invest in that brain power. With this action we are much closer toward taking the worry out of paying for a child's college education. We're another step forward toward helping the middle class with a targeted tax cut. And we're another step forward again in saying that we have literally opened the doors of college to all. I am also pleased to announce that we will increase Pell grants to up to $3,500, and that will benefit nearly 4 million Pell grant recipients. And that's important. (Applause.)

Now, for all of you who are in higher education -- this is the second thing I want to say that's important -- the second element of our plan is to strengthen our efforts to help Americans stay in college. We have really good numbers now, and it's going to get better with this -- with the number of young people going to college. But the dropout rate is way, way too high, given the needs of the economy and the benefits to young people in staying and getting their degrees.

One-third of the lowest-income students drop out of college and less than half of them earn degrees within five years. Our budget will establish the college competition challenge grants to reduce the dropout rate and improve the chances of success for nearly 18,000 of these students. We're also going to expand the successful TRIO program to help even more students stay in college. We will launch a dual degree initiative to expand opportunities for students at minority institutions to allow about 3,000 minority students to earn a degree in fields where minorities today are woefully under-represented.

The third and final part of our higher education agenda is focused on helping young people get on the right track to college and to stay there. We need to encourage more students at an early age to get them excited about academic achievement and to give them a sense that they actually can go to college and get a degree, and have the life of their dreams.

We passed an initiative we called Gear-Up, which does just that. It reaches out to middle school students who are at risk, using college students to mentor them -- to encourage them to set high expectations, to stay in school, to study hard, to take the right courses to go to college, and to make sure they know exactly what kind of aid they would qualify for, so they don't decide when they're 12 or 13 or 14 that they won't be able to afford to go.

Our budget will double the number of students who can participate in Gear-Up to include 1.4 million young people. Many of them come from families where they would never entertain the prospect of going to college, and where the message they get now -- on the street, in the school -- is that because of their circumstances, they won't be able to make it. We're giving them the exact reverse message: that they will absolutely be able to make it. And young people in universities all across America who have participated in mentoring these kids deserve the thanks of a grateful nation. We're going to double this program, and I hope you'll help us pass that as well. (Applause.)

One more aspect of this is our Youth Opportunity grants, under the leadership of Secretary Herman at Labor, and the Youthbuild initiative at HUD. These things are working again to reach young people who otherwise too often get left out and left behind. Taken together, these steps will provide families with the college relief they need; students with the support they need; our economy with the skilled work force we need; and our communities and our nation with the better citizens we all need.

People who decide to invest in their futures through education are taking the long look ahead, making sacrifices today for rewards tomorrow. That is the challenge we face today as a nation. We have, for the first time in my lifetime, economic prosperity, social progress, national self-confidence, the absence of serious crisis at home or paralyzing threat from abroad. All those conditions have not existed at one point in my lifetime. And it is imperative that we take the long look ahead. There is no better way to make the most of this magic moment than by helping all Americans make the most of their God-given abilities.

Thanks for being here.

END 2:33 P.M. EST