

THE BUDGET MESSAGE OF THE PRESIDENT

To the Congress of the United States:

The 2000 Budget, which I am submitting to you with this message, promises the third balanced budget in my Administration. With this budget, our fiscal house is in order, our spirit strong, and our resources prepare us to meet the challenges of the next century.

This budget marks a new era of opportunity. When I took office six years ago, I was determined to reverse decades of fiscal decline—a time when deficits grew without restraint, the economy suffered, and our national purpose seemed to be undermined. For too many years, the deficit loomed over us, a powerful reminder of the Government's inability to do the people's business.

Today, Americans deserve to be proud and confident in their ability to meet the next set of challenges. In the past six years, we have risen to our responsibilities and, as a result, have built an economy of unprecedented prosperity. We have done this the right way—by balancing fiscal discipline and investing in our Nation.

This budget continues on the same path. It invests in education and training so Americans can make the most of this economy's opportunities. It invests in health and the environment to improve our quality of life. It invests in our security at home and abroad, strengthens law enforcement and provides our Armed Forces with the resources they need to safeguard our national interests in the next century.

This year's budget surplus is one in many decades of surpluses to come—if we maintain our resolve and stay on the path that brought us this success in the first place. The budget forecasts that the economy will remain strong, producing surpluses until well into the next century.

The 21st Century promises to be a time of promise for the American people. Our challenge as we move forward is to maintain our strategy of balancing fiscal discipline with the need to make wise decisions about

our investment priorities. This strategy has resulted in unprecedented prosperity; it is now providing us with resources of a size and scope that just a few years ago simply didn't seem possible. Now that these resources are in our reach, it is both our challenge and responsibility to make sure we use them wisely.

First and foremost, in the last year of this century, the task awaiting us is to save Social Security. The conditions are right. We have reserved the surplus, our economy is prosperous, and last year's national dialogue has advanced the goal of forging consensus. Acting now makes the work ahead easier, with changes that will be far simpler than if we wait until the problem is closer at hand.

In my State of the Union address, I proposed a framework for saving Social Security that will use 62 percent of the surplus for the next 15 years to strengthen the Trust Fund until the middle of the next century. Part of the surplus dedicated to Social Security would be invested in private securities, further strengthening the Trust Fund by drawing on the long-term strength of the stock market, and reducing the debt to ensure strong fiscal health. This proposal will keep Social Security safe and strong until 2055. In order to reach my goal of protecting and preserving the Trust Fund until 2075, I urge the Congress to join me on a bipartisan basis to make choices that, while difficult, can be achieved, and include doing more to reduce poverty among single elderly women.

I am committed to upholding the pledge I made last year—that we must not drain the surplus until we save Social Security. It is time to fix Social Security now. And once we have done so, we should turn our efforts to other pressing national priorities. We must fulfill our obligation to save and improve Medicare—my framework would reserve 15 percent of the projected surplus for Medicare, ensuring that the Medicare

Trust Fund is secure for 20 years. It would establish Universal Savings Accounts, using just over one tenth of the surplus to encourage all Americans to save and invest so they will have additional income in retirement. I propose that we reserve the final portion of the projected surplus, 11 percent, to provide resources for other pressing national needs that will arise in the future, including the need to maintain the military readiness of the Nation's Armed Forces, education, and other critical domestic priorities.

Charting a Course for the New Era of Surplus

Six years ago, when my Administration took office, we were determined to create the conditions for the Nation to enter the 21st Century from a position of strength. We were committed to turning the economy around, to reining in a budget that was out of control, and to restoring to the country confidence and purpose.

Today, we have achieved these goals. The budget is in balance for the first time in a generation and surpluses are expected as far as the eye can see. The Nation's economy continues to grow; this is the longest peacetime expansion in our history. There are more than 17 million new jobs; unemployment is at its lowest peacetime level in 41 years; and today, more Americans own their own homes than at any time in our history.

Americans today are safer, more prosperous, and have more opportunity. Crime is down, poverty is falling, and the number of people on welfare is the lowest it has been in 25 years. By almost every measure, our economy is vibrant and our Nation is strong.

Throughout the past six years, my Administration has been committed to creating opportunity for all Americans, demanding responsibility from all Americans and to strengthening the American community. We have made enormous strides, with the success of our economy creating new opportunity and with our repair of the social fabric that had frayed so badly in recent decades reinvigorating our sense of community. Most of all, the prosperity and opportunity of our time offers us a great responsibility—to take action to ensure that Social Security is there for

the elderly and the disabled, while ensuring that it not place a burden on our children.

We have met the challenge of deficit reduction; there is now every reason for us to rise to the next challenge. For sixty years, Social Security has been a bedrock of security in retirement. It has saved many millions of Americans from an old age of poverty and dependency. It has offered help to those who become disabled or suffer the death of a family breadwinner. For these Americans—in fact, for all Americans—Social Security is a reflection of our deepest values of community and the obligations we owe to each other.

It is time this year to work together to strengthen Social Security so that we may uphold these obligations for years to come. We have the rare opportunity to act to meet these challenges—or in the words of the old saying, to fix the roof while the sun is shining. And at least as important, we can engage this crucial issue from a position of strength—with our economy prosperous and our resources available to do the job of fixing Social Security. I urge Americans to join together to make that happen this year.

Building on Economic Prosperity

At the start of 1993, when my Administration took office, the Nation's economy had barely grown during the previous four years, creating few jobs. Interest rates were high due to the Government's massive borrowing to finance the deficit, which had reached a record \$290 billion and was headed higher.

Determined to set America on the right path, we launched an economic strategy built upon three elements: promoting fiscal responsibility; investing in policies that strengthen the American people, and engaging in the international economy. Only by pursuing all three elements could we restore the economy and build for the future.

My 1993 budget plan, the centerpiece of our economic strategy, was a balanced plan that cut hundreds of billions of dollars of Federal spending while raising income taxes only on the very wealthiest of Americans. By cutting unnecessary and lower-priority

spending, we found the resources to cut taxes for 15 million working families and to pay for strategic investments in areas including education and training, the environment, and other priorities meant to improve the standard of living and quality of life for the American people.

Six years later, we have balanced the budget; and if we keep our resolve, the budget will be balanced for many years to come. We have invested in the education and skills of our people, giving them the tools they need to raise their children and get good jobs in an increasingly competitive economy. We have expanded trade, generating record exports that create high-wage jobs for millions of Americans.

The economy has been on an upward trend, almost from the start of my Administration's new economic policies. Shortly after the release of my 1993 budget plan, interest rates fell, and they fell even more as I worked successfully with Congress to put the plan into law. These lower interest rates helped to spur the steady economic growth and strong business investment that we have enjoyed for the last six years. Our policies have helped create over 17 million jobs, while interest rates have remained low and inflation has stayed under control.

As we move ahead, I am determined to ensure that we continue to strike the right balance between fiscal discipline and strategic investments. We must not forget the discipline that brought us this new era of surplus—it is as important today as it was during our drive to end the days of deficits. Yet, we also must make sure that we balance our discipline with the need to provide resources for the strategic investments of the future.

Improving Performance Through Better Management

Vice President Gore's National Partnership for Reinventing Government, with which we are truly creating a Government that "works better and costs less," played a significant role in helping restore accountability to Government, and fiscal responsibility to its operations. In streamlining Government, we have done more than just reduce or eliminate

hundreds of Federal programs and projects. We have cut the civilian Federal work force by 365,000, giving us the smallest work force in 36 years. In fact, as a share of our total civilian employment, we have the smallest work force since 1933.

But we have set out to do more than just cut Government. We set out to make Government work, to create a Government that is more efficient and effective, and to create a Government focused on its customers, the American people.

We have made real progress, but we still have much work to do. We have reinvented parts of departments and agencies, but we are forging ahead with new efforts to improve the quality of the service that the Government offers its customers. My Administration has identified 24 Priority Management Objectives, and we will tackle some of the Government's biggest management challenges—meeting the year 2000 computer challenge; modernizing student aid delivery; and completing the restructuring of the Internal Revenue Service.

I am determined that we will solve the very real management challenges before us.

Preparing for the 21st Century

Education and Training: Education, in our competitive global economy, has become the dividing line between those who are able to move ahead and those who lag behind. For this reason, I have devoted a great deal of effort to ensure that we have a world-class system of education and training in place for Americans of all ages. Over the last six years, we have worked hard to ensure that every boy and girl is prepared to learn, that our schools focus on high standards and achievement, that anyone who wants to go to college can get the financial help to attend, and that those who need another chance at education and training or a chance to improve or learn new skills can do so.

My budget significantly increases funds to help children, especially in the poorest communities, reach challenging academic standards; and makes efforts to strengthen accountability. It proposes investments to end social promotion, where too many public school students move from grade to grade without

having mastered the basics, by expanding after school learning hours to give students the tools they need to earn advancement. The budget proposes improving school accountability by funding monetary awards to the highest performing schools that serve low-income students, providing resources to States to help them identify and change the least successful schools. It invests in programs to help raise the educational achievement of Hispanic students. The budget invests in reducing class size by recruiting and preparing thousands more teachers and building thousands more new classrooms. It increases Pell Grants and other college scholarships from the record levels already reached. My budget also helps the disabled enter the work force, by increasing flexibility to allow Medicaid and Medicare coverage and by providing tax credits to cover the extra costs associated with working.

Families and Children: During the past six years, we have taken many steps to help working families, and we continue that effort with this budget. We cut taxes for 15 million working families, provided a tax credit to help families raise their children, ensured that 25 million Americans a year can change jobs without losing their health insurance, made it easier for the self-employed and those with pre-existing conditions to get health insurance, provided health care coverage for up to five million uninsured children, raised the minimum wage, and provided guaranteed time off for workers who need to care for a newborn or to address the health needs of a family member.

I am determined to provide the help that families need when it comes to finding affordable child care. I am proposing a major effort to make child care more affordable, accessible, and safe by expanding tax credits for middle-income families and for businesses to increase their child care resources, by assisting parents who want to attend college meet their child care needs, and by increasing funds with which the Child Care and Development Block Grant will help more poor and near-poor children. My budget proposes an Early Learning Fund, which would provide grants to communities for activities that improve early childhood education and the quality of child care for those under age

five. And it proposes increasing equity for legal immigrants by restoring their Supplemental Security Income benefits and Food Stamps and by expanding health coverage to legal immigrant children.

Economic Development: Most Americans are enjoying the fruits of our strong economy. But while many urban and rural areas are doing better, too many others have grown disconnected from our values of opportunity, responsibility and community. Working with the State and local governments and with the private sector, I am determined to help bring our distressed areas back to life and to replace despair with hope. I am proposing a New Markets Investment Strategy which will provide tax credit and loan guarantee incentives to stimulate billions in new private investment in distressed rural and urban areas. It will build a network of private investment institutions to funnel credit, equity, and technical assistance into businesses in America's untapped markets, and provide the expertise to targeted small businesses that will allow them to use investment to grow. I am also proposing to create more Empowerment Zones and Enterprise Communities, which provide tax incentives and direct spending to encourage the kind of private investment that creates jobs, and to provide more capital for lending through my Community Development Financial Institutions program. My budget also expands opportunities for home ownership, provides more funds to enforce the Nation's civil rights laws, maintains our government-to-government commitment to Native Americans, and strengthens the partnership we have begun with the District of Columbia.

Health Care: This past year, we continued to improve health care for millions of Americans. Forty-seven States enrolled 2.5 million uninsured children in the new Children's Health Insurance Program. By executive order, I extended the patient protections that were included in the Patient's Bill of Rights, including emergency room access and the right to see a specialist, to 85 million Americans covered by Federal health plans, including Medicare and Medicaid beneficiaries and Federal employees. Medicare beneficiaries gained access to new preventive benefits, managed care choices, and low-income protections. My budget gives new insurance options to hundreds of

thousands of Americans aged 55 to 65. I am advocating bipartisan national legislation to reduce tobacco use, especially among young people. And I am proposing a Long-Term Care initiative, including a \$1,000 tax credit, to help patients, families, and care givers cope with the burdens of long-term care. The budget enables more Medicare recipients to receive promising cancer treatments by participating more easily in clinical trials. And it improves the fiscal soundness of Medicare and Medicaid through new management proposals, including programs to combat waste, fraud and abuse.

International Affairs: America must maintain its role as the world's leader by providing resources to pursue our goals of prosperity, democracy, and security. The resources in my budget will help us promote peace in troubled areas, provide enhanced security for our officials working abroad, combat weapons of mass destruction, and promote trade.

The United States continues to play a leadership role in a comprehensive peace in the Middle East. The Wye River Memorandum, signed in October 1998, helps establish a path to restore positive momentum to the peace process. My budget supports this goal with resources for an economic and military assistance package to help meet priority needs arising from the Wye Memorandum.

Despite progress in making peace there are real and growing threats to our national security. The terrorist attack against two U.S. embassies in East Africa last year is a stark reminder. My budget proposes increased funding to ensure the continued protection of American embassies, consulates and other facilities, and the valuable employees who work there. Our security and stability throughout the world is also threatened by the proliferation of weapons of mass destruction and their means of delivery. The budget supports significant increases for State Department efforts to address this need.

National Security: The Armed Forces of the United States serve as the backbone of our national security strategy. In this post-Cold War era, the military's responsibilities have changed, but not diminished—and in many ways have become even more complex. The military must be in a position to guard

against the major threats to U.S. security: regional dangers, such as cross-border aggression; the proliferation of the technology of weapons of mass destruction; transnational dangers, such as the spread of illegal drugs and terrorism; and direct attacks on the U.S. homeland from intercontinental ballistic missiles or other weapons of mass destruction.

Last year, the military and civilian leaders of our Armed Forces expressed concern that if we do not act to shore up our Nation's defenses, we would see a future decline in our military readiness—the ability of our forces to engage where and when necessary to protect the national security interests of the United States. Our military readiness is currently razor-sharp, and I intend to take measures to keep it that way. Therefore, I am proposing a long-term, sustained increase in defense spending to enhance the military's ability to respond to crises, build for the future through weapons modernization programs, and take care of military personnel and their families by enhancing the quality of life, thereby increasing retention and recruitment.

Science and Technology: During the last six years, I have sought to strengthen science and technology investments in order to serve many of our broader goals for the Nation in the economy, education, health care, the environment, and national defense. My budget strengthens basic research programs, which are the foundation of the Government's role in expanding scientific knowledge and spurring innovation. Through the 21st Century Research Fund, the budget provides strong support for the Nation's two largest funders of civilian basic research at universities: the National Science Foundation and the National Institutes of Health. My budget provides a substantial increase for the National Aeronautics and Space Administration's Space Science program, including a significant cooperative endeavor with Russia.

My budget also provides resources to launch a bold, new Information Technology Initiative to invest in long-term research in computing and communications. It will accelerate development of extremely fast supercomputers to support civilian research, enabling scientists to develop life-savings drugs, provide earlier

tornado warnings, and design more fuel-efficient, safer automobiles.

The Environment: The Nation does not have to choose between a strong economy and a clean environment. The past six years are proof that we can have both. We have set tough new clean air standards for soot and smog that will prevent up to 15,000 premature deaths a year. We have set new food and water safety standards and have accelerated the pace of cleanups of toxic Superfund sites. We expanded our efforts to protect tens of millions of acres of public and private lands, including Yellowstone National Park and Florida's Everglades. Led by the Vice President, the Administration reached an international agreement in Kyoto that calls for cuts in greenhouse gas emissions. In my budget this year, I am proposing an historic interagency Lands Legacy initiative to both preserve the Nation's Great Places, and advance preservation of open spaces in every community. This initiative will give State and local governments the tools for orderly growth while protecting and enhancing green spaces, clean water, wildlife habitat, and outdoor recreation. I also propose a Livability Initiative with a new financing mechanism, Better America Bonds, to create more open spaces in urban and suburban areas, protect water quality, and clean up abandoned industrial sites. My budget continues to increase our investments in energy-efficient technologies and renewable energy to strengthen our economy while reducing greenhouse gases. And I am proposing a new Clean Air Partnership Fund to support State and local efforts to reduce both air pollution and greenhouse gases.

Law: Our anti-crime strategy is working. For more than six years, serious crime has fallen uninterrupted and the murder rate is down by more than 28 percent, its lowest point in three decades. But, because crime remains unacceptably high, we must go further. Building on our successful community policing (COPS) program, which in this, its final year, places 100,000 more police on the street, my budget launches the next step—the 21st Century Policing initiative. This initiative invests in additional police targeted especially to crime “hot spots,” in crime fighting technology, and in community based prosecutors and crime prevention. The budget also provides funds to prevent violence against women, and to ad-

dress the growing law enforcement crisis on Indian lands. To boost our efforts to control illegal immigration, the budget provides the resources to strengthen border enforcement in the South and West, remove illegal aliens, and expand our efforts to verify whether newly hired non-citizens are eligible for jobs. To combat drug use, particularly among young people, my budget expands programs that stress treatment and prevention, law enforcement, international assistance, and interdiction.

Entering the 21st Century

As we prepare to enter the next century, we must keep sight of the source of our great success. We enjoy an economy of unprecedented prosperity due, in large measure, to our commitment to fiscal discipline. In the past six years, we have worked together as a Nation, facing the responsibility to correct the mistaken deficit-driven policies of the past. Balancing the budget has allowed our economy to prosper and has freed our children from a future in which mounting deficits threatened to limit options and sap the country's resources.

In the course of the next century, we will face new challenges for which we are now fully prepared. As the result of our fiscal policy, and the resources it has produced, we will enter this next century from a position of strength, confident that we have both the purpose and ability to meet the tasks ahead. If we keep our course, and maintain the important balance between fiscal discipline and investing wisely in priorities, our position of strength promises to last for many generations to come.

The great and immediate challenge before us is to save Social Security. It is time to move forward now.

We have already started the hard work of seeking to build consensus for Social Security's problems. Let us finish the job before the year ends. Let us enter the 21st Century knowing that the American people have met one more great challenge—that we have fulfilled the obligations we owe to each other as Americans.

If we can do this—and surely we can—then we will be able to look ahead with confidence, knowing that our strength, our resources, and our national purpose will help make the year 2000 the first in what promises to be the next American Century.

WILLIAM J. CLINTON

February 1, 1999

The Federal Government Dollar Fiscal Year 2001 Estimates

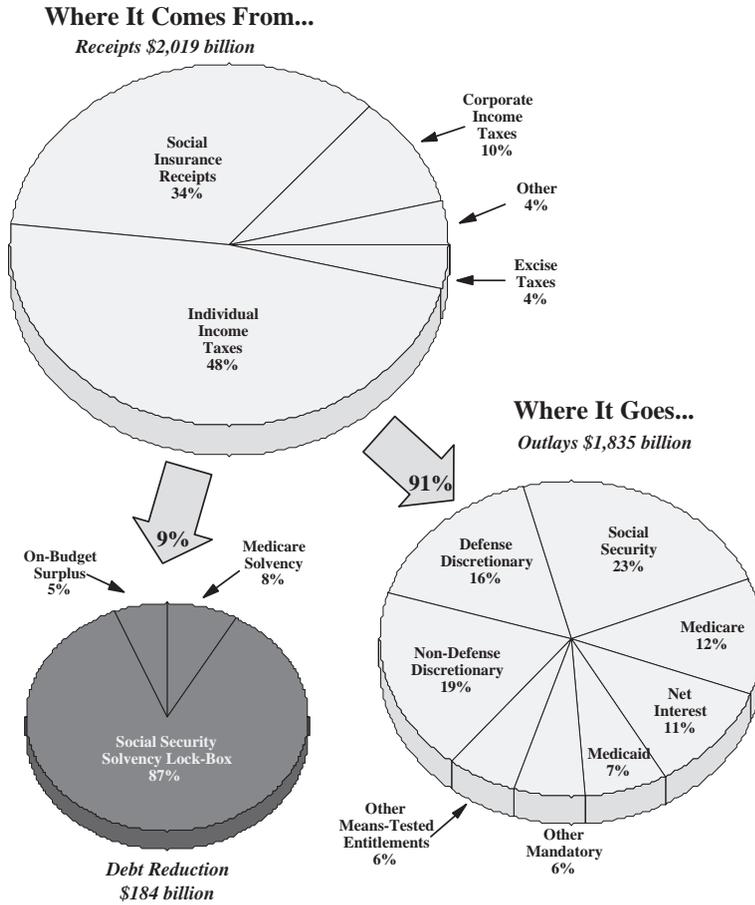


Table I-1. Budget Totals
(In billions of dollars)

	1999 Actual	Estimates										Total 2001-2010	
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		2010
Receipts	1,827	1,956	2,019	2,081	2,147	2,236	2,341	2,440	2,559	2,676	2,785	2,917	24,202
Outlays	1,703	1,790	1,835	1,895	1,963	2,041	2,125	2,185	2,267	2,362	2,456	2,553	21,683
Total unified budget surplus	124	167	184	186	185	195	215	256	292	314	329	363	2,519
Debt Reduction:													
Social Security solvency lock-box	124	148	160	172	184	195	214	224	239	250	260	272	2,169
Medicare solvency transfers			15	13				26	47	57	61	80	299
Reserve for catastrophic prescription drug coverage								4	5	7	8	11	35
On-Budget surplus	1	19	9	1	*	*	2	1	1	*	*	*	16
Total debt reduction	124	167	184	186	185	195	215	256	292	314	329	363	2,519

* \$500 million or less.

THE BUDGET MESSAGE OF THE PRESIDENT

To the Congress of the United States:

The 2001 Budget, which I am submitting to you with this message, is the fourth balanced budget of my Administration. This budget upholds my policy of fiscal discipline and promises new opportunity for our Nation.

We have made great progress in the last seven years, rejecting the fiscal disarray of an earlier era and in its place, asserting a steadfast commitment to live within our means, balance the budget, and uphold fiscal discipline. As a result, we have created the conditions for unprecedented prosperity. The longest peacetime economic expansion in American history has produced more than 20 million new jobs. Unemployment has hit its lowest level in a generation. Today, more Americans own their own homes than ever before in our Nation's history.

Our success in reversing what once seemed to be uncontrollable growth in the Federal budget deficit has created more than prosperity. We have restored to America a spirit of purpose and confidence. This is a rare moment in history. Few nations are blessed with a combination of economic prosperity and social stability at home and with the security of a relatively peaceful world. It is time to make the most of this moment of promise to extend prosperity to all corners of our Nation.

My first budget of the new century is built upon a commitment to expanding opportunity, promoting responsibility, and building community. It includes my New Markets Initiative, which relies on public and private sector cooperation to spur economic development in areas of our Nation that have not yet fully benefited from this wave of prosperity. It includes an expansion of the Earned Income Tax Credit to lift more hard-pressed working families out of poverty. It expands health insurance coverage to more

uninsured low-income children and extends this coverage to their hard-working parents.

Because education is fundamental to creating opportunity, my budget contains resources to prepare the next generation for the future with new and expanded efforts to improve the quality of our schools, prepare our students for college, and make college more accessible. It includes efforts to narrow the digital divide, the gap that separates those who have access to information technology and those who do not, so that all will be equipped with the technological tools they need to succeed. It also includes a science and technology initiative to lay the foundation for new scientific breakthroughs.

This budget responds to the pressing needs of today and builds an America of the future by making our Nation debt free by 2013. To be prepared for the retirement of the baby boom generation, my budget also provides a framework to extend the life of the Social Security and Medicare trust funds, while modernizing Medicare with a needed prescription drug benefit.

This budget uses the same straightforward approach of relying on conservative assumptions, as have all the budgets of my Administration. This conservative approach has built confidence in our budgets, because when unforeseen results have materialized, an inevitable development in forecasting, they have always brought good news. In turn, reversing recent trends, my 2001 Budget builds on the tradition of straightforward budgets to meet the pressing needs of today in a balanced plan that adheres to the principles of fiscal discipline and debt reduction. This budget also maintains a strict set of budget rules upholding our long commitment to fiscal discipline, which has sustained the conditions for our economy to flourish.

The 2001 Budget continues to project that the Federal budget will remain in surplus for many decades to come, provided that a responsible fiscal policy holds course, to foster sustained economic growth. Our challenge now, in this era of surplus, is to make balanced choices to use our resources to meet the pressing needs of today, and the needs of generations to come.

Building on the Success of Our Fiscal Discipline

When I took office in 1993, the current strength of our economy seemed beyond possibility. At that point, both the Federal budget deficit and the national debt had exploded, threatening our economic future. The costs of massive Federal borrowing drove interest rates up, incomes were stagnant for all but the most well off, and the economy had barely grown during the prior four years. The Nation needed a new course, and we worked hard to secure the passage of legislation, with the support of Democrats in Congress, to get the economy moving again.

My three-part economic strategy, built upon reducing the deficit, investing in the American people, and engaging the international economy yielded results. The budget deficit quickly began to drop from its peak of \$290 billion, and in 1997, we pressed ahead with our deficit reduction efforts as Congress passed the Balanced Budget Act on a bipartisan basis to finish the job. Four years ahead of schedule, the budget reached balance and is projected this year to produce its third surplus in a row. We have started to pay down the national debt and are on a path to make the Nation debt free by 2013 for the first time since 1835.

Throughout the past seven years, my Administration has been committed to creating opportunity for all Americans, demanding responsibility from all Americans, and strengthening the American community. The crime rate, which had tripled during the previous three decades, continues to fall and crime is down in every region of the Nation. We have reformed the welfare system, and more than seven million Americans in the

past seven years have made the transition from welfare to work.

Most of all, the prosperity and opportunity of our time offers us a great responsibility—to take action to ensure that Social Security is there for the elderly and the disabled, while ensuring that it not place a burden on our children, that the life of Medicare is extended for future generations, and that we modernize Medicare with a needed prescription drug benefit. If we continue to follow sound fiscal policy, we can provide for the future, produce a balanced tax cut and meet the needs of today, while sustaining the conditions that have brought us this current wave of prosperity. All this can be done, but balanced and sound fiscal policy is the key.

Improving Performance Through Better Management

At the start of this Administration, the Vice President and I set out to create a Government that works better, costs less, and gets results Americans care about. We believe that with better stewardship, the Government can better achieve its mission and improve the quality of life for all Americans. The success of these efforts is reflected in the significant changes of the past seven years in the way Government does business.

We have streamlined Government, cutting the civilian Federal work force by 377,000, giving us the smallest work force in 39 years. We have done more than just reduce or eliminate hundreds of Federal programs and projects. We have also empowered government employees to cut red tape, and used partnerships to get results.

While we have made real progress, there is still much work to do. We are forging ahead with new efforts to improve the quality of the service that the Government offers its customers. My Administration has identified its highest priorities—24 Priority Management Objectives listed in this budget, that will receive heightened attention to ensure positive changes in the way Government works. It is a mark of our success that in early 2000, we were able to remove last year's number one objective from the list: Manage the Year 2000 (Y2K) Computer

Problem. Due largely to the efforts of Federal employees and the leadership provided by my Council on Year 2000 Conversion, the Federal Government's Y2K efforts were, beyond all expectation, remarkably trouble free. We will continue to move ahead to address other priorities, including modernizing student aid delivery, implementing IRS reforms, and strengthening the management of Health Care Financing Administration, which oversees Medicare.

I believe the steps we have taken to change and improve the way Government works have also changed the way Americans view their Government, increasing the confidence and trust of the American public. It is our job to keep at this task, so that the Federal Government continues to improve its performance and the American public is better served. I am determined that we will do more to solve the very real management challenges before us.

Strengthening our Nation in the 21st Century

Education, in our competitive global economy, has become the dividing line between those who are able to move ahead and those who lag behind. For this reason, I am committed to ensuring that we have a first-rate system of education and training in place for Americans of all ages. Over the last seven years, we have worked hard to ensure that every boy and girl is prepared to learn, that our schools focus on high standards and achievement, that anyone who wants to go to college can get the financial help to attend, and that those who need another chance at education and training, or a chance to improve or learn new skills, can do so. My budget builds on the commitment to make college more affordable by expanding the tax credits for higher education and increasing Pell Grants and other college aid beyond the record levels already reached. It promotes smaller learning environments in high schools and invests in reducing class size by recruiting and preparing thousands more teachers and building thousands more classrooms, as well as providing for urgent and essential school repairs.

My budget includes significant increases to expand access to after-school and other extended learning time opportunities, a central element of my accountability agenda to help children, especially in the poorest communities, reach challenging academic standards while supporting efforts to demand more from schools and support them in return. It promotes efforts to recruit teachers in high-poverty areas and includes a peer review initiative to help school districts raise teacher standards and teacher pay. The budget proposes improving school accountability by holding States, districts and schools accountable for results by providing resources to identify and turn around the worst-performing schools, and incentives to reward States that do the most to improve student performance and close the achievement gap. It invests in programs to help raise the educational achievement of Latino students. And my budget supports efforts to narrow the digital divide by expanding resources for technology centers to make computers accessible in low-income community areas.

During the past seven years, we have taken many steps to help working families, and we continue that effort with this budget. We cut taxes for 15 million working families, provided a tax credit to help families raise their children, ensured that 25 million Americans a year can change jobs without losing their health insurance, made it easier for the self-employed and those with pre-existing conditions to get health insurance, provided access to health care coverage for up to five million uninsured children, raised the minimum wage, and provided guaranteed time off for workers who need to care for a newborn or to address the health needs of a family member.

I am proposing a significant expansion of the Earned Income Tax Credit to provide support to America's hard working, low-income families, especially larger families who are more likely to be poor than families with only one or two children. My budget also significantly increases 21st Century Learning Community Centers and expands after-school learning time. It makes child care more affordable by expanding tax credits for middle-income families and for businesses that provide child care services to their employees,

by assisting parents who want to attend college meet their child care needs, as well as making a child care tax credit available to parents who choose to stay at home to raise a young child. My budget proposes to create an Early Learning Fund and builds on our expansion of the successful Head Start program to help meet the goal of serving one million children by 2002. And it promotes responsible fatherhood by proposing tough new measures to ensure that all parents who can afford to pay child support do so, while providing support to increase the employment earnings and child support payments of low-income fathers. My budget includes efforts to increase access to food stamps for the working poor, in part by proposing that low-income working families, who need efficient transportation to get to work, be permitted to own a modest vehicle and retain food stamp eligibility. And, it proposes resources to provide health care to legal immigrant children, to restore Supplemental Security Income benefits to legal immigrants with disabilities, and to restore food stamp benefits to legal immigrants in families with eligible children.

We have continued to improve health care for millions of Americans. Since the establishment of the State Children's Health Insurance Program in 1997, two million children have enrolled in programs across all 50 States. I am proposing a significant expansion of this successful program to extend health coverage to more children in hard working, low-income families. My budget also extends this coverage to their parents, low-income working adults who lack health insurance, which will help increase the enrollment of their children by enabling entire families to receive coverage through the same program. My budget contains other significant incentives to increase access to affordable health care, including tax credits for small businesses and a provision to allow hundreds of thousands of Americans aged 55 to 65 to purchase Medicare coverage.

My budget puts forth a plan that extends Medicare solvency to at least 2025, respects fiscal discipline, and eliminates the national debt. My plan will modernize Medicare with a needed drug benefit, expand access to preventative benefits, and improve Medicare

management. I intend to keep pressing ahead and working with Congress to enact essential patient protections including emergency room access and the right to see a specialist. By Executive Order, I have extended these rights to 85 million Americans covered by Federal health plans, including Medicare and Medicaid beneficiaries and Federal employees.

Most Americans are enjoying the fruits of our strong economy, yet we must do more to bring this prosperity to all corners of our great Nation. We must use this moment of promise to spread the values of community, opportunity, and responsibility, and to help create the conditions for all to share in our prosperity. My New Markets Initiative, an expanded approach built upon the same public-private cooperation at the center of last year's plan, will provide tax credit and loan guarantee incentives to stimulate tens of billions of dollars in new private investment in distressed rural and urban areas. It will build a network of private investment institutions to funnel credit, equity, and technical assistance into businesses in America's untapped markets, and provide the expertise to targeted small businesses that will allow them to use investment to grow. I am also proposing to expand the number of Empowerment Zones, which provide tax incentives and direct spending to encourage the kind of private investment that creates jobs, and to provide more capital for lending through my Community Development Financial Institutions program. My budget also includes significant funding increases for Native American communities to help this generation and future generations receive greater opportunities. It provides additional funds to enforce the Nation's civil rights laws, and strengthens the partnership we have begun with the District of Columbia. In addition, my budget proposes an \$11 billion package for farmers in need and to help mend the farm safety net by providing assistance when crop prices are low.

Our anti-crime strategy is working. Serious crime has fallen without interruption, and the murder rate is at its lowest point in three decades. Building on our successful community policing (COPS) program that is helping communities fund 100,000 cops on the beat, the 21st Century Policing initiative

was enacted last year to put us on track to fund new anti-crime technology and 50,000 more police. This year, I am launching the largest gun enforcement initiative ever, adding funds to hire 500 new ATF agents, 1,000 State and local gun prosecutors and funds for smart gun technology. The budget also provides funds to prevent violence against women, and to address the growing law enforcement crisis on Indian lands. To boost our efforts to control illegal immigration, the budget provides resources to strengthen enforcement, particularly on the Southwest and Northern borders, and to remove illegal aliens. To combat drug use, particularly among young people, my budget expands programs that stress treatment and prevention, law enforcement, international assistance, and interdiction.

During the past seven years, I have sought to strengthen science and technology investments in order to serve many of our broader goals for the Nation in the economy, education, health care, the environment, and national defense. Building on the balanced portfolio of basic and applied research in the 21st Century Research Fund, my budget includes a Science and Technology Initiative which places special emphasis on high-priority, long-term basic research, including nanotechnology, the manipulation of matter at the atomic and molecular level, which offers the promise that medical science may one day be able to detect cancerous tumors when they are comprised of only a few cells. My budget also increases resources for the Information Technology research and development program to invest in long-term research in computing and communications. It will accelerate development of extremely fast supercomputers to support civilian research, enabling experts to develop life-saving drugs, provide earlier tornado warnings, and design more fuel-efficient, safer automobiles. The budget provides strong support for the Nation's two largest sources of civilian basic research funding for universities: the National Science Foundation and the National Institutes of Health.

The Nation does not have to choose between a strong economy and a clean environment. The past seven years are proof that we can have both. We have set tough new

clean air standards for soot and smog that will prevent up to 15,000 premature deaths a year. We have set new food and drinking water safety standards and have accelerated the pace of cleanups of toxic Superfund sites. We expanded our efforts to protect tens of millions of acres of public and private lands, including Yellowstone National Park, Florida's Everglades, and California's redwoods. Led by the Vice President, the Administration reached an international agreement in Kyoto that calls for cuts in greenhouse gas emissions. My budget significantly expands support for the environment, by establishing dedicated funding and increasing resources for the historic interagency Lands Legacy initiative to preserve the Nation's natural and historic treasures. My budget also supports the Clean Energy initiative to reduce the threat of global warming, and the Greening the Globe initiative to save tropical and other forests around the globe. It provides resources to support farm conservation to upgrade water quality, the Clean Water Action plan to clean up polluted waterways, and climate change technology efforts to increase energy-efficient technologies and renewable energy to strengthen our economy while reducing greenhouse gases.

In the past year, America's leadership was essential to the success of the NATO alliance in halting the ethnic cleansing of Kosovo's ethnic Albanians and containing the risk of wider war at the doorstep of our allies. The United States has played a critical role in the strides made toward lasting peace in Northern Ireland, the Middle East, and Sierra Leone. The United States has worked to detect and counter terrorist threats and continue efforts with Russia and other former Soviet nations to halt the spread of dangerous weapons materials. My budget seeks to build on these efforts, proposing funding to build a democratic society and stronger economy in Kosovo, initiatives to further protect our men and women overseas, and a 2000 emergency supplemental to provide critical assistance to the Government of Colombia in its fight against narcotics traffickers. My budget also proposes funding to promote international family planning, contain the global spread of AIDS, promote debt forgiveness to help people in the world's poorest

countries join the global economy, and promote trade by opening global markets.

The Armed Forces of the United States serve as the backbone of our national security strategy. As it did successfully last year in Kosovo, the military must be in a position to protect our national security interests and guard against the major threats to U.S. security. These include regional dangers, such as cross-border aggression; the proliferation of the technology of weapons of mass destruction; transnational dangers, such as the spread of illegal drugs and terrorism; and, direct attacks on the U.S. homeland from intercontinental ballistic missiles or other weapons of mass destruction. To ensure that the military can fulfill this mission, I made a major commitment last year to maintain our military readiness, which this budget builds upon with additional resources to ensure that the services can meet required training standards, maintain equipment in top condition, recruit and retain quality personnel, and procure sufficient spare parts and other equipment. To help improve the quality of life and strengthen the Department's ability to attract and retain quality individuals, this budget includes a major initiative to reduce servicemembers' out-of-pocket costs for off-base housing. In addition, this budget provides resources for the Department of Defense and other agencies to combat emerging threats, including terrorism and weapons of mass destruction, and to provide for critical infrastructure protection. It provides funds to support counter-narcotics efforts, including a 2000 supplemental to increase assistance to the Government of Colombia in their fight against narcotics traffickers. It also

provides additional funding for contingency operations in Southwest Asia, Bosnia, and Kosovo.

Building Prosperity for the Future

This is a rare moment in American history. Never before has our Nation enjoyed so much prosperity, at a time when social progress continues to advance and our position as the global leader is secure. Today, we are well prepared to make the choices that will shape our Nation's future for decades to come.

By reversing the earlier trend of fiscal irresponsibility, balancing the budget, and producing a historic surplus, we have restored our national spirit and produced the resources to help opportunity and prosperity reach all corners of this Nation. We have it within our reach today, by making the right choices, to offer the promise of prosperity to generations of Americans to come. If we keep to the path of fiscal discipline, we can build a foundation of prosperity for the Nation's future.

My plan to extend the solvency of Social Security and Medicare allows the United States to become debt-free in the next 13 years, for the first time since 1835. Eliminating the debt will strengthen our economy, devote resources to Social Security, and prepare us to meet the challenges of the aging of America. Through fiscal discipline and wise choices we can extend the life of Social Security to the middle of the century, extend the solvency of Medicare until 2025, and modernize Medicare with a needed prescription drug benefit.

By continuing to maintain discipline, we can provide for the aging of America and for the investments of the future—including education, the environment, research and development, and defense—which are central to our economic growth, health, and national security. By making choices that respect fiscal discipline, we can make room to provide

both for a balanced tax cut and for investments that will help this Nation stay strong in the future.

This new century is filled with promise, for we live at a remarkable time. By making wise choices, we have it within our power to extend the same promise and prosperity to generations to come.

WILLIAM J. CLINTON

February 7, 2000

THE BUDGET MESSAGE OF THE PRESIDENT

To the Congress of the United States:

On February 28, 2001, I submitted A *Blueprint for New Beginnings*, which provided the Congress with my budget plan to fund America's important priorities, reduce the debt by a historic amount, and provide fair and responsible tax relief for the American people. Today I am sending to the Congress more details on my proposed budget.

A budget is much more than a collection of numbers. A budget is a reflection of a nation's priorities, its needs, and its promise. This budget offers a new vision of governing for our Nation.

My budget strengthens and reforms education; preserves and protects Medicare and Social Security; strengthens and modernizes our military; improves health care; and protects our environment. Importantly, this budget creates an unprecedented \$1 trillion reserve for additional needs and contingencies.

This budget also retires the maximum amount of debt possible by providing the fastest, largest debt reduction in history, \$2 trillion over 10 years. Debt held by the public will be reduced to its lowest share of the economy since World War I.

After funding important priorities and retiring all Government debt possible, my budget uses the remaining portion of the surplus to provide fair and reasonable tax relief to every American who pays income taxes. My budget uses roughly one-fourth of the budget surplus to provide the typical family of four \$1,600 in tax relief. The American people have been overcharged for Government, and they deserve a refund.

My budget does all these things, and more. I believe America's best days are yet to come, and I look forward to working with the Congress in a bipartisan fashion to ensure that our Nation reaches its full potential as we begin a new century.

GEORGE W. BUSH

April 9, 2001

THE BUDGET MESSAGE OF THE PRESIDENT

To the Congress of the United States:

Americans will never forget the murderous events of September 11, 2001. They are for us what Pearl Harbor was to an earlier generation of Americans: a terrible wrong and a call to action.

With courage, unity, and purpose, we met the challenges of 2001. The budget for 2003 recognizes the new realities confronting our nation, and funds the war against terrorism and the defense of our homeland.

The budget for 2003 is much more than a tabulation of numbers. It is a plan to fight a war we did not seek—but a war we are determined to win.

In this war, our first priority must be the security of our homeland. My budget provides the resources to combat terrorism at home, to protect our people, and preserve our constitutional freedoms. Our new Office of Homeland Security will coordinate the efforts of the federal government, the 50 states, the territories, the District of Columbia, and hundreds of local governments: all to produce a comprehensive and far-reaching plan for securing America against terrorist attack.

Next, America's military—which has fought so boldly and decisively in Afghanistan—must be strengthened still further, so it can act still more effectively to find, pursue, and destroy our enemies. The 2003 Budget requests the biggest increase in defense spending in 20 years, to pay the cost of war and the price of transforming our Cold War military into a new 21st Century fighting force.

We have priorities at home as well—restoring health to our economy above all. Our economy had begun to weaken over a year before September 11th, but the terrorist attack dealt it another severe blow. This budget advances a bipartisan economic recovery plan that provides much more than greater unemployment benefits: it is a plan to speed the return of strong economic growth, to generate jobs, and to give unemployed Americans the dignity and security of a paycheck instead of an unemployment check.

The plan also calls for maintaining low tax rates, freer trade, restraint in government spending, regulatory and tort reform, promoting a sound energy policy, and funding key priorities in education, health, and compassionate social programs.

It is a bold plan—and it is matched by a bold agenda for government reform. From the beginning of my Administration, I have called for better management of the federal government. Now, with all the new demands on our resources, better management is needed more sorely than ever. Just as the No Child Left Behind Act of 2001 asks each local school to measure the education of our children, we must measure performance and demand results in federal government programs.

Where government programs are succeeding, their efforts should be reinforced—and the 2003 Budget provides resources to do that. And when objective measures reveal that government programs are not succeeding, those programs should be reinvented, redirected, or retired.

By curtailing unsuccessful programs and moderating the growth of spending in the rest of government, we can well afford to fight terrorism, take action to restore economic growth, and offer substantial increases in spending for improved performance at low-income schools, key environmental programs, health care, science and technology research, and many other areas.

We live in extraordinary times—but America is an extraordinary country. Americans have risen to every challenge they have faced in the past. Americans are rising again to the challenges of today. And once again, we will prevail.

George W. Bush

February 4, 2002

A NOTE TO READERS

Once in a long time, an established publication presents itself in a new format, and the occasion requires an explanation to readers grown accustomed to the old form. The President's 2003 Budget represents such a change.

The first differences you may notice are merely presentational, all aimed at enhancing readability. This budget attempts to simplify information, to reduce the use of jargon, and to illustrate its contentions more liberally with charts, tables, and real-life examples. Color and photographs appear for the first time.

But these changes are incidental compared to a fundamental difference in emphasis. The President's Budget for 2003 seeks to inaugurate an era of accountability in the conduct of the nation's public business. It takes the first step toward reporting to taxpayers on the relative effectiveness of the thousands of purposes on which their money is spent. It commences the overdue process of seriously linking program performance to future spending levels. It asks not merely "How much?"; it endeavors to explain "How well?"

These changes have been called for by good government advocates for decades. A 1949 commission headed by the 31st President, Herbert Hoover, first introduced the term "performance-based budgeting." Subsequent Presidents launched efforts to get better results from government. During the 1990s, the Congress passed several statutes aimed at enhancing government's attention to performance. The Government Performance and Results Act (GPRA) in 1993 directed the executive branch to undertake the measurement of effectiveness and to reflect the answers in budget choices. As Senator John Glenn said several years later, "The ultimate goal of GPRA is to use program performance information to guide resource allocation decisions. I repeat that. Use program performance information to guide resource allocation decisions. That is the important connect."

In an initial and admittedly exploratory way, this document responds to these longstanding demands, proposing to reinforce provably strong programs, and to redirect funds in many cases from programs that demonstrably fail, or cannot offer evidence of success.

Real scrutiny of results and real accountability in government were long overdue, in any case. But they are absolutely essential at a time when national security requirements mandate significant new spending. Defeating international terrorism and defending Americans in our homeland are imperative duties of the federal government, above and beyond all its other activities. We must provide for these increases and fund other necessary programs without letting total spending rise unacceptably. We must demand proof of value from programs of lesser priority.

The information on which program ratings are based is far from perfect, and some conclusions may prove erroneous over time. The Administration invites a spirited discussion and welcomes additional data, as well as suggestions about how to measure performance better throughout the federal government.

Bringing accountability to government goes beyond performance-based budgeting. President Bush has ordered that his appointees take responsibility for improving the day-to-day management of the government with which they are entrusted.

To that end, the President directed the creation of a reform agenda, aimed at attacking the worst shortcomings of the government he inherited. This budget includes the first agency report cards, assessing the starting point of each department in these problem areas. Reports on the progress of each agency in improving from these baselines will be provided regularly to the President and to the public.

Finally, the 2003 Budget parts ways with Washington's six year experiment with 10 year forecasting. Previous budgets' attempts to look out a decade in the future have varied wildly from year to year. But 2001 showed finally how unreliable and ultimately futile such estimates are.

The economic slowdown was already well underway, but its severity could not be known when the last budget was transmitted. The tragic events of September 11th ensured that the downturn became a recession, and added the inescapable new spending requirements of a two-front war. Unemployment rolls at home rose at the same time that long-neglected military needs required attention to begin what will be an ongoing campaign against terror.

Revised economics alone knocked 30 percent from the hoped-for 10 year surplus. Recognizing the uncertainty of long-term projections, the Administration in its 2002 Budget had set aside \$1 trillion, or 18 percent, of the estimated surplus as a contingency reserve, but even this precaution was not enough to cover the drop in forecasted revenue caused by the poor economy.

For continuity purposes, the 2003 Budget updates 10 year estimates at the overall level, but puts the appropriate focus on five year figures. Beginning with this budget, agency totals and supporting details are projected for the five years that the law requires.

Taken together, the above changes produce a very different sort of budget, one the Administration hopes will inform its readers in new ways, while broadening the healthy debate that always attends this document. Going forward, let the question we debate be not just "What will the federal government spend?" but also "What will the federal government achieve?"

BUDGET HIGHLIGHTS

A Budget to Fight War and Recession:

- Places highest priority on war against terrorism overseas and at home;
- Incorporates the bipartisan approach to economic stimulus that assists unemployed workers and fosters job creation;
- Reforms the budget to focus on results instead of dollars spent; and
- Funds high-priority initiatives while moderating growth in the rest of government.

Protecting the Homeland

- Equips and trains first responders (firefighting, law enforcement, emergency medical personnel) to respond to potential future threats (\$3.5 billion in grants).
- Counters the threat of bioterrorism with enhancements in hospitals and other public health systems (\$1.2 billion), research and development (\$2.4 billion), pharmaceutical and vaccine stockpile (\$400 million), and a national information network for better detection of biological attacks, as well as natural disease outbreaks (\$392 million).
- Secures our borders through improved tracking of the entry and exit of non-U.S. citizens (+\$350 million), more than doubles the number of Border Patrol agents on the northern border, and enhances Customs Service and Coast Guard operations and equipment.
- Meets aviation security requirements by continuing the renewed commitment to federal air marshals, hiring 30,000 new federal airport security workers, and installing explosive detection equipment (\$4.8 billion).

Winning the War on Terrorism Abroad

- Supports 250,000 forward-deployed troops and the 1.1 million here at home with a total defense budget of \$369 billion (a 12 percent increase), plus \$10 billion more if the war against terrorism requires it.
- Meets new threats by making investments in transformational activities such as unmanned combat aerial vehicles (\$146 million), precision munitions (\$1.2 billion), and intelligence enhancements.
- Aids countries fighting terrorism abroad (\$3.5 billion), expands anti-terrorism and security training for other countries (\$121 million), and expands efforts to diminish the threat of the proliferation of nuclear and biological weapons (\$1.5 billion).

Returning to Economic Vitality

- Re-proposes a bipartisan approach to economic stimulus that assists unemployed workers and provides tax incentives to boost economic growth.
- Moderates the growth of discretionary spending, excluding national and homeland security requirements, to two percent.
- Balances the budget by 2005 without endangering the war against terrorism and homeland security efforts and without raising taxes.

Governing with Accountability

- Incorporates the President's five management reforms into agencies' budgets and plans: strategic management of human capital, competitive sourcing, E-Government, financial management, and budget and performance integration.
- Includes a Management Scorecard to measure progress on these five management reforms.
- Shifts the budget's focus from how much is being spent to what is being accomplished.
- Begins integration of performance measures in the budget process, rates programs based on their effectiveness, and shifts resources to more effective programs.
- Incorporates the President's Freedom to Manage Initiative and seeks reprogramming and reorganization authority to better align programs and resources.

Funds Other Priority Initiatives while Moderating the Growth in Spending

- *Education.* Funds the No Child Left Behind Act, including \$1 billion for the Reading First Initiative and a \$1 billion increase to help low-income students meet new reading and math standards. Also funds a historically high level of funding for special education (\$8.5 billion).
- *National Institutes of Health (NIH).* Meets commitment to double funding from 1998 levels, proposing \$27.3 billion in 2003.
- *Community Health Centers.* Funds 1,200 new or expanded sites to serve an additional 6.1 million patients by 2006.
- *Medicare Prescription Drugs.* Provides a prescription drug benefit in a modernized Medicare program, and takes immediate steps to begin improving Medicare benefits, including assistance with prescription drug costs and better coverage options for seniors (+\$190 billion over 10 years).
- *Health Insurance.* Initiates a refundable tax credit to subsidize up to 90 percent of the cost for low and middle income Americans who do not have employer coverage (\$89 billion over 10 years).
- *Breast and Cervical Cancer Screening.* Includes a \$9 million increase for the Center for Disease Control and Prevention's breast and cervical cancer program to expand screening services for low-income women.
- *Compassion.* Funds the President's Compassion and Faith-Based Initiatives (\$6 billion annually when fully phased-in of new charitable giving tax credits, \$100 million for the Compassion Capital Fund, \$10 million for Maternity Group Homes, \$25 million for Mentoring Children of Prisoners, and \$20 million for a Responsible Fatherhood Initiative).

- *WIC*. Serves 7.8 million women and children through the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program (\$4.8 billion in 2003).
- *Food Stamps*. Restores eligibility for many legal immigrants.
- *Low-income weatherization*. Assists an additional 18,000 low-income families (\$277 million in 2003—a 20 percent increase).
- *Job Corps*. Supports 122 residential training centers (\$1.5 billion in 2003).
- *Housing*. Includes a new tax credit for low and middle income Americans for up to 50 percent of the cost of constructing a new home or rehabilitating an existing home.
- *USA Freedom Corps*. Funds the President's new USA Freedom Corps Initiative.
- *Stewardship*. Fully funds the Land and Water Conservation Fund (over \$900 million) and maintains commitment to eliminate the National Park Service maintenance backlog by 2006. Provides record high funding for National Wildlife Refuges (+\$54 million).
- *Environmental Protection*. Provides record funding levels for the Environmental Protection Agency's operating budget and its state program grants.
- *Science and Technology*. Provides a record high request for science and technology efforts at \$57 billion (a nine percent increase).
- *Agriculture*. Funds a farm bill that will provide a solid safety net for all farmers and ranchers, expand markets abroad, and increase resource conservation to enhance our environment (+\$73.5 billion over 10 years).
- *Energy*. To reduce dependence on imported oil, funds a new Freedom CAR and a new Coal Research Initiative and proposes \$9.1 billion in tax incentives over 10 years to develop alternative technologies, including renewable electricity generation, residential solar energy systems, and hybrid and fuel cell vehicles.
- *International Drug Control*. To destroy the crops and labs that produce cocaine at its sources, funds the Andean Counterdrug Initiative (\$731 million).
- *Drug Treatment*. Supports 52,000 additional drug abuse treatment slots.
- *Election Reform*. In line with the recommendations made by former Presidents Carter and Ford, provides \$1.2 billion over three years to assist states with the acquisition of new voting machines, voter education, and poll worker training.
- *Tax-Filing*. Improves the convenience and eliminates the cost of electronic filing for citizens with simple tax forms.

THE BUDGET MESSAGE OF THE PRESIDENT

The budget for 2004 meets the challenges posed by three national priorities: winning the war against terrorism, securing the homeland, and generating long-term economic growth. It restrains the growth in federal spending and addresses the long-term fiscal challenge presented by Medicare and Social Security's unfunded promises. This year's budget also helps America meet its goals both at home and overseas.

We remain at war with an enemy that seeks to use murder, stealth, and fear against all free nations. Yet our response has been resolute. The people of Afghanistan have been freed from the oppressive regime that sponsors the terrorists who planned and carried out the attacks of September 11, 2001. We are hunting down the terrorist leaders and their collaborators, one by one. And we continue to disrupt their plots, shut down their financing, and deny them safe haven.

We have moved to secure the nation's safety. Just 10 days ago, the new Department of Homeland Security began operations in the biggest reorganization of the Federal Government in a half-century. The cabinet-level department unifies the work of 22 programs and agencies and will move quickly to better protect Americans from threats here at home. We also have moved to defend America's interests abroad, and to confront danger wherever it emerges. Working with our allies and partners, we will face down regimes that govern by fear and deception, and we will devote the necessary resources to protect ourselves and our friends against the use of weapons of mass destruction.

We are strengthening our economy by allowing American families to keep more of their own money and encouraging businesses to save, spend, and grow. While the economy is growing, it is not growing fast enough. Too many Americans who want to work can't find a job, and too many American families are falling behind.

The growth and jobs plan I outlined earlier this year will provide critical momentum to our economic recovery. For every American paying income taxes, I propose speeding up the tax cuts already approved by the Congress, because Americans need that relief today. And for America's 84 million investors, and those who will become investors, I propose eliminating the double taxation of stock dividends. Double taxation is unfair and bad for our economy.

Government cannot manage or control the economy. But government can remove the barriers blocking stronger economic growth. My plan will give Americans more tools to achieve that growth.

A recession and a war we did not choose have led to the return of deficits. My Administration firmly believes in controlling the deficit and reducing it as the economy strengthens and our national security interests are met. Compared to the overall federal budget and the \$10.5 trillion national economy, our budget gap is small by historical standards. By protecting our vital national security interests and promoting economic growth, we will meet the challenges and concerns of the American people. We will not let them down.

I will also insist on spending discipline in Washington D.C., so we can meet our priorities. We must prepare for the future costs of Social Security and Medicare. My budget takes the first steps toward modernizing Medicare and includes prescription drug coverage.

We will continue to focus on getting results from federal spending. A federal program's measure of success is not its size, but the value it delivers. And my budget will focus on this goal in a new and important way. If federal programs cannot show results, they should be overhauled, or retired.

And while human compassion cannot be summarized in dollars and cents, this budget addresses the many challenges our society faces: bridging the gap for low-income families, so they can buy affordable homes; helping communities of faith pull the addicted from the grip of drugs; lifting children out of poverty and hopelessness by creating good schools and offering them caring adult mentors; and easing the pain and hardship of the global epidemic of AIDS.

Some of the challenges we face will endure for many years and require great resources. As we look down that path, we will not always get to choose which battles we fight. It is, however, our duty to fight them. History may not remember every single way we contributed to this nation's betterment, but it will remember if we failed to try. The courage to take on challenges, and the enterprise with which we have succeeded in meeting them, have always distinguished America. This same courage and enterprise will help America meet these challenges, and prevail once again.

GEORGE W. BUSH
February 3, 2003