and the way it was said will reach the hearts and minds of the vast majority of the American people. I believed it very deeply. And I thank all of you who have had any input on that directly or indirectly.

Thank you very much.

NOTE: The President spoke by satellite at 2:16 p.m. from room 459 in the Old Executive Office Building to the convention meeting in Dallas, TX. In his remarks, he referred to Irma Flores-Gonzalez, chairman of the board, NCLR; and Willie Velasquez, who was executive director, Southwest Voters Registration and Education Project.

Satellite Remarks and a Question-and-Answer Session With the National Conference of State Legislatures

July 20, 1995

The President. Thank you, Jane Campbell, for your gracious introduction and for all the great work you've done as president of the NCSL. I saw your mother yesterday morning at my affirmative action speech, and I wonder who you're going to produce in your family to start tomorrow off right for me. I'm very glad to see you again.

I want to wish your incoming president, Jim Lack, the best of luck in the coming year. I think he can expect interesting times as well.

Let me express my thanks to your NCSL vice president, Mike Box; your former president, Bob Connor; two of your assembly chairs, my good friend, Dan Blue, and Representative Bill Purcell, with whom I enjoyed working at the Vice President's family conference in Nashville recently. It's great to be here with all of you, even if I'm only here by satellite.

You know, the image that is bringing me to you traveled from Washington to a satellite about 22,000 miles away in space, and then back down to Milwaukee, a total of 44,000 miles. Back when I was a Governor there were times when I felt that Washington was that far away. And it's been very important to me, as you said, to try to make you feel that we're not 44,000 miles away, that we're not living on a different planet, that we can stay in touch with you and that we can work together.

For 12 years I lived with State government, and I saw how it can be the laboratory of our democracy. I know how you drive us forward as a nation with your innovation, your will to experiment responsibly, and your common sense. You are the inspiration for so much of what we're trying to do up here. And I thank you very much for that.

America's State legislators have had a very productive year. I noticed that in Utah, West Virginia, New Mexico, and Montana, statutes were enacted that permit employers to establish medical savings accounts for health care. Delaware and Ohio have led the way with truly meaningful welfare reform legislation that is focused on protecting our children and moving people from welfare to work, something I've been laboring with for 15 years now. And I understand that those of you from Iowa saw fit to put diaper-changing tables in all the Statehouse restrooms. Now if that is not a sincere commitment to family values, I don't know what is.

For many of you, your work for the year is done. But in Washington, as you know, we've still got a very long way to go. When I ran for President as the Governor of my State, I did it for two reasons. First, I thought that, on the verge of the 21st century, we were in danger of losing the American dream of opportunity for all and in danger of losing our sense of responsibility with all the social problems that were tearing our country apart. So I wanted to restore opportunity and a sense of responsibility.

But I also wanted to bring the American people together as a community. Politics has been used too long to divide us when what we really need to do is to rise above partisanship to find common ground. In order to do that, Washington needs to inspire the trust of more people throughout the country with a Government that empowers people to make the most of their own lives, empowers communities to solve their own problems, and is far less bureaucratic and less proscriptive.

Now, in the last 2½ years I believe we've produced some real achievements. The econ-

omy is up; inflation is low; trade is expanding; interest rates and unemployment are down. The facts speak for themselves. In the last 2 years we have cut the deficit by a third, and we're in the process of reducing it for 3 years in a row for the first time since Harry Truman was President. We have put in place more than 80 new trade agreements, including NAFTA and the GATT world trade agreement and an historic pact to finally, finally open Japan's markets to American cars and American auto parts.

These efforts have added about 7 million new jobs to our economy, and almost all of them have been in the private sector. To give you an idea of what that means, it's like creating a job for every person in Delaware, Idaho, Maine, Mississippi, Montana, and Wyoming combined. In 1993 our country established more new businesses than ever before, and in 1994 Americans broke that record again.

One of the best pieces of evidence that this country is turning around is right in the room here. The report NCSL issued for this conference, the report the New York Times put on its front page on Sunday, says that the finances of the State are, and I quote, ''the best they have been since the 1980's.'' Last year employment grew in all 50 States and independent forecasters expect the same thing to happen again this year.

I have only one thing to say to that. As good as this is, you ain't seen nothing yet if we stay on the same course. We couldn't have done all this without a strong commitment to changing the way the Government does the people's business here in Washington, because the old Federal ways and the old Federal bureaucracy were not going to permit the kind of changes that we have to make as a country to get to the 21st century.

Our Federal work force is well on its way to being the smallest it's been since John Kennedy was President. It will be in just another year or two. Already, we've cut well over 100,000 positions from the Government; hundreds of programs have been abolished. Just last month, we got rid of 16,000 pages in the Federal Code of Regulations. Fifty percent of the regulations at the Small Business Administration are on their way to being history. We've reduced that budget by 40 percent and doubled the number of small business loans.

Forty percent of the Education Department's regulations are being scrapped. And as you know, that will directly help a lot of you. The time it takes to fill out EPA regulations has been cut by 25 percent. And we're now telling small businesses around America, if you call the EPA and you ask for help on a problem, you cannot be fined for 6 months while you try to work it out.

Reinventing Government means reinventing the way the Federal Government does business with you as well. Our job has been to bring together all levels of government to cooperate, to find common ground, to actually work together to solve our Nation's problems, instead of just talking about them. We have worked very hard to forge a genuine partnership between the States and the National Government.

I learned about the importance of this partnership a long time ago. When I was the Governor, in Little Rock the legislature and the Governor's offices were close together, just one floor apart in the Capitol. We saw each other all the time. Legislators dropped by my office at any time of the day or night during the legislative sessions. Many legislators even came to the Governor's morning planning meetings. There was a spirit of teamwork, a tremendous amount of goodwill, and an awful lot of good came out of it.

As you know, unfortunately, we too often don't work that way in Washington. I am doing my best to build on that tradition to go beyond partisanship to finding common ground and actually solving a lot of these issues.

I've also tried to give you more say in your own affairs. We have now given 29 States a total of 33 waivers from Federal rules to enact their own welfare reform proposals. In the last 2½ years, more States have received waivers than in the previous 12 years of the previous two administrations combined. We have also given 10 States waivers to carry out major health care reform initiatives.

I did sign, as Jane said, the Unfunded Mandates Act, which restricts Congress from passing new mandates on State and local governments without paying for them. From now on, Congress will not be able to take

you out for a 10-course dinner and then stick you with the check.

We have proposed setting up performance partnerships with you. Under this initiative, you would have a real say in how Federal programs are run in your State. But in exchange for more flexibility and more freedom to innovate, you would also be more accountable for the results.

The list goes on. OSHA and the EPA no longer play cops and robbers with you as they used to. We're moving away from punishment to compliance as a goal. FEMA used to be a disaster, but all of you who had to use it in the last 2½ years know that it is a genuine disaster agency now, helping States all across our country to respond quickly and efficiently and compassionately to crises.

Even though we've made strides, I know we still have a lot to do. That's why I have submitted my balanced budget plan, which I believe is important because of the way it balances the budget and because of the things that it still does in the budget both for the American people and with the American States.

All of you have to balance your budget, and you know it's important. The United States never had a structural deficit until about 12 years ago. Before, when we ran deficits, it was just because of economic conditions. But from 1981 until the day I took office, we quadrupled the debt of this country. And we were in a position where we were going to have deficits forever and ever, with all the economic weakness that that implies.

I know what you have to do and the tough choices you have to make. I used to do it every year for 12 years. We are now at an historic moment, because for the first time in a long time, the leaders of both parties in Washington agree that we must balance the budget. The Congress has a budget plan that I have differences with, but at least we share this common goal. And I am confident we are going to be able to work together to balance the budget and to help all Americans achieve the objectives of a balanced budget, a stronger economy, and a brighter future for ourselves and our children.

But in the meanwhile, we need to be honest and open about our differences, and there are real differences. The biggest difference is the difference between necessary cuts and unacceptable and ultimately self-defeating pain. Our balanced budget plan cuts spending by more than $1 trillion. It cuts non-defense discretionary spending by an average of 20 percent across the board, except for education. The congressional plan wants to make deep cuts in education and training, while I want to increase our investment in education, because that is essential to our ability to meet the challenges of the next century.

Let me say also that I am very concerned about the direction that the House Appropriations Committee seems to be going with regard to the bill which includes funding for key education and training initiatives. The bill they've come up with would eliminate the Goals 2000 program. It would drastically cut back the School-to-Work initiatives that we have used to help all of you establish systems in your own State to move everybody who doesn't go on to 4-year colleges into a continuing education program.

And let me stop and say that when I became President I knew that the United States was the only advanced economy in the world that had no system for the young people who did not go on to 4-year universities. We all have our community colleges; we all have our vocational schools; we all are blessed with private sector employers that try to provide people on-the-job training. But we had no system on a State-by-State basis in all 50 States for keeping up with those young people who don't go to the 4-year schools and making sure that they can make the transition from school to work in a job with a chance to have a growing, not a shrinking income. So I think it's a mistake to walk away from the School-to-Work program.

They also want to effectively gut the Safe and Drug-free Schools and Communities program. I know that a lot of you have schools that need more help with security measures, that need more help with drug prevention measures, and that you cannot provide this money on your own. The Safe and Drug-free Schools program has enabled all the schools of our country to access the resources they need to try to have the schools be safe and drug free. This House proposed budget would also deny Pell grants to

300,000 students who want to attend college. And it would cut job training for hundreds of thousands of Americans just when we need to help our people build the skills to meet the demands of the 21st century.

If Congress sends me this bill in its present form, I will have to veto it because it will weaken our economy and it will undermine the good that we can do by balancing the budget. The congressional plan will also cut Medicare in a way that could impose huge costs on the elderly. We have to reduce the rate at which Medicare costs are increasing. We can reform the Medicare program, but we have to make sure that it will be intact for Americans who need it.

Congress also has a plan that will give very large tax cuts that will primarily go to people who are better off. I think the tax cuts are too large and will require cuts in Medicare, Medicaid, and education that are too large. But if we simply cut taxes for people who really need it, cutting taxes for middle-class people so that they can invest that money in their children and in their education, we can afford a sizable tax cut, balance the budget, and continue to invest in our fundamental needs.

The congressional plan would balance the budget in 7 years. I believe that that is too fast. We have had a deficit since 1969. We have had a huge structural deficit for 12 years. We've already cut the deficit for 3 years in a row. I think it is better to take a little more time so that we can continue to invest in education, protect Medicare, protect our relationships and our partnerships with you, and invest in the things that will grow our economy. If we can balance the budget in 10 years without doing that kind of harm, we ought to take more time and do it right.

So I say, let's balance the budget, but let's balance the budget in 10 years, not 7 years. We cannot expect to undo these decades of fiscal damages overnight. And we must continue to make investments here at the national level, in education, in investments in science and technology and the environment, and obviously, in Medicare and Medicaid.

How we balance the budget is as important as balancing it. Just 3 extra years will preserve the dreams of millions of Americans. And it will strengthen our economy. We get all the economic benefits of balancing the budget, and the economic benefits of opening the doors of college education to all with affordable and repayable loans; continuing to increase the impact of Head Start for our young people; and being able to create a genuine big training program for unemployed and underemployed people, so that we can get rid of all these many, many dozens of Federal training programs and still have enough money to put in this block so that people who lose their jobs or are underemployed can have access to training which they can take to the local community college or any other place of their choice.

Now, to me, this choice is clear, and I hope you will agree. I was gratified to learn that yesterday, your Federal budget and taxation committee passed a resolution calling for a balanced Federal budget within 10 years. That will enable us to maintain our partnership.

The congressional budget would also do something else. I believe it would put an unfair burden on every one of you. Anybody who's worked in State government in the 1980's learned a very painful lesson. Washington's budget decisions all throughout the eighties gave us too many problems and too few resources. States were stuck with a horrible combination of more mandates and less funding. I know there are people in this room who worked night and day to see to it that the citizens of your State were taken care of, but it wasn't easy. There was an awful lot of unnecessary pain. And I don't see any reason on Earth why we ought to go through that again. But that is exactly what could happen with the congressional budget.

It sounds good. It calls for block grants for Medicaid and food stamps. But I have to tell you, I have real doubts that these block grants would be able to keep pace with the demands that you are going to face in your individual States. And in the real world, remember that economies change, populations rise, needs evolve. As those things happen you could be locked into a grant that could lock you into a real bind. And no matter how great a job you've done getting your own fiscal house in order, no matter how hard you've worked to prepare your State for the

next century, you'll have to respond. And that could mean putting the working families of your State, the children of your State, the elderly of your State either in dire straits at the moment that we need to be doing everything we can to help them to make the most of their own lives, or forcing you to raise taxes when that might not be in the economic interests of your State or your people.

Should the States have more responsibility? Of course, they should. I'm doing my best to give you more. Should you deliver primary services? You always have. Should we in Washington do more than we have to free you up? Absolutely, we should. But we ought to do it in partnership. Simply moving the bureaucracy from one place to another or shifting the problems from one level to another is nothing more than a shell game. Giving you the responsibility without the resources could be disastrous. We can do better than that. We can get rid of this deficit. We can give our people the tools they need to make the most of their own God-given talents, and we can give our States more flexibility.

The budget process is entering a crucial stage now. If there was ever a time for you to add your voices the time is now. We need to get to work and we need to do it in a bipartisan fashion. I have the feeling that even today at the State level there is less partisanship, less ideological argument and more willingness to roll up your sleeves and get down to work than there is too often here in Washington.

You can help us with that. We need an infusion of that. We can solve the problems of this country. We can give you more flexibility, balance the budget, still invest in our people as we need. But to do it, we have to look beyond the hot air and the harsh talk and try to find common ground.

Thank you very much, and God bless you.

Representative Jane Campbell. Thank you, Mr. President. It is now my pleasure to call upon two of our colleagues to pose questions to President Clinton. The first is NCSL's incoming president, Senator Lack of New York.

Senator Lack.

Senator Jim Lack. Good morning, Mr. President.

The President. Good morning, Senator.

Senator Lack. As I assume the presidency of NCSL I certainly look forward to continuing the relationship between our organization and you and your administration, and would like to take this opportunity to extend an invitation to you to join with us next year at our conference in St. Louis if you can.

The President. Thank you.

Senator Lack. Mr. President, you alluded to block grants. State legislators, for many years, have supported the flexibility provided by block grants and performance partnerships. However, the worst scenario we could imagine would be to receive block grants that really aren't block grants. Will you support us in keeping block grant legislation free of mandates and other proscriptive elements?

The President. Well, first of all, I agree with you that if we're going to have a block grant program, it ought to be as free as possible of proscriptive mandates, consistent with the larger objectives of the program. The community development block grant program that I used as a Governor, that presumably many of you still take full advantage of at the State level, worked pretty well in that regard.

And I am generally in favor of pushing more and more decisionmaking away from the Federal Government, down to the States; and where appropriate, not only to local government, but to private citizens as well. For example, I have proposed this ''GI bill for America's workers,'' which would take these 70 Labor Department job training programs and just get rid of them, put it into a block, and when someone is unemployed, they can apply and get a voucher worth $2,600 a year for up to 2 years to take to your local community college or wherever else they want to get the training.

We have given, as I said in my remarks, welfare reform waivers to 29 States, and we have more pending. I am opposed to Washington's micromanagement, whether it comes from the right or the left. And I have been very concerned that in the welfare reform debate we were going to wind up, under the guise of giving the States more responsibility, essentially putting more details on the States and putting the States in an economic bind.

Right now, the welfare reform bill is stalled in the Senate because some of those mostly on the extreme conservative end of the Senate believe that it doesn't contain enough mandates to, for example, prohibit any funds going to teenage mothers who have children out of wedlock and to their children.

I believe that what we ought to do, consistent with the very few things we know—I've worked on welfare reform for 15 years—we know a few things. We know that most people on welfare will go to work if they're given a chance to do it. We know that the absence of child care is a big problem, a barrier. And we know that the States will figure all this out if they have the tools to do it right. So what I want to do in the welfare reform debate is to give you the maximum amount of flexibility, consistent with some simple objectives. I do think the only place we need Federal rules and welfare reform—and you and I, I think, have talked about this before—is in the area of child support enforcement because so many of those cases cross State lines.

So I'm going to do my best to get you a welfare reform proposal which gives more flexibility to the States and doesn't have a lot of ideological proscriptions one any or the other and just focuses on one or two big things that need to be done. I think that is the right way to do it.

Let me just say one other thing, though, about these block grants. Block grants are very good if they can be used by you for the purpose for which they're intended, and they don't have some trap down the road. So, for example, with the community development block grant, the dollar amount I got was held constant for a decade. So, in real terms, it got smaller and smaller and smaller. But since I didn't have a dependent population that had to have it every year we were able to work and make the most of it, use it to create jobs in my State without causing any problems anywhere else.

Now, if we turn food stamps into a block grant, what are we going to do the first time we don't have all 50 States growing? The food stamp program, because it goes to people in need, worked very well in the 1980's when, first of all, we had the so-called bicoastal economy. The coasts were doing well and the heartland was doing terribly. Then when the heartland and the Middle West and the South came back, the coast got in trouble, the food stamp program worked as an economic stabilizer as well as a personal safety net, moving back and forth across the States to help deal with the problems of those States. I think that there's a real potential for problems for you in that.

And I feel the same way about Medicaid. If you have a Medicaid block grant with—particularly with all the other problems you've got, what are we going to do the first time that there's a terrible but uneven recession in America?

And in the case of the welfare program, if there were an AFDC block grant with no local participation requirement, look what that could do to you. What are you going to do if you get cut across the board, Medicaid cuts, education cuts, welfare cuts, and you've got a welfare block grant with no local participation requirement, and then that money becomes the target of every lobby group in your State legislature that needs it? What's going to happen to the poor children in your State?

So what I think we need to do is to be very practical about this, not ideological; use the block grants where they'll work, and give you as much flexibility as possible to be creative. The Federal Government should be defining the objectives we want to achieve, and unless we have absolute, clear, unambiguous evidence that some condition or another is a precondition of achieving that objective, we ought to give you the maximum amount of creativity. That's what I tried to do with this waiver process, and that's the direction I think we ought to take.

Representative Campbell. Thank you, Mr. President. Our second questioner is Representative Dan Blue of North Carolina, chair of our Assembly on Federal Issues.

Representative Blue.

Representative Dan Blue. Thank you, Madam President. Good morning, Mr. President.

The President. Good morning, Dan.

Representative Blue. Mr. President, you alluded briefly to welfare reform. State legislators have welcomed the current debate on the welfare system. We, like you, believe that

it is in need of substantial reform. However, NCSL believes that any welfare reform legislation must contain some kind of contingency or rainy-day fund to assist States during periods of emergency. And we wonder whether you would share with us your position on this issue.

The President. Well, I clearly agree with you. If we're going to the block grant proposals, there have to be some protections for the times when the economy goes down in the country as a whole, and the times when the economy goes down in some parts of the country but not in others. I have tried to say all along that one of the big risks with these block grants is that some States are going to come up short in the next recession, and all States could.

And one of the things that really concerns me—I'm very excited about the fact that there's a lot of energy here in Washington, and a lot of energy for reform throughout the country. We've got a lot of new people in Government, with a lot of really determined ideas about what to do to change. And even when they disagree with me, I think it's an exciting thing to have this kind of debate. But we must have memory, also, and we must have some way of calling on our common experience.

I am gratified that the productivity of the American private sector and the economic policies that we have established, the kind of work that many of you do in economic development in your own State have given us now a couple of years of nationwide economic growth. But I want to reemphasize, if you go back over the last 20 years in our history, this period is atypical. In most of the last 20 years, we've had some regions doing well while others were doing poorly.

And we need to make sure that we don't have States left holding the bag if their own economies hit a log down the road. Now, I have spoken to State legislators now throughout the country, in Florida and Indiana and other places, and I can tell you that—I mean, Florida and Iowa and other places, excuse me—and I can tell you that I've talked privately with Republicans and Democrats alike, who ask me to fight for protections like the contingency fund, and even the State match. Particularly in the fast-growing States, they're worried about this. So I will support you on that. I will stand with you on that.

I think that what you need to do here is to make sure when each one of these issues is being debated in Congress that you understand both the up sides and the down sides, because when Congress proposes these kind of block grants they may be in philosophical agreement with you at one level, that you should have more say over your own affairs, but keep in mind also, there's a big desire to meet these very, very tough deficit reduction targets that they have set for themselves. So if they are using you to save money, it only works for you if the increased flexibility and the diminished paperwork and hassle and the increased creativity you can bring to the task means you can do the same work for less money as well or better than you were doing it before. And it only works if these economic changes have been taken into account.

So I'm with you on it. I'll work with you. We can get this done. I will say again, for all of my differences with the Congress, we have got to balance the budget. We are going to do that. We are going to reach an agreement on it. But we need to do it in a way that enables you to do your job and that promotes the objectives of a balanced budget, more jobs, higher incomes, a more stable future for our children.

Thank you very much.

NOTE: The President spoke by satellite at 11:16 a.m. from room 459 in the Old Executive Office Building to the convention meeting in Milwaukee, WI.

Remarks to Federal Law Enforcement Officials

July 20, 1995

Thank you very much, Eljay. If you want to see which job has more stress, this is the print on his introduction and this is the print on my card. [*Laughter*]

Let me say, first of all, I came here to express my appreciation to all of you for continuing these regular meetings and increasing our ability to do the work of law enforcement by this kind of coordination. I think it is ter-