



Copyright 1998 Times Mirror Company
Los Angeles Times

January 27, 1998, Tuesday, Home Edition

SECTION: Part A; Page 1; National Desk

LENGTH: 1306 words

HEADLINE: CLINTON PUTS FOCUS ON STATE OF UNION SPEECH;
GOVERNMENT: SOCIAL SECURITY, EDUCATION AND THRIVING IN A HIGH-TECH WORLD
WILL LEAD THE PRESIDENT'S AGENDA.

BYLINE: JONATHAN PETERSON, TIMES STAFF WRITER

DATELINE: WASHINGTON

BODY:

As his White House resisted falling into a state of despair, President Clinton concentrated Monday on the finishing touches of tonight's State of the Union address, in which he plans to outline how America's sprawling, multiracial democracy can thrive in the high-tech world of the 21st century.

The hourlong speech, scheduled to begin at 6 p.m. PST, will call attention to a variety of White House proposals, with particular emphasis on Social Security, education and the financial well-being of Americans anxious about a rapidly changing global economy.

Uplifting themes, such as what it means to be a strong nation and the promise of new technologies, have been sifted and refined in a series of planning sessions and rehearsals over the last few days.

"He's going to stress the need to strengthen the nation in a time of great change and talk about what it means to be a strong nation--and how we've done that throughout history," said one official familiar with the speech, which was still being revised late Monday.

Clinton, he continued, "will seek to explain the changes in the economy and the world to the American people, and show how our policies rise to the challenge." Here are highlights of Clinton's agenda, which will be detailed in tonight's speech and in the 1999 federal budget that the president will submit to Congress next week:

* Retirement security. A future concern for 76 million baby boomers, the largest generation in American history, is a major theme of the speech. Clinton, who would like to be remembered for stabilizing Social Security for the long haul, is expected to recommend steering cash from future budget surpluses to that end.

* Pension reform. The president is expected to propose new ways to bolster retirement saving, such as tax relief for small businesses that create pension plans, and provisions that would allow for payroll deductions designated for Individual Retirement Accounts.

* Minimum wage. Clinton plans to urge Congress to protect the \$ 5.15 per hour value of the minimum wage against inflation, in effect calling for it to be increased with the cost of living. After a long debate, White House officials tentatively decided to hold off on endorsing a specific dollar figure, aides said Monday.

* Education. The administration proposes helping localities pay for school construction, hire 100,000 new teachers, promote after-school care for children, reduce class size and provide aid to selected communities with high concentrations of poverty. Clinton would spend \$ 12 billion over seven years to help local schools hire teachers and make classes smaller, and would propose \$ 10 billion for local schools to modernize their facilities.

* Environment. Clinton will call for a new package of budget and tax incentives to promote clean-air technologies. Under the five-year, \$ 6-billion package, the administration is expected to propose a range of tax incentives to promote energy-efficient vehicles and homes.

* Medicare. The president has urged the first significant expansion of the health care program in years. Under his proposal, displaced workers 55 and older would be allowed to purchase Medicare coverage, as would retirees age 62 to 64 who currently are too young for benefits.

* Child care. Clinton is endorsing \$ 21.7 billion in tax breaks and federal subsidies to reduce the financial burden on working parents and improve the quality of child care programs. The current child care tax credit would be increased by \$ 5.2 billion over five years.

Clinton Polishes, Rehearses Speech

On Monday, Clinton spent a few hours working on the speech, polishing phrases and making last-minute revisions in a session with advisors. As he has done several times in recent days, he rehearsed the address, stopping along the way to clarify his wording and to make sure his policy prescriptions were accessible to his audience. Aides described him as very focused and in a good mood.

They also described the speech as in good shape. "If it was in trouble, we would have another rehearsal scheduled tonight--and we don't," said Rahm Emanuel, a senior advisor to the president.

One of the key speech themes involves worker insecurity in the new economy. The president, who was stung last year by the defeat of his "fast track" request for broader trade authority, has encouraged an extensive rethinking within the White House of ways to ease worker anxiety about global change.

With that in mind, Clinton is likely to call for consolidating the patchwork of federal job-training programs into a single system, and granting vouchers for retraining that could be used at local community colleges.

"Are there things we can do to retrain them more quickly?" asked one advisor, referring to the travails of those displaced in the new economy. "Questions like that are being broadly asked right now within the administration."

Clinton appears likely to propose that any budget surplus in future years be reserved to bolster the Social Security system, which will face severe pressure when the baby boom generation draws benefits in the next century.

Although the huge retirement system currently enjoys a surplus, the picture is expected to change dramatically when baby boomers begin retiring around 2011. A financial crisis would hit in 2029, when the surpluses are expected to dry up; by then, the system would be able to pay only 75% of benefits promised under current law.

Looking ahead to that dilemma, Clinton aides have described 1998 as a year of national

discussion on the politically treacherous matter of modifying the program, and they hope for bipartisan action in 1999. The choices could include higher taxes, an increased retirement age, reduced benefits, or the creation of new private accounts in which workers would invest a portion of their payroll taxes.

There has been rapid growth in recent years in salary set-aside plans, such as 401-k accounts, under which employees bear the ultimate risk if investment returns are disappointing. The administration's goal is to shift more of the risk back to traditional, employer-provided pension programs that offer guaranteed benefits, a senior administration official said.

Before the politically traumatic events of the last week, White House policy aides had anticipated tonight's speech with extreme optimism. A fading budget deficit suddenly enabled Clinton to offer initiatives that would have been doomed in the recent past, even as he continued to call for caution on spending.

The president, whom some saw as losing focus last fall, seemed increasingly confident, enjoying strong public support for recent proposals on child care, Medicare and education.

Questions About Public Response

In the current atmosphere, White House officials wonder how seriously Americans will focus on the substance of Clinton's agenda, a blueprint he hopes will influence domestic policy for years to come.

"I think 90% of the people who tune in will be thinking about the state of his presidency, legally and morally," rather than the state of his program, cautions Larry Berman, a presidential scholar at UC Davis.

Some closer to the process are holding out hope that the heated spotlight somehow might redound to Clinton's benefit, riveting the nation's attention on his words.

Times staff writers Robert A. Rosenblatt and Elizabeth Shogren contributed to this story.

The State of the Union

* Topics: Education, Social Security, global economy, pension reform, minimum wage, environment.

* Time: 6 p.m. Pacific time; some networks will have previews at 5 p.m. or analysis following:

* Coverage: CBS (2), NBC (4) (36), ABC (7) (3) (10), FOX (11), KCET (28), CNN, C-SPAN, CNBC.

* Replay: C-SPAN at 8 p.m. Pacific time.

GRAPHIC: PHOTO: President Clinton and speechwriter Michael Waldman work on address. PHOTOGRAPHER: Agence France-Presse GRAPHIC-CHART: The State of the Union / Los Angeles Times

LOAD-DATE: February 28, 1998

[About LexisNexis™](#) | [Terms and Conditions](#) | [Privacy Policy](#) | [Support Identifier](#)

[Copyright ©](#) 2003 LexisNexis, a division of Reed Elsevier Inc. All rights reserved.