

So these incentives to work are just as important to how life plays out for millions of Americans as the rate of economic growth or interest rates or debt reduction. Studies from Harvard to Wisconsin have confirmed that the EITC is an enormously powerful incentive to work. It encourages people who are on welfare, who are unemployed, to move into the work force, even in modest-paying jobs, because their income will be, in effect, increased; they'll get a check at the end of the year as a credit against the taxes they pay, because they're working hard for modest income.

Now, in 1998 the EITC helped more than 4.3 million people make that move. That's double the number that were being helped in 1993, when we advocated the expansion. This tax credit is a major reason, along with the strength of the economy, the rise in the minimum wage, and the movement from welfare to work, that there are fewer people in poverty today than there have been in over 20 years. It explains why the child poverty rate is lower than it's been in over 20 years and why poverty among African-American children is the lowest on record and the lowest among a quarter century among Hispanic children.

Now, because we know this works, and we know there are still far too many families and children in or near poverty and far too many people struggling and working, having a tough time taking care of their children, we know there is more to do. Today I am proposing the following changes in the EITC.

First, I want to eliminate the marriage penalty exacted by the EITC to make sure that the tax credit rewards marriage and family just as it rewards work. It's a big problem.

Second—the next two are very important to the Cupp family; they will affect all the families in our country like them, and there are a lot of them—I am proposing to expand the EITC for families with three or more children.

The pressures on these families rise as their ranks increase. Twenty-eight percent of them—let me say that again—28 percent of them are in poverty, more than twice the rate for smaller families. Our plan would provide these families tax relief that is up to \$1,200 more than what they now receive. The way the EITC works now, it's a really good deal if you're working for a very modest income and you have two kids. But the benefits drop off dramatically after that. And I don't think we ought to make these

folks choose among those little girls and others in their situation.

Now, the third thing we're going to do is to give more people more incentives to continue to work their way into the middle class. You heard Jessica say that when her husband's income reached \$30,000, the EITC benefit dropped off dramatically. We set these ceilings back in 1993, and they haven't been really adjusted since then. What we want to do now is to phase the EITC credit out more gradually. It has to be phased out, but if it's phased out too sharply, then there is, in effect, for families with a lot of kids, almost no net gain to earning a higher income. And if he's going to work longer than 40 hours a week and he's going to miss more hours at home with those kids, then we want him to receive the benefits of that. And again, I say, this is not just about this one family; they represent millions of people in this country.

So that's what we're going to do: Eliminate the marriage penalty, increase aid to families with three or more kids, and phase the credit out more gradually, so there's always an incentive to keep working to improve your income and your ability to support your children.

Now, for families like the Cupps, these new initiatives would mean an additional tax credit of \$850. That would help them to provide for their children or own a home or buy a car that makes it easier to get to work and, therefore, to work.

We dedicate \$21 billion to these priorities over 10 years, increasing our investment in people without in any way undermining our commitment to a balanced budget and to getting us out of debt over the next 15 years.

Opportunity for all is a measure of not only how far we've come and where we're going but what kind of people we are. Robert Kennedy once said, "Our society, all our values, are views of each other and our own self-esteem." The contribution we can make to ourselves, our families, and the community around us—all these things are built on the work we do.

The young people here, the students here, are probably beginning to think about the work you will do. I hope because you're getting a good education, more than anything else, you'll be able to do something that you love. And if you do something that you love, I believe that you ought to be properly rewarded for it and that you ought also to have the freedom