



For Immediate Release
February 2, 2005

Fact Sheet: The State of the Union

"Over the next several months, on issue after issue, let us do what Americans have always done, and build a better world for our children and grandchildren." – President George W. Bush, February 2, 2005

In his State of the Union Address, President Bush described the state of our Union as confident and strong - the U.S. economy is growing steadily, more Americans are finding jobs, and our Nation is serving as an active force for good in the world. The President conveyed his gratitude to the American people for the privilege to serve once again, with a renewed commitment to the guiding ideal of liberty for all. He recognized that, over the last four years, Americans have come together to overcome great challenges, and he underscored his faith and confidence in the American people and our Nation's future.

President Bush laid out ambitious goals for the future, behind which all Americans can unite, and urged the Nation to move forward with the work that needs to be done this year:

1. Growing Our Economy and Renewing Great Institutions
2. Saving Social Security for America's Future Generations
3. Protecting America's Families and Promoting Compassion Across the Nation
4. Making America Safer with Decisive Action to Win the War on Terror and Spread Freedom

Growing Our Economy and Renewing Great Institutions

Over the past four years, we have provided tax relief to every taxpayer, overcome a recession, opened new markets abroad, prosecuted corporate criminals, raised homeownership to the highest level in history, and - in the last year alone - created 2.3 million jobs for Americans. The President believes we must add to those achievements to keep America the economic leader of the world.

To ensure prosperity for future generations, we must reform institutions - retirement plans, the tax code, our health care system, and worker training programs - that were created for the world of yesterday, not tomorrow. We must transform these systems so that all Americans are equipped and prepared to realize the American Dream.

Strengthening Spending Restraint While Meeting Our Nation's Priorities: The President's budget reflects the country's most important priorities of ensuring economic growth and fighting the War on Terror. The President will continue to provide whatever it takes to defend our country and protect our homeland. He will also continue to promote pro-growth economic policies and exercise responsible spending restraint to meet his goal of cutting the budget deficit in half by 2009.

Making Tax Relief Permanent:

The tax relief enacted over the past four years, including the tax relief benefiting America's small businesses, is scheduled to expire over the next several years. This tax relief must be made permanent. Raising taxes on families and small businesses will hurt economic growth and job creation.

Strengthening High Schools:

The No Child Left Behind Act is bringing important reforms to America's elementary schools by insisting on standards and accountability for results. The early grades are seeing progress across America, but we must improve America's high schools. The President wants high standards to be applied to America's high schools to ensure that every student graduates with the skills needed to succeed in college and a globally competitive workforce. His Fiscal Year 2006 budget will provide \$1.5 billion in funding for a new High School Initiative to help states hold high schools accountable for teaching all students and to provide effective and timely intervention for those students who are not learning at grade level. This initiative includes requirements for state assessments in high school to ensure that diplomas are truly meaningful.

Providing Students with Assistance for Quality Higher Education: The current Federal student-aid system does not serve American students well, and is not the best use of taxpayer money. By reforming the student loan program, the President's Fiscal Year 2006 budget will increase the maximum Pell Grant award to \$4,150 this year and \$4,550 over five years to help more students pay for higher education and prepare for a lifetime of achievement. The President's budget request will increase resources for Pell Grants by more than \$15 billion over the next 10 years to provide extra assistance for the Nation's low-income students.

Preparing Americans for Jobs of the 21st Century:

America's growing and transitioning economy requires new skills and new technologies, and the President is committed to providing American workers with the skills they need to succeed. President Bush believes we must ensure that every adult, and especially low- and middle-income Americans, can access the training to close the skills gap in America, and he will work with Congress to reform workforce training and increase the number of people served.

Reducing Excessive Regulations:

The President wants to streamline regulations and reduce paperwork to alleviate the burdens that unduly handicap America's entrepreneurs and job creators. Since the President took office, his Administration has slowed the growth of burdensome new rules by 75 percent, while still moving forward with crucial safeguards for homeland security, human health, and environmental protection.

Curbing Junk Lawsuits and Reforming Class Action: To help reduce the rising cost of health care while improving quality and safety, President Bush called on Congress to enact legal reform. Class action lawsuits are an important part of the U.S. legal system, but abusive class actions harm injured parties and undermine the American judicial system. Asbestos-related bankruptcies are hurting workers and delaying relief for truly sick claimants.

Making Health Care More Affordable:

President Bush believes all Americans should have access to affordable, high-quality health care. Rising health-care costs impose a burden on families and small businesses and put coverage out of the reach of many Americans. Many businesses - particularly small firms - are struggling with these rising costs.

- The President has proposed a comprehensive, consumer-driven plan to address the problems of rising health-care costs and uninsurance. His plan includes Health Savings Accounts (HSAs), Association Health Plans (AHPs) for small businesses, civic groups, and community organizations, tax credits for low-income families, medical liability reform, and a goal of electronic health records for most Americans within 10 years.
- The President's plan will help reduce the rising cost of health care while improving quality and safety. It will provide new and affordable health

coverage options for all Americans - targeted to those who need it most: low-income children and families and employees of small businesses and the self-employed.

Providing Affordable, Environmentally Responsible Energy:

The President's comprehensive energy strategy will help America meet the energy needs of a growing economy in environmentally responsible ways. His plan encourages conservation; passage of Clear Skies legislation to cut power-plant pollution; alternative sources of energy, including hydrogen-fuel, clean coal, and ethanol; a modernized electricity grid; and more production here at home, including safe, clean, nuclear energy.

Reforming Immigration to Safeguard the Liberty of America: President Bush called on Congress to work with him to achieve significant immigration reform that protects the homeland by controlling the borders; serves America's economy by matching a willing worker with a willing employer when no American is willing to fill the job; promotes compassion and protects workers from abuse; provides incentives for temporary workers to return to their home countries and families; and rejects amnesty and protects the rights of legal immigrants while not unfairly rewarding those who came here unlawfully or hope to do so.

Reforming the Tax Code:

The current tax code is a maze of special-interest loopholes that causes America's taxpayers to spend more than six billion hours every year on paperwork and other headaches. President Bush believes that America's taxpayers deserve - and our future economic prosperity demands - a simpler, fairer, more pro-growth system. Taxes should be applied fairly, and reform should recognize the importance of homeownership and charity in our society. As a first step in reforming the code, the President has created a bipartisan panel to advise the Secretary of the Treasury on options to reform the tax code.

Saving Social Security for America's Future Generations

• Fixing the Current Social Security System:

The President wants to strengthen Social Security for the 21st century. His fiscally responsible plan calls for reforms that would keep Social Security's promises for today's seniors and those near retirement; solve the financial problems of Social Security once and for all; and give younger workers a chance to save in personal accounts for their own retirement.

- By 2018, Social Security will owe more in annual benefits than the revenues it takes in, and when today's young workers begin to retire in 2042, the system will be exhausted and bankrupt. As currently structured, Social Security cannot afford to pay promised benefits to young workers. President Bush has laid out basic principles to guide reform:
 - We must make Social Security permanently sound;
 - We must guarantee no change for those 55 years or older (born before 1950);
 - We must not jeopardize our economic strength by raising payroll taxes;
 - We must ensure that lower-income Americans get the help they need to have dignity and peace of mind in their retirement;
 - We must make sure any changes in the system are gradual, so that younger workers have years to prepare and plan for their future; and
 - We must make Social Security a better deal for younger workers through voluntary personal retirement accounts.
- The President laid out his vision for voluntary personal retirement accounts. Under his plan, personal retirement accounts would start gradually. Yearly contribution limits would be raised over time, eventually permitting all workers to set aside 4 percentage points of their payroll taxes in their accounts.
 - There will be careful guidelines for personal accounts to provide greater security in retirement, including a conservative mix of bonds and stock funds similar to those offered under the Federal employee retirement plan; protection from hidden fees; protection from sudden market swings on the eve of retirement; and a requirement of pay-outs over time to prevent a person from emptying his or her account all at once.

Protecting America's Families and Promoting Compassion Across the Nation

Defending the Dignity of Human Life:

The President is committed to medical research that does not violate the dignity of human life or exploit one human life for the benefit of another. President Bush will work with Congress to prohibit the creation of human life for research and other unethical practices.

Helping America's Youth: Statistics show that boys are at greater risk than girls for learning disabilities, dropping out of school, violence, juvenile arrest, and early death caused by violent behavior. Boys often begin to fall behind girls in elementary school, which leads to higher dropout rates and juvenile delinquency, and they often show signs of behavioral problems early in life. As boys grow older, risk behaviors such as alcohol and drug abuse become more prevalent, and gang involvement increases.

- The President announced a new outreach effort, to be led by Mrs. Laura Bush, to focus on young Americans, especially young men, to help ensure a successful future. During the next year, the President and Mrs. Bush are committed to highlighting the importance of focusing on at-risk youth, especially boys; educating parents and communities on the importance of promoting positive youth development; and informing parents and communities of strong and successful prevention and intervention programs that work by drawing attention to initiatives from around the country.
- The President's focus on young Americans will include support for programs that help youth overcome the specific risk of gang influence and involvement. The President proposed a three-year, \$150-million initiative to help youth at risk of gang influence and involvement through grants to faith-based and community organizations. These organizations will provide a positive model for youth - one that respects women and rejects violence.

Extending and Improving the Lives of Those Living with HIV/AIDS: The President continues his commitment to combating HIV/AIDS internationally and domestically. President Bush called for the reauthorization of the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act based on the principles of focusing Federal resources on life-extending care; ensuring flexibility to target resources to address areas of greatest need; and ensuring results.

Ensuring Justice and Fairness for All Americans:

An important part of the American character is our system of justice, and the principle that everyone is presumed innocent until proven guilty. President Bush's new proposal will improve state criminal-justice systems through training for defense counsel, prosecutors, and judges to ensure they are adequately trained to handle state capital trials. Congress should fully fund the President's DNA Initiative to solve crime and protect the innocent from wrongful conviction through elimination of existing backlogs of DNA samples, strengthening lab capacity, expanding testing for convicted offenders, and training for law enforcement and attorneys on the use of DNA.

Making America Safer with Decisive Action to Win the War on Terror and Spread Freedom

Since September 11, 2001, President Bush has taken unprecedented actions to protect all Americans, including creating the Department of Homeland Security, focusing the FBI on preventing terrorism, reforming our intelligence agencies, expanding research on biological and chemical defense, and improving border security.

America's Heroes in Uniform:

President Bush continues to honor the service of America's men and women in uniform serving at posts across the world. These volunteers make every American proud as they work to secure our Nation. Americans are grateful to the members of the armed forces, their family members and loved ones.

Fighting Terrorism and Promoting Democracy:

The Coalition forces are succeeding in their mission to create a secure and peaceful environment in which democracy can thrive. Taking the fight to the enemy - with the essential help of our allies - has made America safer.

- Historic Days in Iraq: In cooperation with the Iraqi government and Iraqi security forces, Coalition forces are conducting an effective counter-insurgency campaign, while, at the same time, training more Iraqi recruits and broadening the capabilities of the Iraqi security forces moving toward self-sustainable security. Coalition forces are also working with Iraqi government ministries to protect essential infrastructure such as electrical transmission lines.
 - On January 30, 2005, the Iraqi people demonstrated their commitment to democracy by holding the first free and fair elections in generations. Now begins the process of organizing the Transitional National Assembly, forming a government, and drafting and ratifying a permanent constitution that will be the basis of a fully democratic Iraq.
- Historic Days in Afghanistan: On October 9, 2004, the Afghan people made history by holding their first direct presidential election, with both men and women voting. They also adopted a constitution that protects the rights of all, while honoring their nation's most cherished traditions. The Afghan people have proven to the world that there is a yearning among people everywhere for democracy and freedom.
- Working Cooperatively with Nations Around the World: America continues to work tirelessly with our many counterterrorism partners overseas to deny al-Qaida any safe harbor and to disrupt their terrorist plots. The President also continues to strengthen America's defenses in the War on Terror.

Building the Institutions of Peace and Freedom:

America's actions will result in the spread of democracy in the broader Middle East - an important step that will provide an alternative to terror and violence. To promote peace in the Middle East, the President believes we must continue to confront those who are still harboring terrorists.

- In partnership with nations of the broader Middle East, the President is advancing political, social, and economic reforms in the region.
- Already underway are specific initiatives on strengthening civil society and business groups, better targeting democracy assistance, modernizing education and training systems, expanding the private sector to create jobs, and providing microcredit opportunities for entrepreneurs.

President Bush seeks justice and dignity and a viable, independent, and democratic state for the Palestinian people. The President announced that Secretary of State Condoleezza Rice will travel to Israel and the West Bank to work with our partners to build the institutions of a peaceful, independent, democratic state. President Bush asked Congress for \$350 million to support needed Palestinian reforms.

President Bush described the state of our Union as confident and strong and urged all Americans to move forward and complete the important work ahead.

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