The DLC Update, Friday, February 6, 1998

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Idea of the Week

Here's a nice public policy puzzle for our times: hundreds of thousands of Americans are in jobs threatened by economic and technological change, while hundreds of thousands of jobs (relatively high-paying jobs at that) in the industries produced by economic and technological change, especially in the high-tech sectors, are going begging.

Training is obviously the key to linking this potential supply of skilled workers to the powerful demand. But government is notoriously clumsy in operating skills training programs, and the Invisible Hand of the market won't come through either, partly because so many high-tech employers are small enterprises without the resources for large-scale training, and partly because employers are reluctant to pay for skills that enable employees to move on to another job.

In several locales across the country, a new idea is emerging for bringing together new jobs and new workers: "regional skills alliances" or RSAs, in which employers, public agencies, schools, and sometimes even labor unions, are pooling resources to train workers for region-wide emerging job opportunities.

In Wisconsin, metal-working firms got together with the AFL-CIO in a publicly sponsored effort that used an abandoned mill building as a teaching factory, teaching workers essential skills on state-of-the-art manufacturing equipment.

In Rhode Island, the state helped develop a skills alliance among plastics firms, who then worked with a local community college to create a polymer training laboratory linked to an apprenticeship program that guarantees jobs for graduates.

And in Washington, DC, telecommunications firms donated computers and helped set up a program to train public high school students to be computer network administrators. The firms are now hiring graduates of the program at an entry-level salary of $25,000-30,000.

Next week, the Progressive Policy Institute's Rob Atkinson will release a paper examining the RSA idea, showing how it could be promoted as a national initiative. In addition, U.S. Rep. Jim Moran (D-VA) has scheduled a briefing on the subject next Thursday, Feb. 12, in 1216 Longworth House Office Building.

Surplus Analysis

Almost no item in the President's State of the Union address has taken as much flak as his proposal to set aside any future federal budget surpluses until such time as Congress has enacted comprehensive Social Security reforms to keep the entitlement solvent when the baby boom generation retires.

Deficit Cassandras descended on the nation's op-ed pages to impatiently explain the enormous size of the pending Social Security shortfall and attack the notion that paltry surpluses could make more than a tiny dent. Many conservative commentators called the proposal a "fraud" on grounds that current Social Security Trust Fund surpluses are disguising a large structural deficit--an objection, of course, that applies equally to the budgets of Ronald Reagan and George Bush, not to mention current GOP "rebate the surplus" schemes.

Nearly all these negative commentators seem to be missing two basic points:

First, the President's proposal is designed to use congressional pressure to take the surplus and spend it or rebate it through tax cuts as leverage to produce a major reform in Social Security. We have a huge pending shortfall in the Social Security Trust Fund which most members of Congress do not want to deal with until it is absolutely necessary--an attitude that will raise the ultimate cost and pain associated with Social Security reform. We may soon have a small federal budget surplus that could fund the kinds of small but tangible investments that members of Congress live to make: many, many roads, post offices, and wastewater treatment grants. What the President is doing is linking the big, bad problem to the small goody bag.

Second, even if this "eat your vegetables and then have your dessert" gambit fails, taking the budget surplus out of play has the practical effect of reducing the amount that the federal government borrows from the Social Security Trust Fund each year to keep the books in balance. To that extent, it addresses the long-range problem of unfunded liabilities against the Trust Fund even if it does not produce an immediate "fix" for Social Security.

Any way you slice it, the President's proposal for dealing with the surplus is the most fiscally responsible of the options currently on the table, and fiscal disciplinarians in both parties should recognize it.

Ending Social Promotion

It did not get nearly as much attention as the pledge to help school districts hire 100,000 new teachers, but the President's proposal in his State of the Union address to link assistance for inner-city and poor rural schools to the adoption of a sweeping agenda for school reform was potentially a lot more significant.

Details of the proposal, first broached by the President as part of his "National Race Initiative," are still not available. But here is what he has said so far: the federal government will identify "education opportunity zones" eligible for new financial assistance, but only if eligible school districts agree to end social promotion practices, make administrators and teachers accountable for educational results, and give parents and students a choice among public schools.

The President made it clear that the model for school reform in these "zones" is Chicago, where Mayor Richard Daley has transformed the politics and culture of one of the country's worst public school systems.

The centerpiece of the Chicago reforms is the attack on social promotion. For years, many inner-city schools have routinely promoted students from grade to grade, and eventually to high school graduation ceremonies, if they simply attended class. "Socially promoted" students, of course, not only failed to master skills appropriate for their grade level, but fell so far behind each year that remedial efforts proved hopeless.

Chicago (along with Milwaukee and, most recently, Long Beach, CA) has brought social promotion to a screeching halt, requiring students who are not performing at grade level to attend summer school (at a minimum) until they are prepared for the next grade. Though the new system has not been in place long enough to judge results definitively, both Chicago and Milwaukee are achieving striking improvements in student performance.

That is hardly a surprise, since you tend to get more out of schools, teachers, and students when you expect more. But this common-sense raising of expectations cuts against the grain of decades of paternalism and excuse-making about school performance in impoverished communities. Failing to promote students regardless of skills, we were told, would damage student "self-esteem," would give excessive weight to "Eurocentric" objective standards inappropriate for minority students, and would hold students accountable for the failure of public officials to give their schools the resources they needed to teach effectively.

Though such excuses are still heard (e.g., among those liberal Democratic House Members who have supported GOP efforts to kill the President's national education standards initiative), opposition to social promotion is growing. Many observers now agree that the inability to get or hold a job is more damaging to "self-esteem" than having to attend summer school or repeat a grade; that there are certain basic skills that minority students need and want; and that adult life will hold illiterate high school graduates accountable even if their schools do not.

By linking new federal assistance to adoption of school reforms, the President's proposal sends exactly the right message to inner-city school districts: Yes, you do need more "inputs"--i.e., better facilities, books, and more teachers--to match the performance of wealthier schools, but the public will not support them unless you agree to improve your "output" as part of the bargain.

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