MIDWEST REGION ECONOMIC CONFERENCE

BRIEFING BOOK

COLUMBUS, OHIO
OCTOBER 20, 1995

MIDWEST REGION ECONOMIC CONFERENCE
BRIEFING BOOK

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THE MIDWEST ECONOMIC CONFERENCE
MAKING THE ECONOMY WORK BETTER FOR WORKING AMERICANS
OCTOBER 20, 1995

Overview

Building on the success of the National Economic Conference, held in Little Rock, Arkansas during December of 1992, President Clinton and Vice President Gore will chair the third in a series of regional economic conferences to discuss economic policy as it affects the lives of working Americans. The Midwest Economic Conference will be held at Ohio State University, in Columbus, Ohio, on Friday, October 20.

The Conference is comprised of participants from nine states, and will focus on economic issues concerning Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri and West Virginia. It is sponsored by the Department of Commerce and Ohio State University.

The Conference will bring together corporate heads, educators, workers and policy makers from across the Midwest and within the Administration to discuss the economic challenges and opportunities faced by those who live in the region. It will begin with small group breakout sessions chaired by Clinton Cabinet Members, followed by two panel discussions: The Regional Resurgence--Opportunity and Challenge; and Education and Economic Opportunity. The panels will be chaired by the President and the Vice President.

As part of the Conference, more than a dozen cabinet members and other senior Administration officials will visit the nine states to discuss the issues to be addressed on the 20th. Cabinet officials participating include Transportation Secretary Bob Rubin, Agriculture Secretary Dan Glickman, Education Secretary Richard Riley, OMB Director Alice Rivlin, Labor Secretary Bob Reich, Commerce Secretary Ron Brown, Secretary of Health and Human Services Donna Shalala, Transportation Secretary Federico Pena, Secretary of Housing and Urban Development Henry Cisneros, National Economic Council Chair Laura Tyson, SBA Administrator Phil Lader, GSA Administrator Roger Johnson, Chair of the President's Council of Economic Advisors Joe Stiglitz, Director of the White House Office of Science and Technology Policy Jack Gibbons, and others.

THE MIDWEST ECONOMIC CONFERENCE

Panel One: The Regional Resurgence--Opportunity and Challenge

This panel will feature businesses and workers that will help to provide an overview of the regional economy. The central message of this panel is that the Midwest is no longer the "rustbelt." Restructuring and investment--helped by favorable exchange rates and booming domestic demand--have transformed manufacturing into a new model of global competitiveness, while increasing diversification in high tech and services has also benefited the region. Agriculture also has prospered.

However, widening economic disparity results from an unbalanced distribution of education and skills. The challenge to be explored will be how to maintain competitiveness in a high-wage environment--while ensuring that Americans have the skills and education to participate in a growing economy.

Panel Two: Education and Economic Opportunity

A natural progression from the discussion of the first panel, this session will feature educators, students, and working people. The discussion will encompass financial strains, particularly as they relate to post-secondary education; education and training in the new economy; and educational technology.

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AGENDA

DRAFT

Midwest Region Economic Conference
Ohio State University
Columbus, OH -- October 20, 1995

DRAFT

I. **Welcoming Remarks: Dr. Gordon Gee, President, Ohio State University (5 min.)**

II. **Opening Remarks and Introduction of the PRESIDENT: VPOTUS (5 Min.)**

III. **Opening Remarks: POTUS (20 min.)**

IV. **Regional Economic Overview: James Annable, Chief Economist
First Chicago (15 min.)**

V. **Panel One: THE REGIONAL RESURGENCE:
OPPORTUNITY AND CHALLENGE (90 min.)**

- Faces of the Resurgent Economy
- Growth and Prosperity Through Innovation and New Practices
[Vice President Moderates]
- **President:** Closing/Transition to Panel II

VI. **BREAK/LUNCH (30 min.)**

VII. **Panel Two: EDUCATION AND ECONOMIC OPPORTUNITY (85 min.)**

- Higher Education/Direct Lending
- Lifelong Learning/Adult Training
- Educational Technology and Local Reform
[Vice President Moderates]

VIII. **Vice President/President Wrap-Up and Close (5 MIN.)**

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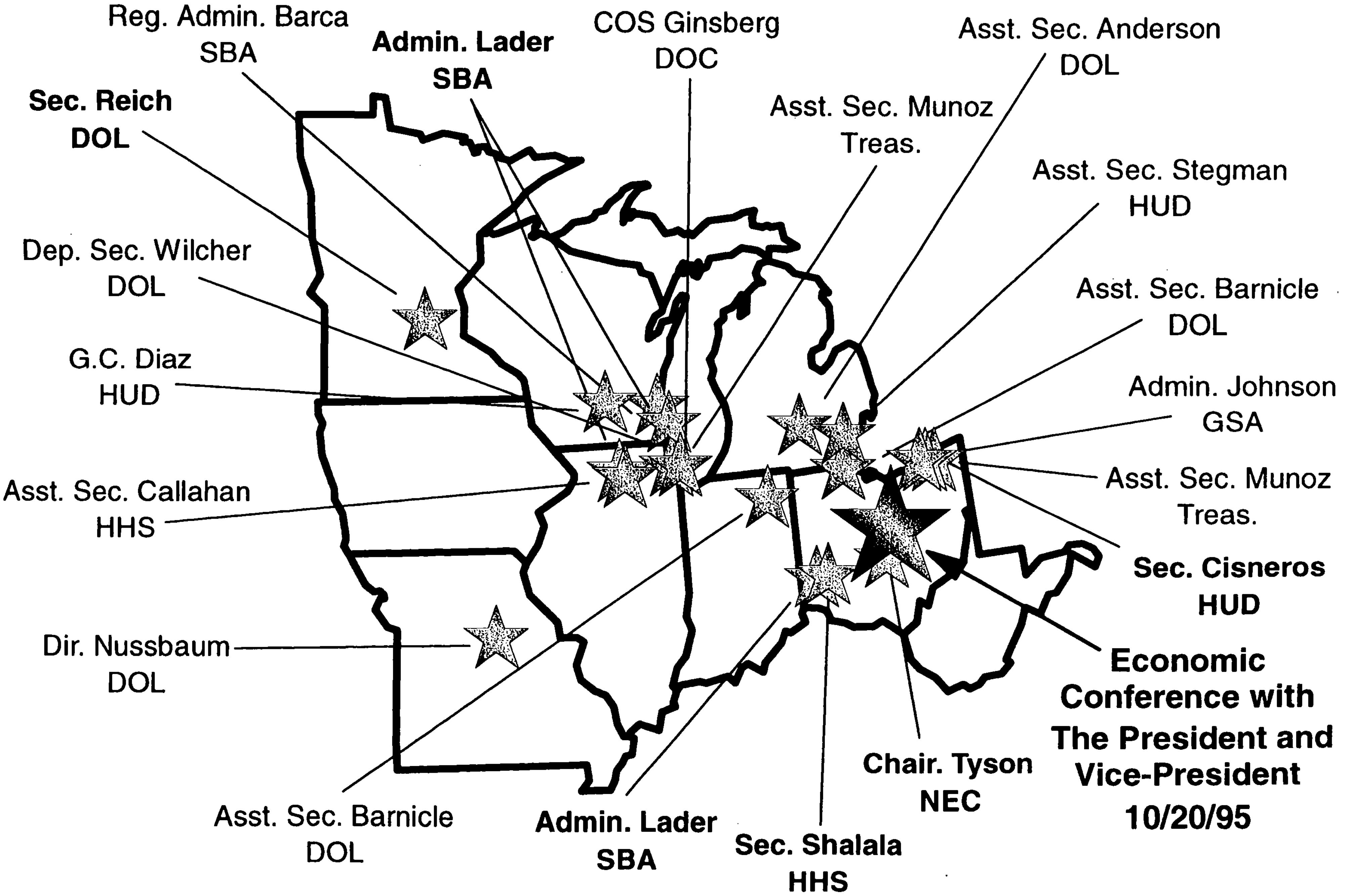
Midwest Regional Economic Conference of the President and the Vice President

Administration Travel 10/18 to 10/20



Mid-West Regional Economic Conference Roll-Out
Cabinet Events Details

Agency	State	City	Cabinet Member	Date	Event Description
LABOR	MN	Minneapolis	Sec. Robert Reich	Oct. 19	Minimum Wage/EITC event
HHS	OH	Cincinatti	Sec. Donna Shalala	Oct. 19	
HUD	OH	Cleveland	Sec. Henry Cisneros	Oct. 20	Economic development event with Mayor White
SBA	WI	Milwaukee	Adm. Phil Lader	Oct. 19	Press interviews
SBA	IL	Rockford	Adm. Phil Lader	Oct. 19	Luncheon with SBA lenders and press interviews
SBA	OH	Dayton	Adm. Phil Lader	Oct. 20	Press interviews at the Kettering Foundation
NEC	OH	Columbus	Chr. Laura Tyson	Oct. 19	Speaking at the Economic Club of Columbus
GSA	OH	Akron	Adm. Roger Johnson	Oct. 19	Touring an Enterprise Community (EC) and meeting with CEO's

Mid-West Regional Economic Conference Roll-Out

Sub-Cabinet Events Details

Agency	State	City	Member & Title	Date	Event Description
TREAS.	IL	Chicago and Cleveland	George Munoz, Asst. Sec.	Oct. 19	Hispanic Media Events
COMM	IL	Chicago	Will Ginsburg, Chief of Staff	Oct. 18	Senior Center visit, meeting with Mayor Box
DOL	OH	Toledo	Tim Barnicle, Asst. Sec.	Oct. 18	
DOL	IN	Fort Wayne	Tim Barnicle, Asst. Sec.	Oct. 19	
DOL	MI	Lansing	Bernard Anderson, Asst. Sec.	Oct. 19	
DOL	IL	Chicago	Shirley Wilcher, Dept. Sec.	Oct. 19	
DOL	MO	Jefferson City	Karen Nussbaum, Director	?	
HHS	IL	Rockford	John Callahan, Asst. Sec.	Oct. 19	
HUD	MI	Detroit	Michael Stegman, Asst. Sec.	Oct. 18	University event
HUD	WI	Madison	Nelson Diaz, Gen. Counsel	Oct. 19	
SBA	WI	Racine	Peter Barca, Regional Adm.	Oct. 19	Address a local economic development group.

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THE MIDWEST ECONOMY

Background

The economies of the Midwest states -- Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, West Virginia and Wisconsin -- have changed substantially in recent years. While the region once was dominated by traditional smokestack industries and agriculture, today many of the region's industrial giants have restructured and new high-tech and high-wage services industries have made the economies more diverse. Although restructuring has meant painful worker layoffs and the loss of some manufacturing jobs, today firms in the Midwest region are more competitive and the economies are, for the most part, stronger with a broader economic base.

The Midwest states combined have a population of almost 60 million people, accounting for 22% of the nation's population and about 21% of GDP. Midwest states range in population from about 11.8 million in Illinois to 1.8 million in West Virginia. Per capita income ranges from almost 9% above the national average in Illinois to more than 20% below for West Virginia.

Median household income in the Midwest last year was roughly the same as for the rest of the nation: $32,486 for the Midwest compared to the national average of $32,264. Housing costs in the Midwest are still relatively low: the median value of owner-occupied homes was only $63,226 in 1990 compared to $79,100 for the nation. And, poverty rates are among the lowest in the country at 13.2%, compared to the national rate of 14.5% in 1994.

The Midwest states were not hit as hard by the 1990-91 recession as other parts of the country. The region also recovered from the economic downturn fairly rapidly, with Midwest employment rising several months earlier than employment for the overall United States. In part, this was because Midwest firms already had gone through the painful restructuring of the 1980s, making them more efficient and more able to offset declining domestic purchases with sales abroad.

While the Midwest continues to face many economic challenges--increasing the skills of the workforce, maintaining a competitive manufacturing sector, and increasing worker wages -- the future economic prospects for the region are generally bright. Investments proposed by the Clinton Administration, especially in education and technology, will be particularly important in helping the Midwest region face these future economic challenges.

The Rust Belt Renaissance

Manufacturing and agriculture continue to be the economic mainstays of the Midwest, but the region's economies are becoming increasingly diverse. The Midwest now includes major high-tech firms and a growing services sector.

Manufacturing: The Midwest has long been known for its industrial production strength: automobiles, heavy equipment, steel, and industrial machinery. In recent decades, however, many of these manufacturing firms, facing stiff competition from more modern and efficient producers across the United States and abroad, closed their doors.

But, others responded with initiatives that enhanced productivity and competitiveness, including more efficient production and inventory management, better product design, more disciplined capital spending, and improved transportation and distribution systems. By the late 1980s, these efforts began to show significant results. Today, the Midwest's manufacturing firms are among the most efficient in the world.

Unfortunately, the restructuring of the 1980s did not come without social costs. Thousands of white- and blue-collar workers lost their jobs. Between 1980 and 1990, manufacturing employment in the Midwest fell by over 450,000. After restructuring, many manufacturing firms had fewer jobs and those remaining jobs often required skills and training the displaced workers did not have. Households and communities throughout the region continue to face a need for further adjustment.

Midwest manufacturing industries are today healthier and stronger. They have increased new investment in plant and equipment. More favorable exchange rates and the Clinton Administration's market opening initiatives have increased Midwest exports of manufactured goods. Manufactured goods exports were up 12.6% from 1993 to 1994. Domestic demand has grown for both capital equipment and consumer durables, such as cars, and much of this production is centered in the Midwest.

Foreign investment has also contributed to the region's industrial resurgence. The region has attracted foreign direct investment, in part, because of its skilled labor and the proximity to suppliers and customers. Foreign investors include, for example, Mitsubishi in Illinois and Honda in Ohio.

Manufacturing continues to play a major role in the Midwest's economy: roughly 20% of the region's workforce is in manufacturing, the highest of any region. Midwest car makers account for about 44% of automobile production in the United States, 28% of trucks are produced by Midwestern firms and 33% of steel is still made in the Midwest.

Agriculture: Although the Midwest as a whole is less dependent on agriculture for jobs and income than it once was, agriculture is still an important sector. Of the 9 Midwest states, Iowa depends the most on agriculture employment, with around 25% of its workforce in farm or farm-related jobs -- compared to a Midwest average of 17%. The region accounts for about two-thirds of the nation's production of soybeans, corn and hogs.

The number of farming-dependent counties in the region has declined significantly over the past several decades, as farms have consolidated and the family farm continues to disappear. In 1950, most Midwestern counties could be classified as "farming counties" -- that is, counties with 20 percent or more of their income coming from farming. By the end of the 1980s, only Iowa and southwestern Minnesota had a significant number of farming counties.

Rural incomes in the Midwest have increased in recent years and rural unemployment in the region has dropped. Iowa and Minnesota are the exceptions, in part, because of the effects of the 1993 floods.

Employment and earnings outside the farm are increasingly important for farming households. By 1993, over 33% of all farm operators reported non-farming jobs as their main occupations, while only about 40% of farm operators reported farming as a full-time occupation.

Commodity program payments to Midwest states have declined since the late 1980s. Government payments as a share of gross farm income have fallen from 7-19% in 1987 to 5-12% today across eight of the Midwest states (government payments are only one percent of gross farm income in West Virginia). Producers of the major commodities of the Midwestern states -- corn, soybeans, hogs, cattle, dairy -- rely less heavily on government payments than other major commodities. Corn producers are the main recipients of government support in the region.

High-Tech and High-Wage Services Industries: Smokestack industries and agriculture no longer are the only key to the Midwest's economic strength: the Midwest now is home to major high-tech and high-wage services sectors.

Chicago is a major financial center, leading in commodities and futures trading. Cleveland and Minneapolis have become major banking hubs, and Indiana and Illinois now are major suppliers of insurance services. High-tech entrepreneurs are clustering around leading state universities in Ann Arbor and Madison. Minnesota is home to Cray Research, a top-of-the-line supercomputer manufacturer. And, medical products and scientific instruments are produced in Illinois, Minnesota, Wisconsin and other states in the region.

As this trend toward high-tech and high-wage services industries continues, higher education and worker training will be critical to the Midwest's continued economic growth. Maintaining and enhancing access to higher education and providing training to displaced workers will be vital to the Midwest's efforts to adapt to the changing economic environment.

The Economic Record: January 1993 to 1995

Since January 1993, the economic performance of the Midwest has been strong. Overall, the Midwest states were affected less seriously by the most recent recession. As a result of this and the climate created by President Clinton's economic plan, the Midwest states have seen better economic times since this Administration took office.

Job Creation is Strong and Unemployment is Low:

Roughly 1.6 million jobs have been created in the Midwest since the Clinton Administration took office. Job growth has been roughly on par with the rest of the nation: increasing at a rate of 2.4% in the Midwest compared to the nation's 2.6%.

* Manufacturing jobs increased from 5.2 million to 5.5 million since January, 1993.

* Services jobs are up from 6.6 million to 7.2 million since January 1993.

Unemployment rates have continued to fall. The Midwest region's unemployment rate dropped from 6.3% in January 1993 to 4.9% in August 1995. This is well below the national figure of 5.6% for August of this year.

* Unemployment rates in some Midwest cities, like Madison, Wisconsin, rank among the lowest in the country -- sometimes below 2%. Madison, for instance, had an unemployment rate of 1.9% in December 1994. Rockford, Illinois, which in 1982 became famous for having the nation's highest unemployment rate (19.8%), now has labor shortages.

Incomes have Grown:

From 1993 to 1994, incomes in the Midwest grew at a rate almost double the rest of the nation: real per capita income grew at a rate of 3.5% in the Midwest compared to a rate of 1.8% in the rest of the nation. Unfortunately, real median family incomes in the Midwest are still low and in some parts of the region -- Indiana, Minnesota, Ohio -- they actually declined.

Exports are Important and Growing:

A key to the Midwest's recent economic growth and strength has been exports. Midwest exports in 1994 totaled $112.2 billion dollars, more than 20% of U.S. totals. This was a 13% increase from the 1993 level.

* The five-year annualized growth rate for exports has been 8.8% for the Midwest, as compared to 7.1% for the nation. Four states, Illinois, Indiana, Ohio and Wisconsin have experienced annual export growth in excess of 10%.
* One in every six manufacturing jobs in most Midwestern states is export related.
* Last year, the most important Midwest exports were transportation equipment, industrial machinery, electronics, chemicals, and food products.

The Clinton Administration's trade initiatives have expanded foreign market opportunities for Midwestern exporters. NAFTA has opened markets in Canada and Mexico for Midwest exporters of industrial machinery, food processing equipment and transportation equipment. The Uruguay Round of GATT cut tariffs, extended trade liberalization to agriculture and services and will expand trade opportunities for Midwest firms. And, the Administration's initiatives in Japan have opened Japanese markets for autos and auto parts.

Manufacturing Wages are Still High:

The Midwest has the highest average hourly wage in manufacturing of any region in the nation: $13.55. This compares to $10.61 in the South, the lowest region, and $12.70 in the Pacific Rim, the next highest region.

The Misery Index is Lower:

As with the rest of the economy since January 1993, inflation in the Midwest has been low and stable, dropping from 3.3% in January 1993 to 2.6% this August. As a result, the Midwest's "Misery Index" -- which is the sum of unemployment and inflation rates -- has dropped since the Clinton Administration took office. The Midwest's Misery Index fell from 9.6% in January 1993 to 7.5% in August of this year. This is below the level of 8.2% for the nation as a whole.

Business Incorporations are Up:

New business incorporations have increased in the Midwest. From January 1993 to February 1995, there have been 1.3 million new business incorporations in the Midwest, more than a third of the U.S. total in the same time period. Since 1992, new business incorporations have increased at an annualized rate of 5.8%. This increase is positive, although it is below the rate of 18.1% for the entire nation.

Diversity in the Region

Illinois:

Illinois has become a major financial services and insurance center. Chicago is home to the Midwest Stock Exchange, which ranks 2nd in the United States only to New York as a center for securities trading. The three major commodities exchanges are also located in Chicago: the Chicago Board of Trade has set agricultural prices for the world since 1848, especially in soybeans, corn and wheat; the Chicago Mercantile Exchange specializes in pork bellies, live cattle, potatoes, eggs, and, since 1972, has also provided a market for world currency futures; and, the Mid-America Commodity Exchange, the smallest of the three, features small-lot futures contracts on soybeans, silver, corn, wheat and live hogs. Illinois is also a major hub for the insurance industry, ranking 2nd to the New York-Hartford-Newark complex. While the banking and financial services sectors have shown consistent strength over the last three years, unfortunately, so far, the number of jobs created in this sector has been somewhat weak.

Indiana:

Indiana's economy is diverse, with employment concentrated in manufacturing, services and agriculture. Indiana's primary agricultural products are corn, soybeans and wheat. The state's industrial base in Indianapolis, Gary and other cities originally was founded on its natural resources -- coal, natural gas, timber, stone and clay -- and on good transportation facilities. Today, Indiana is an important producer of electronics, transportation equipment, and industrial machinery. Recently, Indiana has seen growth in business services. Indiana has benefitted from this Administration's trade policies, with exports growing by more than 25 percent in 1994. Unfortunately, Indiana will be facing defense job cuts in the coming years with Fort Benjamin Harrison closing in 1997 and the Naval Air Warfare Center on the proposed list of base closings.

Iowa:

Iowa is still a farming state, but it has growing manufacturing and service sectors. Roughly 25% of Iowa's workforce is in farm or farm-related jobs, compared to a Midwest average of 17%. Iowa's manufacturing strength is mostly in farm-related industries like food processing and farm machinery. Strong export demand has led to record levels of factory exports in the first part of this year. Employment in the Des Moines rubber industry has finally begun to recover after strikes at Bridgestone/Firestone and Pirelli Tire. The service sector will continue to be a job engine for Iowa, as business and health services expand. For example, Des Moines will benefit from expansions by Principal Financial Group and EMC Insurance.

Michigan:

Michigan is still a major automaker. As corporate home to the "Big Three" -- Ford, General Motors (GM) and Chrysler -- Michigan's economy depends on the health and strength of the state's transportation equipment sector. Michigan's unemployment rates in times of recession have far exceeded the national average, since auto sales usually decline dramatically during economic downturns. And, weakness in the auto sector reverberates into other parts of the state's economy which supply materials to the carmakers. The Michigan auto industry's shift toward more technologically advanced manufacturing and the movement of operations to lower-wage areas has reduced the number of Michigan jobs in auto production. This has been offset somewhat by growth in other sectors: chemicals, food processing, electronics and pharmaceuticals. Michigan is home to major chemical companies, like Dow, and food producers, including Kellogg.

Minnesota:

Manufacturing is still central to the Minnesota economy. Minnesota is home to 18 Fortune 500 industrial firms, including high-tech companies like 3M and Cray Research. The food-processing industry is a large employer in

Minnesota, with corporate food giants General Mills, Pillsbury, Land O'Lakes, and Hormel Foods located within the Minnesota borders. But Minnesota also has a good degree of diversity in its manufacturing base, producing scientific instruments, medical products, and resource-based products such as lumber and minerals. The services and export industries are leading in state-wide job creation. A number of major service companies are headquartered in Minnesota, including the Norwest Corporation (a major bank), Northwest Airlines, the Mayo Clinic and Dayton Hudson (a large retailer). Unfortunately, the financial services sector has been somewhat of a soft spot, with the bank merger wave causing layoffs.

Missouri:

Missouri's economy is diverse, with manufacturing, farming, tourism, services and mining the key sectors. Automobile and aerospace manufacturing are the state's leading manufacturing industries. McDonnell Douglas, headquartered in St. Louis, is a leading producer of aircraft and aerospace products. The state's historic past, the Mississippi River and the Gateway Arch in St. Louis have made tourism a growth industry over the past decade. Missouri is one of the nation's leading producers of lead and zinc. Foreign demand for Missouri's products has remained strong: a record level of almost $1.5 billion worth of Missouri's goods and services were shipped abroad in the second quarter of this year. The Missouri Department of Economic Development's trade mission efforts are being given much credit for this export boom.

Ohio:

Manufacturing is still the dominant industry in Ohio, with transportation equipment and industrial machinery the major industrial employers. While the state once was a leading producer of steel, machine tools and auto parts, today Ohio makes everything from glassware and soap to paint and business machines. As of mid-1995, the manufacturing sector had generated 10,000 jobs--a 0.9 percent increase from the previous year, compared to slower growth nationwide. The construction sector has seen new housing starts reach their highest levels since the late 1970s. Gains have been centered around a resurgence in demand in Toledo and Akron. Recently, Dayton has been hit with some bad news as AT&T's computer division, NCR Corporation, announced a 8,500 job layoff in the telecommunications giant's restructuring bid. Defense cutbacks and the closure of a NASA research center in Ohio may also restrain economic activity in the state.

West Virginia:

West Virginia continues to be one of the nation's poorest states, with extremely high unemployment rates and an aging population. The under-34 population will decline as out-migration of the younger population continues. Mining employment rose in 1994, but is expected to fall off, since growth was related to the settlement of a labor dispute. Because of its rich natural resources and lower wages, West Virginia recently has attracted a number of corporations to invest in new plants in the state, including G.S. Wiring Systems, NGK Spark Plugs and the Weyerhauser Corporation.

Wisconsin:

Food products (especially dairy), food processing and paper products are at the core of Wisconsin's economy. Wisconsin is also home to Johnson Controls and Allen Bradley, makers of electric and electronic components. Harley-Davidson, best known for its touring and custom motorcycles, is located in Milwaukee. Foreign companies are beginning to take a strong interest in the state because of its proximity to key industrial markets and its high-quality, low-cost labor force.

Future Challenges

While the Midwest economies generally are doing well, the region will face a number of economic challenges in the future:

* **Increasing Education and Worker Training:** An educated and well-trained workforce will be a key ingredient in the Midwest's ability to continue to diversify away from traditional manufacturing and agricultural industries and into high-tech and high-wage services industries. While the proportion of high school graduates in the Midwest is about the same as the national average, the proportion of college graduates is much lower. Given the increasing importance of higher education for jobs in emerging high-tech industries, efforts to encourage Midwesterners to attend college could bolster the region's chances of attracting cutting-edge industries in the future.

* **Maintaining Strength in Manufacturing:** Manufacturing firms in the Midwest will continue to face competition from lower-wage producers across the nation, particularly the South, and abroad. The economies of Illinois, Indiana, Iowa, Wisconsin and Michigan still depend heavily on car and truck production, which face particularly fierce competition from foreign producers. Technological advancements, through investments in R&D and technology, and worker training will be key to increasing productivity, which is at the core of the Midwest manufacturing firm's future competitiveness.

* **Increasing Worker Wages and Addressing the Disparity in Economic Opportunity:** While manufacturing in the Midwest is running at capacity and some manufacturing firms in the region report shortages of skilled labor, wages have increased little. Many of these firms, who are still cautious about the economic climate, have turned to overtime or part-time workers to meet their increased production demands. And while, manufacturing jobs generally pay well, wide disparities in wage rates exist. Such disparities come in part from the growing wage gap between skilled and unskilled workers.

Clinton Administration investments in education, worker training and technology will help the region address these future economic challenges. Access to higher education will help Midwesterners get the skills needed for 21st century high-tech jobs. Education will temper the growing disparity between skilled and unskilled workers. Investments in worker training will help workers displaced by changes in the manufacturing sector to find new jobs. And, technology investments will help Midwest manufacturing firms maintain their competitive edge.

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THE IMPACT OF THE NATIONAL EXPORT STRATEGY ON MID-WESTERN STATE EXPORTS

- The National Export Strategy has been crucial to the growth in exports in the Mid-west.

- From 1987 to 1994, North Central states recorded an export gain of $65.6 billion -- the largest increase in export value of any U.S. region. (North Central states include Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, Wisconsin, Kansas, Nebraska, North Dakota and South Dakota).

- Our advocacy efforts since November 1993 have resulted in $57 billion in deals for U.S. firms.

- Of this $57 billion of advocacy related deals, $26 billion account for direct U.S. export content, which will create 370,000 new jobs.

- Advocacy benefits both small and large firms. For example, G.E. Power Generation exports to Malaysia and Indonesia are creating business for 4,670 U.S. suppliers and sub-contractors.

- The expected U.S. export content of this deal alone will bring $265 million back into the economy, supporting 5,300 new jobs. In the Mid-west, this means that 640 suppliers and sub-contractors will benefit.

- Iowa's exports to the "Big,Emerging Markets" increased substantially in the first quarter of 1995 compared to the same period in 1994. For example: Brazil: +273%, Argentina: +65 %, Taiwan: +56 %, South Africa: +50 %, China: +31 %, South Korea: +29%, Indonesia: +21 %, India: +11%.

- In 1994, Missouri companies exported $5.6 billion worth of goods and services, accounting for 248,888 jobs. That's up from $4.7 billion in 1993. 1994 exports accounted for 5% of the GSP.

- With the new Export Assistance Centers, a joint venture between Commerce, SBA and Ex-Im Bank, we are bringing trade finance and export marketing services to U.S. exporters to help them expand into new markes.

- An increased focus on trade finance counseling is paying off in West Virginia. In response to a fax from Gala Industries, a West Virginia manufacturer of plastic pelletizing systems that stated that Gala had "lost another job in Brazil", the Charleston WV DO arranged for a joint export finance counseling session with Jerry Giles, from Crestar Bank (and also Virginia DEC Chairman) and Dave Coale, Director of the Charleston WV DO, to explain how to move beyond using only letters of credit and how to minimize the risk of selling on open account. As a result of this counseling, Gala has successfully completed a $100,000 sale to Brazil (and gotten paid) using an open account and has become competitve for the first time in Brazil.

- The Commerce Department is now providing greater assistance to West Virginia with the opening of the Wheeling District Export Assistance in July of 1995.

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MANUFACTURING AND TECHNOLOGY IN THE MIDWEST

Background

Durable goods manufacturing is the heart of the Midwest economy:

--20.2% of the workforce is in manufacturing, the highest of any region;
--44% of the nation's output of cars, 28% of trucks, and 33% of steel comes from the Midwest.

The Midwest is no longer the Rustbelt. Restructuring and investment -- helped by favorable exchange rates and booming domestic demand -- are transforming traditional manufacturing:

--Capital expenditures grew 5.7% per year from 1982-90 in the Midwest, compared to 3.4% elsewhere in the U.S.;
--The region is the fastest growing exporter of manufactured goods in the country: from 1987-1993, manufactured exports grew 177% in Ohio, 133% in Indiana, and 118% in Minnesota.

Flexible manufacturing (or "lean production") is gradually replacing mass production. Although new computer-based technology makes this possible, the real key is new organizational relationships, both inside and outside the firm:

--Leading manufacturers are decentralizing production to enhance their flexibility; they are outsourcing work that used to be done in-house and partnering with outside firms, to access new technical know-how and specialized skills;
--Much of the high-value added activity is carried out in close geographic range, because proximity promotes the intensive interaction and mutual trust that are needed.

Nevertheless, many Midwest firms are behind the curve:

--Few small firms have implemented modern manufacturing practices such as statistical process control and just-in-time inventories;
--Many larger firms continue to emphasize arm's length relations and short-term price bidding rather than the development of long-term, collaborative relationships with their suppliers.

Despite the traditional importance placed on R&D in this region (Michigan, Illinois and Ohio are among the top 10 states in R&D spending), many Midwest high-tech firms are finding it more difficult to afford the necessary investments in R&D, particularly long-term R&D:

--Because of increased international competition, shorter product cycles and more rapid diffusion of technology, these firms are reducing long-term R&D investments, focusing instead on shorter-term research and product commercialization.
--The most sophisticated firms are partnering with other high-tech firms, both to access complementary expertise and to leverage their R&D budgets.

Administration Actions and Accomplishments

President Clinton has made public-private partnerships to develop and deploy advanced technology -- particularly advanced manufacturing technology -- a centerpiece of his economic strategy. The Clinton Administration has:

--expanded the Manufacturing Extension Partnership from a pilot project (7 centers in 1993) to a dynamic national network of 42 centers (with the goal of reaching 100 centers by FY97). Eleven of the 42 MEP extension centers -- including many of the largest ones -- are located in the Midwest;

--launched the Partnership for a New Generation of Vehicles (PNGV or "Clean Car" initiative), in collaboration with the Big Three automakers, to develop a new generation of more energy-efficient vehicles;

--scaled up the Advanced Technology Program from $68 million a year to $341 million in FY95. More than a quarter of all ATP funding has gone to the Midwest, and 30% of ATP participants -- 210 firms and universities -- are located there.

--launched the Technology Reinvestment Project to develop dual-use technologies that meet commercial as well as military needs. Many of the Midwest extension programs were funded by the TRP, and Midwest universities received a large share of TRP funding to adapt their engineering curricula for 21st century manufacturing.

--increased investment by the Department of Defense in advanced manufacturing technologies, with the goal of enabling dual-use firms to produce the custom items the military needs in small volumes alongside high-volume commercial versions of the same product. A quarter of ARPA's $2.7 billion budget is devoted to advanced manufacturing, and the Services are investing in manufacturing technology as well.

Most of these federal programs provide matching funds on a competitive basis -- allowing firms to invest in higher-risk, longer-term R&D than they can afford on their own. No less important, the programs encourage (and in some cases require) the firms to partner with one another and with universities and government laboratories. These R&D alliances -- which are difficult to form without the carrot of federal money -- have lasting value.

Examples

The Midwest is the site of the Administration's most successful technology partnerships:

--Cleveland's Advanced Manufacturing Program, with funding from Commerce and DoD, is the country's leading extension program. CAMP extension agents -- most are engineers with years industry experience -- provide firms with assistance ranging from one-time advice on the purchase of advanced machinery to ongoing help with the adoption of stringent quality standards necessary to sell to the European Union. At its headquarters at Cuyahoga Community College, CAMP operates a demonstration facility where firms can test equipment and software or get help with a production problem. CAMP also runs a teaching factory at Cleveland State University where engineering students design and build production equipment for industrial clients.

--The Edison Welding Institute (EWI), located in Columbus, Ohio, is the largest center for developing and deploying materials-joining technology in the Western Hemisphere. Several hundred firms -- from the automotive, aerospace, primary metals, utilities, heavy equipment, electronic, and welding equipment industries -- are EWI members. EWI is a Navy Center of Excellence. EWI also received a TRP award to leverage existing extension programs to reach out to 150,000 firms nationally with systematic assistance and training in materials joining.

[CAMP and EWI are 2 of Ohio's 7 Edison Technology Centers. Launched by Gov. Celeste, the centers have strong support from industry and the current governor. They served as a model for Administration initiatives in Commerce and DoD.]

--The TRP's Precision Laser Machining (PLM) Project represents a dual-use triple play. First, the PLM consortium brings together defense and commercial firms to put the speed and precision of military laser technology to work in machine shops and manufacturing plans across the U.S. (Midwest-based participants include Caterpillar, Chrysler, Cummins Engine, Ford, G.E. Aircraft Systems, GM and TRW.) For example, PLM techniques will provide a much-improved method of welding aluminum and weight-saving composites -- a high priority to the auto industry. Second, PLM lasers will improve American competitiveness in the laser machine tool business itself. Third, the commercialization of PLM technology will reduce the cost to DoD of laser diodes for battlefield applications such as precision-guided munitions.

Budget Status of Administration Manufacturing/Technology Programs

Under the guise of balancing the budget, congressional Republicans have proposed to slash federal R&D spending by a third in real terms over the next seven years and eliminate or severely cut critical partnership programs that are working to ensure America's technological future. Republicans' ideological attack on applied technology programs will disproportionately hurt manufacturing-based industries such as those in the Midwest.

Summary of R&D Appropriations (in millions)

Program	FY95	Request	Senate	House	Conference
MEP	$ 74	$147	$ 81	$ 76	tbd
ATP	$341	$491	$ 0	$ 25	tbd
TRP	$443	$500	$238	$ 0	$195
PNGV*	$173	$258	$178	$123	tbd

*Partnership for a New Generation of Vehicles; DOE and NASA only.

7

DISPARITIES IN MIDWESTERN WORKER INCOME AND OUTLOOK BASED ON SKILLS

Background:

Income, Poverty, and Inequality:

- Between 1989 and 1993 median household income in the Midwest fell from $34,262 to $32,204 and poverty rates grew from 11.9% to 13.4%.[1] Median income levels and trends in the Midwest were similar to those of the nation, yet poverty rates were significantly lower.

- By 1994, the trend had reversed and the decline in median income ended. Poverty rates fell 0.4 points in the Midwest and 0.6 points for the nation.

- The distribution of income in 1994 was slightly less unequal in the Midwest relative to the nation. The richest fifth of households in the Midwest held 47.0% of all income, while the poorest fifth held 3.9%. For the nation, the comparable income shares were 49.0% and 3.6%.

- The top 5% of households in the Midwest had an average income 7.4 times that of the bottom 20%; for the nation, this ratio was 8.2.

Educational Attainment and College Enrollment:

- One factor contributing to rising inequality has been the sharp increase in the relative earnings of college graduates. In 1979, the median full-time worker with at least a bachelar's degree earned 36 percent more per week than a worker with only a high school degree. By 1994, that difference had grown to 74 percent.

- States in the Midwest (from here on, as defined by the memo) tended to have a larger share of high school graduates relative to the nation and a slightly smaller share of college graduates. In 1990 (the most recent data of this sort available) 34.2% of persons 25 and older in the Midwest were high-school graduates, while the national share was 30.0%. For college graduates, the share in the Midwest was 11.8%, as opposed to 13.1% for the nation.

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[1] These figures come from Census Bureau analysis. The definition of the Midwest differs from that of the conference in that it covers more states than those mentioned in the memo and it excludes West Virginia. The Census definition of the Midwest includes Kansas, Nebraska, and the Dakotas.

- College enrollment among 18 to 24 year-olds was generally higher in the Midwest in 1990, relative to the nation as a whole. While the national average was 34.4%, the average share for the Midwest was 36.1%.

Administration Positions and Proposals:

- To address the problems of income inequality and poverty, the administration has raised the EITC, supported a higher minimum wage, proposed a wide variety of skill enhancement programs (discussed in other issue briefs).

- The administration has proposed raising the minimum wage to $5.15 before this vital wage floor hits its lowest real level in 40 years. This change would affect 2.5 million hourly paid workers in the Midwest.

Administration Actions and Accomplishments:

- By raising the value of the Earned Income Tax Credit--a refundable tax credit that rewards work--the administration has raised the incomes of low-income working families.

Current Budget Status of Programs:

- The administration has proposed raising the minimum wage from its current level of $4.25 to $5.15.

- Policies that threaten to lower the value of the Earned Income Tax Credit have been proposed by both the Senate and House majorities. Under the Senate budget proposal to lower the EITC, 2.5 million Midwestern families would be adversely affected.

8

AGRICULTURE IN THE MIDWEST

Background:

Agriculture is an important industry in the Midwest, with about 16 percent of the region's workforce employed on the farm or in farm-related industries. One-third of the nation's farms are located in the region. About 25 percent of the region's population is rural. The region's farms produce over two-thirds of the nation's hogs, corn, and soybeans; one-third of total production of dairy products and turkeys; and about one-fifth of the eggs.

1995 Midwest Crop Prospects:

Corn and soybean production down sharply from 1994 levels. A wet spring, combined with a dry and hot August and early frosts, contributed to sharply reduced corn and soybean yields in 1995.

Prices for most crops will be sharply higher. Higher world demand and smaller U.S. crops means that prices for many crops are significantly higher that last year.

Farmers will have to repay advance deficiency payments. High prices will mean that deficiency payments for corn, wheat, sorghum, oats, and cotton producers are likely to be zero. Producers will be required to repay all of advance deficiency payments they received for the 1995 crop. To ease the farmers' financial burden, the Administration announced repayment options.

Rail car and barge shortage. Because of a shortage of railcars and barges, some areas in the Midwest have not fully benefited from the increase in market prices.

1995 Farm Bill:

Administration Guidance. On May 10, the Administration released its guidance points for the 1995 Farm Bill in its Blue Book. Among its proposals, the Administration has proposed: increasing planting flexibility for commodity program participants; targeting program payments to producers who earn less than $100,000 off the farm; and providing incentives to producers to follow whole farm conservation plans. The Administration proposed to reduce farm program spending by $4.2 billion over seven years to help balance the federal budget. While budgetary pressures will have a significant impact on the shape of the 1995 Farm Bill, the Administration believes that the farm bill should provide a safety net for farmers; increase competitiveness of U.S. agriculture in world markets; and extend and make more workable conservation and environmental programs.

Congressional proposals. In contrast, Congress proposes to reduce spending on farm commo-dity programs over the next seven years by $13.4 billion, more than triple the reduction proposed by the Administration. The cut proposed by Congress amounts to a reduction in program spending of nearly 25 percent compared to spending projections by the Congressional

Budget Office. Congress has not proposed to cut any other major segment of the federal budget by this amount. The burden of these cuts would fall on this nation's farmers and rural areas, which have disproportionately borne the burden of deficit reduction over the decade.

Agricultural Trade and Administration Trade Initiatives:

Agricultural exports for FY96 are forecast at $54.5 billion, $1.5 billion higher than FY95 and $11 billion higher than FY94 levels. Administration efforts to achieve passage of NAFTA and completion and passage of the Uruguay Round agreement will directly benefit U.S. agricul-tural producers, particularly grain and livestock and poultry producers.

1995 Crop Insurance Issues:

Prevented Plantings. In response to wet conditions in the western Corn Belt in the spring of 1995, the Administration allowed producers to collect prevented planting payments and either plant a substitute crop or place their affected land in the 0/92 program.

Dual Delivery. Catastrophic (CAT) level policies are sold through either USDA offices or private reinsured companies. "Buy-up" policies are sold only through the private companies. Various companies have indicated that they would like to see USDA eliminate dual delivery on CAT policies in areas where producers have easy access to purchase through the private sector. The House Freedom to Farm bill would eliminate CAT delivery through USDA offices.

Mandatory Participation. Congressional proposals would no longer make participation in the federal crop insurance program mandatory for participants in commodity programs. Requiring crop insurance as a condition to receive farm program benefits was part of last year's major reform of the crop insurance program. Crop insurance is intended to replace *ad hoc* Congressional disaster assistance legislation. Dropping the requirement to purchase crop insurance would leave many producers without either crop insurance coverage or disaster assistance in times of severe production shortfalls, such as droughts or floods, and probably would lead to costly emergency disaster legislation.

Conservation Reserve Program:

Since 1985, over 36 million acres of environmentally sensitive cropland have been retired from crop production through enrollment in the Conservation Reserve Program (CRP). The Administration proposed to build upon the successes over the past decade of the CRP and other conservation programs through reauthorization and improved targeting of environmentally - sensitive crop land. Congress proposes to reduce funding for the CRP by as much as $4 billion over the next seven years.

Ethanol:

Since the Clinton Administration began in 1993, the ethanol industry has grown by 50 percent. 1995 production is expected to be about 1.4 billion gallons with 1996 production growing to 1.5 billion gallons (600 million bushels of corn) as new capacity comes on line. The Administration opposes any attempts in Congress to limit ethanol production or reduce the current tax incentives for ethanol.

Dairy Issues:

Elimination of dairy support purchase prices for nonfat dry milk and butter, while retaining the Dairy Export Incentive Program, has been a common feature of Senate, House, and dairy industry proposals. Differences emerge over elimination of support for cheese and whether and how dairy farmers should be compensated for lower prices. Dairy farmer leadership is generally supportive, but grassroots opposition exists. The Administration's proposals did not include such deregulation, but they have indicated that they are not necessarily opposed.

Elimination or major overhaul of federal milk market orders is a bitter regional issue. Minnesota and Wisconsin farmers want the system changed to provide an unconditional revenue transfer to the upper Midwest. Barring this, they favor complete elimination. The Northeast and South are strongly opposed to either Minnesota-Wisconsin proposal, with other areas generally opposed to some degree. The Administration and the Senate generally support order reform through administrative procedures. The House proposal currently includes legislated elimination, as Congressman Steve Gunderson failed to bring the Agriculture Committee around to the Minnesota-Wisconsin overhaul proposal.

Hog Issues:

Hog Concentration. Less than 10 percent of the operations and between one-fourth and one-third of the hogs in Illinois, Iowa, and Missouri have an inventory greater than 2,000 head. In contrast, nearly 20 percent of North Carolina producers and 86 percent of the hogs are in the over-2,000-head category. USDA is expected to complete a study by the end of the year on the impacts of concentration and consolidation on the livestock industry.

Hog Waste. Increasing concentration and consolidation of hogs being produced in the Midwest is resulting in increased waste management and odor related problems. The potential environmental problems associated with concentrated hog operations have been receiving considerable public attention with the failure of waste storage lagoons in the Midwest, as well as in North Carolina. The Administration provides assistance to abate water pollution resulting from animal agriculture through four USDA cost-sharing programs, which provided about $89 million during 1992-1994.

Wetlands Issues:

Wetlands Reserve Program. The Wetlands Reserve Program (WRP) restores and places under protective easement farmed wetlands, wetlands farmed under natural conditions, prior-converted wetlands, and other eligible lands enrolled voluntarily by landowners in exchange for financial payments. An Emergency Wetlands Reserve Program (EWRP) restores and protects wetlands damaged by the Midwestern floods of 1993. As of 1994, WRP and EWRP had enrolled about 150,000 acres nationwide (62,000 of them in the Midwest), at a total cost of $100 million. An additional 175,000 acres are to be enrolled in 1995.

Administration 1995 Farm Bill guidance. Farmed wetlands and wetlands farmed under natural conditions are subject to the Swampbuster provision of the 1985 Farm Bill. The Administra-tion's Farm Bill Guidelines (May 1995) voiced concerns about inflexibility in the statute authorizing Swampbuster and about inconsistencies between Swampbuster and Section 404 of the Clean Water Act. The Administration advocates amendments to ensure the program focuses on significant wetland functions and values and to provide greater flexibility in working with farmers, particularly with regard to mitigation provisions.

Rural Development Issues:

Medicare/Medicaid. The Medicare and Medicaid programs are important to rural people and the rural health care system. Nearly 26 percent of nonmetro residents were covered by one or both programs in 1992, in comparison to 22 percent of metro residents. Medicare and Medicaid payments to physicians and Medicare payments to community hospitals also represent a larger share of physician and hospital revenue in nonmetro than metro areas.

Reconciliation proposals to reform the Medicare and Medicaid programs will have a direct impact on nonmetro residents. The impact of Medicare reform will depend in part on how much more of the cost of Medicare benefits is shifted to beneficiaries, and whether reductions in Medicare payments to health care providers reduce access to health care. In contrast, the impact of Medicaid reform will depend largely on whether states are granted more control over the Medicaid program, and whether states use new powers to alter Medicaid eligibility criteria, medical benefits, or reimbursement rates.

9

BEING COMPETITIVE IN THE SERVICE SECTOR (FINANCIAL SERVICES)

Background:

- Eight of the 12 states with the fastest growth in per capita income between 1993 and 1994 were in the Mid-West: Iowa, Michigan, Minnesota, West Virginia, Ohio, Wisconsin, Indiana, and Missouri.

- Sustained U.S. economic strength since 1993 has helped make the nation's service industries increasingly competitive. Employment in non-government services increased by almost 9 percent from January 1993 to September 1995 (compared with about 7 percent for the economy at large). The U.S. trade surplus in service was about $60 billion in 1994 and is running about 10 percent higher than that in 1995.

- Compared with manufacturing and other industries, service industries, especially communication and financial services, put much larger shares of their overall investment into information technology (i.e., computer and communications equipment). Recent research suggests that these investments are beginning to generate large productivity increases.

- Earnings among U.S. banks and thrift institutions have been growing rapidly for the past several years. Between 1992 and 1994, earnings grew at a 4 percent annual rate.

Administration Positions and Proposals:

- The Administration has made major improvements on financial services regulation, significantly reducing regulatory burdens, time spent on examinations and fees.

- The Administration would increase competition in financial services by allowing FDIC-insured depository institutions to affiliate with securities firms, insurance companies, and other financial companies. To encourage the flow of foreign capital and resources to U.S. markets, the Administration is promoting adoption of national treatment of foreign financial institutions at home and abroad.

- The Administration opposes any effort to weaken the Community Reinvestment Act, an action that would decrease competition in and service to underserved areas.

Accomplishments:

- Last year the Congress passed Administration-supported a initiated legislation that authorized interstate banking and branching, funded completion of the thrift industry clean-up, established the community development financial institutions program, and reduced needless regulatory burdens.

10

BEING COMPETITIVE -- TELECOMMUNICATIONS POLICIES AND GRANTS

Background:

The Congress is currently debating two telecommunication bills that will substantially change the way consumers receive local telephone service. Senate Bill 652 and House Bill 1555 require, among other things, local telephone company provide full and equal interconnection with all competing carriers. The goal of this requirement is to alow the forces of competition to transform the local telephone model just as it has transformed the long distance model.

Administration Positions:

The Administration has taken an active role in the formation of forward looking pro-competitive telecommunication policies. The President has announced his intention to veto any bill, however, that does not adequately provide for real competition and protect basic telephone service for American consumers during the transition to a competitive marketplace. The Administration has insisted that any bill include strong safeguards against unregulated monopoly; provide for demonstrable indicia of actual competition and protect the universal availability of telephone service and advanced telecommunication services to all Americans. It is in favor of: choice for customers, opening markets to new providers of telephone service and increasing opportunities for high technology jobs. It wants to insure, however, that the promises of telecommunication reform are kept and will continue to work with Congress on drafting a bill that will accomplish this goal.

Administration Action and Accomplishments:

Americans need to be technologically literate to compete in the global marketplace following this theme of enhancing the competitiveness and economic opportunity for all Americans. The Administration has given many matching grants to help with the development of the national information infrastructure. Listed below are the Telecommunications and Information Infrastructure Assistance Program (TIIAP) grants to the midwestern states from the last two years.

Illinois
1994
1. University of Illinois, Chicago - $226,685
- inner-city neighborhoods, linking community organizations
2. Center for Neighborhood Technology, Chicago - $415,497
- Home Mortgage Disclosure Act, documentation of redlining

1995
3. Governor's State University, University Park - $388,424
- cable-based distance learning, family and local concerns
4. West Central Illinois Educational Telecom. Corp., Springfield - $224,984
- video-based higher education, business teleconferencing

Iowa
1994
1. Iowa Civil Right Commission, Des Moines - $22,328
- planning, state and local agencies for civil and human rights.
2. Iowa State University, Ames - $36,250
- rural access, K-12 schools, libraries, last mile delivery
1995
3. Youth and Shelter Services, Ames - $189,856
- counseling for rural youth using video teleconferencing
4. Luther College, Decorah - $120,600
- rural social service delivery, higher education
5. Harlan Municipal Utilities, Harlan - $199,936
- collaboration between electric utility, public library, hospital and local government.

Michigan
1994
1. Great Lakes Commission, Ann Arbor - $336,930
- environmental data, public access, emissions information on the Internet.
2. Michigan Association of Local Public Health, Lansing - $113,438
- statewide public health system
3. University of Michigan, Ann Arbor - $225,085
- remote physician collaboration using Internet, community health information network.
1995
4. Greater Kalamazoo Tele-City, Kalamazoo - $650,000
- urban community network to improve delivery of local services
5. Delta-Schoolcraft Intermediate School District, Escabana - $224,438
- rural and Native American access to distance learning

Minnesota
1994
1. University of Minnesota, Minneapolis - $425,000
- Internet access for community centers in 60 counties, ten K-12 pilot schools
1995
2. Independent School District 318, Grand Rapids - $190,000
- rural access to social services, freenet model, town meeting concept

Missouri
1994
1. City of St. Peters, St. Peters - $97,862
- access to city information, interactive community bulletin board
2. Grace Hill Neighborhood Services, St. Louis - $600,000
- service integration for the very poor, coordination of agencies
3. Kansas City Area Development Council, Kansas City - $250,000
- comprehensive city system, strong private partners

4. Saint Louis University, St. Louis - $136,966
- tracking of immunization rates in poor communities.
5. St. Joseph's School District, St. Joseph - $262,250
- cable based K-12 network

1995
6. Community Resource Network, Kansas City - $385,479
- inner-city African-American community, housing rehabilitation
7. Ozarks Regional Information Online Network, Springfield - $129,547
- rural access to local information
8. KCPT Public Television, Kansas City - $159,387
- regional program to bring K-12 schools and libraries online.

Ohio
1994
1. National Public Telecomputing Network, Moreland Hills - $447,955
- public freenets in 30 rural communities
2. University of Cincinnati, Cincinnati - $375,000
- Internet access to health information, physician referrals
1995
3. Appalachian Center for Economic Networks, Athens - $89,676
- welfare to work transition, job placement, freenet model
4. National Emergency Number Association, Coshocton - $65,950
- automation of 911 calls, wireless system
5. Franklin County Department of Human Services, Columbus - $289,301
- county employment opportunities, economic development in the inner-city.

West Virginia
1994
1. West Virginia University Research Corporation, Morgantown - $75,049
- reform of education, professional development for teachers
1995
2. West Virginia Community Action Directors Association, Parkersburg - $5000
- community action agencies in extremely rural area, poverty alleviation.
3. West Virginia Library Commission, Charleston - $225,000
- statewide library project stressing connectivity in very rural areas.

Wisconsin
1994
1. State of Wisconsin, Madison - $331,990
- statewide planning for last-mile connectivity
1995
2. Milwaukee County, Milwaukee - $41,440
- video and multimedia project on public safety and city government.

3. State of Wisconsin, Madison - $224,174
- statewide effort connecting teachers and libraries in multiple cities and rural areas.

Current Budget Status of Programs:

Congress has proposed to cut substantially the National Telecommunications and Information Administration (NTIA) and its TIIAP grant program. Without the grants, the midwestern states would not have begun the projects listed above. TIIAP provides seed money for innovative, practical technology projects throughout the United States. The continuation of this important program will enable us to realize the promise of new communications and information technologies and help revitalize communities.

11

COMMUNITY LENDING AND REDEVELOPMENT

Background:

- The Community Development Financial Institutions (CDFI) Fund was created as part of the Community Development and Regulatory Improvement Act of 1994. The Fund operates as part of the Department of the Treasury.

- The Fund will publish regulations and a Notice of Funds Availability announcing its first funding rounds on October 19, 1995. Applications for assistance will be due in mid-December.

- The CDFI Program will provide financial and technical assistance to lending and investment institutions that specialize in serving low- and moderate-income permanent locally-controlled institutions that are viable and self sustaining.

- The Bank Enterprise Award (BEA) Program will provide grants to traditional banks and thrifts that invest in CDFIs or increase their provision of loans and other services to distressed communities. The BEA Program is intended to complement and support the community reinvestment efforts of lenders.

- The Treasury Department estimates that every $1 in Fund resources will generate $10 in new development activity. Thus, the $50 million available from FY 1995 appropriations will catalyze $500 million in new activity.

- The Fund's investments will develop private markets in distressed communities. Healthy local economies create new jobs, promote entrepreneurship and small businesses, restore neighborhoods, and generate tax revenues. The Fund will target poor, working class, and middle-income neighborhoods threatened by decline. The Fund will also benefit many under served people, such as minorities and women, that traditionally lack access to capital.

- Approximately 60 CDFIs are in operation in Midwestern states (Illinois (15), Indiana (2), Iowa (3), Michigan (10), Minnesota (6), Missouri (2), Ohio (17), and Wisconsin (5)). South Shore Bank of Chicago, the most famous CDFI in the nation, is a $250 million state-chartered bank that is part of a bank holding company. South Shore is largely credited, through its lending, investment and other redevelopment activities, for reversing the decline of the South Shore neighborhood.

Administration Positions and Proposals:

- The Administration's FY 1996 budget proposes providing $144 million for the Fund's activities. However, both the House and Senate declined to provide any funding for the Fund in FY 1996. It is anticipated that the Conference on the FY 1996 VA, HUD and Independent Agencies Appropriations bill (H.R. 2099) will take place soon.

- The Administration's most recent Statement of Administration Policy on H.R. 2099 cites lack of funding for the CDFI Fund as one of the reasons the Administration may veto the bill.

Administration Actions and Accomplishments:

- The Community Development Financial Institutions Fund was created as part of President Clinton's proposal to create a national network of financial institutions dedicated to community development. During the 103rd Congress, the Administration was successful in securing passage of the Fund's authorizing statute and obtaining $125 million in appropriations for FY 1995. Unfortunately, $75 million of these funds were later rescinded by Congress.

BENEFITS OF THE COMMUNITY REINVESTMENT ACT

- The purpose of the Community Reinvestment Act (CRA) is simple -- to extend credit to those who traditionally lack acces to financial resources.

- Largely because of CRA, more lenders are making more good loans in all types of communities. These are sound, profitable loans to creditworthy homebuyers of low and moderate incomes, and to small and minority-owned businesses.

  -- There are many examples of CRA success stories. For example:

  First National Bank of Chicago entered into agreements in 1984 and 1989 with community groups to expand its development activity. On a portfolio of $250 million only two loans were delinquent. None went into default.

  Indiana National Bank found that when it targeted the affordable housing market it could do so safely (with no delinquencies in its first $2 million of credit) and could either portfolio the mortgages or sell them in the secondary market.

- CRA is unique. It requires no public subsidy, no private subsidy, and no large Washington bureaucracy. CRA brings banks and communities together to make local economic development happen.

- The new CRA regulations will be more effective while being less burdensome. They emphasize performance over paperwork, clarity over confusion, and flexibility over rigidity. The regulatory burden on institutions is reduced -- while the opportunity for communities, and community-based organizations, to make their views known is strengthened. It only makes sense to give these carefully balanced reforms adopted by the agencies a chance to work.

12

FINANCIAL SUPPORT FOR HIGHER EDUCATION

Background:

- The Federal student assistance programs authorized by Title IV of the Higher Education Act of 1965 were created to equalize access to postsecondary education. In the succeeding thirty years, the Higher Education Act has been modified numerous times. But the Federal government's commitment to providing its citizens access to higher education regardless of their means endures. Indeed, Federal funding now accounts for 70 percent of the total amount of financial aid awarded to college, university and trade school students providing more than $34 billion to approximately 7.2 million students and parents.

- Federal funds support seven principal Title IV student financial aid programs. These programs are: Pell Grants; Supplemental Educational Opportunity Grants; Work-Study; Perkins Loans; State Student Incentive Grants; Federal Family Education Loans; and Direct Student Loans.

- Most of this aid is awarded to students on the basis of financial need, which is defined as the difference between the student's cost of attendance and the amount the student and his or her family can be reasonably expected to contribute toward that cost. However, "unsubsidized" loans are available to most parents and some students without regard to financial need. These loans of convenience rather than necessity provide a ready source of liquidity for cash-strapped but otherwise financially comfortable parents and students.

Administration Positions and Proposals:

- The William D. Ford Direct Loan program, created by Student Loan Reform Act of 1993, provides a streamlined lending system that simplifies the processes of obtaining and repaying loans for student and parent borrowers, provides borrowers with greater repayment flexibility, and reduces taxpayer costs. Under this new program, loan capital is provided directly by the Federal Government to postsecondary institutions to originate loans rather than through reinsurance and subsidization of private lenders. Under the Student Loan Reform Act, Direct Loans will account for at least 50 percent of overall new loan volume for academic years 1996-1997 and 1997-1998 and at least 60 percent for 1998-1999.

- In the President's fiscal year 1996 budget, the Administration proposed to fully replace the FFEL program with Ford direct loans for all new loans in the 1997-1998 academic year. This expedited phase-in plan would reduce Federal expenditures and build on the Department's highly successful Direct Loan implementation activities to enable all student and parent borrowers to take advantage of Direct Loans' simplicity and flexibility without unnecessary delay. Taken together, this accelerated phase-in and the reforms mandated by the Student Loan Reform Act will save over an estimated $12 billion in Federal outlays by the year 2000.

- The Administration proposed to raise the maximum Pell Grant award in 1996 by $280 from its 1995 enacted level of $2,340 to $2,620, an increase of 12 percent. The Administration further assumed that the maximum Pell Grant would increase to $2,700 in 1997. The 1996 budget also provided funding for Federal Supplemental Educational Opportunity Grants, Federal Work-Study, and Perkins Loan Federal Capital Contributions -- the campus-based programs -- at their 1995 levels.

- The President's Middle Class Bill of Rights proposed a $10,000 tax deduction for tuition expenses and expand the use of individual retirement accounts (IRAs) for education.

Administration Actions and Accomplishments:

- The Direct Loan program began making loans at 104 schools on July 1, 1994. As July 1, 1995, approximately 1,337 schools representing a cross-section of postsecondary institutions began participating in the program -- including 317 schools in the Mid-West. The number of schools per state is as follows:

Illinois	71
Indiana	25
Ohio	47
West Virginia	18
Missouri	28
Wisconsin	20
Michigan	47
Minnesota	23
Iowa	38

- In fiscal year 1994, the Direct Loan program provided $910 million in loans to 161,000 borrowers. In fiscal year 1995, the Direct Loan program provided $6.3 billion in loans to 1.35 million borrowers.

- The Direct Loan program offers borrowers the opportunity to choose from a variety of repayment options, including graduated, extended, and income-contingent repayment plans which help reduce the risk of default and afford borrowers more flexibility in considering career options and managing their financial responsibilities. These repayment options are available to students who borrow for the first time under the Direct Loan program or who consolidate existing loans under the Federal Family Education Loan program into the Direct Loan program.

Current Budget Status of Programs:

- The preliminary House budget reconciliation proposal would eliminate the Direct Loan program and the Senate has proposed to restrict the Direct Loan program to 20 percent of new loan volume. To achieve approximately $10.5 billion in savings, both the House and Senate have proposed to eliminate the interest-free grace period for borrowers, increase the interest cost for parent loans, reduce administrative funds for FFEL and Direct Loans, and cut subsidies for lenders, loan holders, and guaranty agencies. Under the Senate budget reconciliation proposal, schools would be charged a fee for receiving Federal loans based on loan volume.

- On September 15, the Senate Appropriations Committee completed its work on the Department's fiscal year 1996 appropriations bill. The Senate Committee bill accepted the House-proposed increase in the Pell Grant maximum award from $2,340 to $2,440.

13

WORKER TRAINING AND EDUCATION BY BUSINESSES

Background:

- Over 70 percent of all employers in the U.S. provide some type of formal training to their employees. Smaller employers are less likely to provide training than larger employers.

- While most employers provide some type of formal training for employees, managerial and technical employees are more likely than production or front-line workers to receive employer provided training.

- The type of training program offered by firms varies by employer. Nearly half of all businesses provided some type of formal job skills training in 1993. However, less than 3 percent of employers offered formal training in basic reading, writing, arithmetic and English language skills.

- The School-to-Work Opportunities Act (STWOA) was enacted in May 1994, with bipartisan support in Congress. The Act provides short-term "seed capital" (STWOA sunsets in 2001) for the design and building of state and local systems to better prepare all students for college and careers. School-to-Work builds on and enhances promising educational strategies such as Tech-Prep, Career Academies, and Youth Apprenticeship and includes business participation "up-front."

- School-to-work systems include business, labor, community, and educational partnerships that restructure education (integrating hands-on learning with rigorous academic study, connecting school with on-the-job training, forging new links between high-school and post-secondary education, and exposing students to a host of career possibilities).

- The One-Stop Career Center programs provides short-term seed money to States to plan and implement systems that will establish one-stop access for American workers and employers about jobs, their skill requirements, available training, and the quality of training institutions in the local and State labor markets.

Administration Positions and Proposals:

- The President's Middle Class Bill of Rights includes the GI Bill for America's Workers -- a proposed consolidation and reform of some 70 federal education and training programs to improve the education and training options of America's workers and students (see brief on Community Colleges). Although the GI Bill proposed to increase current education and training resources by $1 billion over current resource levels, the House and Senate actions on appropriations suggest that 1996 funding for such activities is likely to be $1 billions less. Funding for School-To-Work in FY 96 is likely to be 40 percent lower and funding for One-Stop grants is likely to be 50% lower than requested by the Administration.

- The Administration supports the continuation of the School-to-Work venture capital grants in the workforce development legislation being considered by Congress so that States and localities can proceed with the building of their school-to-work systems.

Administration Actions and Accomplishments:

- The Lifelong Learning Demonstration, funded by the Department of Labor, is developing and testing alternative public information approaches for encouraging incumbent workers to invest in further education and training. The demonstration also highlights the availability of student financial assistance, in particular, federal direct loans with flexible repayment options.

- In 1994, planning grants were awarded to all states to help them begin to design school-to-work systems. Further funding has been rolled out in waves as states and local communities become ready to implement their plans. In 1994, eight states -- including Michigan and Wisconsin -- received grants to implement their systems. 36 local communities , including 21 characterized by high levels of unemployment and poverty, also received direct grants (among them Chicago, IL; Marshalltown, IA; Saginaw and Detroit, MI; Cloquet and Minneapolis, MN; Cincinnati, OH; Appleton and Ashland, WI and Omaha, Nebraska).

- In September 1995, a second wave of implementation grants were awarded an additional to 19 states, including Indiana, Iowa, Ohio, and West Virginia. Michigan and Wisconsin will receive continuation funding.

- The Administration organized the National Employer Leadership Council to provide visibility and to encourage employer participation in school-to-work. The Council consists of CEOs from leading American corporations and is chaired by Alex Trottman, CEO of Ford Motor Company.

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THE ROLE OF COMMUNITY COLLEGES IN LIFELONG LEARNING

Background:

- Community colleges are important providers of affordable education and training for both to the traditionally aged college student preparing to enter the workforce as well as older, non-traditional students who need to upgrade existing or acquire new job skills. The nation's 1,000 community colleges each fall enroll more than 5 million students with about one-fifth of these institutions and students in the Mid-West.

- Local business look to community colleges to provide the type of learning that will be most useful on the job. Community colleges offer long-term and broad skill development that goes beyond the one-shot effort that characterizes many traditional training programs.

- Four out of five community college students are employed while enrolled and about half work full-time (more than 35 hours per week).

- More than a quarter of community college students who are enrolled at least half-time in an eligible program receive some Federal student financial aid and nearly 90 percent of those get a Pell Grant.

- There are significant returns to education at both community colleges and four-year colleges. The median income of men with community college degrees is 26 percent higher and for women 33 percent higher than those with only high school diplomas respectively.

Administration Positions and Proposals:

- The Administration strongly supports community colleges, is committed to lifelong learning, and has proposed a number of measures to help make continuous learning possible for all Americans. A number of these proposals have become a reality. These include:

    - The William D. Ford Direct Loan program provides a streamlined lending system that simplifies the processes of obtaining and repaying loans for student and parent borrowers, provides borrowers with greater repayment flexibility, and reduces taxpayer costs.

    - The School-to-Work Opportunities program provides short-term "seed money" to overcome the barriers traditionally separating education and job training, academic and vocational learning, work-bound and college track students.

- The One-Stop Career Center program provides short-term "seed money" to States to plan and implement systems that will establish one-stop access for American workers and employers to information about jobs, their skill requirements, job search assistance, available training and related services, and the quality of training institutions in the local and State labor markets.

Others remain to be accomplished:

- The Administration proposed to raise the maximum Pell Grant award in 1996 by $280 from its 1995 enacted level of $2,340 to $2,620, an increase of 12 percent.

- The President's Middle Class Bill of Rights proposed a $10,000 tax deduction for tuition expenses and expand the use of individual retirement accounts (IRAs) for education.

Administration Actions and Accomplishments:

- The Direct Loan program began making loans at 104 schools on July 1, 1994. As July 1, 1995, approximately 1,337 schools representing a cross-section of postsecondary institutions began participating in the program -- including 317 schools (of which 25 were community colleges) in the Mid-West.

- In fiscal year 1994, the Direct Loan program provided $910 million in loans to 161,000 borrowers. In fiscal year 1995, the Direct Loan program provided $6.3 billion in loans to 1.35 million borrowers.

- The Direct Loan program offers borrowers the opportunity to choose from a variety of repayment options, including graduated, extended, and income-contingent repayment plans--which helps reduce the risk of default and affords borrowers more flexibility in considering career options and managing their financial responsibilities. These repayment options are available to students who borrow for the first time under the Direct Loan program or who consolidate existing loans under the Federal Family Education Loan program into the Direct Loan program.

- School-to-work funds are being rolled out in waves as states and local communities develop full-scale plans. In 1994, eight States were awarded the first round of five-year state grants. In September 1995, an additional 19 States won STW implementation grants. Including Indiana, Iowa, Ohio, Nebraska, and West Virgina. Michigan and Wisconsin will receive continuation.

- To facilitate the building of One-Stop Career Centers, the Administration provided implementation grants totaling $21.4 million in 1994 to six States (2 in the Midwest -- Iowa and Wisconsin) and another $4.9 million in planning grants to a total of 19 States. In 1995, implementation grants will be provided to another 6-8 States, including 3 in the Midwest -- Indiana, Minnesota, and Ohio.

- The President's Middle Class Bill of Rights also incorporated the GI Bill for America's Workers -- a proposed consolidation and reform of some 70 Federal education and training programs aimed at empowering individual workers through provision of Skill Grants, building in market-driven accountability by requiring that performance information on service providers be given to workers, and ensuring ready access to services by mandating One-Stop Career Centers. Recently, both chambers of Congress passed training reform legislation that incorporates key features of the President's GI Bill proposal. The Administration will work with conferees as they craft the final reform bill.

Current Budget Status of Programs:

- The preliminary House budget reconciliation proposal would eliminate the Direct Loan program and the Senate has proposed to restrict the Direct Loan program to 20 percent of new loan volume. To achieve approximately $10.5 billion in savings, both the House and Senate have proposed to eliminate the interest-free grace period for borrowers, increase the interest cost for parent loans, reduce administrative funds for Federal Family Education Loans and Direct Loans, and cut subsidies for lenders, loan holders, and guaranty agencies. Under the Senate budget reconciliation proposal, schools would be charged a fee for receiving Federal loans based on loan volume.

- On September 15, the Senate Appropriations Committee completed its work on the Department's fiscal year 1996 appropriations bill. The Senate Committee bill accepts the House-proposed increase in the Pell Grant maximum award from $2,340 to $2,440.

- Funding for School-to-Work grants in FY 1996 is likely to be at least 40 percent lower and funding for One-Stop grants is likely to be 50 percent lower than the Administration's request, which will significantly restrict the number of States that will be able to receive implementation grants in 1996.

15

EDUCATIONAL TECHNOLOGY

Background

- We are in the midst of an information and communications revolution that is changing the nature of how we work, how we learn, and how we live. As businesses lean more heavily on telecommunications and electronic technology, American workers must increasingly learn the ways of electronic communications just to carry out their day-to-day responsibilities. As new information technologies are rapidly transforming the way America operates, they are also transforming what our children need to learn. Technological literacy will be as much a part of the 21st century as knowing how to use a telephone is today.

- The problem is, in an information age society, where technological skills are crucial to economic success, we are using industrial age tools to educate our sons and daughters. Our schools are technologically impoverished in a technologically rich world, and this has serious economic consequences for our nation. It is estimated that lack of information literacy costs businesses billions of dollars annually in poor product quality, low productivity, and accidents.

- If we want to remain competitive in the next century, our children must be familiar with and proficient in the uses of new communications and information technologies. Additionally, it is increasingly clear that if our young people are to have any chance of competing for high-skill, high-wage jobs in the new economy, they will have to posses technological literacy.

Administration Position

The President and Vice President have made technological literacy a top priority for this Administration. On September 21, the President and Vice President met with a group of CEOs in California to discuss the issue of educational technology. At that event, the President laid out four goals for educational technology:

(1) that modern computers are a part of every classroom and accessible to every K-12 student;
(2) that these computers connect students to other students and to the Information Superhighway;
(3) that educational software is made to be as engaging as the best video game and as meaningful as an expert tutor, and;
(4) that teachers have the training and assistance they need to employ new educational technologies effectively

The President challenged the private sector, teachers' organizations, universities, communities, and local schools to work with the Administration over the coming months to help develop a nationwide public/private partnership to meet these four goals.

Administration Actions and Accomplishments

- **National Public-Private Partnership:** On October 10, the President and Vice President met with 14 leading information industry CEOs and the leaders of the two teachers associations (NEA and AFT) to discuss the issue of educational technology. After the meeting, the President and Vice President were joined by these leaders to announce the launch of a national public-private partnership to meet the four goals for educational technology and to ensure that every child in America is technologically literate by the Dawn of the 21st century. The President has also launched a "Technology Corps" comprised of volunteers to help train students and teachers in using various forms of technology, and announce the creation of a National Technology Honor Society.

- **Technology Learning Challenge:** On October 10, the President also announced the 19 Winners of the Technology Learning Challenge Grant program. The Technology Learning Challenge Grant program is an Administration Initiative that was announced by the Vice President in March of this year. The program awards grants to community-based consortia of K-12 schools, telecommunication companies, software developers, other businesses, and community organizations. These consortia will create interactive curriculum and computer-based learning programs for use in schools and homes, and deploy these educational technologies in their local schools and communities.

  The Department of Education is awarding $9.5 million in Challenge Grants to 19 communities in 16 states across the country. Those communities are: **Redwood City, California; San Diego, California; Dover, Delaware; Waukegan, Illinois; Anderson, Indiana; Indianapolis, Indiana; Natchitoches, Louisiana; Baltimore, Maryland; White Cloud, Michigan; Omaha, Nebraska; Manchester, New Hampshire; Laguna, New Mexico; Cuyahoga Falls, Ohio; Philadelphia, Pennsylvania; Towanda, Pennsylvania; Sturgis, South Dakota; El Paso, Texas; Price, Utah; Montpelier, Vermont.** The 19 school districts in these communities will work in partnership with 134 other school districts in 23 states. The total value of the matching commitments to the $10 million in federal funds will be **over $70 million in 1996**, and is expected to be **over $300 million over five years.**

  Over 380 partners will participate in the activities of these 19 Challenge Grant communities, including **120 private sector firms**, **34 universities and colleges**, **10 museums**, **5 libraries**, **9 state education agencies**, the education offices of **5 national parks**, an **Army and Navy base**, and **3 Governors** and **2 Mayor**'s offices.

Additional Administration Educational Technology Accomplishments:

- The Administration has a number of additional accomplishments in educational technology. The attached list outlines these accomplishments.

- Star Schools - President Clinton's Star School distance learning project serves under-served populations through partnerships that develop, construct, acquire, maintain and operate telecommunications audio and visual facilities and equipment, develop and acquire educational and instructional programming, and obtain technical assistance for the use of such facilities and instructional programming Since its inception in 1988, this program has served more than 10,000 schools in 50 states.1 More than 200,00 students and 30 teachers have participated in instruction and staff development that otherwise would have been unavailable to them.

- Title I Education for the Disadvantaged - This funding can be used to support technology in school to help students learn through challenging academic standards., President Clinton supports Title I and has increased its funding by $573 million over two years and has proposed a $302 million increase this year.

- Teacher Training - The President supports funding for teacher training in the use of technology in the classroom through a variety of programs, including the Eisenhower grant program. In FY96, the President requested $735 million for the Eisenhower Program, a $484 million increase over FY95.

Administration Accomplishments in Education and Technology

The Clinton Administration has made an unprecedented commitment to bringing technology into the classroom. As a central element of the President's lifelong learning agenda, the Administration believes that technology can help expand opportunities for American children to improve their skills, maximize their potential, and ready them for the 21st century workforce.

- **Connecting classrooms.** Connecting schools is so important that the President and Vice President have made a connecting every classroom, library, hospital and hospital clinic to the National Information Infrastructure by the year 2000 a national priority. The Clinton Administration is working actively with Congress, the states, local governments, private industry, public interest groups and the schools to achieve this goal.

- **Grants to schools through TIIAP.** In 1994, the Clinton Administration created the TIIAP (Telecommunications and Information Infrastructure Assistance Program) which makes grants to public institutions to speed up the flow of information through the application of advanced communications technology. Through federal support and investment, TIIAP has accelerated the pace of connecting public institutions and has stimulated private sector investment. This program has enabled the federal government to leverage $24.4 million in federal funds to provide a total of $64.4 million in cutting-edge demonstration projects for public institutions. The program is so successful that there are 200 times more applications than there are grants.

- **AskERIC Program.** In order to reach out to the teachers across the country, the Clinton Administration created the AskERIC service, which stands for the Educational Resources Information Clearing House Service. Educators are able to send questions through e-mail to askERIC, and receive a response within 48 hours. Educators can ask about lesson plans, educational techniques information on GOALS 2000 and so on. Every week 200 new questions come in, and the information that ERIC has made available on-line, such as sample lesson plans and answers to frequently asked questions is accessed more than 15,000 times a week.

- **Connecting Students to the Environment.** Vice President Gore initiated the Global Learning and Observations to Benefit the Environment (GLOBE) Program in 1994. GLOBE joins students, educators and scientists in an international science and environmental education network using state-of-the-art technology. GLOBE students make environmental observations at or near their schools and share their data through the Internet. More than 2,000 schools in the U.S. are participating in GLOBE in 1995.

- **Improving rural education and health care.** The Administration's commitment to ensuring the wide dissemination of information through the Rural Utilities Service Distance Learning and Medical Link (DLML) Grant Program, has improved education and health care for rural residents throughout the Nation. The program has already given hundreds of students attending rural schools in 28 states access to previously unavailable courses.

- **Teaching computational science skills.** The Clinton Administration has worked through the Department of Energy's Computational Science Education Project (CSEP) to develop educational materials, including experimental syllabus for teaching interdisciplinary computational science. This information is available on the Internet and is also disseminated through training workshops for educators.

- **Regional Technology Consortia Grant Program.** The Clinton Administration initiated the Regional Technology Consortia Grant Program authorizing $10 million in FY 95. Six consortia of technical assistance providers will be funded to help state, local educational agencies, teachers, administrators and others to integrate advanced technologies into K-12 grade classrooms, library media centers and other educational settings (including adult literacy centers). Consortia will establish and conduct regional activities that address professional development, technical assistance, and information resource dissemination to promote the effective use of technology in education.

- **AmeriCorps Aids Technology Use in Classrooms.** The Clinton Administration created AmeriCorps to enable young people to earn money for education by serving their communities through teaching disadvantaged youth, providing services to low income families, assisting in disaster cleanup efforts and making the streets safer. Already 20,000 Americans are serving in AmeriCorps. Currently AmeriCorps members are involved in several programs that promote the use of computer technology in schools. For example, the Fostering Reform Through Service and Technology project (Project FIRST), an AmeriCorps grantee, focuses on improving students performance through the use of technology.

- **Rural telecommunications infrastructure.** The Rural Utilities Service (RUS) administers grants and loan programs to assist rural and remote communities with the development of their communications infrastructure, including schools. Additionally, fifty-two K-12 school systems will be provided two-way interactive video services.

- **Goals 2000.** When President Clinton signed Goals 2000, he made educational technology a priority by requesting states to develop technology plans as part of their educational reform plans. So far, each of the 48 states participating in the program have developed a technology plan. These plans address the role of technology and standards, assessment, teacher preparation, professional development, parent involvement and system management.

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FAMILY COMMITMENT TO EDUCATION

Background

- Thirty years of research shows that when families get involved, their children
  - get better grades and test scores;
  - graduate from high school at higher rates;
  - are more likely to go on to higher education; and
  - are better behaved and have more positive attitudes.

- Family involvement in learning and in schools works for children at all grade levels and for all parents regardless of family income or education. Yet, in surveys of parents, teachers and students, generally 40-50% feel there is insufficient parent involvement in children's schooling, particularly at the middle and high school levels.

Administration Positions and Proposals

Both the Administration's legislative and budget initiatives and executive and leadership actions have promoted and supported greater parent involvement in education.

- The Administration's legislative initiatives strengthen parent involvement in education -- from parent-school compacts for learning in Title I to start-up funding for teams of parents and teachers to upgrade the quality of their schools through the Goals 2000: Educate America Act; and to greater parent and community involvement in the Safe and Drug-Free Schools Program. All these initiatives are being slated by the new Congress for significant appropriation reductions while the President is proposing increases.

- With a partnership of parent, education, business, religious and community organizations, the Secretary of Education is proposing several major initiatives.

  - Nationwide sign-on of Family-Friendly Employers for Learning with kickoff on November 13 or 14, and downlink throughout America (POTUS is invited).

  - Involvement of religious leaders in supporting learning with a sign-on in 8-10 regions in late January.

Administrative Actions and Accomplishments

Budget/Legislation

All the Midwestern states are participating in Goals 2000, Title I new improvement strategies (e.g., schoolwide projects), and Safe and Drug-Free Schools. Examples:

- Goals 2000 helps Park Ridge, Illinois parents, community members and educators implement a restructuring plan for its six schools; assists small isolated communities in Traverse Bay, Michigan area to engage members of the local communities in raising standards to prepare students to live and work in the international economy; and expands Ohio's Venture Schools and Pacesetter Schools to build local partnerships with parents and business to improve education of students.

Executive Leadership and Actions

The Secretary of Education's Family Involvement Partnership:

- launched successfully the 1995 *America Goes Back To School* campaign involving hundreds of special activities and events including the President, Vice-President, most of the cabinet, and entertainment and business leaders, all stressing the importance of schools being places for families and communities, and even included the Armed Services (e.g., the Marine Corps involved its 191 Marine Corps Reserve Sites and sent them copies of back-to-school *Partners' Activity Guide).*

- twelve national organizations sponsored a 1995 summer reading initiative (when children often fall behind) that included 100,000+ volunteers tutoring 400,000+ children. (Next summer's goal is 1 million children.)

- toll-free information (i.e., through 1-800-USA-LEARN) gives parents and families free access to materials to help parents improve their schools and learn about financial aid for college. Over 2 million calls received during the past year (e.g., Preparing Your Child for College, School: A Place for Families and the Community, The Student Guide for Financial Aid, Be Family-Friendly: It's Good Business.

Current Budget Items

Listed below are the differences between the President's and House Appropriation proposals. The Senate cuts are similar, but slightly less severe.

(In thousands of dollars)

State	Goals 2000 President	Goals 2000 House	Title I President	Title I House	Safe and Drug Free Schools - President	Safe and Drug Free Schools - House
Illinois	+14400	-15400	+22600	-54100	+ 1300	-10100
Indiana	+ 6200	-6500	+ 661	-18200	+ 620	-4200
Iowa	+ 3000	-3200	+ 545	-8500	+ 300	-2100
Michigan	+13400	-14300	+13800	-51200	+ 1100	-9200
Minnesota	+ 4900	-5300	+ 630	-13800	+ 360	-3500
Missouri	+ 5900	-6500	+ 3600	-19300	+ 400	-4300
Ohio	+14200	-14800	+ 8900	-50600	+ 1300	-9700
West Virginia	+ 2800	-2800	+ 2400	-11800	+ 380	-1800
Wisconsin	+ 6200	-6500	+ 2300	-20700	+ 620	-4200

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SAFE AND DRUG-FREE SCHOOLS

Background:

- Title IV of the Elementary and Secondary Education Act, the Safe and Drug-Free Schools and Communities Act (SDFSCA), seeks to rid schools of drugs and violence and ensure a disciplined environment conducive to learning. Its reauthorization last year adds violence prevention as a key element; targets resources to where they are most needed; increases accountability; links schools and communities; and broadens the range of authorized prevention activities.

- Federal funds flow to the States and localities in several ways. Of the $465 million appropriated in FY 95, $430 million goes directly to States: 80 percent to State educational agencies (SEAs) [more than 90 percent of these funds are passed through to local school districts] and 20 percent to governors. Discretionary grants and other National leadership activities are funded under the National Programs authority ($25 million in FY 95).

- Whereas drug prevention programs were implemented sporadically prior to the creation of this program, drug education is now virtually universal in American schools, and students at all grade levels are offered developmentally-appropriate school-based prevention education and services. These programs are supported primarily by Federal funds. SDFSCA funds are the only Federal drug and violence prevention funds targetted specifically to schools. School officials report that without these funds, there would be limited drug and violence prevention activity in schools.

Administration Position and Proposals:

- The President's FY 1996 budget requested $500 million for the SDFSCA program; $465 million for State grants and $35 million for National Programs. The House-passed FY 1996 budget sets spending for the program at $200 million, all for the State Grants program. Senate Appropriations Committee action on the program for FY 1996 provides $400 million for the program. The Senate proposal eliminates funding for National Programs and requires that ED transfer $200 million of its SDFSCA appropriation to the Department of Health and Human Services for prevention programs. Therefore the Senate proposal provides only $200 million for SDFSCA State grants in FY 1996.

Administration Actions and Accomplishments in Midwest States:

- Illinois

  - FY 95 funding: $15,092,782 (SEA); $3,773,195 (Governor)
  - Estimated FY 96 funding: $8,699,146 (total State grant) *
  - Number of LEAs participating: 912 (99% of LEAs)
  - Number of students served: 2,100,000

- Illinois Department of Alcoholism and Substance Abuse and Illinois State Police programs (funded with SDFSC Governor's funds) provide counseling and other services to 260,000 high-risk women and children statewide annually, and 131,000 families living in public housing sites.

- Indiana

  - FY 95 funding: $6,242,926 (SEA); $1,560,732 (Governor)
  - Estimated FY 96 funding: $3,581,181 (total State grant) *
  - Number of LEAs participating: 293 (100%)
  - Number of students served: 1,059,332

  - The SDFSCA Governor's program supports 18 grants for high-risk youth, 10 DARE programs, and a network of ten regional technical assistance centers that help communities develop, implement, and coordinate prevention programs.

- Iowa

  - FY 95 funding: $3,099,575 (SEA); $774,894 (Governor)
  - Estimated FY 96 funding: $1,758,224 (total State grant) *
  - Number of LEAs participating: 357 (100%)
  - Number of students served: 600,000 (estimated)

  - In the Council Bluffs Schools District with 10,000 students, SDFSCA funds support teacher and staff training, the purchase of prevention materials for classroom use, salaries for police officers in schools, peer mediation and conflict resolution training, a counselors program for elementary schools, and an alternative program for high-risk students who would otherwise be expelled from school.

- Michigan

  - FY 95 funding: $13,617,896 (SEA); $3,404,474 (Governor)
  - Estimated FY 96 funding: $7,795,642 (total State grant) *
  - Number of LEAs participating: 558 (100%)
  - Number of students served: 1,458,140

  - SDFSCA funds support the Judges Uniform Drug Education Recidivism project in Eaton County (Charlotte, Michigan). The program provides alcohol, tobacco, and other drug prevention programs, including programs that function as a condition of probation for youthful offenders.

- Minnesota

  - FY 95 funding: $5,145,818 (SEA); $1,286,455 (Governor)
  - Estimated FY 96 funding: $2,912,571 (total State grant) *
  - Number of LEAs participating: 392 (100%)
  - Number of students served: 866,801

  - SDFSCA funds support a drug education program at Glyndon-Felton High School that has seen the proportion of students using drugs go from 50 percent down to 19 percent between 1985 and 1989.

- Missouri

  - FY 95 funding: $6,296,310 (SEA); $1,574,078 (Governor)
  - Estimated FY 96 funding: $3,544,285 (total State grant) *
  - Number of LEAs participating: 529 (99%)
  - Number of students served: 862,459 (estimated)

  - The Poplar Bluff School District provides prevention services to 5,176 students using SDFSCA funds, including a program for 1,300 students in grades three, four, and five.

- Ohio

  - FY 95 funding: $14,354,526 (SEA); $3,588,631 (Governor)
  - Estimated FY 96 funding: $8,216,657 (total State grant) *
  - Number of LEAs participating: 611 (100%)
  - Number of students served: 1,400,000

  - SDFSCA funds support the Ohio Prevention and Education Resource Center, a statewide clearinghouse for information, materials, and training about tobacco, alcohol and other drugs and violence prevention for professionals in schools and communities.

- West Virginia

  - FY 95 funding: $2,731,761 (SEA); $682,940 (Governor)
  - Estimated FY 96 funding: $1,603,088 (total State grant) *
  - Number of LEAs participating: 55 (100%)
  - Number of students served: 311,008

  - Student Assistance Programs have been developed with SDFSCA funds. These programs have trained 60 school teams that include 234 teachers and 60 administrators to identify students at risk for drug use, as well as to implement referral activities and mentoring and counseling programs.

- Wisconsin

  - FY 95 funding: $6,335,439 (SEA); $1,583,860 (Governor)
  - Estimated FY 96 funding: $3,649,699 (total State grant) *
  - Number of LEAs participating: 424 (99%)
  - Number of students served: 790,000

  - SDFSCA funds support the High Risk Youth Inner City Prevention Project. The project provides education, alternatives, job skills, and mentoring to high-risk youth in inner city areas in Milwaukee, Racine, Kenosha, Madison and Beloit.

  [* Estimated FY 96 funding levels were calculated based on the House-passed funding level for State Grants in FY 96.)

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FEDERAL/STATE/LOCAL PARTNERSHIPS FOR EDUCATIONAL IMPROVEMENT

Background

- Education is a national priority, but a state responsibility under local control. Although a small share of the nationwide investment in education, the federal contribution helps about one out of two students pay for their postsecondary education (e.g., Pell Grants and college loans), and about four out of five disadvantaged elementary and secondary school students get extra help to learn basics and advance skills (e.g., Title I). Also, federal education funds are a major source for effective innovation and other help cover the start-up costs for needed changes in local schools and colleges (e.g., Goals 2000, Charter Schools, the Technology Challenge Grants, School-to-Work, Direct Lending).

Administrative Position and Proposal

- President Clinton's balanced budget proposal invests $36 billion more in education and training from 1996 to 2002. The new U.S. House leadership has proposed cutting $40 billion in education and training spending from 1996 to 2002. At stake for students, families, schools, colleges, communities and states is a difference in investment of approximately $76 billion over the next 7 years.

Administration Actions and Accomplishments

- The President's legislative package for education in the 103rd Congress was called "A Real Achievement" by the Washington Post, and "An A For Effort -- And Achievement" by the National Journal.

- Goals 2000 gives the U.S. Secretary of Education, for the first time in history, the authority to waive previous federal regulations that don't make sense and tie the hands of local schools. This Administration has eliminated 30 percent of the education regulations and is reviewing the rest. (We have torn 400 pages out of the Code of Federal Regulations.)

- The President has focused his education budget on the high priorities of the American people; improving the basics, raising standards of achievement and discipline, safety in schools, accountability, teacher quality, access to career-oriented work and higher education, and financial aid for college.

- In addition, President Clinton is promoting public-private partnerships all over America to connect America's classrooms to computers and other technology. With the President's budget for Goals 2000, Professional Development, and Technology Challenge Grants, states and local communities will have new opportunities to take advantage of this technology:

- provide 350,000 teachers every year with the opportunity to improve their technology skills and learn rigorous methods to teach students the major subjects, and

- provide excellence grants to 16,000 schools each year that wish to make needed improvements take advantage of technology, and help students reach high standards

Examples of how the President's budget priorities affect local education in the Midwest:

* Spring School District 186 in Illinois is using its $155,000 Goals 2000 subgrant to train 15 teams of teachers during the summer months through Project LINCOLN (Living in the New Computer-Oriented Environment).

* Ohio's School/Higher Education Partnerships will be assisted by Goals 2000 grants to consortia of school districts for collaborative school district-higher education initiatives.

* In Adams County, Wisconsin, Title I funds help reduce teacher/student ratios to help educationally deprived children.

* A loss of Goals 2000 monies would be a serious blow to plans to more fully embrace educational technology in Warsaw, Indiana.

* Safe and Drug-Free Schools money has helped the City of South Charleston, West Virginia provide a community-based program designed to address youth tobacco, alcohol, and other drug use, as well as gang violence.

* In Michigan, there were 5 times more requests for Goals 2000 money by local school districts than funds available.

* In Missouri, the Safe and Drug Free Schools Program provides funds for 90 of the 114 counties to put 492 DARE officers into middle schools

Current Budget Items

Listed below are the differences between the President's and House Appropriation proposals in education in 1996 and over the next seven years. The Senate cuts are similar, but slightly less severe.

(in millions of dollars)

State	1996 President	1996 House	Over the next 7 years President	Over the next 7 years House
Illinois	+82	-169	+1000	-1100
Indiana	+25	-71	+431	-448
Iowa	+12	-35	+226	-219
Michigan	+67	-159	+934	-1000
Minnesota	+19	-55	+349	-345
Missouri	+27	-70	-437	-449
Ohio	+63	-165	-949	-1070
West Virginia	+14	-35	+199	-231
Wisconsin	+25	-70	+383	-456

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HEALTH CARE IN THE MIDWEST

Background:

- Section 1115 of the Social Security Act provides the Secretary of Health and Human Services broad discretion to waive certain laws pertaining to Medicaid, in order to conduct experimental, pilot, or demonstration projects.

- This allows States and the Federal government to pursue Medicaid projects that test new and innovative ideas relating to benefits and services, eligibility requirements and processes, program payment, and service delivery.

Administration Positions and Proposals:

- The Administration is fully committed to assisting States in using this waiver authority to test well-designed and creative approaches to health care.

- Since January 1993, HHS has approved 13 comprehensive health care reform demonstration projects. Under previous administrations, only one State--Arizona--had a comprehensive section 1115 demonstration project and it has been operational since 1982.

- In addition, ten other States have submitted proposals that are currently under review.

- Significant strides have been made to streamline the waiver process and HHS continues to make improvements in that area.

Administration Actions and Accomplishments:

- When all 13 approved demonstrations are implemented, over 1.5 million additional newly-eligible individuals will be eligible for coverage. As a result of the five approved waivers that already have been implemented during this Administration (OR, HI, MN, TN, and RI) approximately 667,000 newly eligible, low-income Americans now have coverage. This is in addition to the over 1.2 million previously-enrolled Medicaid beneficiaries receiving services under these projects.

- When all the approved but not yet implemented State demonstration projects become operational, over 915,000 additional newly-eligible individuals will receive coverage.

- Specific health care reform activity in Midwestern States includes the following:

  Illinois:
  MediPlan Plus, a statewide section 1115 demonstration proposal, has goals of increasing access and quality of health care and limiting rising costs through the

increased use of managed care. The demonstration includes a series of local or statewide networks that address the needs of local urban neighborhoods or large rural areas. This program will allow the State to work with established or new Health Maintenance Organizations (HMOs), provider-based managed care community networks, Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) to develop health networks.

Issues: This proposal has been controversial because of the State's history of late payments to Medicaid providers and past problems with implementing managed care waiver programs. Serious concerns about the State's readiness to conduct this demonstration, and about financing aspects of it have been expressed by members of Congress, State legislators, providers, and health care advocates. The Department continues to negotiate terms and conditions with the State.

Submitted: 9/14/94
Current eligibles to be served: 1.5 million

Minnesota:
Prepaid Medical Assistance Program Plus (PMAP+) extends PMAP, the State's existing Medicaid demonstration, to June 30, 1998. It also adds the following new components: Medicaid coverage of children up to 275 percent of the Federal poverty level who would have been covered previously by MinnesotaCare; implementation of prepaid dental care; and implementation of children's mental health collaborative programs.

Submitted:	7/27/94
Awarded:	4/27/95
Implemented:	7/1/95
Current eligibles served:	124,000
New eligibles served:	68,000

Long Term Care Options Project (LTCOP) is a five-year demonstration project beginning January 1, 1996 that will provide integrated acute and long term care services to approximately 4,000 elderly in an eight county area. Minnesota will offer a comprehensive benefit package to elderly beneficiaries who are eligible for both Medicaid and Medicare in the project's area. Services will be delivered through pre-paid managed care entities that contract with the state.

Submitted:	4/18/94
Awarded:	4/27/95

Implementation date: 1/1/96

Missouri:
Making Health Care More Responsive and Efficient, a statewide section 1115 demonstration proposal, uses managed care to expand Medicaid eligibility to low-income uninsured individuals. In March 1995, the State scaled back its original proposal to target children up to age 19 (rather than adults) below 200 percent of the Federal poverty level.

Issues: This proposal has been controversial because of several budget neutrality issues and a pending decision regarding the legality of the State's provider tax.

Submitted:	6/30/94	
Revised:	3/24/95	
Current eligibles to be served:		591,214
New eligibles to be served:		110,772

Ohio:
OhioCare, a statewide section 1115 demonstration, would expand Medicaid eligibility to include the uninsured population with income up to 100 percent of the Federal poverty level (500,000 additional recipients.) The new and current Medicaid recipients would be enrolled in managed care programs.

Issues: The State legislature did not approve the program expansion. The State is discussing other alternatives with the Department.

Submitted: 3/2/94
Awarded: 1/17/95
Implementation date: 1/1/96
Current eligibles to be served: 1,458,626

- Indiana, Iowa, Michigan, West Virginia, and Wisconsin, currently have no 1115 demonstration activity or waiver requests.

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INCREASING TAXES ON WORKING FAMILIES
THE SENATE FINANCE COMMITTEE PLAN TO CUT THE EITC

As part of the Congressional budget debate, Republicans on the Senate Finance Committee recently approved cuts in the Earned Income Tax Credit (EITC) which will raise taxes on the people who can least afford it: low-income working families with incomes under $28,500. The Senate Finance Committee proposal would have a potentially disastrous effect on 17 million workers and their children.

This state-by-state analysis finds that these EITC cuts will **raise taxes nationally** on approximately 17 million families by some $5.8 billion in 2002. The average impact of these cuts in 2002 will be a $352 increase per family.

The effects of the Senate Finance Committee proposal will be greatest on families with two or more children. These low-income families struggling to stay even in our economy will see an average $483 tax increase in 2002. This analysis finds that some 7 million such families will see a total $3.6 billion tax increase in 2002. The numbers only increase in the years after 2002. After ten years under the Senate Finance Committee EITC cuts, in 2005, the average recipient will see a $405 tax increase. EITC families with two or more children will see an average tax increase of $558 in 2005.

This analysis examines roughly 75 percent of total proposed cuts in the EITC. The Senate Finance Committee provisions to rescind part of the planned credit expansions enacted in 1993, to partially deindex the EITC, and to eliminate the credit for very low-income workers who do not reside with children are included in this analysis. Other provisions, such as expanding the definition of adjusted gross income (AGI) to include Social Security benefits and other income tests and the Administration-proposed efforts to address compliance, are not included because the effects of these changes were not distributable to the states. According to Treasury estimates, the average tax increase nationally will rise from $352 to $422 in 2002 and from $405 to $471 in 2005 as a consequence of these additional provisions.

For example, in Illinois alone, almost 700,000 EITC recipients will see an approximately $233 million tax increase in 2002. The average tax increase on low-income Illinois workers under the Senate Finance Committee proposal will be $345 in 2002 and $398 in 2005. Roughly 300,000 Ilinois families receiving the EITC with two or more children will see a $474 tax increase in 2002 and a $547 tax increase in 2005.

U.S. TOTAL

Provided only to those who work, the Earned Income Tax Credit (EITC) is a valuable tool in encouraging work over welfare. Nationally, the EITC helps more than 20 million low-income workers and their families (or over 17 percent of U.S. Total taxpayers) in their struggle to stay even in our society. In the past, the EITC has received bipartisan acclaim. Begun in 1975, the EITC was expanded by Presidents Reagan, Bush, and Clinton. The Clinton Administration expanded and simplified the credit in 1993 and has made great strides in reducing error rates and improving compliance.

Interestingly, despite the success of the EITC, proposals currently being considered would slash the credit, thereby increasing taxes on millions of working Americans. Particularly, the proposal recently approved by the Senate Finance Committee would have a disastrous effect for 17 million workers and their children. The Senate Finance Committee proposal would cut the EITC by $43.5 billion in the next seven years.

For purposes of distributing to the states the Senate Finance Committee proposal, the Treasury Department has estimated the impact of roughly three-quarters of the cuts. What follows is a listing of the highlights of the state-by-state analysis.

The Senate Finance Committee proposal will **increase taxes** for roughly 17 million American taxpayers. On average, each affected recipient will see a tax increase of more than <u>$352</u> in the year 2002 and <u>$405</u> in 2005.

Families with two or more children will be the most affected. Throughout the country, more than 7 million such families will see an average **tax increase** estimated at <u>$483</u> per recipient in 2002 and <u>$558</u> in 2005.

Nationally, 4.3 million workers without qualifying children will no longer be eligible for the EITC under the Senate Finance Committee proposal. These are very low-wage working Americans who do not reside with children with incomes of $9,500 or less.

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MINIMUM WAGE

Background:

- The minimum wage declined by 27% in real purchasing power between 1979 and 1994. Next year--if it is not increased--the minimum wage will reach its lowest real level in 40 years.

- In 1989, Congress voted with strong bipartisan support to increase the minimum wage from $3.35 to $4.25 per hour in two steps over two years. The Administration's proposal is for an identical 90 cent increase over two years.

- Inflation has already eroded about half the value (45 cents) of the last minimum wage increases.

- The BLS estimates that in 1994, 64 percent of minimum wage workers were adults, age 20 and over. Almost 60 percent of minimum wage workers are women.

- The Economic Policy Institute estimates that the average worker earning between $4.25 and $5.15 per hour brings home half of his or her family's weekly earnings; 39 percent of these workers are the sole breadwinner for their family.

- Of nine states in the Midwest, only Iowa's state minimum wage, at $4.65, is above the Federal level of $4.25.

Administration Positions and Proposals

- The Administration's proposal to increase the minimum wage 90 cents an hour over two years can directly affect some eleven million hourly workers who in 1994 earned between $4.25 and $5.15 per hour.

- A minimum wage increase of 90 cents would mean a $1,800 raise for a full-time, year round minimum-wage worker. This is not an insignificant sum for low-income families. Indeed, it is as much as the average family spends on groceries in seven months.

- Over a dozen empirical studies find that a moderate increase in the minimum wage does not cost jobs. Several of these studies extend previous ones that had claimed that raising the minimum wage decreases employment. For example, a study by Jacob Klerman of the RAND Institute in California finds that when the conventional time-series study is updated to include data through the 1980s, the minimum wage does not have a statistically significant impact on teenage employment.

- A modest minimum wage increase may not hurt employment because it will encourage more people to work; and because employers will be able to fill vacancies more quickly and experience lower turnover.

- A number of Midwestern editorial writers have supported the proposed increase in the minimum wage:

  -- The Milwaukee Journal (1/30/95): "The minimum wage is much too low--a chief reason for the eroding income of many Americans."

  -- The St. Louis Post-Dispatch (1/13/95): "People who are willing to work deserve adequate compensation so they can support themselves."

  -- The Chicago Sun-Times (1/25/95): "With welfare reform being pressed and social programs facing cuts, the minimum wage ought to provide the base living it was conceived to."

Percent and Number of Hourly-Paid Workers in Midwestern Region Affected by the President's Proposal to Increase the Minimum Wage: 1994

	Percent of Workers from $4.25 to $5.14	**Number of Workers from $4.25 to $5.14**
Illinois	15.7%	501,000
Indiana	16.0%	283,000
Ohio	14.9%	470,000
West Virginia	23.0%	96,000
Missouri	16.7%	242,000
Wisconsin	12.2%	201,000
Michigan	14.4%	394,000
Minnesota	12.4%	179,000
Iowa	14.7%	120,000
Midwestern Region TOTAL	**14.9%**	**2,486,000**
United States TOTAL	**16.0%**	**10,663,000**

Source: Bureau of Labor Statistics, Current Population Survey. 1994 Annual Averages.

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ECONOMIC PROGRESS IN ILLINOIS UNDER PRESIDENT CLINTON

President Clinton's strategy to strengthen the economy is based on reducing the federal budget deficit, lowering trade barriers, and empowering workers, families, businesses and communities to succeed. Here are some of the results for Illinois after the first 32 months of the Clinton Administration:

Improved Economic Conditions in Illinois:

• The unemployment rate has dropped from 6.8% to 6.0%.

• Over 3 1/2 times as many new jobs **per year** -- 100,568 vs. 26,350 average during the previous 4 years. In 31 months, Illinois has added 259,800 total jobs, after adding 105,400 during the previous 4 years combined.

• Over 5 times as many new private sector jobs **per year** -- 95,458 vs. 18,375 average during the previous 4 years. In 31 months, Illinois has added 246,600 private sector jobs, after adding 73,500 during the previous 4 years combined.

• 29,400 new manufacturing jobs added in 31 months -- after 52,600 lost during the previous 4 years combined.

• New business incorporations have increased 9% **per year**.

• Business failures have dropped 39% **per year** -- after increasing 14% **per year** during the previous 12 years.

• Bank lending has increased by $14 billion -- after declining by $14 billion during the previous 4 years.

• Consumer confidence has increased 83%.

• Home building has increased 6% per year.

What President Clinton's Accomplishments Have Achieved for the People of Illinois:

$15,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN ILLINOIS: The national debt will be **more than $1 trillion** lower over 7 years than was projected before the passage of the President's economic plan. That's about $15,000 of reduced federal debt for each family of four in Illinois.

8 TIMES MORE ILLINOIS FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 599,271 working families in Illinois will receive a tax cut. This compares to an increase in the income tax rate for only the 79,214 wealthiest taxpayers in Illinois.

TAX CUT FOR 53,060 SMALL BUSINESSES IN ILLINOIS: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 53,060 small businesses in Illinois are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

2,185,000 ILLINOIS WORKERS PROTECTED BY FAMILY AND MEDICAL LEAVE ACT: The Family and Medical Leave Act allows workers to take up to 12 weeks of unpaid leave for the birth of a child, to care for a sick family member, or if they become too sick to work. This law covers about 2,185,099 workers in Illinois, and protects the jobs of 131,268 workers in Illinois who are likely to use unpaid leave this year alone.

1.26 MILLION STUDENTS AND FORMER STUDENTS IN ILLINOIS WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 1.26 million Illinois borrowers -- 880,000 current borrowers and 380,000 new borrowers in the next few years -- can take advantage of the new direct student loan program by participating directly in the program or by consolidating guaranteed loans into direct loans. Some will benefit from lower interest rates, and all will benefit from more repayment options, including income contingent repayment.

ECONOMIC PROGRESS IN INDIANA UNDER PRESIDENT CLINTON

President Clinton's strategy to strengthen the economy is based on reducing the federal budget deficit, lowering trade barriers, and empowering workers, families, businesses and communities to succeed. Here are some of the results for Indiana after the first 32 months of the Clinton Administration:

Improved Economic Conditions in Indiana:

• The unemployment rate has dropped from 5.9% to 4.4%.

• Over 1 1/2 times as many new jobs **per year** -- 63,794 vs. 37,425 average during the previous 4 years. In 31 months, Indiana has added 164,800 total jobs, after adding 149,700 during the previous 4 years combined.

• Over twice as many new private sector jobs **per year** -- 67,161 vs. 30,225 average during the previous 4 years. In 31 months, Indiana has added 173,500 private sector jobs, after adding 120,900 during the previous 4 years combined.

• 36,200 new manufacturing jobs added in 31 months -- after 10,400 lost during the previous 4 years combined.

• New business incorporations have increased 7% **per year.**

• Bankruptcy filings have dropped 7% **per year** -- after increasing 10% **per year** during the previous 4 years.

• Business failures have dropped 35% **per year** -- after increasing 18% **per year** during the previous 12 years.

• Bank lending has increased by $5.9 billion -- after dropping by $546 million during the previous 4 years.

What President Clinton's Accomplishments Have Achieved for the People of Indiana:

$15,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN INDIANA: The national debt will be **more than $1 trillion** lower over 7 years than was projected before the passage of the President's economic plan. That's about $15,000 of reduced federal debt for each family of four in Indiana.

14 TIMES MORE INDIANA FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 291,392 working families in Indiana will receive a tax cut. This compares to an increase in the income tax rate for only the 21,347 wealthiest taxpayers in Indiana.

TAX CUT FOR 26,392 SMALL BUSINESSES IN INDIANA: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 26,392 small businesses in Indiana are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

998,000 INDIANA WORKERS PROTECTED BY FAMILY AND MEDICAL LEAVE ACT: The Family and Medical Leave Act allows workers to take up to 12 weeks of unpaid leave for the birth of a child, to care for a sick family member, or if they become too sick to work. This law covers about 997,674 workers in Indiana, and protects the jobs of 59,935 workers in Indiana who are likely to use unpaid leave this year alone.

383,000 STUDENTS AND FORMER STUDENTS IN INDIANA WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 383,000 Indiana borrowers -- 268,000 current borrowers and 115,000 new borrowers in the next few years -- can take advantage of the new direct student loan program by participating directly in the program or by consolidating guaranteed loans into direct loans. Some will benefit from lower interest rates, and all will benefit from more repayment options, including income contingent repayment.

ECONOMIC PROGRESS IN IOWA UNDER PRESIDENT CLINTON

President Clinton's strategy to strengthen the economy is based on reducing the federal budget deficit, lowering trade barriers, and empowering workers, families, businesses and communities to succeed. Here are some of the results for Iowa after the first 32 months of the Clinton Administration:

Improved Economic Conditions in Iowa:

- The unemployment rate has dropped from 4.2% to 3.1%.

- 83% more new jobs **per year** -- 36,581 vs. 20,000 average during the previous 4 years. In 31 months, Iowa has added 94,500 total jobs, after adding 80,000 during the previous 4 years combined.

- Almost twice as many new private sector jobs **per year** -- 34,723 vs. 17,825 average during the previous 4 years. In 31 months, Iowa has added 89,700 private sector jobs, after adding 71,300 during the previous 4 years combined.

- Over 14 1/2 times as many new manufacturing jobs **per year** -- 6,310 vs. 425 average during the previous 4 years. In 31 months, Iowa has added 16,300 manufacturing jobs, after adding 1,700 during the previous 4 years combined.

- Business failures have dropped 30% **per year** -- after increasing 18% **per year** during the previous 12 years.

- Consumer confidence has increased 75%.

- Bank lending growth rate is over 2 times the annual growth rate of the previous 4 years -- 7.6% vs. 3.5% **per year.**

What President Clinton's Accomplishments Have Achieved for the People of Iowa:

$15,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN IOWA: The national debt will be **more than $1 trillion** lower than was projected before the passage of the President's economic plan. That's about $15,000 of reduced federal debt for each family of four in Iowa.

13 TIMES MORE IOWA FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 118,638 working families in Iowa will receive a tax cut. This compares to an increase in the income tax rate for only the 8,801 wealthiest taxpayers in Iowa.

TAX CUT FOR 15,439 SMALL BUSINESSES IN IOWA: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 15,439 small businesses in Iowa are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

446,000 IOWA WORKERS PROTECTED BY FAMILY AND MEDICAL LEAVE ACT: The Family and Medical Leave Act allows workers to take up to 12 weeks of unpaid leave for the birth of a child, to care for a sick family member, or if they become too sick to work. This law covers about 445,605 workers in Iowa, and protects the jobs of 26,769 workers in Iowa who are likely to use unpaid leave this year alone.

357,900 STUDENTS AND FORMER STUDENTS IN IOWA WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 357,900 Iowa borrowers -- 250,500 current borrowers and 107,400 new borrowers in the next few years -- can take advantage of the new direct student loan program by participating directly in the program or by consolidating guaranteed loans into direct loans. Some will benefit from lower interest rates, and all will benefit from more repayment options, including income contingent repayment.

ECONOMIC PROGRESS IN MICHIGAN UNDER PRESIDENT CLINTON

President Clinton's strategy to strengthen the economy is based on reducing the federal budget deficit, lowering trade barriers, and empowering workers, families, businesses and communities to succeed. Here are some of the results for Michigan after the first 32 months of the Clinton Administration:

Improved Economic Conditions in Michigan:

• The unemployment rate has dropped from 7.0% to 5.1%.

• Over 4 1/2 times as many new jobs **per year** -- 103,432 vs. 22,475 average during the previous 4 years. In 31 months, Michigan has added 267,200 total jobs, after adding 89,900 during the previous 4 years combined.

• Over 6 times as many new private sector jobs **per year** -- 106,181 vs. 16,950 average during the previous 4 years. In 31 months, Michigan has added 274,300 private sector jobs, after adding 67,800 during the previous 4 years combined.

• 57,500 new manufacturing jobs added in 31 months -- after 72,600 lost during the previous 4 years combined.

• New business incorporations have increased 21% **per year.**

• Bankruptcy filings have dropped 6% **per year** -- after increasing 15% **per year** during the previous 4 years.

• Home building has increased 10% **per year** -- after dropping 5% **per year** during the previous 4 years.

• Home sales have increased 12% **per year**.

• Business failures have dropped 13% **per year** -- after increasing 8% **per year** during the previous 4 years.

What President Clinton's Accomplishments Have Achieved for the People of Michigan:

$15,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN MICHIGAN: The national debt will be **more than $1 trillion** lower over 7 years than was projected before the passage of the President's economic plan. That's about $15,000 of reduced federal debt for each family of four in Michigan.

10 TIMES MORE MICHIGAN FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 392,321 working families in Michigan will receive a tax cut. This compares to an increase in the income tax rate for only the 41,107 wealthiest taxpayers in Michigan.

TAX CUT FOR 41,459 SMALL BUSINESSES IN MICHIGAN: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 41,459 small businesses in Michigan are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

1,502,000 MICHIGAN WORKERS PROTECTED BY FAMILY AND MEDICAL LEAVE ACT: The Family and Medical Leave Act allows workers to take up to 12 weeks of unpaid leave for the birth of a child, to care for a sick family member, or if they become too sick to work. This law covers about 1,501,815 workers in Michigan, and protects the jobs of 90,221 workers in Michigan who are likely to use unpaid leave this year alone.

579,600 STUDENTS AND FORMER STUDENTS IN MICHIGAN WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 579,600 Michigan borrowers -- 405,700 current borrowers and 173,900 new borrowers in the next few years -- can take advantage of the new direct student loan program by participating directly in the program or by consolidating guaranteed loans into direct loans. Some will benefit from lower interest rates, and all will benefit from more repayment options, including income contingent repayment.

ECONOMIC PROGRESS IN MINNESOTA UNDER PRESIDENT CLINTON

President Clinton's strategy to strengthen the economy is based on reducing the federal budget deficit, lowering trade barriers, and empowering workers, families, businesses and communities to succeed. Here are some of the results for Minnesota after the first 32 months of the Clinton Administration:

Improved Economic Conditions in Minnesota:

• The unemployment rate has dropped from 5.2% to 2.8%.

• 61% more new jobs **per year** -- 61,626 vs. 38,325 average during the previous 4 years. In 31 months, Minnesota has added 159,200 total jobs, after adding 153,300 during the previous 4 years combined.

• 73% more new private sector jobs **per year** -- 55,858 vs. 32,225 average during the previous 4 years. In 31 months, Minnesota has added 144,300 private sector jobs, after adding 128,900 during the previous 4 years combined.

• Over 8 times as many new manufacturing jobs **per year** -- 8,942 vs. 1,100 average during the previous 4 years. In 31 months, Minnesota has added 23,100 manufacturing jobs, after adding 4,400 during the previous 4 years combined.

• New business incorporations have increased 13% per year.

• The Help Wanted Index has increased 49%.

• Business failures have dropped 44% **per year**--after increasing 30% **per year** during the previous 4 years.

• Bankruptcy filings have dropped 6% **per year** -- after increasing 12% **per year** during the previous 4 years.

What President Clinton's Accomplishments Have Achieved for the People of Minnesota:

$15,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN MINNESOTA: The national debt will be **more than $1 trillion** lower over 7 years than was projected before the passage of the President's economic plan. That's about $15,000 of reduced federal debt for each family of four in Minnesota.

7 TIMES MORE MINNESOTA FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 155,348 working families in Minnesota will receive a tax cut. This compares to an increase in the income tax rate for only the 22,960 wealthiest taxpayers in Minnesota.

TAX CUT FOR 26,078 SMALL BUSINESSES IN MINNESOTA: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 26,078 small businesses in Minnesota are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

845,000 MINNESOTA WORKERS PROTECTED BY FAMILY AND MEDICAL LEAVE ACT: The Family and Medical Leave Act allows workers to take up to 12 weeks of unpaid leave for the birth of a child, to care for a sick family member, or if they become too sick to work. This law covers about 844,645 workers in Minnesota, and protects the jobs of 50,742 workers in Minnesota who are likely to use unpaid leave this year alone.

419,200 STUDENTS AND FORMER STUDENTS IN MINNESOTA WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 419,200 Minnesota borrowers -- 293,400 current borrowers and 125,800 new borrowers in the next few years -- can take advantage of the new direct student loan program by participating directly in the program or by consolidating guaranteed loans into direct loans. Some will benefit from lower interest rates, and all will benefit from more repayment options, including income contingent repayment.

ECONOMIC PROGRESS IN MISSOURI UNDER PRESIDENT CLINTON

President Clinton's strategy to strengthen the economy is based on reducing the federal budget deficit, lowering trade barriers, and empowering workers, families, businesses and communities to succeed. Here are some of the results for Missouri after the first 32 months of the Clinton Administration:

Improved Economic Conditions in Missouri:

- The unemployment rate has dropped from 6.1% to 5.0%
- Over 4 1/2 times as many new jobs **per year** -- 70,723 vs. 15,150 average during the previous 4 years. In 31 months, Missouri has added 182,700 total jobs, after adding 60,600 during the previous 4 years combined.
- Over 5 1/2 times as many new private sector jobs **per year** -- 61,587 vs. 10,775 average during the previous 4 years. In 31 months, Missouri has added 159,100 private sector jobs, after adding 43,100 during the previous 4 years combined.
- 14,900 new manufacturing jobs added in 31 months -- after 30,900 lost during the previous 4 years combined.
- New business incorporations have increased 13% **per year**.
- Bankruptcy filings have dropped 8% **per year** -- after increasing 13% **per year** during the previous 4 years.
- Bank lending has increased by $6.4 billion -- after dropping by $1.5 billion during the previous 4 years.
- Business failures have dropped 39% **per year** -- after increasing 26% **per year** during the previous 12 years.
- Home building has increased 6% **per year**.

What President Clinton's Accomplishments Have Achieved for the People of Missouri:

$15,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN MISSOURI: The national debt will be **more than $1 trillion** lower over 7 years than was projected before the passage of the President's economic plan. That's about $15,000 of reduced federal debt for each family of four in Missouri.

14 TIMES MORE MISSOURI FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 294,982 working families in Missouri will receive a tax cut. This compares to an increase in the income tax rate for only the 21,439 wealthiest taxpayers in Missouri.

TAX CUT FOR 26,226 SMALL BUSINESSES IN MISSOURI: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 26,226 small businesses in Missouri are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

921,000 MISSOURI WORKERS PROTECTED BY FAMILY AND MEDICAL LEAVE ACT: The Family and Medical Leave Act allows workers to take up to 12 weeks of unpaid leave for the birth of a child, to care for a sick family member, or if they become too sick to work. This law covers about 921,185 workers in Missouri, and protects the jobs of 55,340 workers in Missouri who are likely to use unpaid leave this year alone.

336,200 STUDENTS AND FORMER STUDENTS IN MISSOURI WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 336,200 Missouri borrowers -- 235,300 current borrowers and 100,900 new borrowers in the next few years -- can take advantage of the new direct student loan program by participating directly in the program or by consolidating guaranteed loans into direct loans. Some will benefit from lower interest rates, and all will benefit from more repayment options, including income contingent repayment.

ECONOMIC PROGRESS IN OHIO UNDER PRESIDENT CLINTON

President Clinton's strategy to strengthen the economy is based on reducing the federal budget deficit, lowering trade barriers, and empowering workers, families, businesses and communities to succeed. Here are some of the results for Ohio after the first 32 months of the Clinton Administration:

Improved Economic Conditions in Ohio:

- The unemployment rate has dropped from 7.0% to 5.4%.

- Over 3 1/2 times as many new jobs **per year** -- 103,974 vs. 27,100 average during the previous 4 years. In 31 months, Ohio has added 268,600 total jobs, after adding 108,400 during the previous 4 years combined.

- 5 1/2 times as many new private sector jobs **per year** -- 101,535 vs. 18,175 average during the previous 4 years. In 31 months, Ohio has added 262,300 private sector jobs, after adding 72,700 during the previous 4 years.

- 31,300 new manufacturing jobs added in 31 months -- after 77,200 lost during the previous 4 years combined.

- New business incorporations have increased 8% per year.

- Bankruptcy filings have dropped 8% **per year** -- after increasing 8% **per year** during the previous 4 years.

- Home sales have increased 8% per year.

- Business failures have dropped 23% **per year** -- after increasing 17% **per year** during the previous 12 years.

- Consumer confidence has increased 83%.

- The Help Wanted Index has increased 47%.

What President Clinton's Accomplishments Have Achieved for the People of Ohio:

$15,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN OHIO: The national debt will be more than $1 trillion lower over 7 years than was projected before the passage of the President's economic plan. That's about $15,000 of reduced federal debt for each family of four in Ohio.

11 TIMES MORE OHIO FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 509,774 working families in Ohio will receive a tax cut. This compares to an increase in the income tax rate for only the 46,217 wealthiest taxpayers in Ohio.

TAX CUT FOR 50,143 SMALL BUSINESSES IN OHIO: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 50,143 small businesses in Ohio are likely to benefit from the expansion of the expensing allowance this year alone and many more will benefit over the coming years.

1,987,000 OHIO WORKERS PROTECTED BY FAMILY AND MEDICAL LEAVE ACT: The Family and Medical Leave Act allows workers to take up to 12 weeks of unpaid leave for the birth of a child, to care for a sick family member, or if they become too sick to work. This law covers about 1,986,799 workers in Ohio, and protects the jobs of 119,356 workers in Ohio who are likely to use unpaid leave this year alone.

977,900 STUDENTS AND FORMER STUDENTS IN OHIO WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 977,900 Ohio borrowers -- 684,500 current borrowers and 293,400 new borrowers in the next few years -- can take advantage of the new direct student loan program by participating directly in the program or by consolidating guaranteed loans into direct loans. Some will benefit from lower interest rates, and all will benefit from more repayment options, including income contingent repayment.

ECONOMIC PROGRESS IN WEST VIRGINIA UNDER PRESIDENT CLINTON

President Clinton's strategy to strengthen the economy is based on reducing the federal budget deficit, lowering trade barriers, and empowering workers, families, businesses and communities to succeed. Here are some of the results for West Virginia after the first 32 months of the Clinton Administration:

Improved Economic Conditions in West Virginia:

• The unemployment rate has dropped from 11.1% to 8.2%.

• Over twice as many new jobs **per year** -- 17,381 vs. 8,225 average during the previous 4 years. In 31 months, West Virginia has added 44,900 total jobs, after adding 32,900 during the previous 4 years combined.

• Over twice as many new private sector jobs **per year** -- 15,174 vs. 6,750 average during the previous 4 years. In 31 months, West Virginia has added 39,200 private sector jobs, after adding 27,000 during the previous 4 years combined.

• 400 manufacturing jobs added in 31 months -- after 5,000 lost during the previous 4 years combined.

• New business incorporations are up 93% **per year** -- after declining 5% **per year** during the previous 4 years.

• Home building has increased 15% **per year**.

• Annual bank lending growth is over 9 1/2 times greater than the average for the previous 4 years.

• Bankruptcy filings have dropped 23% **per year** -- after increasing 9% **per year** during the previous 12 years.

• Business failures have dropped 26% **per year** -- after increasing 22% **per year** during the previous 12 years.

What President Clinton's Accomplishments Have Achieved for the People of West Virginia:

$15,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN WEST VIRGINIA: The national debt will be **more than $1 trillion** lower over 7 years than was projected before the passage of the President's economic plan. That's $15,000 of reduced federal debt for each family of four in West Virginia.

24 TIMES MORE WEST VIRGINIA FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 105,017 working families in West Virginia will receive a tax cut. This compares to an increase in the income tax rate for only the 4,442 wealthiest taxpayers in West Virginia.

TAX CUT FOR 7,326 SMALL BUSINESSES IN WEST VIRGINIA: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 7,326 small businesses in West Virginia are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

210,000 WEST VIRGINIA WORKERS PROTECTED BY FAMILY AND MEDICAL LEAVE ACT: The Family and Medical Leave Act allows workers to take up to 12 weeks of unpaid leave for the birth of a child, to care for a sick family member, or if they become too sick to work. This law covers about 210,312 workers in West Virginia, and protects the jobs of 12,634 workers in West Virginia who are likely to use unpaid leave this year alone.

106,500 STUDENTS AND FORMER STUDENTS IN WEST VIRGINIA WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 106,500 West Virginia borrowers -- 74,600 current borrowers and 31,900 new borrowers in the next few years -- can take advantage of the new direct student loan program by participating directly in the program or by consolidating guaranteed loans into direct loans. Some will benefit from lower interest rates, and all will benefit from more repayment options, including income contingent repayment.

ECONOMIC PROGRESS IN WISCONSIN UNDER PRESIDENT CLINTON

President Clinton's strategy to strengthen the economy is based on reducing the federal budget deficit, lowering trade barriers, and empowering workers, families, businesses and communities to succeed. Here are some of the results for Wisconsin after the first 32 months of the Clinton Administration:

Improved Economic Conditions in Wisconsin:

• The unemployment rate has dropped from 4.3% to 3.1%.

• 40% more new jobs **per year** -- 62,206 vs. 44,375 average during the previous 4 years. In 31 months, Wisconsin has added 160,700 total jobs, after ***ADDING*** 177,500 during the previous 4 years combined.

• 64% more new private sector jobs **per year** – 60,039 vs. 36,650 average during the previous 4 years. In 31 months, Wisconsin has added 155,100 private sector jobs, after adding 146,600 during the previous 4 years combined.

• 39,900 new manufacturing jobs added in 31 months -- after 4,100 lost during the previous 4 years combined.

• Bankruptcy filings have dropped 3% **per year** – after increasing 7% **per year** during the previous 12 years.

• Annual bank lending growth is over 3 times greater than during the previous 4 years -- $2.1 billion **per year** vs. $626 million **per year**.

• The Help Wanted Index has increased 47%.

• Consumer confidence has increased 83%.

What President Clinton's Accomplishments Have Achieved for the People of Wisconsin:

$15,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN WISCONSIN: The national debt will be **more than $1 trillion** lower over 7 years than was projected before the passage of the President's economic plan. That's about $15,000 of reduced federal debt for each family of four in Wisconsin.

9 TIMES MORE WISCONSIN FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 193,349 working families in Wisconsin will receive a tax cut. This compares to an increase in the income tax rate for only the 20,645 wealthiest taxpayers in Wisconsin.

TAX CUT FOR 22,633 SMALL BUSINESSES IN WISCONSIN: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 22,633 small businesses in Wisconsin are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

883,000 WISCONSIN WORKERS PROTECTED BY FAMILY AND MEDICAL LEAVE ACT: The Family and Medical Leave Act allows workers to take up to 12 weeks of unpaid leave for the birth of a child, to care for a sick family member, or if they become too sick to work. This law covers about 883,370 workers in Wisconsin, and protects the jobs of 53,068 workers in Wisconsin who are likely to use unpaid leave this year alone.

837,800 STUDENTS AND FORMER STUDENTS IN WISCONSIN WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 837,800 Wisconsin borrowers -- 586,500 current borrowers and 251,300 new borrowers in the next few years – can take advantage of the new direct student loan program by participating directly in the program or by consolidating guaranteed loans into direct loans. Some will benefit from lower interest rates, and all will benefit from more repayment options, including income contingent repayment.